Teo Seng Capital Berhad

Registration No. 200601013011 (732762-T)

Hatching For The Future

Annual Report

2022

TABLE OF CONTENTS

To access our Annual Report, please download the QR code reader to your smartphone by scanning the image below.

Integrated & Sustainable

Feedmill Division

Advanced and tailor made formulation

Paper Egg Tray Division

1st PEFC eco-friendly egg trays

Animal Health Products Division

Animal health care with quality products & customised solution

Farming Division

Integrated & Sustainable (continued)

Renewable Solar Energy

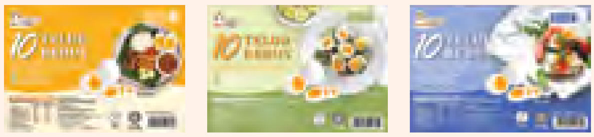
Fertiliser Division

LASKAR Fertiliser

Convert chicken manure into organic fertiliser by way of composting

Egg Processing Division

Boiled Eggs



Central Packaging Station

HQ & Central Packaging Station 2

Corporate Milestones

1978 Established Teo Seng Farming Sdn Bhd

1992 Set up 1st layer farm

1995 Implemented Closed House System

Own produce paper egg trays

1998 Launched HAPPY EGG

A "Happy Egg" is a Healthy Egg

1999 Implemented All-IN-ALL-OUT system

2002 Set up feedmill plant

2005 Penetrated and export egg to Singapore

Acquisition of animal health products business

2008 Successfully listed on Second Board of Bursa Malaysia

2009 Transferred to Main Board of Bursa Malaysia

2011 Incorporation of waste management business

Commencement of operation of CPS 1

Expanded trading of egg business into Singapore

2015 Acquired BH Fresh Food Pte. Ltd. as distribution centre of egg products in Singapore

2016 Incorporation of Ritma Premier Pte. Ltd. in Singapore

2017 Awarded "The Brand Laureate Best Brand Award – Product Branding"

HAPPY EGG product innovation and rebranding

2019 Acquired Professional Vet Enterprise Sdn. Bhd. in Kuching, Sarawak

2020 Commencement of operation of CPS3

2021 Commencement of Boiled Eggs Processing Operation

2022 3 Distribution Centers in operation

Corporate Information

BOARD OF DIRECTORS

1
Executive Chairman
Lau Jui Peng

2
Managing Director
Nam Hiok Joo

3
Executive Director
Loh Wee Ching

4
Independent Non-Executive Director
Lim Huey Hean
Lim Ying Khoo
Goh Wen Ling

AUDIT COMMITTEE

Committee Chairperson
Lim Ying Khoo

Committee Member
Lim Huey Hean
Goh Wen Ling

NOMINATION COMMITTEE

Committee Chairperson
Goh Wen Ling

Committee Member
Lim Huey Hean
Lim Ying Khoo

REMUNERATION COMMITTEE

Committee Chairman
Lim Huey Hean

Committee Member
Lim Ying Khoo
Goh Wen Ling

RISK MANAGEMENT COMMITTEE

Committee Chairman
Nam Hiok Joo

Committee Member
Lim Huey Hean
Lim Ying Khoo

KEY MANAGEMENT PERSONNEL

Ng Eng Leng,
Group Financial Controller

Na Eluen,
Deputy Chief Operating Officer,
Marketing, Layer Farming Division

Na Yi Chan,
Deputy Chief Operating Officer,
Layer Farming Division

Nam Ya Jun,
Executive Director,
Animal Health Products Division

Ku Leong Choon,
Farm General Manager

SECRETARIES

Lee Choon Seng (MAICSA 7003453)
SSM Practising Certificate No.
202008002259

Lum Sow Wai (MAICSA 7028519)
SSM Practising Certificate No.
202008002373

Wong Wai Foong (MAICSA 7001358)
SSM Practising Certificate No.
202008001472

Tan Bee Hwee (MAICSA 7021024)
SSM Practising Certificate No.
202008001497

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Level 15-1, Tower B, Jaya 99,
99 Jalan Tun Sri Lanang,
75720 Melaka.

PRINCIPAL BANKERS

Hong Leong Bank Berhad
AmBank (M) Berhad
Bangkok Bank Berhad
OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad

CORPORATE WEBSITE

www.teoseng.com.my

REGISTERED OFFICE

201-203, Jalan Abdullah,
84000 Muar,
Johor Darul Takzim.
Tel: 06-9519992
Fax: 06-9555419

HEAD OFFICE

Lot PTD 25740, Batu 4,
Jalan Air Hitam,
83700 Yong Peng,
Johor Darul Takzim.
Tel: 07-4672289
Fax: 07-4672923

REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No.8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel: 03-27839299
Fax: 03-27839222

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

DATE OF LISTING

29 October 2008

Group Corporate Structure

TEO SENG CAPITAL BERHAD
200601013011
(732762-T)

- 100% **TEO SENG FARMING SDN. BHD.** 198301016528 (111937-P)
  - 100% **TEO SENG INTEGRATED FARMING SDN. BHD.** 201001001714 (886291-T)
  - 100% **GREAT EGG INDUSTRIES SDN. BHD.** (IN MEMBERS' VOLUNTARY WINDING UP) 200601036824 (756583-V)
  - 100% **LASKAR FERTILISER SDN. BHD.** 201101011816 (939951-U)
- 100% **SUCCESS CENTURY SDN. BHD.** 199501017007 (346210-A)
- 100% **RITMA PRESTASI SDN. BHD.** 200301026590 (629010-U)
  - 100% **RITMA PREMIER PTE. LTD.** (201617304E)
  - 100% **B-TECH AQUACULTURE SDN. BHD.** 201001002955 (887536-H)
  - 100% **PROFESSIONAL VET ENTERPRISE SDN. BHD.** 200801025957 (827284-P)
- 100% **TEO SENG PAPER PRODUCTS SDN. BHD.** 199401014312 (299992-H)
- 100% **TEO SENG FEEDMILL SDN. BHD.** 199801018060 (474189-H)
- 100% **PREMIUM EGG PRODUCTS PTE. LTD.** (200305167W)
  - 100% **BH FRESH FOOD PTE. LTD.** (200105466D)

Board of Directors, Key Management Personnel & Company Secretary

Standing (From Left to Right)

1. **Lee Choon Seng**
   Company Secretary
2. **Na Yi Chan**
   Deputy Chief Operating Officer, Layer Farming Division
3. **Ng Eng Leng**
   Group Financial Controller
4. **Nam Ya Jun**
   Executive Director, Animal Health Products Division
5. **Na Eluen**
   Deputy Chief Operating Officer, Marketing, Layer Farming Division
6. **Ku Leong Choon**
   Farm General Manager
7. **Lum Sow Wai**
   Company Secretary

Sitting (From Left to Right)

1. **Lim Ying Khoo**
   Independent Non-Executive Director
2. **Lim Huey Hean**
   Independent Non-Executive Director
3. **Nam Hiok Joo**
   Managing Director
4. **Lau Jui Peng**
   Executive Chairman
5. **Loh Wee Ching**
   Executive Director
6. **Goh Wen Ling**
   Independent Non-Executive Director

Profile of the Board of Directors

LAU JUI PENG
Executive Chairman

52

Date of Appointment:
19 June 2008

Length of Service:
(as at 31 December 2022)
14 years 6 months

Lau Jui Peng, Malaysian, male, aged 52, was appointed as the Non-Executive Chairman of the Company on 19 June 2008 and presently Executive Chairman, redesignated on 15 November 2022. Mr. Lau acts as the representative of Leong Hup (Malaysia) Sdn. Bhd. to sit on the Board of Directors of the Company.

Mr. Lau graduated with a Bachelor's Degree in Business Administration majoring in marketing from Hawaii Pacific University, United States in 1996. He began his career with Leong Hup Poultry Farm Sdn. Bhd. where he has been appointed as Deputy Chief Executive Officer primarily responsible for the production, operation and administration. He was then promoted to Chief Executive Officer and involved himself in Leong Hup (G.P.S.) Farm Sdn. Bhd. He has been subsequently invited to the Board of Leong Hup Poultry Farm Sdn. Bhd. in the year 2004 and to the Board of Leong Hup (G.P.S.) Farm Sdn. Bhd. in the year 2007. Besides both stated companies, he also sits on the Board of several subsidiaries of the Company, Leong Hup International Berhad and other private limited companies. Mr. Lau also plays the role of Group Breeder Chief Executive Officer in Leong Hup International Berhad.

As an accomplished businessman who possesses extensive knowledge and experience in the production and management of the poultry business, Mr. Lau has the ability to escalate the growth of the Company. In addition, Mr. Lau was a member of the Audit Committee during the year 2009 to 2012. He gained keen insight on getting an accurate and deep intuitive understanding of internal control during the four (4) years of involvement in the Audit Committee.

Mr. Lau is the sibling of Datuk Lau Joo Hong and Mr. Lau Joo Heng who are the indirect major shareholders of the Company. Except for certain related party transactions of revenue nature which are necessary for the day-to-day operation of the Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with the Company in which he has personal interests. Mr. Lau has no conviction of any offences within the past five (5) years or any sanctions and penalties imposed by relevant regulatory bodies in the financial year ended 31 December 2022. Mr. Lau had attended all of the five (5) Board of Directors' meetings held in the financial year ended 31 December 2022.

Profile of the Board of Directors (continued)

Nam Hiok Joo, Malaysian, male, aged 56, was appointed as Managing Director of the Company on 27 June 2018. He is also the Chairman of the Risk Management Committee of the Company since 20 August 2018.

Mr. Nam possesses over thirty (30) years of experience in the poultry business and participated actively in the poultry industry. In 2001, Mr. Nam was appointed as General Manager of Teo Seng Feedmill Sdn. Bhd., where he is principally responsible for the operation and production of chicken feeds. With his ample experience, he plays a major role in the quality control of feeds production to ensure the nutritional requirements of chickens at the different growing and laying stages are met. Furthermore, he is responsible for overseeing the Group's administrative operations. In 2005, Mr. Nam was appointed as Executive Director of Ritma Prestasi Sdn. Bhd. ("Ritma") and later promoted as Managing Director, where he was actively involved in the management of the Company and strategic direction of Ritma. Subsequently, he was appointed as Group General Manager of the Company in March 2010. Mr. Nam contributes significantly to the Group's decision-making and corporate planning with his vast experiences in managing and overseeing Company's operation as well as governing Company's direction. Additionally, he also sits on the Board of other private limited companies.

Mr. Nam is the sibling of Mr. Na Hap Cheng and Mr. Na Yok Chee who are the major shareholders of the Company. He is the uncle of Mr. Na Eluen, Deputy Chief Operating Officer, Marketing, Mr. Na Yi Chan, Deputy Chief Operating Officer, Layer Farming Division and Mr. Nam Ya Jun, Executive Director, Animal Health Products Division. Except for certain related party transactions of revenue nature which are necessary for the day-to-day operation of the Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with the Company in which he has personal interests. Mr. Nam has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies in the financial year ended 31 December 2022. Mr. Nam had attended all of the five (5) Board of Directors' meetings held in the financial year ended 31 December 2022.

NAM HIOK JOO

Managing Director

56

Date of Appointment:
27 June 2018

Length of Service:
(as at 31 December 2022)
4 year 6 months

Profile of the Board of Directors (continued)

LOH WEE CHING

Executive Director

54

Date of Appointment:
19 June 2008

Length of Service:
(as at 31 December 2022)
14 years 6 months

Loh Wee Ching, Malaysian, male, aged 54, was appointed as the Non-Executive Director of the Company on 19 June 2008 and redesignated as Executive Director on 17 November 2020. He was also a former member of both Nomination Committee and Remuneration Committee of the Company.

Prior to joining the Group, he held the position of Marketing Executive in Telic Corporation Sdn. Bhd., a diversified company that also engages in the poultry business. In 1994, Mr. Loh initiated his career in Teo Seng Farming Sdn. Bhd. ("TSF") as Sales Manager and subsequently was promoted as the Senior Marketing Manager in 2003. He has established a robust relationship with customers during his tenure with the Group of more than twenty (20) years. Presently, he holds the position of Marketing Director in the layer farming division. His enormous experience allows him to provide valuable guidance to the marketing team and contributes substantially to the Group's marketing strategies and business direction.

Mr. Loh does not hold any directorship in other public listed companies nor have any family relationship with any Director or major shareholder of the Company. Except for certain related party transactions of revenue nature which are necessary for the day-to-day operation of the Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangement with the Company in which he has personal interest. Mr. Loh has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies in the financial year ended 31 December 2022. He had achieved full attendance for all of the five (5) Board of Directors' meetings held in the financial year ended 31 December 2022.

Profile of the Board of Directors (continued)

Lim Huey Hean, Malaysian, male, aged 51, was appointed as Independent Non-Executive Director of the Company on 26 May 2022. In addition, he was also appointed as Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company on 26 May 2022.

Mr. Lim studies in H.E.L.P institute and graduated with a Bachelor of Science in Economics (Hons) degree from University of London in 1995. He became an Associate member of Institute of Internal Auditors Malaysia ("IIA Malaysia") in 2005. Over the years, he has accumulated more than 20 years of experience in the capital market and financial services industry by commencing his career in finance and banking industry, with MBF Finance Berhad as an Internal Auditor in 1995. He later joined Jupiter Securities Sdn. Bhd. as remisier, EON Bank Berhad as Senior Audit Officer and American Home Assurance as Senior Finance Executive. He also had internal audit experience in fast-moving consumer goods ("FMCG") industry such as Fraser & Neave Holdings Berhad and Malayan Flour Mills Berhad. During his tenure as internal auditor, he was responsible for leading audit engagements and project managements which consist of developing audit plans, schedules and technical approaches to be taken during audit assignments.

In September 2006, Mr. Lim joined as regulator in the Securities Commission Malaysia (SC). During his services in SC, he was in the Authorisation & Licensing Department, Market Surveillance Department and Investigation Department. He was responsible to conduct surveillance activities on the capital market, taking enforcement activities on capital market offence such as market manipulation and insider trading, and also compliance monitoring for licensed entities.

Subsequently, Mr. Lim joined Standard Chartered Bank (Malaysia) Berhad in 2018 as Team Leader for Trade Surveillance and Audit Manager for the Group Internal Audit. He was involved in performing risk assessments on banking operations and functions and also led a team of six analysts for Trade Surveillance Department.

Mr. Lim joined the ACE Group in 2020 as Associate Director - Operations & Risk Management, and oversee compliance function for the subsidiaries such as ACE Investment Bank (Labuan) Limited and ACE Money Exchange Sdn. Bhd. His responsibilities include amongst others, set up risk management framework, formulating and communicating risk policies and processes, develops critical metrics to help track regulatory compliance and reporting as well as perform compliance audits.

Mr. Lim does not have any family relationship with any Director/major shareholder of the Company. There is no conflict of interest between Mr. Lim and the Company. Mr. Lim has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. Mr. Lim had attended all of the two (2) Board of Directors' meetings held since his appointment in financial year ended 31 December 2022.

LIM HUEY HEAN

Independent
Non-Executive Director

51

Date of Appointment:
26 May 2022

Length of Service:
(as at 31 December 2022)
7 months

Profile of the Board of Directors (continued)

LIM YING KHOO

Independent
Non-Executive Director

45

Date of Appointment:
26 May 2022

Length of Service:
(as at 31 December 2022)
7 months

Lim Ying Khoo, Malaysian, female, aged 45, was appointed as Independent Non-Executive Director of the Company on 26 May 2022. In addition, she was also appointed as Chairperson of the Audit Committee and a member of the Nomination Committee, Remuneration Committee and Risk Management Committee of the Company on 26 May 2022.

Ms. Lim graduated with a Bachelor of Business in Accounting from Latrobe University, Australia in 1999. She was registered as a member of Certified Practising Accountant (Australia) in 2004, a member of the Malaysian Institute of Accountants (MIA) in 2005 and a member of Chartered Tax Institute of Malaysia (CTIM) in 2009. She is also qualified as a licensed tax agent under S153(3) of the Income Tax Act 1967.

Ms. Lim initiated her career as an audit assistant in Kassim Chan & Co (now known as Deloitte) upon graduate in 2000. Besides involving in the audit field, she also extended her experience to the taxation field by joining Deloitte Kassim Chan & Co Tax Services in 2003. Presently, she is the Director of SC Chua Tax Services Sdn. Bhd., SC Chua Management Services Sdn. Bhd., and All Is Wealth Management Sdn. Bhd. which are providing professional services comprising of tax consultancy and planning, company secretarial and accounting services respectively.

Ms. Lim possesses more than 20 years of experience in accounting, secretarial, and tax affairs. Throughout her career, she also liaised with Inland Revenue Board of Malaysia (IRB) and the Companies Commission of Malaysia (CCM) frequently. Her active involvement in different areas of profession developed her into a well-rounded advisor and enables her to provide valuable advice to the Group particularly on audit and tax-related issues in assisting the Group to make wise financial decisions.

Ms. Lim does not have any family relationship with any Director/major shareholder of the Company. There is no conflict of interest between Ms. Lim and the Company. Ms. Lim has no conviction of any offences within the past five (5) years or any sanctions and penalties imposed by relevant regulatory bodies duirng the financial year ended 31 December 2022. Ms. Lim had attended all of the two (2) Board of Directors' meeting held since her appointment in financial year ended 31 December 2022.

Profile of the Board of Directors (continued)

Goh Wen Ling, Malaysian, female, aged 43, was appointed as Independent Non-Executive Director of the Company on 26 May 2022. In addition, she was also appointed as Chairperson of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company on 26 May 2022.

Ms. Goh graduated with a Bachelor of Laws (Honours) Degree from the University of Hull in 2000 and obtained her Postgraduate Diploma from the City University London, Inns of Court School of Law in 2001. She was called to the Bar of England and Wales in 2001 as the Barrister-at-Law of Honourable Society of the Middle Temple and admitted to the High Court of Malaysia as an advocate and solicitor in 2002.

Ms. Goh began her professional career with Messrs. Shook Lin & Bok in 2002 as an associate in Intellectual Property Department. During her service in Messrs. Shook Lin & Bok, she mainly involved in the practices of intellectual property litigation, advising and assisting businesses on the registration process of patents, trademarks and industrial designs as well as general advisory work related to intellectual property right. In the following year, she set up her own event management business, Aldrea Dream Media Sdn. Bhd. Through the experience of establishing a business and striving to meet clients' need and overcome different dilemmas, Ms. Goh has developed the ability to understand clients' needs and strong problem-solving skills.

Ms. Goh returned to law practice in 2004 and she was designated as junior partner. She currently heads the conveyancing, corporate and banking department in Andrew T.S. Goh & Khairil. With over eighteen (18) years of working experience in the legal industry, Ms. Goh has the competency to provide effective advice for the Group's affairs from legal perspective.

Ms. Goh also sits on the Board of Leong Hup International Berhad, MYMBN Berhad and PCCS Group Berhad. She does not have any family relationship with any Director/major shareholder of the Company. There is no conflict of interest between Ms. Goh and the Company. Ms. Goh has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. Ms. Goh had attended all of the two (2) Board of Directors' meetings held since her appointment in financial year ended 31 December 2022.

GOH WEN LING

Independent
Non-Executive Director

43

Date of Appointment:
26 May 2022

Length of Service:
(as at 31 December 2022)
7 months

Profile of the Key Management Personnel

NG ENG LENG
Group Financial Controller

52

Ng Eng Leng, Malaysian, male, aged 52, is holding the position of Director of Teo Seng Farming Sdn. Bhd. since March 2002. He was also designated as Group Financial Controller of the Company since March 2010. He acquired the Executive Master in Business Management majoring in finance from Asia e University in 2012 and Master of Business Administration from Buckinghamshire New University (UK) in 2014.

Mr. Ng is primarily responsible for the financial affairs, corporate affairs and administration functions of the Group. He accumulated tremendous knowledge and experience in the field of accounting, costing, taxation, internal control system, acquisitions and corporate finance through his years of working in private corporate sectors.

During his extensive working experience in various capacities including senior management roles of the Group in the areas of the above-mentioned aspects, he gains great exposure and vast experience in those fields and enables him to play a crucial role in advising the Board and to participate in decision making and corporate planning for the Group. The success of the Group owes much to his extensive involvement in its operations and management. Furthermore, he also sits on the Board of several subsidiaries of the Company.

Mr. Ng does not have any family relationship with any Director/major shareholder of the Company. There is no conflict of interest between Mr. Ng and the Company. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022.

NA ELUEN
Deputy Chief Operating Officer, Marketing, Layer Farming Division

40

Na Eluen, Malaysian, male, aged 40, was appointed as Deputy Chief Operating Officer, Marketing, Layer Farming Division of Teo Seng Capital Berhad on 1 January 2018. He has more than 18 years of experience in sales, marketing and business development in the industry.

He started his career in 2003 as Junior Sales and then was promoted to Assistant Marketing Manager in 2007 in Teo Seng Farming Sdn. Bhd. In 2009, he was assigned to Ritma Prestasi Sdn. Bhd. as sales for animal health products division. In 2011, he assumed the role of General Manager for Premium Egg Products Pte. Ltd. and BH Fresh Food Pte. Ltd. in Singapore, spearheading the business operation and developments. His contribution and involvement in the Group's operation in Singapore have been recognised by the Group and with that, he was appointed as the Director of Premium Egg Products Pte. Ltd. and BH Fresh Food Pte. Ltd. on 2 May 2016.

As Deputy Chief Operating Officer, Marketing, he is responsible for the sales and marketing of egg division includes building the brand and developing marketing relationship for domestic and oversea market as well as the Egg Transport Department.

He is tasked with developing new sales and marketing opportunities. Under his leadership, the Group has successfully established distribution centre in Northern, Southern and East Coast of Malaysia for egg businesses. He also contributed to explore direct sales business and further develop the retail business. His knowledge and experience in marketing and operational management have been an added value to the team.

Mr. Na Eluen is the nephew of the Managing Director, Mr. Nam Hiok Joo, and indirect major shareholder, Mr. Na Yok Chee, of the Company. He is also the son of indirect major shareholder of the Company, Mr. Na Hap Cheng. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022.

Profile of the Key Management Personnel (continued)

NA YI CHAN

Deputy Chief Operating Officer, Layer Farming Division

34

Na Yi Chan, Malaysian, male, aged 34, is Deputy Chief Operating Officer of Teo Seng Group Layer Farming Division since 1 January 2018. Mr. Na studied Bachelor's Degree of Business in Help University and College. He started his career in Teo Seng Group as Production Administrator on 14 January 2011, taking care of layer farming production. He was then promoted as Assistant Operation Manager and Operation Manager in 2012 and 2014 respectively. In 2015, he was designated as Business Operation Manager. Besides managing the production of layer farming, Mr. Na has been constantly and actively attending seminars and conferences conducted locally and overseas in order to keep abreast of the latest trends and technologies in the poultry industry. With relevant exposure and experience in the poultry industry, he possesses excellent industrial and management skills which enable him to contribute significantly to the Group's affairs.

As Deputy Chief Operating Officer, he currently leads the layer farming production, farm management, fertiliser production and other relevant operations by providing strategic direction and guidance. He also sits on the Board of subsidiaries of the Group, Teo Seng Farming Sdn. Bhd. and Success Century Sdn. Bhd. In line with this, he plays a key role in boosting the growth of the layer farming business. He directs, oversees and manages the implementation of farm-related policies and development. Mr. Na is one of the main driving forces and is instrumental to the expansion and operations of the layer farming of the Group. His expertise in layer farming production, management and operation enables him to make critical contributions to the Group's business.

Mr. Na is the nephew of the Managing Director, Mr. Nam Hiok Joo, and indirect major shareholder, Mr. Na Hap Cheng, of the Company. He is also the son of indirect major shareholder of the Company, Mr. Na Yok Chee. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022.

NAM YA JUN

Executive Director, Animal Health Products Division

41

Nam Ya Jun, a 41-year-old Malaysian male, is the Executive Director of Ritma Prestasi Sdn. Bhd., a subsidiary company that distributes animal healthcare products in Malaysia. He graduated with a First-Class Honours Degree in Science from Victoria University of Wellington, New Zealand in 2004. Mr. Nam began his career with Teo Seng Group on 1 July 2005 as an Executive in Human Resources and Administrative Division. Initially, he was responsible for overseeing the Group's Human Resources and Administrative functions, and he also devoted his time to developing a structured business system for Ritma Prestasi Sdn. Bhd. As a result of his efforts, he was subsequently promoted to Group Assistant Manager.

In 2011, Mr. Nam was promoted to General Manager of Ritma Prestasi Sdn. Bhd. In this role, he oversaw the company's daily operations, focusing on business development and operational strategies. Under his leadership, the company became a competitive player in the industry, attracting partnerships with major global animal healthcare providers over the years. As a testament to his dedication, the company expanded its businesses to Singapore by incorporating Ritma Permier Pte. Ltd. in 2016 and to East Malaysia by acquiring Professional Vet Enterprise Sdn. Bhd. in 2019.

On 31 January 2018, Mr. Nam was appointed as the Executive Director of Ritma Prestasi Sdn. Bhd. He successfully expanded the Group Animal Health Products & Consumables Division to the next level through his innovative marketing and business strategies. His extensive experience and expertise in corporate business management also contribute significantly to the Group's businesses.

Mr. Nam is the nephew of the Managing Director, Mr. Nam Hiok Joo, and the indirect major shareholders, Mr. Na Hap Cheng and Mr. Na Yok Chee, of the Company. Mr. Nam has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022.

Profile of the Key Management Personnel (continued)

KU LEONG CHOON

Farm General Manager

56

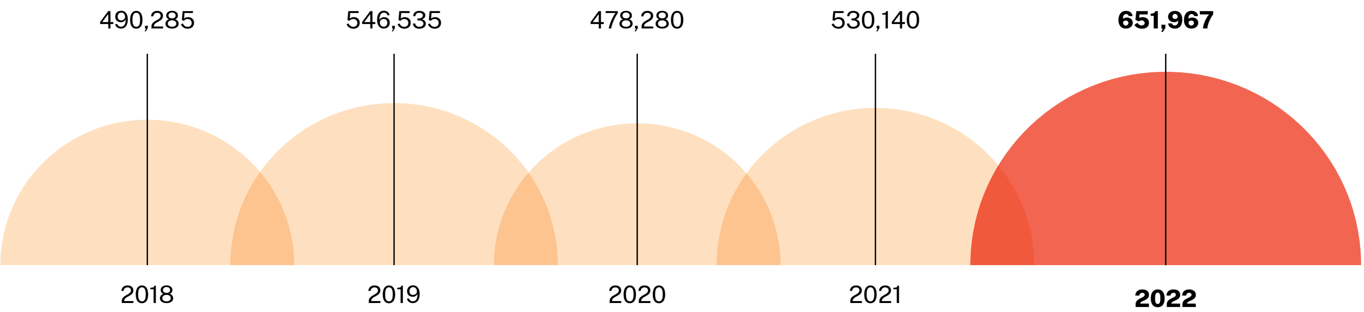
Ku Leong Choon, Malaysian, male, aged 56, is holding the position of Farm General Manager since March 2002. In 1987, Mr. Ku initiated his career with Teo Seng Group as a farmworker. He was later promoted to Farm Manager in 1995 and Senior Farm Manager in 2002.

Mr. Ku has over 30 years of experience in the field of farm operations. His main responsibilities include supervising and coordinating various functions of farm managers, monitoring overall farm operation and maintaining a good environment in the poultry farms. He also assists Deputy Chief Operating Officer on the daily farm operations. With his robust and vast experience, he provides valuable advice to management as well as guidance to relevant farm personnel, in terms of operation and production.

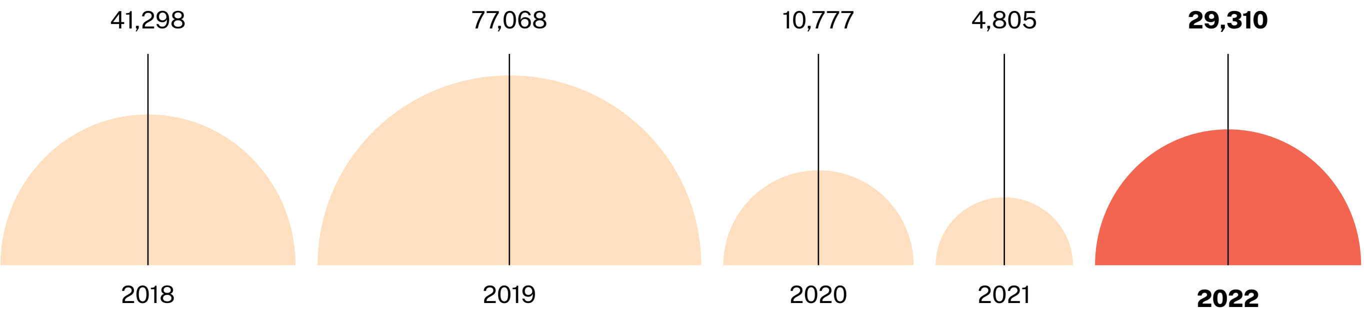
Mr. Ku does not have any family relationship with any Director/major shareholder of the Company. There is no conflict of interest between Mr. Ku and the Company. He has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022.

Financial Highlights

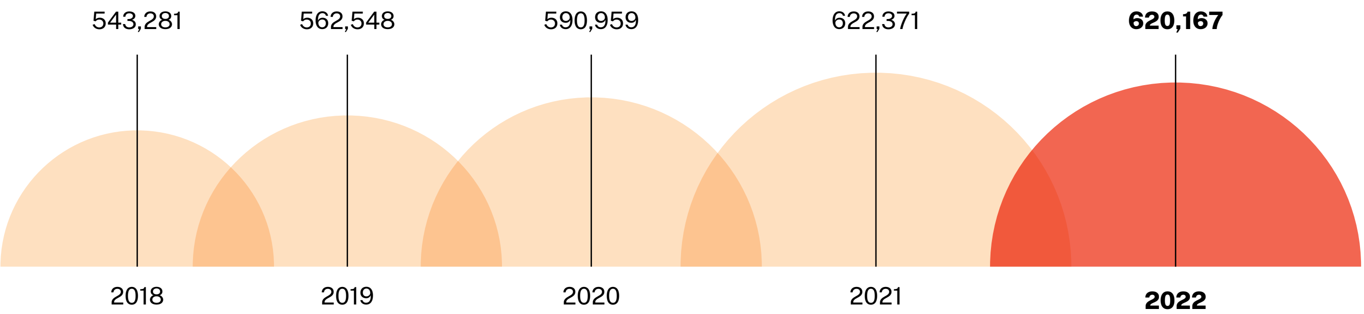
REVENUE (RM'000)



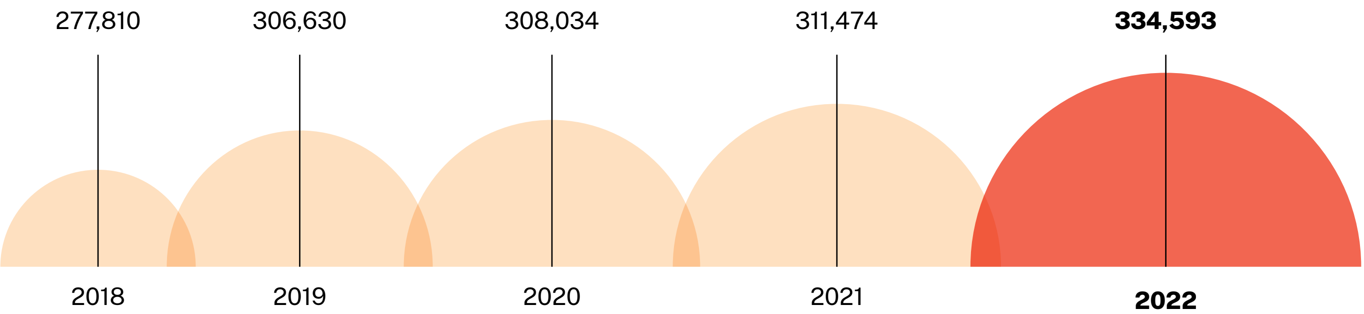
PROFIT BEFORE TAXATION (RM'000)



TOTAL ASSET (RM'000)



TOTAL EQUITY (RM'000)



Management Discussion and Analysis

> **Starting the poultry business in 1978, Teo Seng with successful and excellent management team for over 40 years of industry experience has grown into one of the top tier integrated layer farming companies in Malaysia.**

KEY HIGHLIGHT OF THE YEAR

Revenue
RM651.97
MILLION

Total equity
RM334.59
MILLION

Net asset per share
RM1.14

GROUP BUSINESS AND OPERATION

Starting the poultry business in 1978, Teo Seng with successful and excellent management team for over 40 years of industry experience has grown into one of the top tier integrated layer farming companies in Malaysia. Our dedicated and committed team has tactically managed the challenge and impact of COVID-19 pandemic. Over the years, we committed to supply quality and nutritious eggs and value-added products to our customers and consumers. Our core business, integrated layer farming is underpinned by five key divisions, namely feedmill division, paper egg tray division, fertiliser division, egg processing division and animal health product division and this integration enabling the Group to be sustainable in both operations and growth. Along with our outstanding integration, sustainability initiatives are central to the Group's business strategy. These divisions are divided into two segments ie. i) poultry farming and ii) investment and trading of other poultry related products. Teo Seng is led by a robust management team with vast knowledge and expertise in poultry farming industry, which allows us to utilise advanced farming techniques and cutting-edge technology to maintain the highest standards of product quality and safety. Our commitment to sustainability and corporate social responsibility is further evidenced by our investments in renewable energy and waste management projects, as well as our ongoing efforts to develop and empower our employees.

Teo Seng Capital Berhad

Poultry Farming

- Layer Farming
- Manufacturing of Animal Feeds
- Manufacturing of Egg Trays
- Fertiliser
- Egg Processing

Investment and Trading of Related Poultry Products

- Investment Holding
- Animal Health Products

Management Discussion and Analysis (continued)

OUR ACHIEVEMENTS IN 2022

1. Teo Seng recorded the highest turnover of RM652.0 million, a growth of 23.0% compared with preceding year's revenue

2. Egg processing division commenced operation and certified with Veterinary Health Mark ("VHM"), HALAL, ISO 22000, Hazard Analysis and Critical Control Point ("HACCP"), Good Manufacturing Practice ("GMP")

3. Total 16 Solar PV systems commenced operation to generate renewable energy and the generation are registered for Renewable Energy Certificate ("REC"). Additional 10 projects are in the progress of installation

4. Total 10 fertiliser plants are in place to support the layer farming business, enhance the waste management and improve business sustainability, whereby our organic fertiliser products are certified by SIRIM

Poultry farming

As one of the largest layer farmers in Malaysia, Teo Seng being an integrated layer farmer is adopting All-In-All-Out ("AIAO") layer farming management system and Closed-House System ("CHS") which are internationally recognised systems in the layer farming industry, to ensure better biosecurity control and production effiency. Along with the significant and aggressive expansion over the years and our production increased to 4 million eggs a day from 100,000 eggs. We are committed to supply fresh, quality and nutritional products to consumers via implementing highly-advanced technologies and professional farm management concept and systems into our layer farming activities. Teo Seng has 24 farms located in Johor, Malaysia, and has been accredited with Grade A poultry license and Malaysian Good Agricultural Practice ("MyGAP") by the Department of Veterinary Services Malaysia ("DVS") whereby 50% of the company's layer farms are also accredited by the Singapore Food Agency ("SFA") to export eggs to Singapore.

With the daily production of 4 million eggs, we export approximately 25% of eggs mainly to Singapore and other countries. Our customers can be grouped into several categories, who are wholesaler, hypermarket business, manufacturer, retailer and end-consumer. With the aim of capturing more direct market share and providing better customer services, we have set up 3 distribution centres (Penang, Kuantan and Johor Bahru) coupled with direct van sales team located in Peninsular Malaysia.

Our own feedmill division is a strong competitive advantage and critical support in the excellent performance of our layer farming business, which producing high quality of feed for our pullet and layer chickens. By having this technical know-how and capacity, our feedmill division manufactures feed with customised feed formulations for chicken consumption at every stage of growing and laying period, delivering optimal nutrition for each age group of chickens. Our own feedmill plant allows us to deliver fresh feed to our farm on daily basis without experiencing any disruption and achieved self-sufficient in term of feed supply and eventually ensure the long-term sustainability and profitability of layer farming business.

Our egg processing division produces high-quality of ready-to-eat boiled egg by using modern technology and equipment, alongside sanitary facilities, to pasteurise and pack our boiled eggs. Our boiled egg products are accredited by certifications of VHM, HALAL, ISO 22000, HACCP and GMP which allowing us to promote the products and expand our market. Currently, the products are gaining more traction as we put concerted effort to market it to our targeted customers, mainly hawker, food processing and restaurant.

Our paper egg trays are made from sustainable and eco-friendly materials, such as used newspaper, magazines, and carton boxes. We are able to manufacture paper egg trays with different specifications in order to cater for different weight of eggs. Our paper egg trays are certified with Chain of Custody ("CoC") under Programme for the Endorsement of Forest Certification ("PEFC") as its material source, manufacturing process until the end product are produced and used in an environmentally way.

Management Discussion and Analysis (continued)

Fertiliser division is our sustainable initiative to manage chicken manure arising from layer farming operation. Our organic fertiliser is the by-product arising from layer farming operation. By using advanced composting technology, we introduce our own fully fermented organic fertiliser under the brand of "Laskar". It can improve soil quality, increase crop yields, and promote healthy plant growth. With this, our fertiliser division offers a benefit to reduce pollution to the environment.

Investment and trading of other poultry related products

Teo Seng is committed to promote the growth and well-being of livestock through its animal health products division. By operating this division in Peninsular Malaysia, East Malaysia, and Singapore, and obtaining several sole distributorship for high-quality and reputable animal health products from internationally recognised suppliers, Teo Seng has positioned itself as one of the prominent leaders in Malaysia and total solution provider in the animal health industry.

Animal health products division offers a range of products, including feed additives, supplements, vaccines and others that contribute to the growth and well-being of both poultry and companion animals. With two business units, namely Food Animal Strategic Team ("FAST") and Companion Animal Strategic Team ("CAST"), Teo Seng capable to provide quality products and customised solutions to both internal and external parties.

Digital and online marketing, as well as e-commerce are now the trend in the business world and the outbreak of the COVID-19 pandemic has accelerated and boosted the growth of e-commerce. Teo Seng's animal health products can be found on famous e-commerce platforms, as well as its own online platform.

FINANCIAL PERFORMANCE REVIEW

	2021 (RM'000)	2022 (RM'000)	2021 vs. 2022 Difference	2021 vs. 2022 Change %
KEY FINANCIAL RESULT				
Revenue	530,140	651,967	121,827	22.98%
Finance Cost	6,332	6,850	518	8.18%
Profit Before Tax (PBT)	4,805	29,310	24,505	509.99%
Profit After Tax (PAT)	3,043	21,639	18,596	611.11%
Gearing Ratio (times)	0.69	0.53	(0.16)	-23.19%
Net Asset per Share (RM)	1.06	1.14	0.08	7.55%
Current Ratio (times)	1.09	1.16	0.07	6.42%
Return on Equity (%)	0.98%	6.47%	5.49%	560.20%
Basic Earning per Share (sen)	1.04	7.36	6.32	607.69%

Attributed by the increase in average selling price of eggs and egg subsidy received from the Government has cushioned the impact of the continued high feed cost, Teo Seng posted new benchmark on the turnover of RM652.0 million, increased by 23.0% or RM121.8 million as compared with revenue recorded in the corresponding year's performance. The Group's profit before tax increased significantly by 510.0% or RM24.5 million, as compared with pre-tax profit of RM4.8 million from the same corresponding period.

Management Discussion and Analysis (continued)

Backed by the outstanding financial performance, return on equity expanded to 6.47% from 0.98% recorded in preceding year, a remarkable improvement of 560.2%. The net asset per share as at 31 December 2022 stands at RM1.14, increase from RM1.06 in the previous financial year. The Group's basic earnings per share for the financial year under review is 7.36 sen, a significant growth over the years. As a result of the higher shareholder's equity and lower borrowings, a manageable gearing ratio of 0.53 times was recorded representing 23.2% decline as compared with the previous year of 0.69 times despite multi-complex economic and market position. In addition, increase in current asset and decrease in current liabilities presented a robust current ratio of 1.16 times as compared with the previous year of 1.09 times satisfying short term debt obligations.

CAPITAL EXPENDITURE AND STRUCTURE

For the financial year 2022, total capital expenditure of RM26.1 million was incurred mainly for the following projects:

1. Expansion on the capacity of layer farming activity.
2. Upgrading of existing farm facilities and equipment.
3. Installation of solar photovoltaic system for renewable energy generation used for daily operation.
4. Expansion on feedmill plant's silo.
5. Expansion on the farm waste management.

BUSINESS OBJECTIVE, STRATEGIES AND REVIEW OF OPERATING ACTIVITIES

Poultry farming

Teo Seng's competitive advantages lie with its economies of scale and advanced technology. The company has upgraded its layer farms with modern technologies such as automated chicken manure belts and leading farm management software, which not only increases production efficiency but also reduces the reliance on manual workers and achieves economies of scale. By using automated plant and equipment, Teo Seng can produce eggs more efficiently and cost-effectively. Moreover, Teo Seng has installed water treatment systems to ensure the water supplied to farms is at premium quality, which helps to improve the immune systems of chickens. This contributes to better animal health and productivity, which ultimately translates into higher-quality eggs for consumers. By implementing advanced technologies and systems, Teo Seng has positioned itself as one of the leaders in the layer farming industry in Malaysia and is well-equipped to meet the demands of a competitive market.

Our business objective is to produce and supply high-quality poultry products to the domestic and export markets while maintaining sustainable and profitable growth for the company. To achieve this, we strived to maximise our production efficiency in our farm operation, diversify our product range by expanding into new product categories and expanding our market share via new distribution channels.

At present, we operate 3 distribution centers ("DCs") located in Johor Bahru, Kuantan, and Penang. These DCs serve as crucial facilities for receiving, storing and distributing our egg products to customers and in numerous locations. The establishment of our DCs has been highly beneficial, as it has enabled us to directly access and penetrate different geographical locations, reaching our end customers more effectively. Moreover, our inventory management has significantly improved through the consolidation of our products into a single location, while our delivery time has become faster and more efficient. Our HQ direct sales team is another important aspect of our business model. By receiving orders directly from our end customers, it further enhances our brand awareness and maintain strong relationships with our customer base.

Our egg processing division is a key part of our strategy to expand our product range and meet the diverse needs and preferences of our customers. By creating more value to our eggs, we are able to meet the changing lifestyle and provide more options for consumers. In 2022, we achieved an important milestone as our boiled egg product was awarded with Halal certification. This certification confirms that our product complies with the relevant standards and requirements, providing a quality assurance to our customers. This achievement has also helped to increase our brand recognition, providing us with greater market access and potential for export opportunities. Overall, we are putting more effort to this division and we are confident that it has great potential for the future to contribute positively to our overall business.

Along the year, our premium egg product "Happy Egg" has been gaining increasing recognition among consumers in the market. Our brand offers several sub-products, including Fresh Farm Eggs, Hi Fresh Eggs, Omega Lutein Eggs, Multigrain Eggs, Dinosaur Eggs and Kampung Eggs, each offering unique nutritional benefits to cater for different consumer's needs. This differentiation sets us apart from our competitors and position us as one of the leading players in the industry. Moving forward, we will continue to promote Happy Egg brand to reach wider audience and strengthen brand awareness, which help us to increase our market share and market position.

Management Discussion and Analysis (continued)

Throughout the financial year ended 2022, we are remaining steadfast in our commitment to sustainability, continue on our journey towards a more environmentally responsible business in response to Malaysia government's commitment to achieve net zero greenhouse gas emission by 2050. We have installed Solar Photovoltaic ("Solar PV") system with capacity of 4,462kWp in order to promote use of green energy across our operation. All of our solar PV systems are well managed and installed by renowned solar energy contractor in Malaysia and our team work closely with them to ensure that our projects are completed on time and within budget, while meeting our standards for high quality and sustainability. Every project was closely monitored to assure favourable performance over the long-term and delivering optimal energy output. Since the installation of solar PV systems into our operation, we successfully reduced our electricity cost by 30%.

Waste management initiative is one of our commitments to maximise the value of resources while minimising our environmental impact. Our 10 fertiliser plants with high processing capacity are able to compost chicken manure by transforming it into high-quality organic fertiliser. This supporting expansion projects represent a significant step forward in our sustainability commitments. One of our notable achievements in 2022 is to obtain the SIRIM certification for our fertiliser product. This certification is a strong testament to the exceptional quality and reliability of our product.

The uncertainty market conditions and global inflation had caused the higher operating cost and feed commodity prices. Our poultry farming segment recorded a higher sales revenue of RM554.3 million, equivalent to an increase of 24.3% mainly due to the improved selling price of eggs. The improved selling price of egg coupled with the egg subsidy received from the government to cushion the continuing increase in feed cost, had resulted in a higher pre-tax profit of RM16.8 million, an increase of 235.3% for the financial period under review.

Investment and trading of poultry related products

We strive to be among the top animal health solution providers in Malaysia. To accommodate the growing number of distribution brands, we have secured a rented warehouse in Puchong, Selangor. It allows us to further enhance our capabilities in meeting the demands of the market and providing our customers with quality products and services. The rented warehouse with capacity to accommodate 1,800 pallets of stock coupled with Warehousing Management System ("WMS") has helped to optimise and streamline various aspects of warehouse operations. The implementation of WMS has enabled us to effectively manage and improve the overall efficiency of our warehouse. In 2022, this segment recorded revenue of RM97.7 million and profit before tax of RM12.5 million.

RISK AND MITIGATION MEASURES

Risk of poultry diseases

Teo Seng Capital Berhad has recognised the potential risks associated with poultry diseases and has taken proactive measures to address them. By implementing stringent biosecurity measures across all of its farms, the company is taking a preventative approach to disease control and management, which can help to reduce the likelihood of an outbreak occurring.

The implementation of CHS and AIAO layer farming system in our farms at 24 different locations are more effective in managing disease issue and minimising the potential cross-contamination.

The company's veterinarian team actively participates and involves in industry exhibitions and seminars in order to ensure that the company remains up-to-date with the latest best practices and trends in disease prevention and management.

Overall, the company's commitment to product quality and safety, combined with its proactive approach to disease control and management, should help to mitigate the risks associated with poultry disease issue and safeguard its market share.

Sustainability Initiatives – Waste Management

Waste management is one of our sustainability initiatives to counter the potential impact bring by chicken waste in the layer farming operation. We acknowledge this impact by adopting waste management procedure to reduce the negative impact to our environment and community surroundings. Our chicken waste is properly handled and composted into organic fertiliser. It can be used to improve soil fertility and reduce dependence on synthetic fertilisers. Ultimately, these practices can help to reduce the volume of waste, minimise odours and limit the release of harmful substances into the environment.

Management Discussion and Analysis (continued)

Good waste management practices are essential for the sustainable growth and development of layer farming operations. Improper handling of chicken waste from layer farming activity can result in negative impacts on the environment and human health. Therefore, it is important to implement effective waste management practices to mitigate these adverse effects.

By implementing rigorous waste management practices, layer farming operations can reduce their environmental impact and improve the quality of life for people living near to and distant from the farms. Continuous improvement and development of waste management practices can help to ensure the long-term sustainability of layer farming operation.

Manpower and succession planning

Labour shortage in poultry industry in Malaysia is due to the high dependence on manual labour, most of them are foreign workers. The company has taken several measures to address this issue such as restructuring operating modes, recruiting and training local labour, implementing advanced technology and automation systems. Combined with professional and timely recruitment planning of workers by our Human Resources department, it helps to manage the limited workforce effectively. Education and training programmes also enable them to adapt to the working environment of farms and other operation sites.

The success of Teo Seng's operations and business strategy also depends on the ability to attract and retain skilled or talented employees for both of management and production fields. The increasing competition for sourcing qualified employees could result in a shortage of labour, higher compensation costs, difficulties in maintaining a capable workforce and create succession planning challenges.

To address this impact, Teo Seng is rolling out a series of efforts to emphasise the importance of succession planning, which can help to reduce the risk of hiring and mitigate the negative impact of turnover in key functional roles. By taking these measures, we are better equipped to fill management and production roles within the organisation and ensure our business continuity and sustainability.

Regulation and political

The Group is taking proactive steps to stay aware of potential changes in political, economic, and regulatory conditions that could impact our financial performance and operations. By establishing a Corporate Affairs Committee consists of Group Financial Controller, Company Secretaries, Senior Accountant and Corporate Affair Department and engaging internal and external professionals to stay up-to-date, we are demonstrating a commitment to be well-prepared and responsive to potential challenges.

Foreign currency risk

The Group is wise to recognise and address the foreign currency risk due to the reliance on imported raw materials and the export business in foreign currencies. Fluctuation in currency exchange rates can have a significant impact on the financial performance. Therefore, it is essential to take proactive measures to manage this risk. By entering into forward and option contracts, Teo Seng is taking steps to mitigate the impact of foreign currency fluctuations. These financial instruments allow the company to lock in a fixed exchange rate for future transactions, thereby reducing the risk of unfavorable currency movements.

PROSPECTS

The global economy has been grappling with various uncertainties at the macro level, including but not limited to supply chain disruptions, inflationary pressures and continual upward trend in interest rates. In our industry, the surge in the price of raw materials, especially maize and soya beans caused by several issues which is exerting pressure on our operational costs.

Over the past years, Malaysia has experienced imbalance supply of egg due to slashing of production on the back of rising production cost and other factors. The increasing input costs and price control on eggs had created challenges for egg producers, including the need for higher working capital and potential profit margin contractions. It is important to keep in mind that the challenges faced by farmers who are lacking of competitive advantages and may have a significant impact on their ability to continue operating. While some may choose to phase out from the market or defer expansion plans.

Management Discussion and Analysis (continued)

Teo Seng is focused on improving the overall efficiency of the organisation and increasing its competitive advantages. This is being achieved through prudent management of financial resources, operational costs, and CAPEX requirements. The company is also taking proactive actions to expand its customer base through e-commerce and diversify its marketing channels. We have established 3 DCs in different areas of Peninsular Malaysia.

Poultry farming is remaining the core business of the Group. Teo Seng recognises biosecurity control and chicken health are critical factors in determining the quality of output and performance of the company. Therefore, farm improvement and expansion are always a top priority. The implementation of CHS and AIAO layer farming management systems in all farms provides better hygienic and safety standards, mitigating biosecurity issues and contributing to intensive poultry production. To this end, Teo Seng has multiple projects in progress to expand the production and refurbish the existing farms. In addition, we are investing in downstream business as part of our business strategy. Egg Processing Division commences operation and progressively increases the contribution to the Group.

At the same time, Teo Seng continue to strengthen the supporting division to better support the layer farming business. In animal health products segment, we aim to become leading, innovative and trusted multinational animal health solution provider. We anticipate that this segment will continue on its growth trajectory by incorporating additional distribution brands into our portfolio. This strategic move is driven by the immense potential in this market.

Teo Seng is committed to uphold its Environment, Sustainability, and Governance ("ESG") responsibilities as we recognised the importance of sustainable business practices. As a responsible corporate entity, Teo Seng is dedicated to incorporating ESG considerations into its business operations and decision-making processes. This commitment extends to various aspects of the company's operations, including waste management, energy efficiency, sustainable sourcing, and ethical business practices. By prioritising ESG, Teo Seng is better positioned to mitigate risks, create long-term value and contribute to a more sustainable future.

Teo Seng's core values are integrated and sustainable, emphasising the continuous expansion of production capacities to meet growing demand and improving the efficiency of the value chain to create value for stakeholders. Teo Seng is committed to sustainable growth and maintaining its position as one of the market leaders in the poultry industry. Despite the expected challenging operating environment, we remain vigilant and closely monitor business dynamics. We are confident in our ability to adapt and respond promptly to any changes that may arise and emerge even stronger. Our position as a significant industry player, coupled with our integrated layer farming business model, provides us with a competitive edge, economies of scale and are better equipped to navigate the challenges.

Additionally, our Board of Directors and management team possess vast experience in their respective fields, which position us well to sustaining growth amidst the uncertainties. Barring any unforeseen circumstances, we are cautiously optimistic for a better performance in FY2023.

Dividend

The Board intends to pay dividends between 20% to 50% of Profit After Tax (“PAT”) after taking into consideration the Group’s retained profits, cash flow as well as the funding requirements of our Group. It is a policy of the Board in recommending dividends to allow shareholders to participate in the profits of the Group whilst retaining adequate reserves for its future growth. Notwithstanding the above, all the foregoing statements are merely statements of present intention and no inference should or can be made from any of the foregoing statements as to the actual future profitability or the ability to pay dividends in the future. Actual dividends proposed and declared may vary depending on the financial performance, cash flow and funding requirements of the Group, and may be waived if the payment of the dividends would adversely affect the cash flow and operations of the Group and it is also subject to the fulfilment of solvency test regulated by Companies Act 2016. In view of the challenges and uncertainty market conditions, the directors do not recommend any dividend payment in respect of the financial year ended 31 December 2022.

Sustainability Statement

Hatching for the Future

To stay ahead of the competition and meet evolving market demand, Teo Seng Capital Berhad is committed to build a sustainable and successful future through combination of responsible layer farming practices, professional and dedicated management team and product innovation, which embodied by our tagline “Hatching for the Future”.

Sustainability Statement (continued)

This Sustainability Statement ("Statement") presents Teo Seng Capital Berhad Group's commitment to sustainability in term of economic, environmental, social and governance ("EESG") aspects during the financial year ended 2022.

The Statement is prepared in accordance with the Listing Requirements of Bursa Malaysia Berhad ("Bursa Malaysia") and the Board has considered the Sustainability Reporting Guide and its accompanying Toolkits, issued by Bursa.

The Board acknowledges the significance of establishing a sustainable business by considering all factors that may affect the Group's business sustainability, management, and the manner in which these factors are addressed to create long-term shareholder value while safeguarding the interests of important stakeholders such as investors, customers, suppliers, employees, regulators, and the communities in which it operates.

Aligned with Teo Seng Group's tagline, "Hatching For The Future" and Happy Egg's slogan "Healthy Eggs Happy Life", we integrate sustainability initiatives into our core values, day-to-day operations, and strategic business plans. These initiatives drive the Group's efforts to deliver value to our shareholders, uphold good governance, maximise contributions to stakeholders, and minimise our environmental impact.

FEEDBACK AND COMMENTS

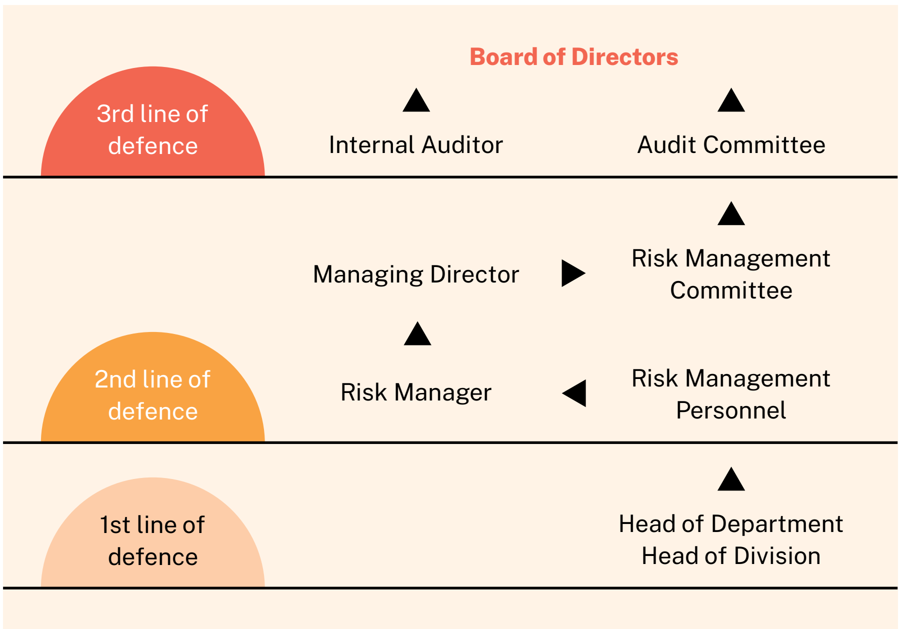
We welcome valuable feedback from stakeholders as it is crucial for improving our sustainability performance and development. We invite stakeholders to share their view or feedback via http://teoseng.com.my/contact/.

SUSTAINABILITY GOVERNANCE STRUCTURE AND POLICIES

The Group's risk management team comprising of Heads of Departments or Divisions, Risk Management Personnel ("RMP"), Risk Manager and the Group Managing Director who dealing with sustainability management of the Group. The Risk Management Committee ("RMC") was established for the purpose of managing and oversighting function of risk management and communicating with the Board on risk management issues and sustainability matters. The risk management team reports to the Group Managing Director, who is also the chairman of the RMC.

Based on corporate business objectives, the RMP collated sustainability related information across the Group's business divisions in consolidating the risk assessment and risk register as well as developing and updating sustainability management framework and reports to the Risk Manager. The Risk Manager who reports to the Managing Director being a designated person entrusted by the Board to manage sustainability strategically. Ultimately, Managing Director through the RMC report to the Board on sustainability matters and activities integrated in the operation of the Group.

The Group's sustainability governance structure is depicted as follows:



Sustainability Statement (continued)

The risk management team is tasked with the following responsibilities:

- Advising the Board and recommending the strategies in respect of sustainability related policies for adoption;
- Monitoring the implementation of sustainability strategies as approved by the Board;
- Overseeing the overall management of stakeholder engagement, including ensuring grievance mechanisms are in place;
- Overseeing the management of sustainability matters, with particular focus on material matters to the Group; and
- Overseeing the preparation of sustainability disclosures as required by laws and/or rules, and recommending it for the Board's approval.

The Board is primarily responsible for the sustainability performance of the Group, provides oversight and review of sustainability reporting. The Board regards sustainability as a continuous journey that evolves in parallel with the Group's growth and development. The Board continuously engage with relevant stakeholders to form an essential fundamental for fine tuning the Group's development by taking into consideration all stakeholders concern on sustainability.

Vision and Mission of the Group

Vision

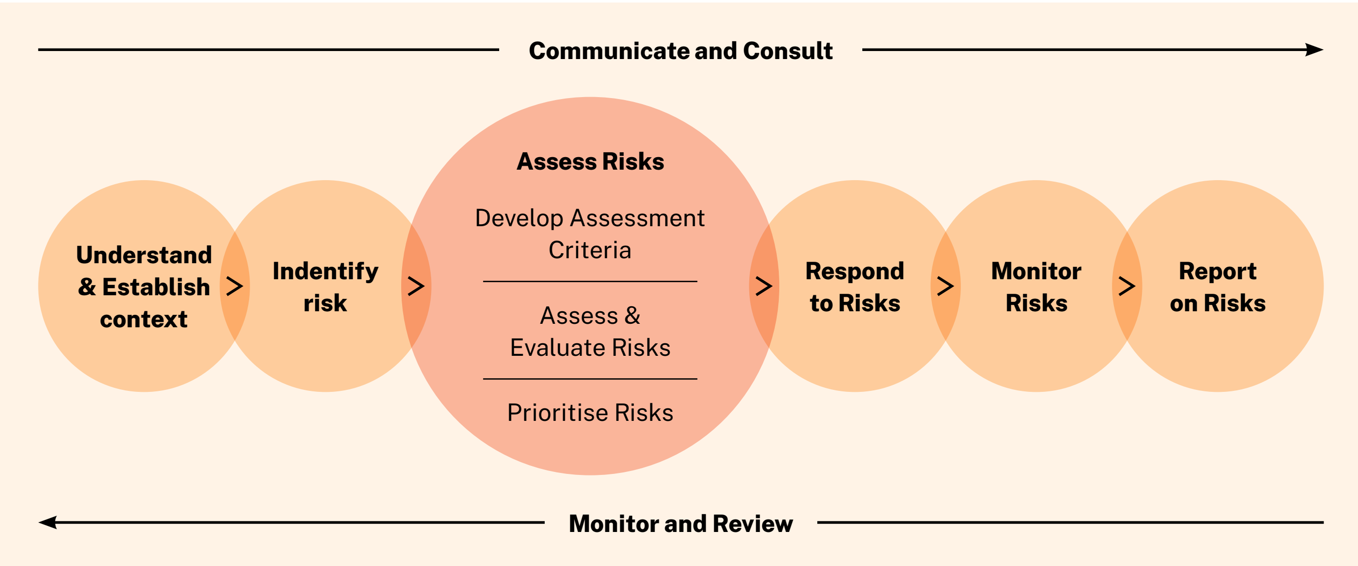
enhance **sustainability of business** by focusing on **cost effectiveness** and **develop corporate value** that is align with the vision

Mission

i. To innovate variety **of egg products** to satisfy different group of people.
ii. Keeping pace with the time, develops **fully-integrated layer farming system** and absorbs **industrially-advanced technologies & knowledge** which aims to **sustain competitive advantages.**
iii. To instil professional mind-set of importance of cost-benefit to **all level of the participants in company,** including general workers, middle-management and top management to **improve cost effectiveness.**

Sustainability Statement (continued)

To enhance the sustainability of our businesses in alignment with the Group's vision and mission, the risk management team identifies risks by considering observations and information from stakeholders, as well as any potential event that could hinder the achievement of objectives. Risks are evaluated based on their impact and likelihood of occurrence. The methodology and process include:



We have established policies to facilitate a systematic process for identifying, analysing, and responding appropriately to relevant risks, taking into consideration the appetites and tolerances for those risks. As the business environment changes, we conduct regular reviews and updates in response to changes in specific business objectives, such as strategic, operational, or asset protection goals. To enhance oversight by the Board and prompt remedial action on weaknesses, we have developed an effective reporting mechanism to report on the effectiveness of risk management and control measures.

MATERIAL SUSTAINABILITY MATTERS

Teo Seng recognises that sustainability is an ongoing journey that involves a process of changing our corporate culture and closely engaging with all stakeholders. Specifically, understanding stakeholders' expectations regarding the Group's business and operations, and responding to their concerns by integrating EESG sustainability considerations into our operations, are key to this sustainability journey. Thereafter, we engage with various stakeholder groups impacted by the Group's business and operations, or that have the potential to impact our operational or financial performance, via various communication channels.

Materiality Assessment Process

The process of determining materiality for preparing our sustainability statement begins with identifying relevant matters based on information obtained through stakeholder engagement and analysis of our daily operations. We then assess and evaluate the identified risks according to established sustainability assessment criteria, which take into account both internal and external perspectives, i.e. from the organisation's point of view and that of stakeholders. We assess the importance of those matters based on their relevance to our business operations and their significance to stakeholders, prioritising those identified. Out of the 15 matters assessed, we have prioritised 9, while the rest remain relevant.

Sustainability Statement (continued)

MATERIALITY MATRIX

The outcome of prioritised risk will continue with risk response planning, aiming to avoid, reduce, transfer or accept threats, and manage the risk to an appropriate level. The final step is the implementation of agreed responses. Risk management must be closely aligned to schedule management and it is a never-ending process which constantly monitoring on risk's behaviours and the effectiveness of existing control. The whole risk management process is to be executed along with risk reporting structure. This helps to ensure the risks is always being monitored and proper alert is being reported to appropriate key person.

Sustainability Statement (continued)

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS ("SDG")

Aspect	Material Matters	Relevant SDGs	How We Contribute to the Relevant SDGs
Economic and Market Place	Biosecurity and Diseases Control	8, 12	• Proactive biosecurity measures • Closed-house system • All-in-all-out management system • Disperse farms in different locations • Experience and professional veterinarian team • Comply with Department of Veterinary Services Malaysia ("DVS") requirements
	Shortage of Manpower	8, 9	• Recruitment planning and restructuring of operation mode • Implementation of automation system
	Data Security & IT System Efficiency	8, 9	• Implementation of IT Policies and Procedures • Firewall and anti-virus protection • Protected network access • Secondary backup storage in Disaster Recovery Center • System Access Control and Management
Environmental	Waste Management	6, 12, 13	• Environmental-friendly paper egg trays production • Convert manure into organic fertilizer • Wastewater treatment system
	Renewable Energy	7, 12, 13	• Installation of solar photovoltaic systems across farms and factories
Social	Occupational Safety & Health	3, 8	• Safety and Health Committee • Safety and Health Policy and Procedures • Safety and Health Training • Incident and Accident Investigation • Personal Protective Equipment • Provides healthcare insurance and benefits to employees
	Employee Development & Succession Planning	5, 8, 10	• Periodical performance assessment • Diversity within workforce • Training and development
	Corporate Social Responsibility	1, 2	• Donation of eggs to those who are in need • Provides sponsorship to charitable and education organisations
Governance	Corporate Governance & Regulatory Compliance	16	• Corporate Affair Committee • Code of conduct and ethics for directors • Employees' handbook • Anti-corruption policy & procedure • Whistleblowing policy • Enterprise Risk Management & Sustainability Governance Framework

Sustainability Statement (continued)

Economic and Market Place | **Biosecurity and Diseases Control**

Stakeholders Group:

Board of Directors

The Management

Customers

Regulatory Authorities

Engagement Channel:

On-going Meeting and Interaction

The risk associated with the outbreak of infectious diseases that could impact and afflict our livestock and eventually lead to adverse effects on our productivity and mortality of our layer stocks is material to us as a poultry player. It could not only adversely impact the revenue and profitability of our Group but also impair our market share and reputation. The Management recognises the importance of this risk and has taken decisive steps to reduce the Group's exposure to such risk by implementing strict and proactive biosecurity measures in all farms.

The Group adopted the Closed-House Systems ("CHS") and All-In-All-Out ("AIAO") layer farming management system which are the best measures to mitigate the risk. The CHS of farming involves the rearing of chickens in a closed farm with high biosecurity and built-in ventilation with temperature control, operating at more hygienic environment, whilst ensuring that the layer chickens are isolated from other animals, rodents and wild birds which may be predators or disease-carriers. The AIAO has been also adopted in our farms, where full cleaned-out and disinfection in accordance with established procedures are practiced for growing and laying for the purpose of better control of disease. This is a remarkable rearing system in layer farming industry and well-recognised worldwide. The AIAO not only gives results in better performance in terms of higher egg production and quality, but also most importantly it is a highly effective and efficient system for disease control. Besides, we disperse our layer farming activity into total 24 farms in different locations. Our farms are accredited with Malaysian Good Agricultural Practice ("MyGAP") by Department of Veterinary Services Malaysia in accordance with several aspects, including farm hygiene, management, biosecurity and disease control. During the financial year under review, a product recall incident occurred due to the presence of Salmonella Enteritidis ("SE") in a farm. We had taken the necessary steps to sanitise the farm and subsequently the issue with SE has been resolved.

In addition, our experienced and professional veterinarian team and operation team equipped with latest know-how and best-practices to closely monitor indicators and circumstances of the farming activity. The teams established strict biosecurity programmes and regularly reviewed internal control of the programmes to ensure the effectiveness of implementation. Relevant trainings under the biosecurity programmes also have been organised for farms' employees. Outsider is prohibited to access our farm without prior permission and anyone who is permitted to visit farms have to clearly understand the rules and declare himself about his historical visit to other farms before entering our farms. Designated equipment and clothes will be provided to visitor upon accessing our farms. Through robust management, all our farm facilities are cleaned, disinfected and equipped with the right disease-prevention and ventilation systems. Our livestock are well taken care with proper formulated feed, nutrition, and clean water and we didn't experience any material case of disease outbreak from day one of layer farming business commencement.

Sustainability Statement (continued)

Economic and Market Place | **Shortage of Manpower**

Stakeholders Group:

Board of Directors | The Management | Customers | Employees

Engagement Channel:

On-going Meeting and Interaction

The operation of the poultry business in Malaysia requires a significant amount of manpower, and the shortage of labour has posed a great challenge to the industry. The smooth operation of the industry depends largely on the supply of labour, particularly foreign workers. Unfortunately, the issue of insufficient supply of foreign workers has become imperative to the poultry industry, especially during the COVID-19 pandemic.

To address this issue, the Group has placed emphasis on professional and timely recruitment planning by the Human Resources Department for both local and foreign workers. For example, early planning for recruitment of part-time workers during festival season to minimise disruption to our operation. In addition, the company has also introduced new measures such as restructuring the operating mode in layer farming activity to reduce reliance on manual labour. The Group also actively promoting and implementing advanced technology, investing in automation systems, new machinery, conveyor systems, modern equipment, and systematic working processes to improve efficiency and productivity while reducing dependence on manual labour.

These efforts are aimed at balancing manpower demand and sustaining the competitive advantages of the Group, in line with its mission. It is essential to note that, the Group remains committed to ensuring the welfare of its employees, both local and foreign, and adhering to all safety and health measures to ensure a safe working environment.

Economic and Market Place | **Data Security and IT System Efficiency**

Stakeholders Group:

Board of Directors | The Management | Customers | Employees

Engagement Channel:

On-going Meeting and Interaction
Periodic Assessment
Internal Training

In today's modern economy, information technology plays a vital role in facilitating and expediting business operations, which enhances efficiency and profitability. Therefore, data security and protection have become essential considerations for businesses. Failure to safeguard against potential security risks can hinder daily operations and negatively impact a company's profitability and reputation. In severe cases, it could even threaten a company's existence or its licenses to operate. Therefore, we recognise the importance of ensuring the safety and confidentiality of client data and employee information, and we hold ourselves accountable for it. However, data protection is a demanding task that requires increasingly sophisticated measures due to advanced hacking mechanisms. To enhance our data protection, we strictly enforce policies and procedures that set out the rules for the use of data and information, and these apply to all employees across departments.

Sustainability Statement (continued)

The Information Technology ("IT") Department has in place several policies and procedures which are in relation to system change management, system access control and management as well as data and system backup:

IT Policies & Procedures

No.	Policy & Procedure	Year of Implementation/Review	Objective/Protection
1.	Data & System Backup	2019	To offer secure backup capability ensuring all data will be accessible in the event of a disaster or other event in which the data would be destroyed.
2.	Information Technology & System	2019	For ensure the effective protection and proper usage of Teo Seng IT Resources by all relevant parties, both internal and external stakeholders.
3.	System Access Control & Management	2019	To define the access controls and monitoring that is required to ensure an appropriate level of protection for information, systems and resources.
4.	System Change Management	2019	Provide standardised methods and procedures to meet the change management requirements supporting the company's operations.
5.	Cyber Security Policy	2022	To protect cyber data and infrastructure and outline the protocols and guidelines that govern cyber security with rule of use and disciplinary process for violation.

The Group's online employees' portal continues to be a valuable resource for our employees, providing them with easy and secure access to updated policies and procedures, leave entitlements and application, pay slips, and their personal information. The portal has proven to be an effective tool for ensuring efficient dissemination of new information and has received positive feedback from our employees. We remain committed to enhancing the portal's functionality and usability to further improve our employees' experience.

In general, our data protection measures also comprise of the effective control of information flow and usage, limited access, establish strong user passwords, installation of firewall and antivirus protection, use of original licensed software, protected network access, regular backup of data and etc. In 2022, the Group's Cyber Security Policy was implemented to govern cyber security extended to all digital devices of the Company as well as personal devices with defined protocols and guidelines. Besides, we also established 2 tiers of protection on system backup. Synology storage device is placed at different location with our server in main office serves as primary backup storage and there is another offsite backup and replication device serves as secondary backup storage in external Disaster Recovery Center. Because of this storage arrangement, the IT Department is able to offer secure backup capability ensuring all data will be accessible in the event of a disaster or other event in which the data would be destroyed. In 2022, our IT department further upgraded our IT system by implemented logging, analysis and activation/suspension function where the system will notify our IT personnel should there is any intrusion happen. This action allows us to detect what the intruder has done once they enter our system.

The IT Department regularly assesses and evaluates the adequacy of our data security and reports any identified weaknesses and recommendations for improvement to the management. Furthermore, our IT-related processes and matters undergo regular audits by our internal auditor, who provides observations and recommendations to further improve our processes.

Sustainability Statement (continued)

Environmental **Waste Management**

Stakeholders Group:

Board of Directors

The Management

Customers

Regulatory Authorities

Engagement Channel:

On-going Meeting and Interaction
Periodic Assessment
Press Release

Effective waste management has become a critical consideration for the long-term growth and sustainability of our operation due to the significant environmental footprint of layer farming. The main environmental concern we face are odour pollution and the appropriate management and disposal of manure. Currently, we have 10 fertiliser plants in operation, with additional plants under construction as part of our expansion plans to effectively manage chicken waste in order to reduce the negative impact on the environment. Our fertiliser plants covert manure into quality organic fertiliser that can be safely applied to crops. During the year, our organic fertiliser has obtained SIRIM product certification, which is a testament to its quality and reliability. The components of our comprehensive waste management system also include adequate site selection, efficient fertiliser production and waste collection from farms to fertiliser plants, proper chicken manure storage, handling and treatment, and responsible utilisation.

The Group promotes the efficient use of resources in all our facilities to reduce the potential pollution to environment and practice effective waste management and recycling initiatives. One of the initiatives is the reprocessing and reuse of treated waste water in the production process. A waste water treatment system is in place in Central Packing Station to further improve the waste water treatment and reuse the treated water in the paper egg trays production process. By reusing treated wastewater in our production process, we are able to conserve freshwater resources and reduce the amount of waste water discharge as a sustainable practice that contribute to environment conservation.

In paper egg tray division, we manufacture environmental-friendly paper egg trays using recycled papers, such as old magazines, old newspapers and used cartons boxes. In March 2020, our paper egg tray division stamped a mark in the local paper industry becoming the first company to obtain the Chain of Custody (CoC) Certification under the Programme for the Endorsement of Forest Certification (PEFC) for its eco-friendly egg trays. This certification confirms that the paper we use in our production process comes from recycled materials that does not lead to over-extraction of resources and degradation of environmental resources.

Sustainability Statement (continued)

Environmental **Renewable Energy**

Stakeholders Group:

Board of Directors

The Management

Customers

Regulatory Authorities

Engagement Channel:

On-going Meeting and Interaction
Press Release

Our most direct and significant environmental impact stems from the operation of our business activities including our farms, factories and office buildings through the consumption of purchased electricity. As a part of the Group's Green Initiatives, we invested substantial capital expenditure on installing solar photovoltaic ("Solar PV") systems cross our farms and factories throughout Johor which will reduces carbon emission and lower electricity cost.

In 2019, Teo Seng's feedmill plant achieved a significant milestone by completing its first Solar PV system with a capacity of 490 kWp, which has been successfully operating since then. In line with the Group's commitment to utilising renewable energy and contributing to global environmental preservation, an additional 3,972 kWp of Solar PV systems were installed between 2020-2022. As a result, the total capacity of Solar PV systems in operation across the Group has increased to 4,462 kWp in 2022.

Looking to the future, the Group has planned its next phase of solar projects for 2023. The ongoing investment in renewable energy demonstrates Teo Seng's commitment to sustainability and its efforts to reduce its carbon footprint. At the end of the financial year 2022, the Group's Solar PV systems were well performing and delivering reliable and efficient energy to support the company's operations as follow:

F.Y.E	Total Capacity (kWp)	Renewable Energy Generated (MWh)	CO2 Avoidance (0.694 tCO_2/MWh)
2020	1,490	951	659.99
2021	3,505	3,599	2,498.05
2022	4,462	5,428	3,767.03

The company has taken a step forward by registering Renewable Energy Certificate ("REC") with The Tradable Instrument for Global Renewables (TIGR) Registry. This is an internationally recognised registry that certifies the amount of renewable energy being generated and the reduction of CO_2 emissions that result from the use of renewable energy sources.

By obtaining this certificate, Teo Seng has demonstrated its commitment to sustainability and responsible environmental practices and stewardship. This achievement is a testament to the company's efforts to reduce its carbon footprint and mitigate the effects of climate change. The REC also serves as a valuable tool for the company to demonstrate its environmental credentials to customers, investors, and other stakeholders. We view this initiative as a small but significant step towards creating a more sustainable future and hope that it will inspires others.

Sustainability Statement (continued)

Social | **Occupational Safety and Health**

Stakeholders Group:

Board of Directors, The Management, Customers, Regulatory Authorities, Employees

Engagement Channel:

On-going Meeting and Interaction
Periodic Assessment

Teo Seng recognises that ensuring occupational safety and health is a crucial responsibility. To create a safe and healthy workplace for our employees, we have established a Safety and Health Committee led by a qualified Health, Safety and Environment Officer. This committee is tasked with developing and implementing a comprehensive safety and health plan, which includes various programs to promote personal safety, prevent accidents and injuries, promote wellness, and ensure compliance with applicable environmental and health and safety laws and regulations.

Our goal is to foster an institutional safety culture across the entire Group. We believe that by promoting safety awareness and encouraging safe practices, we can reduce the incidence of workplace accidents and injuries. To achieve this, we will be implementing ongoing safety training and education programs, as well as providing our employees with the necessary tools and resources to maintain a safe and healthy workplace.

At the Group, we are committed to ensuring the well-being of our employees and creating a positive work environment. By prioritising occupational safety and health, we aim not only to protect our employees, but also enhance the overall performance and productivity of the Group.

Safety and Health Policy and Procedure

Teo Seng Group's Safety and Health Policy was in place since year 2018 with the defined targets set to provide guidelines in establishing and implementing programmes that will reduce workplace hazards, protect lives and promote employee health which in turn bring a safe and healthy working environment to all employees.

To ensure that our employees operate in a safe and healthy manner, we have established detailed safety and health procedures for activities such as machine and equipment operation and maintenance, handling of chemical materials, and on-site forklift driving and etc. These procedures are designed to promote proper process flow and ensure that employees carry out their daily operations effectively in a safe manner. Any non-compliance with these procedures will result in written disciplinary action.

Safety and Health Procedures

No	Description	Last Review Date
1.	Machine/Equipment Operation and Maintenance Procedure	09/07/2020
2.	Safe Handling of Forklift/Tractor	28/06/2019
3.	Incident Investigation and Reporting Procedure	05/02/2021
4.	Fire Emergency Preparedness and Response Procedure	04/07/2018
5.	Chemical Health Risk Assessment	16/05/2019
6.	Noise Risk Assessment	16/07/2020

Sustainability Statement (continued)

Safety and Health Training

We provide periodic educational training in occupational safety and health which are tailored to create safety awareness and provide front-line workers with the knowledge and skills to apply safety practices in practical situations and respond to emergencies. By doing so, we aim to improve employee productivity and confidence, while creating a safety culture within our organisation. To ensure that our training programs are effective and relevant, we regularly seek feedback from our employees. We believe that their understanding and participation in these programs are essential fundamental to occupational safety and health development and implementation. During the financial year, we have conducted total of 109 man-days of safety and health related training programmes.

Emergency Preparedness

Preparation before an emergency incident is important to ensure that employees are well-prepared and aware of potential hazards, allowing them to keep themselves safe when an emergency occurs. The factory or farm manager serves as the emergency coordinator, responsible for leading and coordinating the emergency response efforts. The coordinator's duties include assessing the situation to determine if an emergency procedure should be activated, coordinating with outside emergency services, and directing on-site emergency response teams. In addition, emergency procedures should be revised periodically to address any identified shortcomings and updated at least every three years to reflect changes in processes, infrastructure, materials used, and key personnel. At our organisation, we prioritize emergency preparedness and ensure that our employees are well-trained and aware of the emergency procedures. We believe that through proper planning and coordination, we can minimise the impact of emergencies and keep our employees safe.

Incident and Accident Investigation

Incident investigation involves identifying the root causes of the accident or incident, then provide systematic control on such root causes. This enables the employers and employees to analyse the incident which in turn identify the relevant hazards and weakness on their safety and health measures. The outcome of the investigation is crucial in formulating and implementing corrective actions necessary to prevent future incidents. Therefore, employees are educated and encouraged to report immediately accident happened to respective person-in-charge. Investigation will be initiated by the safety and health officer with involvement of safety and health committee members to determine the root cause and recommend control measures to minimise occupational hazards. The incident investigation reports will be submitted to management team and to be discussed periodically for the purpose of continuous improvement. In the year 2022, 6 minor injury cases were reported and investigated in which remedial actions have been taken, there is no fatalities case being reported.

Risk Assessment

Risk assessment is a critical process to evaluate potential workplace hazards and their impact on worker safety and health. In Teo Seng, Hazard Identification, Risk Analysis and Risk Control (HIRARC) procedures have been established to identify the potential hazard, assess the suspected risk and implement control measures. The Health, Safety, and Environment Officer will conduct risk assessments and presenting their findings at quarterly Safety and Health Committee meetings. Before any approvals are granted by the management, the Safety and Health Committee will discuss identified issues and make recommendations for control measures. Those identified workplace hazards are recorded and reviewed at least every three years to ensure that control measures remain effective and to minimise the recurrence of incidents and accidents.

Personal Protective Equipment (“PPE”)

We have established a PPE Management Procedure to record the details of the distribution and movement of PPE to ensure that workers are sufficiently protected based on the nature of their work. Workers must wear or use PPE, such as full body harnesses and safety helmets, properly when carrying out hazardous tasks to minimise exposure to hazards that can cause serious workplace injuries and illnesses. The use of PPE is considered a last resort.

In addition to providing PPE, we also prioritise the safety of our employees by providing and maintaining fire extinguishers. We organise regular fire safety training for our employees and ensure that fire extinguishers are placed strategically throughout our facilities. Teo Seng annually spending on purchases, services and replaces of PPE and fire extinguishers to ensure that our employees' safety and health are not compromised.

Sustainability Statement (continued)

Social **Employee Development and Succession Planning**

Stakeholders Group:

Board of Directors

The Management

Employees

Engagement Channel:

On-going Meeting and Interaction
Periodic Assessment

Developing a succession plan always an important part of Teo Seng Group of Companies' talent management strategy particularly after the unforeseen and unprecedented impact of COVID-19 on the workplace has begun to raise the awareness within the organisation to ensure business continuity. By having succession planning in place, employees are expected more confident because they foresee an opportunity to be part of the future growth of the Company where by Company put forth effort investing in managing internal talent.

Business Continuity Planning

In order to ensure Teo Seng Group have the right people in the right place, in the right jobs today and in the years to come, Teo Seng Group continually strengthen the overall capability of the Company by identifying critical positions, highlighting potential vacancies, selecting key competencies and necessary skills for business continuity. To ensure continuity of business operation, Teo Seng does have a full-scale career pathing process by concentrating on developing the talent and leadership skills required for each critical position. Each of the Head of Department is required to using risk assessment tool to identify and assessing critical job position, identify critical job position competencies, as well as critical job position gap analysis to ensure the potential retainable employees are successfully developed.

Performance Assessment

Teo Seng enhanced and reviewed the current performance management system to be able to truly reflect employee performance and productivity. As technology advances, every aspect of the Teo Seng Group operation is gradually becoming data-driven. As such, employee able to has clear insights when they're pointed in the right direction and where they can improve. A quantitative performance evaluation is completely objective and tailored to the employee's specific role. Typically, Company performance review will be conducted twice a year with our employees, to provide an avenue for receiving feedback on their performance, necessary area of improvement as well as career development. Our reward system which could be in the form of bonus distribution, salary revision and/ or promotion are linked to the employee performance assessment with the participation of the employee under assessment, the employee's superior, and the Group Human Resource Department, in ensuring the process is fair and transparent with appropriate check and balance.

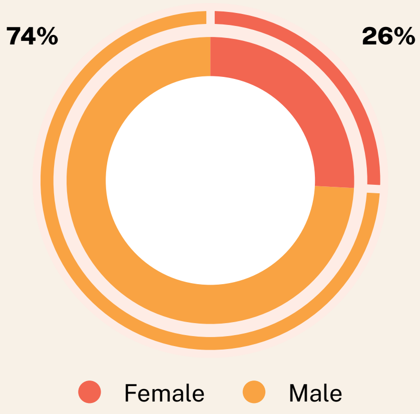
Diversity within the Workforce

Diversifying workforce pool always the top priority and major concern of the Company. Workforce diversity remained as focused agenda of our human capital management as we recognise the potential benefit of diversity within the workforce like wider range of viewpoints and diverse skill sets that may contribute positively to improvement and/ or expansion of our business operation. In response to those ongoing change as well as turn of millennium, Teo Seng Group adopted some approach while handling with the demographic changes for instance age management strategy by providing training development and cross-generational knowledge transfer, to address the needs and respond to the opportunities of a diverse workforce.

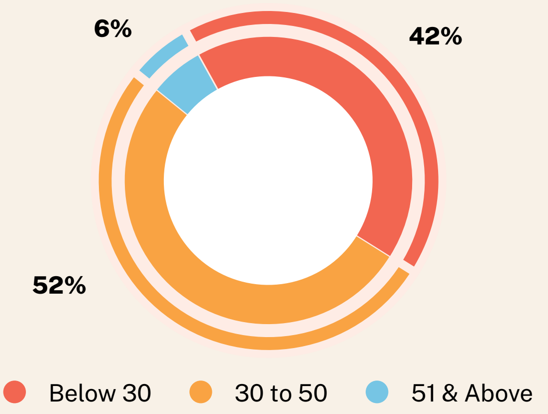
Sustainability Statement (continued)

Our employees' breakdown and analysis are as follows:

EMPLOYEE BY GENDER



EMPLOYEE BY AGE GROUP



Employee Training and Development

The COVID-19 pandemic has disrupted and affected work patterns in companies worldwide. Despite the challenges created by the pandemic, on-the-job training, remote learning increased in year 2020 and year 2021. In a post COVID-19 workplace, we adhere the necessity and attention in reskilling and upskilling to employees for sustainability and productivity. In response, Company has arranged several trainings in year 2022 in order to thrive post-pandemic and reskilling employees. The Group's employee training and development programme always aim to ensure our employee remain competent and competitive as well as adapt to rapidly changing conditions. Not only does the Group's training and development programme provide employees with the opportunities towards a progressive career path, it also strengthens Group for avoiding future disruption by having the potential successor in place.

No	Name	Date	Type of training	Brief description on the training
1	Understanding the Basics of the Employment Act, 1955	15.03.2022	Virtual Training	Address all relevant provisions need to be understood by those who manage employees at the workplace.
2	Authorised Entrant & Stand by Person for Confined Space Refresher	30.03.2022	Workshop	Be familiar with the common confined space entry requirement in order to enhance safety and health of worker when performance job task at confined space.
3	Authorised Gas Tester and Entry Supervisor for Confined Space	23.05.2022 - 25.05.2022	Workshop	Ensure that personnel preparing for a gas tester role are equipped with the knowledge to conduct gas tester.
4	Kursus Asas Kebakaran Pasukan Keselamatan Kebakaran (ERT)	15.06.2022 22.06.2022 29.06.2022	Workshop	To provide knowledge of fire prevention and protection in term of theoretical and practical.
5	SCOTS™ - Incoterms 2020 - Import/Export Negotiation	21.06.2022	Virtual Training	Response to changes by negotiating new trade terms post-COVID 19
6	Closure of Companies - Winding up & Striking Off	29.06.2022	Virtual Training	Understand the requirements for winding up a company voluntarily and its alternative which is striking off.

Sustainability Statement (continued)

No	Name	Date	Type of training	Brief description on the training
7	Transfer Pricing for Intra-Group Services and Cost Contribution Arrangements	12.08.2022	Virtual Training	Explore the 2 types of arrangements within group of companies from a transfer pricing perspective: intra-group services and cost contribution arrangements.
8	Key Changes: Amendments to Malaysia's Employment Act 1955	17.08.2022	Virtual Training	Understand the proposed amendments to Malaysia's Employment Act.
9	Electrical Engineering for Non-Electrical Engineers	17.08.2022 - 18.08.2022	Workshop	Assist non-electrical engineering and technical staff involved in project related to the design, maintenance and construction of electrical power systems.
10	Microsoft Excel Intermediate Level	19.08.2022	On job training	Introduce more intermediate features of Microsoft Excel and learning on how to generate reports from Excel data.
11	Microsoft Excel Advance Level	20.08.2022	On job training	Assist participant to use spreadsheet application to produce what are deemed to be advanced outputs.
12	Understanding Tax Deductibility of Expenses	29.08.2022	Virtual Training	Understand the income tax rule on tax provisions for deductibility of expenses to avoid incorrect expense deductions.
13	Taxation on Foreign Source Income (FSI) and Group Relief	06.09.2022	Workshop	Provide insights into group relief under Section 44A of the ITA 1967 on ascertain eligibility of a claimant and surrendering company within a group that qualify for group relief.
14	Malaysian Taxation: An Advanced Course - A practical guide on principles and practice (Module 2: Capital Allowances & Losses)	27.09.2022	Virtual Training	Understand Malaysian taxation, including recent changes in tax law, compliance procedure, insights into the new regulations on Transfer Pricing, as well as Research & Development, and Highlights of Finance Act 2021.
15	Mastering the Principles of Deferred Taxation - From Fundamental to Complex Transactions and Events	29.09.2022 - 30.09.2022	Virtual Training	Mastering accounting for deferred taxation which provide useful information to the users of financial statements to assess an entity's future tax consequences.
16	Quality Problem Solving Strategies	16.11.2022 - 17.11.2022	Workshop	Assist QA/QC Professionals in rethinking 'Traditional' strategies, persuade stakeholders to change and support new initiatives.
17	Pengurusan & pengiraan gaji mengikut undang-undang perburuhan Malaysia	01.12.2022	Workshop	Provide insights to the HR practitioner the correct ways for salary calculation in compliance with Regulation and Act.
18	Certified Environmental Professional in Scheduled Waste Management (CePSWaM)	04.12.2022 & 08.12.2022	Workshop	Facilitate in managing scheduled wastes for complying with regulatory framework and perform a good management practice.
19	Food Handler Training	14.12.2022 - 16.12.2022	Workshop	Acquire participants with Food Safety knowledge in Food Industry and Food Handling Certificates recognised by PBT & MOH of Malaysia.

Sustainability Statement (continued)

Social | **Corporate Social Responsibility**

Stakeholders Group:

Board of Directors

The Management

Customers

Employees

Local Community

Engagement Channel:

On-going Meeting and Interaction

We remain dedicated to the sustainable development and well-being of local communities. Through our Corporate Social Responsibility (CSR) programme, we continued to engage with the community and strive to make a positive impact. Our efforts include sponsoring charitable and educational organisations, providing material assistance to those in need, and donating eggs to underprivileged recipients upon request from organisations i.e. NGO, government organisations, charity organisations and others. These donations help to alleviate financial burden and hunger among those in need. In addition, we regard healthy lifestyle is a key component of well-being and, as such, we organised badminton sessions for our staff and local community to encourage physical activity and a healthy lifestyle.

Our commitment to caring for the local community not only develops positive social rapport and nevertheless also strengthens our employees' morale, loyalty, and dedication to their work. We look forward to finding new ways to make a positive impact and continue our mission of responsible corporate citizenship.

Sustainability Statement (continued)

Governance **Corporate Governance and Regulatory Compliance**

Stakeholders Group:

Board of Directors
The Management
Customers
Regulatory Authorities

Engagement Channel:

On-going Meeting and Interaction
Periodic Assessment
Press Release

The Group always emphasises the importance of maintaining the highest ethical standards and upholding the principles of good governance in our business dealing through our mission, vision, and shared values. Our business conduct and ethics are guided by key policies, systems, processes, standard operating procedures, and best practices supported by our governance structure consisting of the Board of Directors and Committees. We also appoint internal and external Company Secretaries in advising on corporate governance matters. At the middle management level, we have established a Corporate Affairs Committee to oversee the implementation and compliance of corporate governance. The committee's members include the Group Financial Controller, Senior Accountant, Company Secretary, and Business Affairs Personnel. Along with the establishment of the Corporate Affairs Committee, other departments such as the HR & Admin Department also work together to oversee compliance of regulations, such as labour laws and others.

Details of our corporate governance practices are disclosed in the Corporate Governance Overview Statement of this Annual Report and Corporate Governance Report, whilst the details of our risk management and control structure and processes are disclosed in the Statement on Risk Management and Internal Control. We also established different policies and terms of reference to outline our control and governance in different aspects and they are published on our website.

The Group continued to strengthen governance practices by ensuring new employees understand the Group's Anti-Corruption Policy and Procedures and aware of the access to employees' handbooks. The employee handbook is accessible via employee online portal clearly outlines the expected ethical conduct and rules, such as avoiding conflicts of interest and maintaining confidentiality, to ensure that all employees understand and adhere to our company's high standards of integrity. These policies provide guidance and direction to employees on what is expected of them in terms of integrity, honesty, and compliance with laws and regulations. They also help to establish a culture of transparency and accountability, which is essential for good governance. By adhering to these policies, employees can help to mitigate risks associated with corruption, unethical behavior, and non-compliance, which ultimately contributes to the overall success and sustainability of the Group.

In line with our commitment towards promoting transparency, accountability and ethical behaviour throughout our businesses, we encourage our employees and external parties to report any suspected wrongdoing through our whistleblowing channel guided by the Whistleblowing Policy. The Whistleblowing Policy provides an avenue for both internal and external parties to report any improper conduct or wrongdoing within the Group in a confidential and secure manner via dedicated channels. By encouraging such reporting, the company can identify and address potential issues or violations at an early stage, which can prevent them from escalating into larger problems that could have serious consequences.

Corporate Governance Overview Statement

Teo Seng Capital Berhad ("Teo Seng" or "the Company" or "the Group") is committed to upholding the highest standards of corporate governance throughout its operations. As a responsible corporate citizen, the Board of Directors ("the Board") recognises the importance of transparency and professionalism in discharging its duties to protect and enhance shareholders' value and the financial performance of the Group. To achieve these objectives, the Board is continuously striving to adhere to the principles and practices set forth in the Malaysian Code on Corporate Governance ("MCCG") 2021 revision as prescribed in the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). By embracing these best practices, the Board aims to attain corporate excellence and sustain trust and confidence of all stakeholders.

The detailed application for each practice as set out in the MCCG 2021 during the financial year ended 31 December 2022 is disclosed in the Corporate Governance Report ("CG Report") which is available at the corporate website: www.teoseng.com.my.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

Roles and Responsibilities of the Board

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources.

The Board will consider the company matters such as annual business plan, annual budget, dividend policy, merger and acquisition, capital expenditure and corporate exercise. The Board has delegated certain responsibilities to the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC") in carrying out its stewardship. All committees have clearly defined terms of reference. The Chairperson of various committees reports the meeting outcomes and findings to the Board for approval and decision.

The principal responsibilities of the Board include the following:

a. Cultivate good corporate governance within the Group and ensure regulatory compliance

The Board remains committed to achieving the highest standards of corporate governance and integrity. This commitment is driven not only by the need to comply with regulatory requirements but also by the desire to enhance the Company's value to shareholders and other stakeholders. By adhering to best practices and principles of corporate governance, the Board promotes transparency, accountability, and ethical behaviour in all aspects of the Company's operations.

b. Reviewing and adopting a strategic business plan, budget and financial performance for the Group

The Board plays an important and active role in shaping the Company's strategies. During dedicated sessions, management presents its recommended strategies and proposed business plans for the upcoming year to the Board. The Board diligently reviews and deliberates on both management and its own perspectives, challenging management's views and assumptions where necessary to ensure the best possible outcomes for the Company. Through this collaborative approach, the Board leverages its collective expertise and experience to provide strategic guidance and direction to the Company.

Corporate Governance Overview Statement (continued)

c. **Supervision and Assessment of Management Performance to evaluate whether the businesses are being properly managed**

The Board monitors the implementation of business plans by Management and assessed the performance of Management under the leadership of the Managing Director. The Board is also kept informed of key strategic initiatives, significant operational issues and the Company's performance.

d. **Review of the adequacy and integrity of the Group Internal Control Systems**

The Board is ultimately responsible for ensuring the adequacy and integrity of the Group's internal control system. This system encompasses both operational and financial areas, including waste management control, human resource management control, reporting, monitoring, review processes and procedures. The Board continuously monitors and reviews the effectiveness of these controls to ensure that they remain relevant and appropriate in respond to changing business conditions and emerging risks in order to safeguard the Company's assets, minimise risk exposure, and ensure compliance with relevant laws and regulations.

e. **Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks**

The Board oversees the Enterprise Risk Management & Sustainability Governance ("ERMSG") framework of the Company through the Group Internal Auditors ("GIA"). The GIA advises the AC and the Board on areas of high risk, the adequacy of compliance and control procedures throughout the organisation.

The GIA reviews and recommends the annual Corporate Risk Profile which specifies the key enterprise risks, risk management policies formulated and make relevant recommendations to the Board for approval, particularly with regards to risk oversight structure and accountability for risk management.

Details of the ERMSG framework are set out in Statement of Risk Management and Internal Control of this Annual Report.

f. **Succession planning includes appointment, training, fixing of compensation and replacement of senior management**

The Board delegates the planning on succession of key management personnel to the NC. The NC is responsible to review and assess the candidates for Senior Management positions. NC is responsible for nomination, selection and succession policies of the Board and Board Committees. The RC is responsible to review and recommend a fair remuneration for these appointments.

g. **Developing and implementing an investor relations programme and shareholders communications policy for the Group**

The Board developed the Investor Relations Policy which governs the dissemination of information to shareholders in a fair, transparent and timely manner. Investor Relations Policy is available online at http://teoseng.com.my/corporate-governance-meetings/.

h. **Integration of sustainability considerations in corporate strategy, governance and decision-making**

In developing the Group's strategic plan, the Board takes into account strategies that incorporate economic, environmental, social, and governance ("EESG") considerations that underpin sustainability and support long-term value creation. The Board recognises the importance of adopting a sustainable approach to business that balances the interests of all stakeholders and minimises negative impacts on the environment and society. By embracing EESG considerations in its strategic planning, the Board seeks to enhance the Company's reputation, build stakeholder trust, and create sustainable value over the long term.

Corporate Governance Overview Statement (continued)

Separation of Position of Chairman and Group Managing Director ("MD")

A set of Limit of Authority ("LOA") which based on the prescribed financial limits, was formulated and reviewed regularly to ensure the Board discharge its roles and responsibilities effectively. The LOA serves to optimise operational efficiency and outlines high level duties and responsibilities of the Board, and the delegated day-to-day management of the Company to the MD. The structured and regular reporting are made to the Board where the Board is accountable for the Company's overall performance. The Chairman of the Board helms by providing leadership and guidance to the Board in meeting corporate goals and manages the processes in ensuring the Board effectively discharging its duties.

Mr Lau Jui Peng is the Chairman of the Board while the MD is held by Mr Nam Hiok Joo. There is clear segregation of the roles and responsibilities between the Chairman and MD as set out in the Board Charter.

The key roles of the Chairman, amongst others, are as follows:

i. Ensure that the Board functions effectively, cohesively and independently of Management;
ii. Provide governance in matters requiring corporate justice and integrity;
iii. Lead the Board, including presiding over Board Meetings and Company Meetings, directing Board discussions to effectively addressing the critical issues within the available time frame;
iv. Promote constructive and respectful relationship between Board Members and Management;
v. Ensure the effectiveness in communication between the Company and/or Group, shareholders and stakeholders.

The Managing Director (''MD'') is responsible for the day-to-day management of the company businesses, organisational effectiveness and implementation of Board strategies, policies and decisions. The delegation structure from the Board to MD is further cascaded to the Senior Management Team. Both MD and Senior Management Team remain accountable to the Board for the delegated authorities. The responsibilities of the MD in general, are as follows:

i. Develop the strategic directions of Teo Seng Group;
ii. Ensure the businesses of Teo Seng Group are properly and efficiently managed by the Management Team, who implements the strategies and polices that are adopted by the Board and its Committees;
iii. Ensure the objectives and standard of performance are understood by employees;
iv. Ensure that the operational planning and control systems are in place;
v. Monitor performance results against planned;
vi. Take necessary remedial actions which deemed fit.

By virtue of the position, MD as a Board Member, also acts as the intermediary between the Board and the Management.

Qualified and Competent Company Secretaries

The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act 2016 and members of The Malaysian Institute of Chartered Secretaries and Administrators.

To ensure the effective functioning of the Board, the Company Secretaries provide advisory support on constitutional matters, policies, and procedures, as well as compliance with relevant legislation. They also keep the Board informed of new statutory and regulatory requirements, and provide guidance on corporate governance matters relating to the discharge of the Board's duties and responsibilities. Through this advisory role, the Company Secretaries help the Board stay abreast of evolving legal and regulatory requirements, and ensure that the Company's policies and procedures align with best practices in corporate governance.

Corporate Governance Overview Statement (continued)

The Company Secretaries attend all Board meetings and ensure the meetings are properly convened; deliberations and decisions made by the Board are accurately minuted, recorded and kept. The Company Secretaries attended relevant development and training programmes to enhance their abilities in discharging their duties and responsibilities.

Access to Information and Advice

The Board has unrestricted access to all information from the respective Managements within the Group at all time and may seek advice from the Management concerned as and when it may require. The Board is constantly kept informed of various requirements and updates issued by various regulatory authorities. In addition, the Board may obtain independent professional advice in furtherance of their duties whenever necessary at the Company's expense through an agreed procedure.

Board members are provided with updates on operational, financial and corporate issues as well as minutes of meetings of the various Board Committees prior to the meetings to enable Directors to obtain further explanations/clarifications if necessary, in order to ensure the effectiveness of the proceeding of the meetings. The Board members received the board papers at least 5 days before the board meetings whilst highly sensitive corporate proposals are circulated during the meeting. Key Management Personnel who provide additional information or clarification were also invited to brief the Board. The meeting proceedings were minuted, distributed to the Board Members on a timely manner and tabled for the confirmation in the subsequent meeting.

Board Charter

The Board Charter is a primary document, clearly set out the roles and responsibilities of the Board, its Committees ("Board Committees"), Chairman and Managing Director, taking into consideration of all applicable laws, rules and regulations as well as the best practises. It serves as a reference and primary induction literature in providing Board members and Management insight into the function of the Board of Directors of the Company. Board specific reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance and others are entrenched in the Company's Board Charter.

The Company's Board Charter was adopted and reviewed by the Board from time to time to ensure that it remains consistent with the Board's objectives and current laws and practices.

The Board had on 17 April 2020 reviewed and updated the Board Charter of Teo Seng Group to ensure the documents remain relevant and consistent with the recommended best practices and applicable rules and regulations. The Company's Board Charter is available online at http://teoseng.com.my/corporate-governance-meetings/.

Code of Conduct and Ethics

The Board has formalised a Directors' Code of Conduct and Ethics and adopted the Group's latest version of Employee Handbook incorporated with particular section dedicated for Employees' Code of Conduct and Ethics, setting out the standards of conduct expected from Directors and employees respectively. The Code of Conduct and Ethics for Directors and employees includes principles relating to Directors' duties or employees' working attitude, conflicts of interest and dealings in securities. The Codes of Conduct and Ethics serves as a guideline for Directors and employees that promote integrity of information, dealings in securities and conflict of interest. It also sets out prohibited activities or misconducts such as giving/receiving gifts, briberies, dishonest behaviour and sexual harassment. The Directors' Code of Ethics is available online at http://teoseng.com.my/corporate-governance-meetings/.

Corporate Governance Overview Statement (continued)

Whistleblowing Policy

Whistleblowing policy was established and administered by the AC. Employees of the Company are encouraged to confidently voice their grievances and raise their concerns of any unlawful or unethical situation or any suspected violation of the Code of Conduct with the defined channels of reporting set out in the policy.

The Board emphasises good faith in reporting, with assurance to the employees that they will not be at risk of any form of victimisation, retribution or retaliation. Any attempt to retaliate, victimise or intimidate against any whistle-blower is a serious violation and shall be dealt with serious disciplinary action and procedures. The whistleblowing case or concern could be reported via the email: bs@teoseng.com.my.

Governing Sustainability

The Board recognises its responsibility for the governance of sustainability and integrate sustainability consideration into the strategic direction of the Group's business operations. The strategic management of material sustainability matters rest with the Risk Management Team, led by Risk Manager, Mr Ng Eng Leng, the Group Financial Controller, who is delegated by the Board as the designated person from the senior management team to coordinates and manages sustainability efforts and strategies of the Group. The Risk Manager reports to the Managing Director ("MD"), the MD who is the Chairman of the Risk Management Committee ("RMC") through the RMC reports to the Board on the Group's sustainability matters.

The Board through the involvement of various Head of Departments or Divisions under the established sustainability governance structure communicates to employees of respective departments information in relation to implementation of sustainability initiatives. For external stakeholders, on-going engagement and Sustainability Statements of the Annual Report was prepared to provide stakeholders the relevant information on the development and contribution of the Group to the prioritised sustainability matters.

The Board plays a prominent role in the Group's sustainability management is aware of the need to stay abreast with and understand the development of sustainability issue relevant to our business operations. Other than periodic review and discuss on the Group's EESG matters progress and performance, professional training on related subject matters will be considered and attended by members of the Board as well as the Key Management Personnel ("KMP"). The Board and KMP performance evaluation take into account their performance in addressing material sustainability risk and opportunities will be assessed by the Nomination Committee annually. Further detail of the Group's sustainability matters and initiatives are set out in the Sustainability Statement of this Annual Report.

2. BOARD COMPOSITION

During the financial period under review, the Board has six (6) members comprising of three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfils requirements of the Main Market Listing Requirements of Bursa Malaysia which require that at least one third (1/3) of the Board members are Independent Non-Executive Directors as well as fulfilled the requirement of MCCG 2021 to comprise at least half of the Board members who are Independent Non-Executive Directors.

The profile of each Director is presented on page 8 to page 13 of this Annual Report. The Directors, with divest backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in relevant fields such as poultry farming, finance, business administration, corporate planning, legal, taxation, development and marketing which are vital for the success of the Group's strategies.

Corporate Governance Overview Statement (continued)

Independence of the Board

In consideration of Para 1.01(h) of the amended Listing Requirements of Bursa Malaysia ("MMLR") and the Practice 5.3 & 5.4 of MCCG 2021 which limit the tenure of Independent Non-Executive Directors ("INED") up to maximum of 12 years and without further extension, the three former INED namely Mr Choong Keen Shian, Mr Frederick Ng Yong Chiang, and Dato' Koh Low @ Koh Kim Toon. who had served the Board for more than 12 years had retired from their positions at the 16th AGM of the Company. The Board would like to take this opportunity to record its gratitude for the outstanding services provided by the former INED; their contributions and commitment to the Company have been greatly appreciated.

Following their retirements, the Board appointed three new INED namely Mr Lim Huey Hean, Ms Lim Ying Khoo, and Ms Goh Wen Ling, in their replacement. As of 31 December 2022, none of the current INED had served for a cumulative term of more than nine years. The Board is confident that the new directors will bring fresh insights and expertise to the Board, and will continue to drive the Company towards achieving its goals with effectively check and balance.

Board Gender Diversity Policies

The Board has always placed gender diversity as an agenda in strengthening the performance of its Board and Board Committees. The Board is of the view that while it is important to promote gender diversity, the normal selection criteria of a director and senior management, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capabilities in relevant field such as poultry farming, finance, business administration, corporate planning, development and marketing which are essential for the strategic success of the Group.

In the past year, the Board appointed two qualified female directors, namely Ms Lim Ying Khoo and Ms Goh Wen Ling. Their competencies, skills, extensive experience, and knowledge in their respective professions have enhanced the overall competency of the Board. Currently, the Board has a total of six directors, including two women directors, representing 33% women director participation. This is in compliance with Para 15.02(1)(b) of MMLR, which requires the Board to have at least one woman director.

Nomination Committee ("NC")

The NC of the Company is chaired by an Independent Director which primarily responsible for the proposing of new candidates for the Board and for assessing the performance of the members of the Board on an on-going basis. The NC is governed by its Terms of Reference approved by the Board which is available on the Company's website at www.teoseng.com.my.

The members of the NC:

NC	Position
Goh Wen Ling	Chairperson
Lim Ying Khoo	Member
Lim Huey Hean	Member

Corporate Governance Overview Statement (continued)

Selection and Assessment of Directors

NC is responsible for assessing and recommending suitable candidate for Directorship to the Board, leverages on several sources and recommendation from existing Board Members, Key Management Personnel (“KMP”) and/or major shareholders to gain access to wide pool of potential candidates, based on the profile and background of the candidates. In addition, the Committee annually reviews the profile of each Individual Director of the Board on the aspect of skills, knowledge and experience, where various Committees to assess the effectiveness of the Board as a whole.

The NC is mindful of the importance of succession planning for the members of the Board and KMP. NC always keeps in view of suitable candidates for meeting the roles.

The NC reviews the Board Composition in terms of appropriate size, required mix of knowledge, skills, experiences, core competencies and adequacy of balance between Executive Directors and Independent Non-Executive Directors. As part of the recruitment process and annual assessment of Directors, the NC will review the professionalism, integrity, honesty, competency, commitment, contribution and performance and ensure no conflict of interest arises that would impair their ability to represent the interest of the Company’s shareholders and stakeholders and to fulfil the responsibilities of director.

The NC evaluated the effectiveness of the Board, various Committees and assessing the contribution of each Individual Director annually by Committee Evaluation, Self-Assessment Evaluation and/or Peer Assessment methods. Effective communication is established among Board members and Board Committees members on official and unofficial basis. Major policies and corporate proposals are discussed and scrutinised before putting to a vote. All members of the Board and Committees have been diligent and exercised due reasonable care in discharging their duties and responsibilities.

NC reviews and recommends the suitable training programmes to the members of the Board in order to carrying out its functions. There was three NC meeting held during the financial year ended 31 December 2022. The Committee meets in a need basis.

The summary of the activities of the NC during the financial year are as follows:

a. Reviewed the mix of skill and experience and other qualities of the Board.
b. Assessed the effectiveness of the Board as a whole, the Board committees and the Directors.
c. Evaluated Key Management Personnel performance.
d. Reviewed the independence of the Directors.
e. Discussed the Company’s Directors’ retirement by rotation.
f. Conducted the assessment on the AC and each of its members.
g. Reviewed training programmes attended by Directors.
h. Assessed and recommended candidates for appointments as Board and Committees’ members.

Re-election of Directors

In accordance with the Clause 76(3) of the Company’s Constitution, at the Annual General Meeting, one-third (1/3) of the Directors for the time being, shall retire from office and the retiring Directors shall be eligible to seek for re-election. For Director who is appointed by the Board either to fill a casual vacancy or as an addition to the existing directors shall hold office only until the conclusion of the next Annual General Meeting and shall then be eligible to seek for re-election pursuant to Clause 78 of the Company’s Constitution.

Corporate Governance Overview Statement (continued)

Directors who are due for retiring and subject to re-appointment or re-election at the Annual General Meeting ("AGM") will be assessed by the NC, whose recommendations will be submitted to the Board for consideration, thereafter to be tabled to shareholders for approval at the AGM. At the forthcoming 17th AGM, Mr Loh Wee Ching who is retiring by rotation pursuant to Clause 76(3) of the Company's Constitution, being eligible for re-election has offered himself for re-election. Additionally, Mr Lim Huey Hean, Ms Lim Ying Khoo and Ms Goh Wen Ling who are retiring pursuant to Clause 78 of the Company's Constitution, being eligible for re-election have offered themselves for re-election at the forthcoming 17th AGM. Based on the recommendation of NC, the Board supports the re-elections of above retiring directors. Their profiles are set out on page 10 to 13 of the Annual Report and the Board's statements of support for their re-election stated in the explanatory note of the notices of 17th AGM.

Key Management Personnel ("KMP")

The KMPs of the Group:

	Position
Ng Eng Leng	Group Financial Controller
Na Eluen	Deputy Chief Operating Officer, Marketing, Layer Farming Division
Na Yi Chan	Deputy Chief Operating Officer, Layer Farming Division
Nam Ya Jun	Executive Director, Animal Health Products Division
Ku Leong Choon	Farm General Manager

The KMPs are responsible to assist MD for the day-to-day running of the Group's businesses, implementation of the Board's policies and decision related to operational and financial matters.

3. REMUNERATION

Remuneration Committee ("RC")

RC is primarily responsible for the development and review of the remuneration policy and packages for the Board members and KMPs. The remuneration policy aims to attract and retain Directors and KMPs necessarily for proper governance and the smooth running of the Company. The Term of Reference of RC incorporating policies and procedures on remuneration is available on the website at www.teoseng.com.my.

The composition of RC is as follow:

RC	**Position**
Lim Huey Hean	Chairman
Lim Ying Khoo	Member
Goh Wen Ling	Member

Corporate Governance Overview Statement (continued)

The duties and responsibilities of the Committee are as follows:

i. Recommendation to the Board of Directors on the remuneration package of the Executive Directors in all forms, drawing from external advice as necessary and the Executive Directors shall play no part in decisions on their own remuneration;
ii. Determination of remuneration package of Non-Executive Directors, would be carried out by the Board of Directors as a whole and the individual concerned would abstain from discussing their own remuneration; and
iii. Assessing the remuneration package of Directors and KMPs is commensurate with their individual performance and responsibilities.

The Remuneration payable to the Board of Directors for the financial year ended 31 December 2022 is as follows:

	Company RM					
	Fee	**Salaries**	**Bonus**	**Benefit-in-kind**	**Other Emoluments**	**TOTAL**
Executive Director						
Lau Jui Peng (Redesignated as Executive Chairman on 15 November 2022)	-	-	-	-	-	-
Nam Hiok Joo	-	263,568	131,784	6,500	77,605	479,457
Loh Wee Ching	-	63,800	16,200	-	16,202	96,202
Sub-Total	**-**	**327,368**	**147,984**	**6,500**	**93,807**	**575,659**
Non-Executive Director						
Choong Keen Shian (Retired on 26 May 2022)	25,000	-	-	-	-	25,000
Frederick Ng Yong Chiang (Retired on 26 May 2022)	25,000	-	-	-	-	25,000
Dato' Koh Low @ Koh Kim Toon (Retired on 26 May 2022)	25,000	-	-	-	-	25,000
Lim Huey Hean (Appointed on 26 May 2022)	28,000	-	-	-	4,000	32,000
Lim Ying Khoo (Appointed on 26 May 2022)	28,000	-	-	-	4,000	32,000
Goh Wen Ling (Appointed on 26 May 2022)	28,000	-	-	-	4,000	32,000
Sub-Total	**159,000**	**-**	**-**	**-**	**12,000**	**171,000**
Total	**159,000**	**327,368**	**147,984**	**6,500**	**105,807**	**746,659**

Corporate Governance Overview Statement (continued)

	Group RM					
	Fee	**Salaries**	**Bonus**	**Benefit–in–kind**	**Other Emoluments**	**TOTAL**
Executive Director						
Lau Jui Peng (Redesignated as Executive Chairman on 15 November 2022)	335,104	25,600	-	-	5,057	365,761
Nam Hiok Joo	-	404,400	202,200	6,500	194,253	807,353
Loh Wee Ching	-	366,400	91,200	13,325	147,944	618,869
Sub-Total	**335,104**	**796,400**	**293,400**	**19,825**	**347,254**	**1,791,983**
Non-Executive Director						
Choong Keen Shian (Retired on 26 May 2022)	25,000	-	-	-	-	25,000
Frederick Ng Yong Chiang (Retired on 26 May 2022)	25,000	-	-	-	-	25,000
Dato’ Koh Low @ Koh Kim Toon (Retired on 26 May 2022)	25,000	-	-	-	-	25,000
Lim Huey Hean (Appointed on 26 May 2022)	28,000	-	-	-	4,000	32,000
Lim Ying Khoo (Appointed on 26 May 2022)	28,000	-	-	-	4,000	32,000
Goh Wen Ling (Appointed on 26 May 2022)	28,000	-	-	-	4,000	32,000
Sub-Total	**159,000**	**-**	**-**	**-**	**12,000**	**171,000**
Total	**494,104**	**796,400**	**293,400**	**19,825**	**359,254**	**1,962,983**

Corporate Governance Overview Statement (continued)

The Remuneration paid to the five (5) KMP who are not Directors of the Company for the financial year ended 31 December 2022 in the bands of RM50,000:

	Group RM				
	Salaries	**Bonus**	**Benefit–in–kind**	**Other Emoluments**	**TOTAL**
Key Management Personnel					
Ng Eng Leng	300,001-350,000	100,001-150,000	0-50,000	100,001-150,000	550,001-600,000
Na Eluen	300,001-350,000	100,001-150,000	-	200,001-250,000	650,001-700,000
Nam Ya Jun	250,001-300,000	100,001-150,000	-	100,001-150,000	500,001-550,000
Na Yi Chan	250,001-300,000	50,001-100,000	-	100,001-150,000	450,001-500,000
Ku Leong Choon	150,001-200,000	0-50,000	0-50,000	0-50,000	250,001-300,000

Foster Commitment of Directors

Time Commitment

The Board conducts at least four (4) meetings in each financial year. An annual meeting calendar is prepared and circulated to the Directors before the beginning of each year to enable the Directors to facilitate in their time planning. Additional meetings are held as and when required. Scheduled Board meetings are structured with pre-set agenda. Board and Board Committees papers, which were prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committees members before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision-making during meetings.

Corporate Governance Overview Statement (continued)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. Board members' meeting attendances for the financial year ended 31 December 2022 were as follows:

Director	Board of Directors Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Lau Jui Peng	5/5	-	-	-
Nam Hiok Joo	5/5	-	-	-
Loh Wee Ching	5/5	-	-	-
Lim Huey Hean (Appointed on 26 May 2022)	2/2	2/2	1/1	-
Lim Ying Khoo (Appointed on 26 May 2022)	2/2	2/2	1/1	-
Goh Wen Ling (Appointed on 26 May 2022)	2/2	2/2	1/1	-
Choong Keen Shian (Retired on 26 May 2022)	3/3	3/3	2/2	1/1
Frederick Ng Yong Chiang (Retired on 26 May 2022)	3/3	3/3	2/2	1/1
Dato' Koh Low @ Koh Kim Toon (Retired on 26 May 2022)	3/3	3/3	2/2	1/1

Training and Development of Directors

In compliance with the Main Market Listing Requirements of Bursa Malaysia, the Directors are mindful that they shall receive appropriate training which may be required from time to time to keep abreast with the current developments of the industry as well as the new statutory and regulatory requirements. The Board identifies the training needs of the Company's Directors based on feedback provided by the NC during the annual board evaluation. The Directors will continue to receive appropriate training or education to fulfil the Main Market Listing Requirements of Bursa Malaysia.

During the financial year under review, the Directors have attended relevant training and development programmes according to respective needs to enhance their ability in discharging their duties and responsibilities more effectively. The training and development programmes are as follows:

Directors	List of Training Programmes/Seminars attended/participated	Date
Lau Jui Peng	IDvet Malaysia Poultry Webinar 2022	24 January 2022
	Workshop on Mitigation Strategies for Rising Food Costs	2 August 2022
	Sustainability Awareness	15 September 2022
	Recombinant Vaccines and Embrex Hatchery Solutions	20 September 2022
	Directors' Obligations & Responsibilities	28 October 2022
	IDEXX NDV Poultry Training	23 November 2022

Corporate Governance Overview Statement (continued)

Directors	List of Training Programmes/Seminars attended/participated	Date
Nam Hiok Joo	Sustainability Awareness	15 September 2022
	Directors' Obligations & Responsibilities	28 October 2022
Loh Wee Ching	Sustainability Awareness	15 September 2022
	Directors' Obligations & Responsibilities	28 October 2022
Lim Huey Hean	Governance and Risk Management	10 August 2022
	Mandatory Accreditation Programme (MAP)	23-25 August 2022
	Sustainability Awareness	15 September 2022
	Directors' Obligations & Responsibilities	28 October 2022
Lim Ying Khoo	Mandatory Accreditation Programme (MAP)	23-25 August 2022
	Sustainability Awareness	15 September 2022
	Selected Public Rulings & Tax Guidelines	13 October 2022
	Directors' Obligations & Responsibilities	28 October 2022
	Tax Compliance, Tax Knowledge, Tax Complexity	15 November 2022
	Transfer Pricing Documentation and Latest Updates	9 December 2022
	Managing Taxpayers & LHDN expectations in Tax Audits	16 December 2022
Goh Wen Ling	Sustainability Awareness	15 September 2022
	Talks On Singapore Taxation Conducted By Corporate Tax Consulting, KPMG Singapore	30 August 2022
	Talks On Philippines Taxation Conducted By Corporate Tax Consulting, Ramon F. Garcia & Company, CPAs	8 December 2022

Corporate Governance Overview Statement (continued)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE ("AC")

The Board is responsible for the financial statements and quarterly announcement of financial results that were prepared to give a true and fair view of the Group's state of affairs. The Directors took the due care and reasonable steps to ensure that the requirements of accounting standards were fully met. The Board is assisted by the AC to oversee the Group's financial reporting process and the quality of its financial reporting. The AC also reviews the aptness of the Group's accounting policies and the changes thereto as well as the implementation of these policies. All the AC members are INED and the Chairperson of the AC held by Ms Lim Ying Khoo who is not the Chairman of the Board. In accordance with the Term of Reference of AC, a former key audit partner of the Company's external audit firm is required to observe a cooling-off period of at least 2 years before appointment as a member of the Committee. The AC is planning to extend the cooling-off period to at least 3 years in compliance with revised MCCG 2021 recommendation.

Assessment of External Auditor

The AC considered the adequacy of experience and resources of the audit firm and the professional staff assigned to the audit, independence of Messrs. PricewaterhouseCoopers PLT and the level of non-audit services rendered to the Group for the financial year 2022.

The AC undertakes an annual assessment of suitability and independence of the external auditors. A written assurance by the external auditors, confirming that they are and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants and with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants. Having assessed their performance, the AC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the Annual General Meeting.

The external auditors met the AC in the financial year under review to facilitate the assessment for the appointment of auditor with its proposed fee quotation and subsequently to present external audit plan memorandum for the financial year 2022.

The AC requires the audit partner to be subject to a five-year rotation in consideration of external auditors' appointment to ensure independence of auditors.

Fees paid/payable to Messrs. PricewaterhouseCoopers PLT Malaysia and its member firms are as follows:

Work-done	Group (RM)	Company (RM)
Statutory audit	383,537	68,000
Non-audit fee	86,000	13,000

All related party transactions (including recurrent related party transactions) and conflict of interest situations of the Group are subject to review by the AC prior to recommendation to the Board to ensure compliance with the Listing Requirement of Bursa Malaysia.

Further details on the AC are set out in the AC Report of this Annual Report.

Corporate Governance Overview Statement (continued)

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board regards risk management and internal control as an integral part of the overall management processes in the Group to safeguard Shareholders' investments and the Company's assets. Accordingly, the Directors are obliged to ensure that the internal control system are existed and practiced within the Group. The AC assists the Board in fulfilling this obligation by reviewing the effectiveness and adequacy of the system.

The following key reporting systems and procedures that have been in place within the Group:

i. regular and comprehensive information provided to AC and the Board covering financial and operational performance;
ii. regular visits to the operating units by members of the Board and KMP;
iii. regular internal audit visits, which monitor compliance with procedures and assess the integrity of financial information; and
iv. defined delegation of responsibility to the Board of Directors and Management of the Group including authorisation level for all aspects of the business.

Recognising the importance of risk management processes and practices, the Board has formalised a risk management framework to enable Management to identify, evaluate, control, monitor and report to the Board the principal business risk faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

Further details relating to the review on internal control system are set out in the Statement on Risk Management and Internal Control on page 61 to page 65 of the Annual Report. The Risk Management Committee ("RMC") comprises a majority of INED chaired by the Managing Director was established with objective to oversee the implementation and review of the effectiveness of the risk management framework and policy.

The composition of RMC is as follow:

RMC	Position
Nam Hiok Joo	Chairman
Lim Huey Hean	Member
Lim Ying Khoo	Member

Corporate Governance Overview Statement (continued)

PRINCIPAL C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. ENGAGEMENT WITH STAKEHOLDERS

The Group recognises the need to inform the stakeholders of all the significant developments concerning the Group on a timely basis with strict adherence to the Listing Requirements of Bursa Malaysia. Shareholders and prospective investors are kept informed of all major developments within the Group by way of announcements and press release via the Bursa Link, the Company's Annual Reports, website and other circulars to shareholders with an overview of the Teo Seng Group's financial and operational performance. The Company always maintains transparency in business activities, continuously keep the shareholders and the prospective investors well informed on the Company's activities.

The Company has established an Investor Relations Policy to ensure an accurate, clear, timely and quality disclosure of material information. The Board has earmarked a section on the Company's website, where information on the Company's announcements/submission to the regulators and the salient features of the Board Charter and Board Committees' Term of Reference can be accessed.

2. CONDUCT OF GENERAL MEETING

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with shareholders. The Board facilitates meaningful engagement with shareholders by providing a platform for shareholders to raise questions pertaining to the business activities of the Group at the AGM. The Chairman of the Board and where appropriate, the Executive Directors, Board's Committees Chairpersons and External Auditors are available to provide explanations on queries raised during the meetings as well as to discuss with Shareholders, invited attendees and members of the press. Shareholders who are unable to attend, are allowed to appoint proxies to attend and vote on their behalf.

The notice of meeting was issued at least 28 days before the AGM date to enable shareholders to peruse the Annual Report and the papers supporting the resolutions proposed. The minutes of the AGM as well as questions and answers posed by shareholders were made available and accessible through the Company's website at www.teoseng.com.my within 30 business days after the AGM.

In line with Main Market Listing Requirements of Bursa Malaysia, all the resolutions set out in the notice of AGM were conducted by poll voting and validated by independent scrutineer. Subsequently, the Board made the announcement of the detailed results showing the number of votes cast for and against each resolution at general meeting.

This Corporate Governance Overview Statement was approved by the Board of the Company on 11 April 2023.

Additional Compliance Information

In compliance with the Listing Requirements of the Main Market of Bursa Malaysia Securities Berhad, the following additional information is provided: -

Material Contracts

There were no material contracts entered into or subsisting between the Company and its subsidiary involving directors' and/or major shareholders' interest during the financial year ended 31 December 2022.

Recurrent Related Party Transactions of a Revenue Nature

At the last Annual General Meeting held on 26 May 2022, the Company had obtained a general mandate from its shareholders for the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT mandate"). The aggregate value of the recurrent related party transactions of revenue nature incurred by the Group pursuant to the RRPT mandate for the financial year ended 31 December 2022 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Utilisation of Proceeds

No new funds were raised by the Company from any corporate proposals during the financial year ended 31 December 2022.

Statement of Directors' Responsibilities for Preparing the Financial Statements

The Directors are responsible to ensure that financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable Approved Accounting Standards in Malaysia.

In preparation of financial statement for the year ended 31 December 2022, the Directors are also responsible for the adoption of applicable accounting policies and their consistent use in the financial statements supported where necessary by reasonable and prudent judgments.

Statement on Risk Management and Internal Control

The Board is pleased to present the Group's Statement on Risk Management and Internal Control for the financial year ended 31 December 2022, pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" issued by the Task Force with the support and endorsement of Bursa Securities as well as the Malaysian Code on Corporate Governance 2021, which outlines the nature and state of the risk management and internal control of the Group.

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to ensure shareholders' interest and the Group's assets are safeguarded. The Board discharge their stewardship responsibilities by creating of a risk-awareness culture within the Group i.e. identifying, approving the key risks and ensuring the adequate implementation of appropriate internal control system to manage the identified risks with continuous effective reviews on the controls.

The system's purpose is to limit and handle potential risks within a reasonable level of tolerance, rather than eliminating the risk of failure in meeting the Group's business goals.

The Managing Director and Group Financial Controller have provided assurance to the Board that, as far as they know, the Group's risk management and internal control systems are functioning sufficiently and effectively in all significant aspects.

Our internal control system covers various components, including risk management, financial and operational controls, compliance controls, and governance processes.

RISK MANAGEMENT AND INTERNAL CONTROL

a) Risk Management

The Objective

Risk management has extended beyond operational focus to strategic focus on value generation. The Group's driving value creation through:

- enhance the efficiency and effectiveness of the business processes to achieve cost optimisation
- respond to changes in the business environment and industry by executing strategic initiatives in a timely and successful manner
- safeguard our assets and prioritize investment in asset value creation and enhancement in order to maintain competitiveness
- structured comprehension of opportunities and threats for better decision-making, planning, and prioritisation.
- achieve optimal levels of customer and stakeholder satisfaction.

The Governance

Our Group follows a risk management governance framework based on the "Three Lines of Defence" model, which includes oversight by the Management and the Board. When all three lines are structured properly, without any gaps in coverage, it enhances the Group's ability to manage risks effectively. This approach strengthens the Group's risk management governance and improves the likelihood of achieving Group's business objectives.

Statement on Risk Management and Internal Control (continued)

a) Risk Management (Continued)

First Line of Defence: Operational Management
The employee, managers, and Head of Operating Units ("HOU") collectively form the first line of defence. As the first line of defence, they are responsible for identifying and assessing risks, implementing controls to mitigate identified risks, and monitoring compliance with policies, procedures, and regulations. They work closely with the second line of defence, which provides oversight and guidance on risk management practices, to ensure that risks are managed effectively.

Second Line of Defence: Internal Monitoring and Oversight Functions
The second line of defence is responsible for providing oversight, guidance, and support to operational management in implementing effective risk management practices. They collaborate closely with the first and third lines of defence to ensure that risks are identified, assessed, and managed effectively. They provide oversight and guidance to the first line of defence, and report to senior management and the board on the effectiveness of risk management and compliance practices.

Third Line of Defence: Internal Audit and Audit Committee
The third line of defence provides an independent assessment of the effectiveness of the organisation's risk management, internal control, and governance processes and provides assurance to Senior Management and the Board that the first- and second-lines efforts are consistent with expectations. Their oversight and assurance provide stakeholders with confidence that the organisation's operations are well-managed, risks are appropriately identified and managed, and the organisation is in compliance with applicable laws and ultimately ensure independence and professionalism within the Group. The main difference between this third line of defence and the first two lines is its high level of organisational independence and objectivity.

The Framework

The Group adopted an Enterprise Risk Management and Sustainability Governance ("ERMSG") framework in accordance with Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

By utilising this framework, significant risks can be identified, assessed, and managed systematically through effective communication with relevant stakeholders and the public, and implementation of suitable control measures in a timely manner. The ultimate objective is to guarantee the achievement of corporate goals, safeguard business assets and employees, and ensure the long-term sustainability of the business while considering the broader impacts.

The Responsibilities

Our Board has assigned the responsibility of managing risk and internal controls to the management. The management is answerable to the Board for effectively carrying out ongoing processes to identify, assess, manage, report, and monitor significant control deficiencies and any changes in risks that could have a significant impact on the Group. Additionally, the management is required to establish and implement suitable controls in response to such risks.

With that, Risk Management Committee ("RMC") and Risk Management Department ("RM") have been established. The members of the RMC comprise of Audit Committee members and the Group MD.

Statement on Risk Management and Internal Control (continued)

a) Risk Management (Continued)

The responsibilities of RMC include:-

- Oversight and review the adequacy and effectiveness of ERMSG framework;
- Review risk profile and make recommendation on risk management policies and procedures to ensure that the framework is sufficient and appropriate for the Group's needs;
- Identify and communicate with the Board on extreme risks exposed to the Group and the action plans to manage those risks;
- Significant risk policies are regularly reviewed to reflect any significant changes in the operating environment;
- Ensuring that risk management practices align with the Group's objectives, regulatory requirements, and best practices in the industry;
- Provide advice and guidance to the departments and operating units, regarding Group's risk appetite and tolerance.

The RM is led by Group Risk Manager, who facilitates and supervises the implementation of ERMSG framework. The RM reports functionally to the RMC.

The Head of Operating Units ("HOU") are accountable for:

- Reviewing and monitoring risks behaviour and the anticipated impacts or likelihood.
- Ensuring effectiveness of implemented controls at departmental/functional level.
- Ensuring that a risk-based approach to internal control is communicated to staff, embedded in business processes and responsive to evolving risks.

The daily operational risks such as health and safety, regulatory compliance, and others are mainly managed at the different operating units which will be guided by the system and guidelines. Key business and critical risks which have significant impact on the operations of the Group such as business sustainability, project expansion, product diversification & etc are managed at the top management level.

The Process

The Group has put in place the Risk Management Process that will enable the identifying, evaluating, managing, reporting and monitoring of significant risk throughout the Group. It consists of interrelated components as follow:

- Event Identification - which involve structured and systematic process in identifying internal and external potential events or situations that could negatively impact an organisation's objectives, activities, or operations.
- Risk Assessment - which requires an analysis of identified risks in term of their likelihood and impact in order to prioritise them based on their overall risk score.
- Risk Response - which requires management to select an approach or set of actions to mitigate risks where appropriate taking into account the Group's risk profile;
- Control Activities - which includes the establishment and execution of policies and procedures to ensure that the risk responses management selected are effectively carried out;
- Information and Communication - which requires relevant information to be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities; and
- Monitoring - which requires that the Risk Management Processes be monitored, and modifications made as necessary, to ensure risk management strategies remain effective and relevant in mitigating potential risks.

Statement on Risk Management and Internal Control (continued)

a) Risk Management (Continued)

During the financial year ended 31 December 2022, as part of our regular and ongoing process, Risk Management team led by the Risk Manager, Mr Ng Eng Leng, who is also the Group Financial Controller, has been meeting and discussing with relevant personnel from various departments and divisions. The respective departments and divisions have been highly cooperative in assisting with the discussion of improving the control weaknesses. This is to ensure that relevant and effective control measures are in place. The Risk Management team has taken proactive actions to align control measures and strategies in managing different risks and control weaknesses and is required to take timely and appropriate adjustment to control measures in respond to new development when circumstance warrant.

b) Internal Control System

The Board continues to uphold, implement and monitor a sound and effective control and environment to identify, evaluate and manage the weaknesses of the Group's internal control system.

The Group has an established organisational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority. Key duties and roles are segregated amongst different personnel and operational functions such as sales and collection, procurement and payment, production, financial management and reporting, capital expenditure management and etc.

The internal control system entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Managing Director, Executive Directors and Senior Management (collectively, the "Management"), with specified limits of authority, in running the main operating functions of the Group. In this respect, Management essentially comprises personnel who are in a position to identify and manage relevant risks to the Group and design appropriate internal controls to manage these risks.

With this, our internal control system includes robust risk management practice that can help us to identify potential vulnerabilities and opportunities for improvement.

Internal Audit (IA) Function

The Group's internal audit function is outsourced to Messrs Moore Stephens Associates PLT, an independent professional firm, which adopts the International Professional Practices Framework ("IPPF") and based on Committee of Sponsoring Organisation of the Treadway Commission ("COSO") Framework in carrying out internal audit assignments of the Group. The IPPF includes, inter-alia, the attribute and performance standards for internal auditing promulgated by the Institute of Internal Auditors, a global professional body for internal auditors.

During the financial year ended 31 December 2022, a delegated team of Internal Auditor, led by Mr Dennis Chong, a Chartered Member of Institute of Internal Audit (CMIIA), Malaysia had performed regular and systematic review in assessing the adequacy and integrity of the internal control system established by the Management based on an agreed scope of work as outlined in an Internal Audit Plan tabled and approved by the Audit Committee.

The management and employees have been fully cooperative and have not imposed any limitations on the Internal Audit function's scope of work, enabling the Internal Auditor to conduct a thorough audit. The Internal Auditor has also been granted the authority to access the required records and to meet with relevant personnel of the Group.

The Audit Committee reviewed the work of the internal audit function during the financial year, together with its observations and recommendations to ensure that it obtained the necessary level of assurance with respect to the adequacy and operating effectiveness of internal controls.

Statement on Risk Management and Internal Control (continued)

b) Internal Control System (Continued)

The internal auditor reviewed the Group's internal control systems and reported its observations, Management's response and action plans thereof, directly to the Audit Committee. The internal auditor does follow-up audit and report the same to the Audit Committee on the status of implementation by Management that are highlighted in the Internal Audit Reports.

The internal audit function covered the following key processes of the Group to assess the adequacy and operating effectiveness of internal controls addressing the business risks therein during the financial year:

i. Fertiliser Operation Review of Teo Seng Farming Sdn Bhd;
ii. IT General Controls of Teo Seng Group;
iii. Sales to Receipt Review of Ritma Prestasi Sdn Bhd; and
iv. Sales, Marketing and Delivery Review;

The total costs incurred for the internal audit functions in respect of the financial year ended 31 December 2022 amounting to RM80,000.

Board

The Board, through the Audit Committee, has reviewed the adequacy and effectiveness of the risk management and internal control systems together with the relevant actions have been or are being taken, to remedy internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the internal auditors directly to the Audit Committee.

The Board is of the view that there have been no weaknesses in the system of internal control that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report 2022.

Management

The Management committed to take on-going measures in addressing identified weaknesses and strengthening the internal control environment from time to time based on recommendations of the internal audit function as well as the external auditors.

Review of Adequacy and Effectiveness of The Risk Management and Internal Control System

The Board has received assurance from the Managing Director and the Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report 2022.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement was approved by the Board of the Company on 11 April 2023.

Audit Committee's Report

The Board of Directors is pleased to present the following Audit Committee Report and its summary of work for the financial year ended 31 December 2022 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia.

COMPOSITION

The Audit Committee ("AC") currently comprises the following members:

Chairperson

Lim Ying Khoo (Appointed on 26 May 2022)	Independent Non-Executive Director
Choong Keen Shian (Retired on 26 May 2022)	Independent Non-Executive Director

Members

Lim Huey Hean (Appointed on 26 May 2022)	Independent Non-Executive Director
Goh Wen Ling (Appointed on 26 May 2022)	Independent Non-Executive Director
Dato' Koh Low @ Koh Kim Toon (Retired on 26 May 2022)	Independent Non-Executive Director
Frederick Ng Yong Chiang (Retired on 26 May 2022)	Independent Non-Executive Director

Ms Lim Ying Khoo is a member of the Malaysian Institute of Accountants. The AC, therefore, met the requirement of Paragraph 15.09(1) of the Main Market Listing Requirement of Bursa Malaysia which stipulate that at least one (1) member of the AC must be a qualified accountant.

TERMS OF REFERENCE

The terms of reference of the AC are made available on the Company website at www.teoseng.com.my.

MEETINGS

There were five (5) meetings of the AC held during the financial year ended 31 December 2022, where two out of five meetings were attended by the AC members subsequent to their appointment to the AC as follows:

Name of member	Number of meetings attended
Lim Ying Khoo	2/2
Lim Huey Hean	2/2
Goh Wen Ling	2/2

Audit Committee's Report (continued)

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

During the financial year under review, the Audit Committee ("AC") carried out the following work in discharge of its functions and duties:

1. Financial Reporting

a) Review of Quarterly Reports

The AC reviewed the respective unaudited quarterly financial results prior to submission to the Board for consideration and approval. The unaudited quarterly financial results for the fourth quarter ended 31 December 2021, first quarter ended 31 March 2022, second quarter ended 30 June 2022 and third quarter ended 30 September 2022 were tabled at the AC meetings held on 16 February 2022, 12 May 2022, 16 August 2022 and 15 November 2022 respectively.

b) Audited Financial Statements

On 12 April 2022, the AC reviewed the Audited Financial Statements for the year ended 31 December 2021.

The Audited Financial Statements were prepared in compliance with the Malaysian Financial Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

2. External Audit

On 16 February 2022, the AC reviewed the Audit Committee Report from the external auditors, Messrs. PricewaterhouseCoopers PLT ("PwC") on the significant audit findings in respect of their audit on the Group and the responses from the management for the financial year ended 31 December 2021.

PwC had declared and confirmed that they were independent and would be independent throughout their audit engagement in accordance with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

The AC had evaluated the performance and the independence of the External Auditors by using External Auditor's Performance and Independence Evaluation method and was satisfied with the work performed by PwC based on the quality of services, sufficiency of resources, performance, independence and professionalism, and their ability to conduct the external audit within an agreeable timeline fixed by the AC. The AC thereafter recommended to the Board to table the motion for the re-appointment of PwC as the External Auditors of the Company at the 16th Annual General Meeting.

On 16 August 2022, the AC reviewed the PwC's terms of engagement, proposed audit fee and audit plan for financial year ending 31 December 2022.

The AC also discussed and reviewed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.

Audit Committee's Report (continued)

3. Internal Audit

The AC reviewed the following internal audit report findings presented by Moore Stephens Associates PLT:

Date	Internal Audit Area
16 February 2022	Fertiliser Operation
12 May 2022	Teo Seng Group Information Technology General Control And Updating the Strategy Internal Audit Plan 2022-2023.
16 August 2022	Sales to Receipt of Ritma Prestasi Sdn. Bhd.
15 November 2022	Sales, Marketing & Delivery of Teo Seng Farming Sdn. Bhd.

Significant issues, Management's responses and relevant recommendations or changes thereto being assessed and reported to the Board.

The AC also assessed the adequacy of scope, functions, competency and resources of the Internal Audit function.

By using evaluation form, the AC had evaluated and was satisfied with the performance of Internal Auditors on the works performed by them.

4. Related Party Transactions

At each quarterly meeting, the AC reviewed and noted all the Related Party Transactions ("RPT") including the Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT") that may arise within the Company and its Group including any transactions, procedure or course of conduct that raises questions on management integrity.

The AC reviewed the processes and procedures in the Policy to ensure that related parties are appropriately identified and RPT and RRPT are appropriately declared, approved and reported.

The AC was satisfied that all RPT and RRPT were within arm's length, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders.

5. Other Matters

The AC summarised the works and findings to the Board for preparing the Audit Committee Report and reviewed the Statement on Risk Management and Internal Control, and the Sustainability Statement prior to submission of the same to the Board for consideration and inclusion in the Annual Report 2021 of the Company. The AC also reviewed the Circular to Shareholders in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature of the Group to the Board for approval prior to recommending the same to the shareholders for approval.

FINANCIAL STATEMENTS

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Directors of the Company

Lau Jui Peng
Nam Hiok Joo
Loh Wee Ching
Lim Huey Yean (appointed on 26 May 2022)
Lim Ying Khoo (appointed on 26 May 2022)
Goh Wen Ling (appointed on 26 May 2022)
Choong Keen Shian (resigned on 26 May 2022)
Frederick Ng Yong Chiang (resigned on 26 May 2022)
Dato' Koh Low @ Koh Kim Toon (resigned on 26 May 2022)

Directors of subsidiaries

Tan Sri Lau Tuang Nguang
Lau Joo Han
Na Hap Cheng
Na Yok Chee
Nam Hiok Yong
Ng Eng Leng
Lim Meng Bin (retired)
Sim Kim Hwa (retired)
Lee Choon Seng
Na Eluen
Nam Ya Jun
Na Yi Chan
Dato' Dr. Ma'amor Bin Osman
Dr Aidawani Binti Abd Latif

PRINCIPAL ACTIVITIES

The Group is principally engaged in the production and distribution of eggs, animal health products, animal feeds, paper egg trays and fertiliser by-product business while the Company is in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year attributable to:		
- owners of the Company	21,639,225	31,701,511

Directors' Report (continued)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown 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.

TREASURY SHARES

There was no issuance, repurchase, cancellation or resale of the treasury shares during the current financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

EMPLOYEES' SHARE OPTION SCHEME

The penultimate holding Company, Leong Hup International Berhad, a company listed in the Main Board of Bursa Malaysia Securities Berhad implemented an Employees' Share Option Scheme ("ESOS") on 14 May 2019 for a period of 5 years expiring on 10 April 2024 for eligible employees and Directors of the LHI Group which including Teo Seng Group. The options granted are divided into 4 equal tranches which vested on 1 July 2019, 1 June 2020, 1 June 2021 and 1 June 2022 respectively.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the share options granted by Leong Hup International Berhad to eligible employees of its related companies, including Executive Directors of the Company.

Directors' Report (continued)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its related corporations during the financial year except as follows:

		Number of ordinary shares			
		At 1.1.2022/ date of appointment	**Bought**	**Sold**	**At 31.12.2022**
Shares in the Company					
Nam Hiok Joo	- Direct	166,602	1,278,058	0	1,444,660
Lau Jui Peng	- Indirect	160,489,003	0	0	160,489,003
Lim Ying Khoo	- Direct	150	0	0	150
Shares in immediate holding company – Advantage Valuations Sdn. Bhd.					
Lau Jui Peng	- Indirect	5,097	0	0	5,097
Shares in penultimate holding company – Leong Hup International Berhad					
Lau Jui Peng	- Direct	24,583,822	0	0	24,583,822
	- Indirect	1,927,201,000	0	0	1,927,201,000
Nam Hiok Joo	- Direct	363,600	0	0	363,600
Loh Wee Ching	- Direct	165,500	0	0	165,500
Goh Wen Ling	- Direct	700,000	0	0	700,000
Shares in ultimate holding company – Emerging Glory Sdn. Bhd.					
Lau Jui Peng	- Indirect	20,002	7,800,780	0	7,820,782#

Deemed interest by virtue of shareholding in CW Lau & Sons Sdn Bhd.

By virtue of his interest in the shares of the ultimate holding company, Lau Jui Peng is also deemed to have interest in the shares of the Company and all of its related corporations to extent that the ultimate holding company has interest.

Directors' Report (continued)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Number of share options			
	At 1.1.2022	**Granted**	**Exercised/ lapsed**	**At 31.12.2022**
Options over shares in penultimate holding company – Leong Hup International Berhad				
Lau Jui Peng	1,275,000	0	0	1,275,000
Nam Hiok Joo	123,000	0	0	123,000
Loh Wee Ching	123,000	0	0	123,000

DIRECTORS' REMUNERATION

Details of Directors' remuneration received and become entitled to receive by the Directors are as follows:

	RM
Executive Directors of the Company	
Salaries, bonuses and other benefits	475,352
Defined contribution benefits	92,331
Share-based payment	1,476
Benefits-in-kind	6,500
	575,659
Non-Executive Directors of the Company	
Fees	159,000
Other emoluments	12,000
	171,000
Total Directors' remuneration	746,659

No indemnity or insurance effected for any Director was paid or declared by the Company for the financial year ended 31 December 2022.

HOLDING COMPANIES

The Company is a subsidiary of Advantage Valuations Sdn. Bhd.. The Directors regard Leong Hup International Berhad and Emerging Glory Sdn. Bhd. as its penultimate and ultimate holding company. All the holding companies are incorporated in Malaysia.

Directors' Report (continued)

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

(ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) 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.

(c) At the date of this report:

(i) there are no charges on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) there are no contingent liabilities in the Group and in the Company which has arisen since the end of the financial year.

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

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

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

Directors' Report (continued)

SUBSIDIARIES

Details of subsidiaries are set out in Note 14 to the financial statements.

AUDITORS' REMUNERATION

The total amount of fees paid or payable to the auditor as remuneration for the services as auditors of the Group and Company for the financial year ended 31 December 2022 amounted to RM383,537 and RM68,000 respectively.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 11 April 2023. Signed on behalf of the Board of Directors:

LAU JUI PENG
DIRECTOR

NAM HIOK JOO
DIRECTOR

Consolidated Statement of Comprehensive Income

For the Financial Year ended 31 December 2022

	Note	2022 RM	2021 RM
Revenue	4	**651,967,192**	530,140,096
Other income	5	**36,105,977**	5,988,723
Purchase of trading merchandise, raw materials, livestock and poultry feeds		**(504,566,862)**	(407,639,713)
Changes in closing inventories		**12,386,523**	10,369,802
Changes in biological assets		**(7,727,094)**	9,381,867
Staff costs	6	**(64,077,042)**	(55,852,237)
Depreciation of property, plant and equipment	11	**(25,439,539)**	(23,961,496)
Amortisation of right-of-use assets	12	**(309,809)**	(297,775)
Utilities expense		**(14,222,099)**	(12,707,162)
Transportation expenses		**(19,216,525)**	(18,092,271)
Other expenses		**(29,246,065)**	(26,485,691)
Operating profit		**35,654,657**	10,844,143
Finance income			
- interest income		**505,442**	292,465
Finance costs	8	**(6,849,726)**	(6,331,977)
Finance costs - net		**(6,344,284)**	(6,039,512)
Profit before tax	9	**29,310,373**	4,804,631
Tax	10	**(7,671,148)**	(1,761,376)
Profit after tax		**21,639,225**	3,043,255
Other comprehensive income/(loss):			
Items that will be subsequently reclassified to profit or loss			
- currency translation differences		**1,461,270**	326,563
Items that will not be subsequently reclassified to profit or loss			
- fair value changes of equity instruments classified as FVOCI		**240**	(70)
Total other comprehensive income		**1,461,510**	326,493
Total comprehensive income for the financial year		**23,100,735**	3,369,748

Consolidated Statement of Comprehensive Income (continued)

For the Financial Year ended 31 December 2022

	Note	2022 RM	2021 RM
Profit after tax attributable to:			
Owners of the Company		**21,639,225**	3,043,255
Total comprehensive income attributable to:			
Owners of the Company		**23,100,735**	3,369,748
Earnings per ordinary share (sen):			
Basic	28(a)	**7.36**	1.04
Diluted	28(b)	**7.36**	1.04

Company Statement of Comprehensive Income

For the Financial Year ended 31 December 2022

	Note	2022 RM	2021 RM
Revenue	4	**35,928,138**	14,139,232
Other income	5	**131,438**	0
Staff costs	6	**(2,490,267)**	(2,320,105)
Depreciation of property, plant and equipment	11	**(435,927)**	(419,455)
Other expenses		**(368,921)**	(345,622)
Operating profit		**32,764,461**	11,054,050
Finance income		**29,406**	73,339
Finance costs	8	**(4,395)**	(7,297)
Finance cost - net		**25,011**	66,042
Profit before tax	9	**32,789,472**	11,120,092
Tax	10	**(87,961)**	18,443
Net profit and total comprehensive income for the financial year		**32,701,511**	11,138,535

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 RM	2021 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**375,221,726**	373,442,932
Right-of-use assets	12	**3,553,945**	3,297,884
Goodwill arising on consolidation	13	**102,424**	102,424
Equity instruments classified as FVOCI	15	**6,910**	6,670
Deferred tax assets	26	**238,239**	309,199
Prepayment for purchase of property, plant and equipment	18	**190,694**	807,028
		379,313,938	377,966,137
CURRENT ASSETS			
Biological assets	16	**57,346,264**	65,073,358
Inventories	17	**70,952,038**	58,565,515
Trade and other receivables	18	**67,013,117**	66,998,409
Tax recoverable		**4,441,896**	4,751,608
Cash and bank balances	19	**41,099,663**	49,016,298
		240,852,978	244,405,188
TOTAL ASSETS		**620,166,916**	622,371,325
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	20	**60,011,036**	60,011,036
Treasury shares	21	**(8,345,642)**	(8,345,642)
Other reserves	22	**(23,167,905)**	(24,647,412)
Retained earnings		**306,095,173**	284,455,948
TOTAL EQUITY		**334,592,662**	311,473,930

Consolidated Statement of Financial Position (continued)

As at 31 December 2022

	Note	2022 RM	2021 RM
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank borrowings	23	**42,016,339**	48,918,676
Hire purchase payables	24	**3,169,029**	5,072,944
Lease liabilities	25	**3,491,309**	3,260,450
Deferred tax liabilities	26	**29,983,946**	28,923,327
		78,660,623	86,175,397
CURRENT LIABILITIES			
Trade and other payables	27	**72,123,076**	62,917,706
Bank borrowings	23	**129,295,983**	156,078,155
Hire purchase payables	24	**3,841,361**	4,500,487
Lease liabilities	25	**265,004**	184,560
Tax payable		**1,388,207**	1,041,090
		206,913,631	224,721,998
TOTAL LIABILITIES		**285,574,254**	310,897,395
TOTAL EQUITY AND LIABILITIES		**620,166,916**	622,371,325

Company Statement of Financial Position

As at 31 December 2022

	Note	2022 RM	2021 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**2,013,425**	2,160,049
Investments in subsidiaries	14	**130,807,285**	96,807,285
Prepayment for purchase of property, plant and equipment	18	**0**	85,932
		132,820,710	99,053,266
CURRENT ASSETS			
Trade and other receivables	18	**442,830**	317,030
Dividend receivable		**1,000,000**	2,400,000
Tax recoverable		**140,868**	121,754
Cash and bank balances	19	**384,325**	193,711
		1,968,023	3,032,495
TOTAL ASSETS		**134,788,733**	102,085,761
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	20	**60,011,036**	60,011,036
Treasury shares	21	**(8,345,642)**	(8,345,642)
Other reserve	22	**76,326**	72,007
Retained earnings		**81,744,304**	49,042,793
TOTAL EQUITY		**133,486,024**	100,780,194
LIABILITIES			
NON-CURRENT LIABILITIES			
Hire purchase payables	24	**44,047**	31,967
Deferred tax liabilities	26	**219,000**	190,000
		263,047	221,967
CURRENT LIABILITIES			
Trade and other payables	27	**978,269**	1,050,136
Hire purchase payables	24	**61,393**	33,464
		1,039,662	1,083,600
TOTAL LIABILITIES		**1,302,709**	1,305,567
TOTAL EQUITY AND LIABILITIES		**134,788,733**	102,085,761

Consolidated Statement of Changes in Equity

For the Financial Year ended 31 December 2022

	Share capital RM	Treasury shares RM	Reverse acquisition reserve RM	Currency translation reserve RM	Fair value reserve RM	Capital contribution reserve RM	Retained earnings RM	Total RM
2022								
At 1 January 2022	**60,011,036**	**(8,345,642)**	**(26,078,000)**	**909,545**	**4,459**	**516,584**	**284,455,948**	**311,473,930**
Employees' share option scheme								
- value of employee service	**0**	**0**	**0**	**0**	**0**	**17,997**	**0**	**17,997**
Comprehensive income								
Net profit for the financial year	**0**	**0**	**0**	**0**	**0**	**0**	**21,639,225**	**21,639,225**
Other comprehensive income								
- Fair value changes of equity instruments classified as FVOCI	**0**	**0**	**0**	**0**	**240**	**0**	**0**	**240**
- Foreign currency translation differences	**0**	**0**	**0**	**1,461,270**	**0**	**0**	**0**	**1,461,270**
Total comprehensive income for the financial year	**0**	**0**	**0**	**1,461,270**	**240**	**0**	**21,639,225**	**23,100,735**
At 31 December 2022	**60,011,036**	**(8,345,642)**	**(26,078,000)**	**2,370,815**	**4,699**	**534,581**	**306,095,173**	**334,592,662**

Consolidated Statement of Changes in Equity (continued)

For the Financial Year ended 31 December 2022

	Share capital RM	Treasury shares RM	Reverse acquisition reserve RM	Currency translation reserve RM	Fair value reserve RM	Capital contribution reserve RM	Retained earnings RM	Total RM
2021								
At 1 January 2021	60,011,036	(8,345,642)	(26,078,000)	582,982	4,529	446,582	281,412,693	308,034,180
Employees' share option scheme								
- value of employee service	0	0	0	0	0	70,002	0	70,002
Comprehensive income								
Net profit for the financial year	0	0	0	0	0	0	3,043,255	3,043,255
Other comprehensive income								
- Fair value changes of equity instruments classified as FVOCI	0	0	0	0	(70)	0	0	(70)
- Foreign currency translation differences	0	0	0	326,563	0	0	0	326,563
Total comprehensive income for the financial year	0	0	0	326,563	(70)	0	3,043,255	3,369,748
At 31 December 2021	60,011,036	(8,345,642)	(26,078,000)	909,545	4,459	516,584	284,455,948	311,473,930

Company Statement of Changes in Equity

For the Financial Year ended 31 December 2022

	Share capital RM	Treasury shares RM	Capital contribution reserve RM	Retained earnings RM	Total RM
2022					
At 1 January 2022	**60,011,036**	**(8,345,642)**	**72,007**	**49,042,793**	**100,780,194**
Employees' share option scheme					
- value of employee service	**0**	**0**	**4,319**	**0**	**4,319**
Comprehensive income					
Net profit and total comprehensive income for the financial year	**0**	**0**	**0**	**32,701,511**	**32,701,511**
At 31 December 2022	**60,011,036**	**(8,345,642)**	**76,326**	**81,744,304**	**133,486,024**
2021					
At 1 January 2021	60,011,036	(8,345,642)	55,209	37,904,258	89,624,861
Employees' share option scheme					
- value of employee service	0	0	16,798	0	16,798
Comprehensive income					
Net profit and total comprehensive income for the financial year	0	0	0	11,138,535	11,138,535
At 31 December 2021	60,011,036	(8,345,642)	72,007	49,042,793	100,780,194

Consolidated Statement of Cash Flows

For the Financial Year ended 31 December 2022

	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	**21,639,225**	3,043,255
Adjustments for:		
Property, plant and equipment		
- depreciation	**25,439,539**	23,961,496
- gain on disposal	**(451,699)**	(1,969,212)
- written off	**256,431**	166,197
Right-of-use assets		
- amortisation	**309,809**	297,775
- gain on disposal	**0**	(2,996,404)
Inventories		
- written off	**274,367**	1,566
- written down	**36,193**	0
Bad debts written off	**483,289**	0
Deposit written off	**106,802**	0
Reversal of inventories written down	**(64,992)**	0
Loss allowance for trade receivables	**(573,601)**	1,018,509
Fair value loss/(gain) on derivatives	**128,652**	(4,639)
Unrealised gain on foreign exchange	**(96,319)**	(20,160)
Dividend income	**(30)**	0
Interest expenses	**6,849,726**	6,331,977
Interest income	**(505,442)**	(292,465)
Share-based compensation expense	**17,997**	70,002
Tax expense	**7,671,148**	1,761,376
	61,521,095	31,369,273
Changes in working capital:		
Biological assets	**7,727,094**	(9,381,867)
Inventories	**(12,632,091)**	(10,358,967)
Receivables	**(4,853,188)**	(6,190,622)
Payables	**9,297,058**	9,408,437
Cash generated from operations	**61,059,968**	14,846,254
Interest received	**505,442**	292,465
Tax paid	**(6,784,278)**	(7,582,079)
Tax refund	**664,060**	1,906,925
Net cash flow generated from operating activities	**55,445,192**	9,463,565

Consolidated Statement of Cash Flows (continued)

For the Financial Year ended 31 December 2022

	Note	2022 RM	2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		**30**	0
Proceeds from disposal of property, plant and equipment	11(d)	**6,264,804**	3,243,280
Purchase of property, plant and equipment	11(c)	**(24,097,806)**	(23,225,633)
Net cash flow used in investing activities		**(17,832,972)**	(19,982,353)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in bankers' acceptances		**(15,331,000)**	26,986,000
Proceeds from drawdown of revolving credit		**1,000,000**	7,000,000
Repayment of revolving credit		**(11,000,000)**	0
Proceeds from drawdown of term loans		**12,046,456**	14,113,084
Repayment of term loans		**(20,399,965)**	(15,606,927)
Repayment of hire purchase payables		**(4,777,467)**	(9,591,926)
Repayment of lease liabilities		**(264,588)**	(243,051)
Interest paid		**(6,849,726)**	(6,331,977)
Net cash flow (used in)/generated from financing activities		**(45,576,290)**	16,325,203
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		**(7,964,070)**	5,806,415
EFFECTS OF FOREIGN CURRENCY EXCHANGE TRANSLATION		**47,435**	98,403
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**49,016,298**	43,111,480
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	19	**41,099,663**	49,016,298

Consolidated Statement of Cash Flows (continued)

For the Financial Year ended 31 December 2022

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

						Non-cash changes		
	At 1.1.2022 RM	Cash inflows RM	Cash outflows RM	Interest paid RM	Interest accretion RM	Foreign currency exchange movement RM	New leases/hire purchase RM	At 31.12.2022 RM
Bankers' acceptances	**127,078,000**	**389,165,000**	**(404,496,000)**	**(3,645,357)**	**3,645,357**	**0**	**0**	**111,747,000**
Term loans	**62,918,831**	**12,046,456**	**(20,642,105)**	**(2,240,420)**	**2,240,420**	**242,140**	**0**	**54,565,322**
Revolving credit	**15,000,000**	**1,000,000**	**(11,000,000)**	**(339,503)**	**339,503**	**0**	**0**	**5,000,000**
Hire purchase payables	**9,573,431**	**0**	**(4,777,467)**	**(438,942)**	**438,942**	**4,226**	**2,210,200**	**7,010,390**
Bank overdrafts and other interest	**0**	**0**	**0**	**(56,994)**	**56,994**	**0**	**0**	**0**
Lease liabilities	**3,445,010**	**0**	**(264,588)**	**(128,510)**	**128,510**	**208,820**	**367,071**	**3,756,313**
	218,015,272	**402,211,456**	**(441,180,160)**	**(6,849,726)**	**6,849,726**	**455,186**	**2,577,271**	**182,079,025**

						Non-cash changes		
	At 1.1.2021 RM	Cash inflows RM	Cash outflows RM	Interest paid RM	Interest accretion RM	Foreign currency exchange movement RM	New leases/hire purchase RM	At 31.12.2021 RM
Bankers' acceptances	100,092,000	374,228,000	(347,242,000)	(2,894,507)	2,894,507	0	0	127,078,000
Term loans	64,289,622	14,113,084	(15,606,927)	(2,204,822)	2,204,822	123,052	0	62,918,831
Revolving credit	8,000,000	7,000,000	0	(277,535)	277,535	0	0	15,000,000
Hire purchase payables	15,600,225	0	(9,591,926)	(716,515)	716,515	4,132	3,561,000	9,573,431
Bank overdrafts and other interest	0	0	0	(112,107)	112,107	0	0	0
Lease liabilities	3,573,783	0	(243,051)	(126,491)	126,491	53,002	61,276	3,445,010
	191,555,630	395,341,084	(372,683,904)	(6,331,977)	6,331,977	180,186	3,622,276	218,015,272

Company Statement of Cash Flows

For the Financial Year ended 31 December 2022

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the financial year		**32,701,511**	11,138,535
Adjustments for:			
Property, plant and equipment			
- depreciation		**435,927**	419,455
- written off		**0**	1,047
- (gain)/loss on disposal		**(131,438)**	144,254
Dividend income		**(34,100,000)**	(12,400,000)
Interest expenses		**4,395**	7,297
Interest income		**(29,406)**	(73,339)
Share-based payments		**4,319**	16,798
Tax charge/(credit)		**87,961**	(18,443)
		(1,026,731)	(764,396)
Changes in working capital:			
Receivables		**(230,792)**	(22,466)
Payables		**149,950**	200,927
Cash used in operations		**(1,107,573)**	(585,935)
Tax paid		**(78,075)**	(76,151)
Net cash flow used in operating activities		**(1,185,648)**	(662,086)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		**35,500,000**	20,000,000
Additional investments in subsidiaries		**(34,000,000)**	(20,000,000)
Proceeds from disposal of property, plant and equipment	11(d)	**286,570**	359,648
Capital distribution from a subsidiary		**0**	24,931
Purchase of property, plant and equipment	11(c)	**(359,091)**	(798,437)
Interest received		**29,406**	73,339
Advances to subsidiaries		**104,991**	1,489,707
Net cash flow generated from investing activities		**1,561,876**	1,149,188

Company Statement of Cash Flows (continued)

For the Financial Year ended 31 December 2022

	Note	2022 RM	2021 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from a subsidiary		**22,684**	82,450
Repayment to a subsidiary		**(153,912)**	(656,695)
Repayment of hire purchase payables		**(49,991)**	(115,278)
Interest paid		**(4,395)**	(7,297)
Net cash flow used in financing activities		**(185,614)**	(696,820)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		**190,614**	(209,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**193,711**	403,429
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	19	**384,325**	193,711

Company Statement of Cash Flows (continued)

For the Financial Year ended 31 December 2022

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1.1.2022 RM	Cash inflows RM	Cash outflows RM	Interest paid RM	Interest accretion RM	Non-cash changes New hire purchase RM	At 31.12.2022 RM
Amount due to subsidiary	**131,228**	**22,684**	**(153,912)**	**0**	**0**	**0**	**0**
Hire purchase payables	**65,431**	**0**	**(49,991)**	**(4,395)**	**4,395**	**90,000**	**105,440**
	196,659	**22,684**	**(203,903)**	**(4,395)**	**4,395**	**90,000**	**105,440**

	At 1.1.2021 RM	Cash inflows RM	Cash outflows RM	Interest paid RM	Interest accretion RM	At 31.12.2021 RM
Amount due to subsidiary	705,473	82,450	(656,695)	(1,815)	1,815	131,228
Hire purchase payables	180,709	0	(115,278)	(5,482)	5,482	65,431
	886,182	82,450	(771,973)	(7,297)	7,297	196,659

Notes to the Financial Statements

For the Financial Year ended 31 December 2022

1 GENERAL INFORMATION

The Group is principally engaged in the production and distribution of eggs, animal health products, animal feeds, paper egg trays and fertiliser by-product business while the Company is in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

The Company is a subsidiary of Advantage Valuations Sdn. Bhd.. The Directors regard Leong Hup International Berhad and Emerging Glory Sdn. Bhd. as its penultimate and ultimate holding company. All the holding companies are incorporated in Malaysia. The penultimate holding company, Leong Hup International Berhad a company listed on the Main Market of Bursa Malaysia Securities Berhad prepares consolidated financial statements available for public use.

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

The address of the registered office of the Company is 201 - 203, Jalan Abdullah, 84000 Muar, Johor Darul Takzim.

The address of the principal place of business of the Company is Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 11 April 2023.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention, as modified by the biological assets, financial assets at fair value through other comprehensive income, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group’s and Company’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.1.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.2 Standards and amendments to published standards that are effective

The Group and Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2022:

- Amendment to MFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021'
- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Annual Improvements to MFRS 141 'Taxation in Fair Value Measurements'

The adoption of the amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

2.3 Standards and amendments that have been issued but not yet effective and adopted by the Group and Company

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2023. None of these is expected to have a significant effect on the [consolidated] financial statements of the [Group/Company], except the following set out below:

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

  The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Standards and amendments that have been issued but not yet effective and adopted by the Group and Company (continued)

- There are two amendments to MFRS 101 'Presentation of Financial Statements'. The first amendments, 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

  The second amendments, 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

  Both amendments are effective for the annual reporting periods beginning on or after 1 January 2024.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

<u>Biological assets</u>

The fair value of biological assets is determined using a discounted cash flow model, based on the expected cash inflow from the table eggs produced by each layer, less expected costs incurred over the life span of the pullets and layers, and imputed contributory assets charges for the assets essential for the production of table eggs.

In measuring the fair value of biological assets, Directors and management significant judgements are required to estimate the expected number of table eggs produced by each layer, the expected selling price of the table eggs, expected salvage value of layers, mortality rate, feed consumption rate, feed costs and other estimated costs to be incurred over the life span of the layers, as well as the discount rate used for the cash flow. Changes to any of these assumptions would affect the fair value of the biological assets.

The Group recorded a fair value for its biological assets of RM57,346,264 as at 31 December 2022 (2021: RM65,073,358). The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 16 to the financial statements.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Critical accounting estimates and judgements (continued)

Assessment of impairment of property, plant and equipment

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use (VIU) is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

Directors and management have prepared two scenarios of cashflow projections. The baseline scenario of cashflow projections assume a business as usual projection and the worst case scenario of cashflow projection assume a delay in revenue growth rate to a later projection year. Directors and management then apply a probability-weighting of occurrence to these two different scenarios to estimate the expected cash flows.

The recoverable amounts of the non-financial assets computed using the VIU method exceed their carrying amounts. Accordingly, no impairment loss has been recorded. A reasonable possible change in the assumptions used will not result in any material change to the recoverable amounts of the non-financial assets which require an impairment loss to be recorded.

Measurement of ECL allowance

The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of the key assumptions and inputs used are disclosed in Note 31(c).

Directors and management have considered a range of possible outcomes, ie a baseline scenario and the worst case scenario in computing the ECL. In the baseline scenario, Directors and management incorporate the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables and made adjustments to the expected loss rates accordingly. In the worst case scenario, Directors and management consider a further increase in expected loss rate as computed in the baseline scenario. A probability-weighting of occurrence was subsequently applied to these two different scenarios to derive at the expected credit loss allowance to be made.

A reasonable possible change in the assumptions used will not result in material change to the expected credit loss allowance to be made.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Critical accounting estimates and judgements (continued)

Government subsidy

Government subsidy of RM34,012,433 was recognised as 'other income' during the financial year ended 31 December 2022 under "Program Subsidi Ayam dan Telur". The program has been approved by the Government of Malaysia on 9 February 2022. The objective of the programme is to ease the burden of chicken farmers due to the increase in the production costs while the ceiling prices have been set for chicken and eggs. The program was effective from 5 February 2022 to 31 December 2022 during the financial year. Under the program, the eligible chicken farmers will receive cash when their applications have been approved by the Department of Veterinary Services ("DVS") under Ministry of Agriculture and Food Industries.

Subsidy from government is recognised at fair values where there is reasonable assurance that the subsidy will be received and the Group will comply with all attached conditions. The determination of reasonable assurance that the grant will be received is a judgement by the Directors and management.

The Group considers there is reasonable assurance that they are able to comply with the conditions attached to the subsidy upon sale of the eligible eggs during the subsidy period and upon approval by the DVS Subsidy Approval Committee ("Committee"). The Committee will review and approve that the claims made by the eligible farmers are valid during their monthly committee meeting. Without the approval by the Committee, the subsidy will not be disbursed. Accordingly, reasonable assurance is only met after meeting two conditions, which are, upon sale of eligible eggs and the approval by the Committee.

The Group observed that there is no fixed scheduled meeting held by the Committee since early December 2022 and there was a delay in the claim approval process. Such events indicate there were changes in circumstances resulting in uncertainties over the claim approval process. Consequently, the Group is of the view that there is no reasonable assurance that the unapproved subsidy applied for as at 31 December 2022, will be approved. In addition, the Group is unable to verify the status of the unapproved claims.

3.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Consolidation (continued)

Subsidiaries (continued)

Business combination under acquisition method

For business combination accounted for under acquisition method, the consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquired is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Business combination under common control

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to retained earnings. No additional goodwill is recognised.

Transaction between Group companies

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Consolidation (continued)

Subsidiaries (continued)

Loss of control

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

3.3 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses.

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

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Costs includes expenditures that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Freehold land is not depreciated as it has an indefinite life. Other property, plant and equipment are depreciated on a straight-line method to write down the cost of each asset to their residual values over their estimated useful lives as follows:

Farm and poultry buildings	2% - 20%
Factory buildings	1% - 3%
Plant and machinery and electrical installation	5% - 20%
Fish pond and equipment	5% - 10%
Egg layer conveyor and cages system	5%
Motor vehicles	20%
Furniture, fittings and equipment	10% - 33%
Renovation and hostel	2 - 10%

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the reporting date.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.5 on impairment of non-financial assets.

3.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of the reporting period.

The impairment loss is charged to profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

3.6 Leases

(a) Accounting by lessee

(i) Lease term

In determining the lease term, the Group and Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and Company and affects whether the Group and Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (iv) below).

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(a) Accounting by lessee (continued)

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- initial direct costs; and
- Decommissioning or restoration costs if any.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of assets' useful lives or the lease term on a straight-line basis. If the Group and Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the term of the lease. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Leasehold land is amortised over the respective leasehold period of 39 years. The other ROU assets are depreciated over lease period of 3 to 5 years.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and Company present the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(a) Accounting by lessee (continued)

(iv) Reassessment of lease liabilities

The Group and Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(v) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture and equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

(b) Accounting by lessor

As a lessor, the Group and Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

Operating leases

The Group and Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

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

3.7 Biological assets

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

The fair value of biological assets is determined using a discounted cash flow model, based on the expected cash inflow from the table eggs produced by each layer, less expected costs incurred over the life span of the pullets and layers, and imputed contributory assets charges for the assets essential for the production of table eggs.

Costs to sell include the incremental costs directly attributable to the sale of eggs, but excludes finance costs and income taxes.

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

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 3.10(d) on impairment of financial assets.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average bases.

Costs of egg trays, fertiliser and fertiliser work-in-progress comprise the costs of materials, direct labour and appropriate factory overheads.

Costs of poultry feeds, trading merchandise, raw materials for feeds, consumables and medication, comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

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

3.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

The Group classifies its debt instruments at amortised cost.

<u>Amortised cost</u>

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

<u>Equity instruments</u>

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss when the company's right to receive payments is established.

(d) Subsequent measurement – Impairment

<u>Impairment for debt instruments and financial guarantee contracts</u>

The Group and Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and Company have the following financial instruments that are subject to the ECL model:

- Trade receivables, other receivables and intercompany receivables
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

Impairment for debt instruments and financial guarantee contracts (continued)

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and Company expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- 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 approach can be classified into the categories below:

(i) General 3-stage approach for other receivables, intercompany receivables (non-trade) and financial guarantee contracts issued

At each reporting date, the Group and Company measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 31(c)(ii) sets out the measurement details of ECL.

(ii) Simplified approach for trade receivables

The Group and Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Note 31(c)(i) sets out the measurement details of ECL.

Significant increase in credit risk

The Group and Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

Significant increase in credit risk (continued)

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Definition of default and credit-impaired financial assets

The Group and Company defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group and Company defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and Company considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

Groupings of instruments for ECL measured on collective basis

- Collective assessment

  To measure ECL, trade receivables arising from poultry and trading operations have been grouped based on shared credit risk characteristics such as type of customers and the days past due.

- Individual assessment

  Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

- Trade receivables

  Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and Company, and a failure to make contractual payments for a period of greater than 365 days past due.

  Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

- Other receivables

  The Group and Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and Company may write-off financial assets that are still subject to enforcement activity.

3.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value are recognised immediately in profit or loss.

3.13 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

3.14 Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade payables are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Current and deferred income taxes

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Directors periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

The benefit from reinvestment allowance is recognised when the tax credit is utilised as a reduction of current tax and no deferred tax asset is recognised when the tax credit arises.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares are deducted against equity.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not yet distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(iv) Purchase of own shares

Where the Company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Company's equity holders.

(v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs or servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments and bank overdrafts.

For cash payments for bankers' acceptance, the cashflow is reported on a net basis as the turnover is quick, the amounts are large and the maturities are short.

3.18 Borrowings and borrowing costs

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Where the terms of a financial liability are renegotiated and the Group and Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group and Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(ii) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Revenue and other income

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Company transfer control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and services tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

- <u>Poultry farming (production and sales of eggs, animal feeds, paper egg trays and fertiliser by-product)</u>

  Revenue from sales of goods from poultry farming are recognised net of discount and sales and services tax at the point in time when control of the goods has transferred to customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to locations specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board or aircraft for onward delivery to the customer.

- <u>Distribution of pet food, medicine and other animal health related products</u>

  Revenue from distribution of goods are recognised net of discount and sales and services tax at the point in time when control of the goods has transferred to customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to locations specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board for onward delivery to the customer.

- <u>Income from provision of management services</u>

  Income from provision of management services are recognised over time when performance obligations of services promised in the contract is satisfied.

(ii) Revenue from other sources

- Interest income is recognised on the accruals basis using the effective interest method.

- Dividend income is recognised when the Group and Company’s right to receive payment is established.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and Company.

(ii) Post-employment benefits

A defined contribution plan is a pension plan under which the Group and Company and Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and Company's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and Company has no further payment obligations.

(iii) Share-based payments - Employee options

The penultimate holding company operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the penultimate holding company. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The credit to equity is treated as a capital contribution as the parent is compensating the Company's employees with no recharge of expenses to the Company.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Functional currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group and Company's entities 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, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating expense'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate profit or loss presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 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 within “other income” over the periods to match the related costs for which the grants are intended to compensate.

3.23 Operating segments

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

4 REVENUE

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Revenue from contracts with customers:				
- Poultry farming	**554,300,234**	445,847,994	**0**	0
- Distribution of pet food, medicine and other animal health related products	**96,324,825**	83,046,085	**0**	0
- Investment holding and provision of management services	**920,314**	1,110,312	**1,828,138**	1,739,232
Revenue from other sources:				
- Dividend income from subsidiaries	**0**	0	**34,100,000**	12,400,000
- Warehousing rental income	**421,819**	135,705	**0**	0
Total revenue	**651,967,192**	530,140,096	**35,928,138**	14,139,232
Timing of revenue recognition:				
Point in time	**651,046,878**	529,029,784	**34,100,000**	12,400,000
Overtime	**920,314**	1,110,312	**1,828,138**	1,739,232
Total revenue	**651,967,192**	530,140,096	**35,928,138**	14,139,232

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

5 OTHER INCOME

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Insurance compensation claims	**305,138**	217,268	**0**	0
Lease income	**104,025**	66,576	**0**	0
Gain on disposal of property, plant and equipment	**451,699**	1,969,212	**131,438**	0
Gain on disposal of right-of-use assets	**0**	2,996,404	**0**	0
Government subsidy/grants	**34,012,433**	247,486	**0**	0
Fair value gain on derivatives	**0**	4,639	**0**	0
Sale of scrap	**418,838**	258,176	**0**	0
Others	**813,844**	228,962	**0**	0
	36,105,977	5,988,723	**131,438**	0

* Government subsidy of RM34,012,433 was recognised during the financial year ended 31 December 2022 under “Program Subsidi Ayam dan Telur”. The program has been approved by the government of Malaysia on 9 February 2022. The objective of the programme is to ease the burden of chicken farmers due to the increase in the production costs while the ceiling prices have been set for chicken and eggs. The program was effective from 5 February 2022 to 31 December 2022 during the financial year. Under the program, the eligible chicken farmers will receive cash when their applications have been approved by the Department of Veterinary Services (“DVS”).

6 STAFF COST (INCLUDING DIRECTORS’ REMUNERATION)

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Salaries, wages and bonus	**52,296,328**	45,711,220	**1,877,416**	1,853,808
Contribution to defined contribution plan	**5,625,743**	4,943,020	**287,182**	282,316
Other emoluments	**6,137,670**	5,130,712	**321,350**	167,183
Share-based payment	**17,301**	67,285	**4,319**	16,798
	64,077,042	55,852,237	**2,490,267**	2,320,105

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

7 DIRECTORS' REMUNERATION

(a) The aggregate amounts of remuneration received and receivable by the Directors of the Group and of the Company during the financial year are as follows:

Group	2022 RM	2021 RM
Executive Directors of the Company		
Salaries, bonuses and other benefits	**2,769,821**	2,797,616
Defined contribution benefits	**523,029**	527,418
Share-based payment	**7,380**	28,775
Benefits-in-kind	**40,225**	72,350
	3,340,455	3,426,159
Non-Executive Directors of the Company		
Fees	**927,388**	891,852
Other allowances	**399,166**	646,388
Defined contribution benefits	**0**	27,512
	1,326,554	1,565,752
TOTAL DIRECTORS' REMUNERATION	**4,667,009**	4,991,911

Company	2022 RM	2021 RM
Executive Directors of the Company		
Salaries, bonuses and other benefits	**475,352**	456,688
Defined contribution benefits	**92,331**	88,627
Share-based payment	**1,476**	5,755
Benefits-in-kind	**6,500**	28,000
	575,659	579,070
Non-Executive Directors of the Company		
Fees	**159,000**	93,000
Other allowances	**12,000**	9,000
	171,000	102,000
TOTAL DIRECTORS' REMUNERATION	**746,659**	681,070

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

7 DIRECTORS' REMUNERATION (CONTINUED)

(b) The number of the Company's Directors with total remuneration falling in bands of RM150,000 are as follows:

	Number of Directors	
	2022	**2021**
Executive Directors:		
RM 150,001 - RM 300,000	**0**	0
RM 300,001 - RM 450,000	**1**	0
RM 450,001 - RM 600,000	**0**	0
RM 600,001 - RM 750,000	**1**	2
RM 750,001 - RM 900,000	**1**	0
Non-Executive Directors:		
RM 1 - RM 150,000	**6**	3
RM 150,001 - RM 300,000	**0**	0
RM 300,001 - RM 450,000	**0**	0
RM 450,001 - RM 600,000	**0**	1

8 FINANCE COST

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Interest expenses				
- bank overdrafts	**56,994**	104,811	**0**	0
- bankers' acceptances	**3,645,357**	2,894,507	**0**	0
- hire purchase	**438,942**	716,515	**4,395**	5,482
- revolving credit	**339,503**	277,535	**0**	0
- term loan	**2,240,420**	2,204,822	**0**	0
- lease liabilities	**128,510**	126,491	**0**	0
- others	**0**	7,296	**0**	0
- advance from subsidiary	**0**	0	**0**	1,815
	6,849,726	6,331,977	**4,395**	7,297

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

9 PROFIT BEFORE TAX

Included in profit before tax are the following:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Loss allowance for trade receivables	**(573,601)**	1,018,509	**0**	0
Auditors' remuneration (*)	**469,537**	420,236	**81,000**	67,500
Property, plant and equipment				
- (gain)/loss on disposal	**(451,699)**	(1,969,212)	**(131,438)**	144,254
- written off	**256,431**	166,197	**0**	1,047
Right-of-use assets				
- gain on disposal	**0**	(2,996,404)	**0**	0
Inventories				
- written off	**274,367**	1,566	**0**	0
Short term leases	**571,667**	169,242	**0**	0
Lease of low value assets	**190,735**	97,723	**0**	0
Unrealised foreign exchange gain	**(96,319)**	(20,160)	**0**	0

* Details of auditors' remuneration:

Fees for statutory audit				
- PricewaterhouseCoopers PLT Malaysia	**235,900**	208,000	**68,000**	55,000
- Members firm of PricewaterhouseCoopers International Limited	**147,637**	129,536	**0**	0
	383,537	337,536	**68,000**	55,000
Fees for assurance related services				
- PricewaterhouseCoopers PLT Malaysia	**11,000**	10,000	**5,500**	5,000
Fees for non-audit services				
- Members firm of PricewaterhouseCoopers PLT Malaysia	**75,000**	72,700	**7,500**	7,500
Total	**469,537**	420,236	**81,000**	67,500

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

10 TAX

(a) The tax expense/(credit) comprises:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Current tax				
- Malaysian tax	**6,493,198**	6,018,413	**58,000**	15,000
- Foreign tax	**104,674**	122,459	**0**	0
- under/(over) accrual in prior financial years	**151,771**	(352,256)	**961**	4,557
	6,749,643	5,788,616	**58,961**	19,557
Deferred tax (Note 26)	**900,734**	(4,437,239)	**29,000**	(38,000)
Real property gains tax	**20,771**	409,999	**0**	0
	7,671,148	1,761,376	**87,961**	(18,443)

(b) Numerical reconciliation of tax expense/(credit)

The explanation of the relationship between tax expense/(credit) and profit before tax is as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Profit before tax	**29,310,373**	4,804,631	**32,789,472**	11,120,092
Tax calculated at the Malaysian tax rate of 24%	**7,034,000**	1,153,000	**7,869,000**	2,669,000
Tax effects of:				
- differential in tax rates of subsidiaries	**70,969**	(37,310)	**0**	0
- income not subject to tax	**(73,025)**	(1,141,353)	**(8,184,000)**	(2,976,000)
- expenses not deductible for tax purposes	**901,204**	1,705,962	**402,000**	284,000
- utilisation of tax loss not previously recognised	**(359,947)**	132,329	**0**	0
- utilisation of tax incentive	**(74,595)**	(108,995)	**0**	0
- real property gains tax	**20,771**	409,999	**0**	0
Under/(over) accrual in prior financial years	**151,771**	(352,256)	**961**	4,557
Tax expense/(credit)	**7,671,148**	1,761,376	**87,961**	(18,443)

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

11 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land, farm and poultry buildings RM	Freehold land and factory buildings RM	Plant and machinery and electrical installation RM	Fish pond and equipment RM	Egg layer conveyor and cages system RM
At cost					
As at 1 January 2022	**181,477,505**	**67,622,017**	**157,951,736**	**515,724**	**80,181,852**
Additions	**777,319**	**0**	**5,862,053**	**0**	**253,103**
Disposals	**25,643**	**0**	**(297,160)**	**0**	**0**
Write off	**(74,640)**	**0**	**(1,795,565)**	**0**	**(944,410)**
Reclassification	**8,987,693**	**0**	**9,363,466**	**0**	**13,656,711**
Foreign exchange difference	**0**	**1,466,731**	**236,604**	**0**	**0**
As at 31 December 2022	**191,193,520**	**69,088,748**	**171,321,134**	**515,724**	**93,147,256**
Less: Accumulated depreciation					
As at 1 January 2022	**42,661,668**	**10,864,225**	**78,394,846**	**269,640**	**31,839,706**
Charge for the financial year	**3,821,561**	**1,304,269**	**13,297,824**	**24,842**	**3,138,443**
Disposals	**0**	**0**	**(297,160)**	**0**	**0**
Write off	**(72,022)**	**0**	**(1,776,187)**	**0**	**(723,123)**
Foreign exchange difference	**0**	**165,990**	**203,933**	**0**	**0**
As at 31 December 2022	**46,411,207**	**12,334,484**	**89,823,256**	**294,482**	**34,255,026**
Net carrying amount as at 31 December 2022	**144,782,313**	**56,754,264**	**81,497,878**	**221,242**	**58,892,230**

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Motor vehicles RM	Furniture, fittings and equipment RM	Renovation and hostel RM	Capital work-in-progress RM	Total RM
At cost					
As at 1 January 2022	**30,057,548**	**28,407,640**	**2,022,588**	**27,780,744**	**576,017,354**
Additions	**2,534,859**	**947,895**	**8,650**	**15,707,972**	**26,091,851**
Disposals	**(1,158,217)**	**(49,999)**	**0**	**(30,750)**	**(1,510,483)**
Write off	**(36,026)**	**(45,328)**	**0**	**0**	**(2,895,969)**
Reclassification	**74,800**	**458,162**	**0**	**(32,540,832)**	**0**
Foreign exchange difference	**148,193**	**31,342**	**16,578**	**0**	**1,899,448**
As at 31 December 2022	**31,621,157**	**29,749,712**	**2,047,816**	**10,917,134**	**599,602,201**
Less: Accumulated depreciation					
As at 1 January 2022	**24,845,004**	**12,378,540**	**1,235,893**	**0**	**202,489,522**
Charge for the financial year	**2,411,128**	**1,133,538**	**307,934**	**0**	**25,439,539**
Disposals	**(1,158,218)**	**(50,000)**	**0**	**0**	**(1,505,378)**
Write off	**(36,026)**	**(32,180)**	**0**	**0**	**(2,639,538)**
Foreign exchange difference	**104,731**	**26,212**	**10,564**	**0**	**511,430**
As at 31 December 2022	**26,166,619**	**13,456,110**	**1,554,391**	**0**	**224,295,575**
Less: Accumulated impairment					
As at 1 January 2022/ 31 December 2022	**0**	**0**	**0**	**84,900**	**84,900**
Net carrying amount as at 31 December 2022	**5,454,538**	**16,293,602**	**493,425**	**10,832,234**	**375,221,726**

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* The freehold land, farm and poultry buildings, factory buildings and shophouse of the Group are analysed as follows:

	Freehold land, farm and poultry buildings			Freehold land and factory buildings		
	Freehold land RM	Farm poultry buildings RM	Total RM	Freehold land RM	Factory buildings RM	Total RM
At cost						
As at 1 January 2022	**81,045,257**	**100,432,248**	**181,477,505**	**15,287,203**	**52,334,814**	**67,622,017**
Additions	**98,093**	**679,226**	**777,319**	**0**	**0**	**0**
Disposals	**25,643**	**0**	**25,643**	**0**	**0**	**0**
Write off	**0**	**(74,640)**	**(74,640)**	**0**	**0**	**0**
Reclassification	**0**	**8,987,693**	**8,987,693**	**0**	**0**	**0**
Foreign exchange differences	**0**	**0**	**0**	**0**	**1,466,731**	**1,466,731**
As at 31 December 2022	**81,168,993**	**110,024,527**	**191,193,520**	**15,287,203**	**53,801,545**	**69,088,748**
Less: Accumulated depreciation						
As at 1 January 2022	**0**	**42,661,668**	**42,661,668**	**0**	**10,864,225**	**10,864,225**
Charge for the financial year	**0**	**3,821,561**	**3,821,561**	**0**	**1,304,269**	**1,304,269**
Write off	**0**	**(72,022)**	**(72,022)**	**0**	**0**	**0**
Foreign exchange differences	**0**	**0**	**0**	**0**	**165,990**	**165,990**
As at 31 December 2022	**0**	**46,411,207**	**46,411,207**	**0**	**12,334,484**	**12,334,484**
Net carrying amount as at 31 December 2022	**81,168,993**	**63,613,320**	**144,782,313**	**15,287,203**	**41,467,061**	**56,754,264**

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land, farm and poultry buildings RM	Freehold land and factory buildings RM	Plant and machinery and electrical installation RM	Fish pond and equipment RM	Egg layer conveyor and cages system RM
At cost					
As at 1 January 2021	180,240,835	67,947,413	149,688,740	515,724	80,337,129
Additions	2,280,887	122,400	5,161,678	0	76,548
Disposals	(2,168,911)	(804,962)	(403,621)	0	0
Write off	(2,198,014)	(33,500)	(163,590)	0	(231,825)
Reclassification	3,322,708	35,448	3,613,543	0	0
Foreign exchange difference	0	355,218	54,986	0	0
As at 31 December 2021	181,477,505	67,622,017	157,951,736	515,724	80,181,852
Less: Accumulated depreciation					
As at 1 January 2021	41,607,877	9,585,126	69,146,061	240,522	28,031,448
Charge for the financial year	3,674,843	1,348,277	9,765,832	29,118	3,997,526
Disposals	(423,038)	(99,849)	(401,887)	0	0
Write off	(2,198,014)	(3,905)	(161,047)	0	(189,268)
Reclassification	0	0	0	0	0
Foreign exchange difference	0	34,576	45,887	0	0
As at 31 December 2021	42,661,668	10,864,225	78,394,846	269,640	31,839,706
Net carrying amount as at 31 December 2021	138,815,837	56,757,792	79,556,890	246,084	48,342,146

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Motor vehicles RM	Furniture, fittings and equipment RM	Renovation and hostel RM	Capital work-in-progress RM	Total RM
At cost					
As at 1 January 2021	29,554,835	27,487,356	2,516,302	18,544,600	556,832,934
Additions	1,195,501	895,567	42,008	16,303,721	26,078,310
Disposals	(546,802)	0	0	0	(3,924,296)
Write off	(106,575)	(324,390)	(539,737)	0	(3,597,631)
Reclassification	(75,301)	341,788	0	(7,067,577)	170,609
Foreign exchange difference	35,890	7,319	4,015	0	457,428
As at 31 December 2021	30,057,548	28,407,640	2,022,588	27,780,744	576,017,354
Less: Accumulated depreciation					
As at 1 January 2021	22,615,400	10,485,087	1,431,359	0	183,142,880
Charge for the financial year	2,608,976	2,194,584	342,340	0	23,961,496
Disposals	(537,454)	0	0	0	(1,462,228)
Write off	(17,763)	(321,700)	(539,737)	0	(3,431,434)
Reclassification	155,604	15,005	0	0	170,609
Foreign exchange difference	20,241	5,564	1,931	0	108,199
As at 31 December 2021	24,845,004	12,378,540	1,235,893	0	202,489,522
Less: Accumulated impairment					
As at 1 January 2022/ 31 December 2021	0	0	0	84,900	84,900
Net carrying amount as at 31 December 2021	5,212,544	16,029,100	786,695	27,695,844	373,442,932

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* The freehold land, farm and poultry buildings, factory buildings and shophouse of the Group are analysed as follows:

	Freehold land, farm and poultry buildings			Freehold land and factory buildings		
	Freehold land RM	Farm poultry buildings RM	Total RM	Freehold land RM	Factory buildings RM	Total RM
At cost						
As at 1 January 2021	81,179,965	99,060,870	180,240,835	15,287,203	52,660,210	67,947,413
Additions	1,544,072	736,815	2,280,887	0	122,400	122,400
Disposals	(1,678,780)	(490,131)	(2,168,911)	0	(804,962)	(804,962)
Write off	0	(2,198,014)	(2,198,014)	0	(33,500)	(33,500)
Reclassification	0	3,322,708	3,322,708	0	35,448	35,448
Foreign exchange differences	0	0	0	0	355,218	355,218
As at 31 December 2021	81,045,257	100,432,248	181,477,505	15,287,203	52,334,814	67,622,017
Less: Accumulated depreciation						
As at 1 January 2021	0	41,607,877	41,607,877	0	9,585,126	9,585,126
Charge for the financial year	0	3,674,843	3,674,843	0	1,348,277	1,348,277
Disposals	0	(423,038)	(423,038)	0	(99,849)	(99,849)
Write off	0	(2,198,014)	(2,198,014)	0	(3,905)	(3,905)
Foreign exchange differences	0	0	0	0	34,576	34,576
As at 31 December 2021	0	42,661,668	42,661,668	0	10,864,225	10,864,225
Net carrying amount as at 31 December 2021	81,045,257	57,770,580	138,815,837	15,287,203	41,470,589	56,757,792

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
At cost				
As at 1 January 2022	**3,339,394**	**643,927**	**386,748**	**4,370,069**
Additions	**258,952**	**114,992**	**70,490**	**444,434**
Reclassification	**446,108**	**0**	**(446,108)**	**0**
Disposal	**(184,440)**	**(252,977)**	**(11,130)**	**(448,547)**
As at 31 December 2022	**3,860,014**	**505,942**	**0**	**4,365,956**
Less: Accumulated depreciation				
As at 1 January 2022	**1,895,805**	**314,215**	**0**	**2,210,020**
Charge for the financial year	**342,405**	**93,522**	**0**	**435,927**
Disposal	**(40,439)**	**(252,977)**	**0**	**(293,416)**
As at 31 December 2022	**2,197,771**	**154,760**	**0**	**2,352,531**
Net carrying amount as at 31 December 2022	**1,662,243**	**351,182**	**0**	**2,013,425**
At cost				
As at 1 January 2021	3,486,548	520,466	0	4,007,014
Additions	313,656	279,660	461,160	1,054,476
Reclassification	74,412	0	(74,412)	0
Disposal	(531,732)	(156,199)	0	(687,931)
Written off	(3,490)	0	0	(3,490)
As at 31 December 2021	3,339,394	643,927	386,748	4,370,069
Less: Accumulated depreciation				
As at 1 January 2021	1,630,675	346,362	0	1,977,037
Charge for the financial year	335,893	83,562	0	419,455
Disposal	(68,320)	(115,709)	0	(184,029)
Written off	(2,443)	0	0	(2,443)
As at 31 December 2021	1,895,805	314,215	0	2,210,020
Net carrying amount as at 31 December 2021	1,443,589	329,712	386,748	2,160,049

(a) Certain property, plant and equipment of certain subsidiaries with carrying amount of RM7,447,945 (2021: RM29,596,745) have been pledged to banks as security for banking facilities granted to the Group (Note 23).

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The following property, plant and equipment were acquired under hire purchase instalment plans (Note 24):

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Carrying amount				
Plant and machinery	**5,136,488**	6,390,569	**0**	0
Egg layer conveyor and cages system	**5,054,094**	7,081,453	**0**	0
Motor vehicles	**4,036,205**	4,235,789	**162,725**	85,323
Capital work-in-progress	**147,000**	144,000	**0**	0
	14,373,787	17,851,811	**162,725**	85,323

(c) Purchase of property, plant and equipment are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Cost of property, plant and equipment purchased	**26,091,851**	26,078,310	**444,434**	1,054,476
Amount financed through hire purchase	**(2,210,200)**	(3,561,000)	**(90,000)**	0
Prepaid balance included under non-current receivables (Note 18)	**190,694**	807,028	**0**	85,932
Unpaid balance included under sundry payables (Note 27(d))	**(2,668,536)**	(3,501,025)	**(45,399)**	(135,988)
Cash disbursed/(prepaid) in respect of purchases made in previous financial year	**2,693,997**	3,402,320	**50,056**	(205,983)
Cash disbursed for purchase of property, plant and equipment	**24,097,806**	23,225,633	**359,091**	798,437

(d) Disposal of property, plant and equipment and right-of-use assets

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Sales proceeds on disposal	**456,804**	9,051,280	**286,570**	359,648
Included in sundry receivables (Note 18(d))	**0**	(5,808,000)	**0**	0
Proceeds in respect of prior year disposal received during the financial year	**5,808,000**	0	**0**	0
Cash received for disposal	**6,264,804**	3,243,280	**286,570**	359,648

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

12 RIGHT-OF-USE ASSETS ("ROU")

	Leasehold land RM	Buildings RM	Total RM
Group			
2022			
At 1 January 2022	**3,148,687**	**149,197**	**3,297,884**
Additions during the year	**0**	**367,071**	**367,071**
Depreciation	**(115,443)**	**(194,366)**	**(309,809)**
Currency translation difference	**189,745**	**9,054**	**198,799**
At 31 December 2022	**3,222,989**	**330,956**	**3,553,945**
Cost	**3,672,806**	**1,026,226**	**4,699,032**
Less: Accumulated depreciation	**(449,817)**	**(695,270)**	**(1,145,087)**
Net carrying amount	**3,222,989**	**330,956**	**3,553,945**
2021			
At 1 January 2021	4,843,996	262,473	5,106,469
Additions during the year	0	61,276	61,276
Depreciation	(119,962)	(177,813)	(297,775)
Disposal	(1,623,596)	0	(1,623,596)
Currency translation difference	48,249	3,261	51,510
At 31 December 2021	3,148,687	149,197	3,297,884
Cost	3,480,051	646,314	4,126,365
Less: Accumulated depreciation	(331,364)	(497,117)	(828,481)
Net carrying amount	3,148,687	149,197	3,297,884

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

13 GOODWILL ARISING ON CONSOLIDATION

	2022 RM	2021 RM
At beginning/end of financial year	**102,424**	102,424

The above goodwill arises from the acquisition of subsidiary, Professional Vet Enterprise Sdn. Bhd. and was allocated to its pet food, medicine and other animal health related products operation in East Malaysia. It is not deemed to be material to the Group.

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	**2021 RM**
At beginning of financial year	**96,807,285**	72,532,216
Additions	**34,000,000**	24,300,000
Capital repayment from a subsidiary	**0**	(24,931)
At end of financial year	**130,807,285**	96,807,285
Represented by:		
Unquoted shares, at cost		
- in Malaysia	**129,358,400**	95,358,400
- outside Malaysia	**1,448,885**	1,448,885
	130,807,285	96,807,285

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Percentage of issued share capital		Principal activities
		2022 %	2021 %	
Subsidiaries of the Company				
Teo Seng Farming Sdn. Bhd.[1]	Malaysia	**100**	100	Investment holding, poultry farming processing, wholesale, retailing and distribution of eggs and related poultry products, manufacturing and marketing of fertilisers
Teo Seng Feedmill Sdn. Bhd.[2]	Malaysia	**100**	100	Manufacturing and marketing of animal feeds.
Success Century Sdn. Bhd.	Malaysia	**100**	100	Management and renting of poultry related properties.
Ritma Prestasi Sdn. Bhd.	Malaysia	**100**	100	Distribution of pet food, medicine and other animal health related products.
Teo Seng Paper Products Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and marketing of egg trays.
* Premium Egg Products Pte. Ltd.	Singapore	**100**	100	Wholesaler, importers, exporters of eggs products.
Subsidiaries of Teo Seng Farming Sdn. Bhd.				
Laskar Fertiliser Sdn. Bhd.	Malaysia	**100**	100	Management and renting of poultry related properties
Teo Seng Integrated Farming Sdn. Bhd.	Malaysia	**100**	100	Poultry farming, manufacturing and marketing of animal feeds, fertiliser and related poultry products – yet to commence operations
Great Egg Industries Sdn. Bhd.[3]	Malaysia	**100**	100	Dormant

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal place of business/ Country of incorporation	Percentage of issued share capital		Principal activities
		2022 %	**2021 %**	
Subsidiary of Premium Egg Products Pte. Ltd.				
* BH Fresh Food Pte. Ltd.	Singapore	**100**	100	To carry on business of provide cold room services and other investment holding including renting of factory space to derive rental income.
Subsidiaries of Ritma Prestasi Sdn. Bhd.				
B-Tech Aquaculture Sdn. Bhd.	Malaysia	**100**	100	Dormant
* Ritma Premier Pte. Ltd.	Singapore	**100**	100	Distribution of pet food, medicine and other animal health related products
Professional Vet Enterprise Sdn. Bhd.	Malaysia	**100**	100	Distribution of pet food, medicine and other animal health related products.

* Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT, Malaysia.

[1] During the financial year ended 31 December 2022, the Company invested additional RM27,000,000 in Teo Seng Farming Sdn. Bhd. Subsequently on 20 February 2023, the Company has subscribed additional shares of 7,500,000 for a cash consideration of RM7,500,000.

[2] During the financial year ended 31 December 2022, the Company invested additional RM7,000,000 in Teo Seng Feedmill Sdn. Bhd.

[3] Great Egg Industries Sdn. Bhd. was placed under Member's Voluntary Liquidation on 30 December 2021.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

15 EQUITY INSTRUMENTS CLASSIFIED AS FVOCI

	Group	
	2022 **RM**	**2021** **RM**
Quoted shares in Malaysia	**6,910**	6,670

The Group has irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group considers this equity instruments classification to be more relevant as these instruments are strategic investments of the Group and not held for trading purposes.

Refer to Note 31(e) for disclosure of fair values information on the quoted shares.

16 BIOLOGICAL ASSETS

	Group	
	2022 **RM**	**2021** **RM**
<u>At fair value less cost to sell</u>		
Pullets and layers	**57,346,264**	65,073,358

The movement of biological assets can be analysed as follows:

	Group	
	2022 **RM**	**2021** **RM**
At 1 January	**65,073,358**	55,691,491
Increase due to purchases	**11,400,782**	9,178,842
Livestock losses	**(7,489,093)**	(3,576,230)
Change in fair value	**19,770,427**	35,569,429
Depopulation	**(31,409,210)**	(31,790,174)
At 31 December	**57,346,264**	65,073,358

The biological assets comprise pullets and layers. During the financial year, the Group sold approximately 1.4 billion (2021: 1.4 billion) of table eggs. The number of pullets and layers as at 31 December 2022 included in the fair valuation of biological assets was 5.7 million (2021: 5.4 million). The decrease in fair valuation of biological assets during the financial year is due to higher quantities of layer within the lower fair value age group and lower fair value per layer by age as compared to previous financial year.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

16 BIOLOGICAL ASSETS (CONTINUED)

The fair value of biological assets is determined using a discounted cash flow model, based on the expected cash inflow from the table eggs produced by each layer, less expected costs incurred over the life span of the pullets and layers, and imputed contributory assets charges for the assets essential for the production of table eggs.

In measuring the fair value of biological assets, management estimates and judgements are required which include the expected number of table eggs produced by each layer, the expected selling price of the table eggs, expected salvage value of layers, mortality rate, feed consumption rate, feed costs and other variable costs to be incurred over the life span of the layers, as well as the discount rate used for the cash flow. Changes to any of these assumptions would affect the fair value of the biological assets.

The Group performs the valuation of the biological assets required for financial reporting purposes. Discussions of valuation processes and results are performed by the Group once every quarter.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- projected selling price of the table eggs – based on management's estimate by reference to historical selling price adjusted for abnormal market movements;

- discount rate – based on weighted average cost of capital and adjusted for risk specific to the biological assets

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

Description of valuation technique and inputs used	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurements**
Discounted cash flow: - The valuation method considers the expected cash inflow from the table eggs produced, less expected costs incurred over the life span of the layers, and imputed contributory assets charges for the assets essential to the production of table eggs.	Significant assumptions made in determining the fair value of the table eggs as follows: • the projected selling prices of table eggs are based on management's estimate by reference to historical selling price adjusted for abnormal market movements. • management's estimate of feed costs expected to incur throughout the laying period.	The higher the projected selling prices, the higher the fair value of biological assets. The higher the feed costs, the lower the fair value of biological assets.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

16 BIOLOGICAL ASSETS (CONTINUED)

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

	Group	
	2022	**2021**
Number of table eggs produced by each layer	**422**	422
Projected selling prices of the table eggs (RM per egg)	**0.327**	0.283
Feed costs (per MT)	**1,549**	1,241
Discount rate	**10%**	9.5%

Sensitivity analysis

If the estimated projected selling prices of the table eggs had been 3% lower, the fair value of the biological assets would have decreased by RM5,970,092.

If the estimated feed costs had been 3% higher, the fair value of the biological assets would have decreased by RM4,320,915.

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

17 INVENTORIES

	Group	
	2022 RM	**2021 RM**
Raw materials	**26,008,871**	23,772,238
Trading merchandise	**30,761,477**	25,461,766
Poultry feeds	**3,497,921**	2,373,043
Medication	**1,262,445**	591,772
Consumables	**1,792,414**	1,537,718
Eggs	**3,725,330**	2,048,429
Egg trays	**2,662,963**	1,473,723
Fertiliser	**66,739**	169,826
Fertiliser work-in-progress	**937,068**	722,750
Frozen layer hens	**236,810**	414,250
	70,952,038	58,565,515

Inventories recognised as an expense during the financial year ended 31 December 2022 amounted to RM 492,180,339 (2021: RM397,269,911).

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
NON CURRENT				
Prepayment for purchase of property, plant and equipment	**190,694**	807,028	**0**	85,932
CURRENT				
Trade receivables				
Amounts due from related companies	**5,338,274**	4,762,451	**0**	0
Amounts due from related parties	**393,096**	83,218	**0**	0
Other trade receivables	**51,504,418**	52,157,203	**0**	0
	57,235,788	57,002,872	**0**	0
Less: Loss allowance for trade receivables	**(1,793,129)**	(2,365,246)	**0**	0
	55,442,659	54,637,626	**0**	0
Other receivables				
Amount due from related company	**24,800**	15	**0**	0
Amounts due from subsidiaries	**0**	0	**115,945**	220,937
Deposits	**3,280,975**	2,667,194	**26,100**	0
Prepayments	**2,872,561**	2,124,833	**300,785**	96,093
Goods and services tax recoverable	**63,134**	63,134	**0**	0
Contract assets	**47,415**	486,563	**0**	0
Grant subsidy receivable	**3,396,649**	0		
Sundry receivables	**1,884,924**	7,019,044	**0**	0
	11,570,458	12,360,783	**442,830**	317,030
Total current	**67,013,117**	66,998,409	**442,830**	317,030
Total	**67,203,811**	67,805,437	**442,830**	402,962

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement of loss allowance for trade receivable is as follows:

	Group	
	2022 **RM**	**2021** **RM**
At 1 January	**2,365,246**	1,343,513
(Decrease)/increase in loss allowance recognised in profit or loss during the year	**(573,601)**	1,018,509
Foreign exchange differences	**1,484**	3,224
At 31 December	**1,793,129**	2,365,246

(a) The changes in gross carrying amount of the trade receivables that contributed to the changes in loss allowance above were as follows:

(i) increase in revenue contracts from customer which has increased the gross carrying amount by 0.4%, resulting in increase in loss allowance of RM25,670;
(ii) decrease in receivables balance which aged more than 180 days past due resulted in the decrease in loss allowance of RM599,271.

(b) The Group and the Company's normal credit terms range from cash term to 150 days (2021: cash term to 150 days).

(c) The non-trade amount due from subsidiaries (current) are unsecured, interest free, repayable on demand and to be settled in cash.

(d) Included in sundry receivables in the previous financial year was RM5,808,000 being remaining proceed receivable from disposal of property, plant and equipment and right-of-use assets of the Group. The amount has been received fully during the financial year.

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 **RM**	**2021** **RM**	**2022** **RM**	**2021** **RM**
Cash and bank balances	**41,099,663**	49,016,298	**384,325**	193,711

Bank balances are deposits held at call with the banks.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

20 SHARE CAPITAL

	Group and Company	
	2022 RM	2021 RM
Ordinary shares issued and fully paid, at no par value		
At 1 January/31 December 300,008,175 (2021: 300,008,175) ordinary shares	**60,011,036**	60,011,036

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

21 TREASURY SHARES

On 5 August 2021, at the deferred Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy back its own shares on up to ten percent (10%) of the issued and paid-up capital of the Company.

There was no issuance, repurchase, cancellation or resale of the treasury shares during the current financial year.

As at 31 December 2022, the Company held as treasury shares a total of 6,156,700 out of its 300,008,175 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM8,345,642.

22 OTHER RESERVES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable				
Fair value reserve				
- FVOCI	**4,699**	4,459	**0**	0
Capital contribution reserve	**534,581**	516,584	**76,326**	72,007
Currency translation reserve	**2,370,815**	909,545	**0**	0
Reverse acquisition reserve	**(26,078,000)**	(26,078,000)	**0**	0
	(23,167,905)	(24,647,412)	**76,326**	72,007

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

22 OTHER RESERVES (CONTINUED)

(a) Fair value reserve

The fair value reserve represents the cumulative fair value changes of equity instruments classified as FVOCI.

(b) Capital contribution reserve

The capital contribution reserve comprises the cumulative share-based compensation expenses related to the employees' share option scheme of the penultimate holding company.

(c) Currency translation reserve

The currency translation reserve arose from the translation of the financial statements of subsidiaries whose functional currency differs from the Group's presentation currency.

(d) Reverse acquisition reserve

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as a reserve.

23 BANK BORROWINGS

	Group	
	2022 RM	**2021 RM**
CURRENT		
Secured		
Term loans	**1,030,008**	2,569,964
Unsecured		
Bankers' acceptances	**111,747,000**	127,078,000
Revolving credit	**5,000,000**	15,000,000
Term loans	**11,518,975**	11,430,191
	129,295,983	156,078,155

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

23 BANK BORROWINGS (CONTINUED)

	Group	
	2022 **RM**	**2021** **RM**
NON-CURRENT		
Secured		
Term loans	**514,940**	6,778,089
Unsecured		
Term loans	**41,501,399**	42,140,587
	42,016,339	48,918,676
TOTAL		
Secured		
Term loans	**1,544,948**	9,348,053
Unsecured		
Bankers' acceptances	**111,747,000**	127,078,000
Revolving credit	**5,000,000**	15,000,000
Term loans	**53,020,374**	53,570,778
	171,312,322	204,996,831

(a) The secured bank borrowings of the Group are secured by the followings:

- (i) Certain property, plant and equipment of certain subsidiaries (Note 11(a)); and
- (ii) Corporate guarantee by the Company.

(b) The unsecured bank borrowings of the Group are covered by a corporate guarantee by the Company and a negative pledge on subsidiaries' assets.

(c) The term loans are repayable over 84 to 96 monthly instalments, commencing from April 2016 through to August 2029.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

23 BANK BORROWINGS (CONTINUED)

(d) The weighted average effective interest rates at the end of the reporting period for bank borrowings were as follows:

	2022 % per annum	2021 % per annum
Bankers' acceptances	**3.9**	2.0
Revolving credit	**4.0**	3.1
Term loans	**4.8**	3.2

24 HIRE PURCHASE PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Minimum lease payments under hire purchase liabilities are:				
Not later than one financial year	**4,101,351**	4,899,858	**64,786**	35,640
Later than one financial year and not later than five financial years	**3,309,734**	5,334,673	**45,517**	32,650
	7,411,085	10,234,531	**110,303**	68,290
Less: Future finance charges	**(400,695)**	(661,100)	**(4,863)**	(2,859)
Present value of the hire purchase liabilities	**7,010,390**	9,573,431	**105,440**	65,431
Present value of hire purchase liabilities:				
Current	**3,841,361**	4,500,487	**61,393**	33,464
Non-current	**3,169,029**	5,072,944	**44,047**	31,967
	7,010,390	9,573,431	**105,440**	65,431

The weighted average effective interest rates at the end of the reporting period for hire purchase payables were as follows:

	Group		Company	
	2022 % per annum	2021 % per annum	2022 % per annum	2021 % per annum
Hire purchase payables	**2.3 – 5.9**	1.9 – 6.7	**4.4 – 4.5**	4.4

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

25 LEASE LIABILITIES

	Group	
	2022 RM	**2021 RM**
Amount due for settlement within 12 months - current	**265,004**	184,560
Amount due for settlement after 12 months - non-current	**3,491,309**	3,260,450
At 31 December	**3,756,313**	3,445,010

<u>Maturity analysis</u>

Not more than 1 year	**394,402**	306,898
Later than 1 year and not later than 2 years	**343,848**	208,369
Later than 2 years and not later than 5 years	**594,575**	572,906
Later than 5 years	**4,409,751**	4,342,359
At 31 December	**5,742,576**	5,430,532

Included in the above lease liabilities is one lease contract which its lease payments are subject to an annual revision based on market rent but the amount of the rental increase is not to exceed a certain percentage. The lease liabilities are measured using the lease rate as at the latest market rent review.

Total cash outflow for leases are as follows:

	Group	
	2022 RM	**2021 RM**
Lease payment within financing activities	**393,098**	369,542
Cash flows relating to short-term leases included in administrative expenses	**571,667**	169,242
Cash flows relating to low-value assets included in administrative expenses)	**190,735**	97,723
Total cash outflow for leases	**1,155,500**	636,507

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

26 DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Deferred tax assets				
- subject to income tax	**(238,239)**	(309,199)	**0**	0
Deferred tax liabilities				
- subject to income tax	**26,598,696**	25,531,077	**219,000**	190,000
- subject to real property gains tax	**3,385,250**	3,392,250	**0**	0
	29,983,946	28,923,327	**219,000**	190,000
	29,745,707	28,614,128	**219,000**	190,000
The movements during the financial year are as follows:				
At beginning of the financial year	**28,614,128**	32,995,369	**190,000**	228,000
Charged/(credited) to profit or loss (Note 10)				
- property, plant and equipment	**5,951,462**	(1,038,731)	**29,000**	(38,000)
- biological assets	**(5,163,000)**	524,000	**0**	0
- receivables	**225,272**	(94,508)	**0**	0
- unutilised tax losses	**(113,000)**	(3,828,000)	**0**	0
	900,734	(4,437,239)	**29,000**	(38,000)
- foreign exchange differences	**230,845**	55,998	**0**	0
At end of the financial year	**29,745,707**	28,614,128	**219,000**	190,000
Subject to income tax				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	**32,581,227**	26,450,077	**219,000**	190,000
- biological assets	**0**	3,669,000	**0**	0
	32,581,227	30,119,077	**219,000**	190,000
Offsetting	**(5,982,531)**	(4,588,000)	**0**	0
Deferred tax liabilities (after offsetting)	**26,598,696**	25,531,077	**219,000**	190,000
Deferred tax assets (before offsetting)				
- property, plant and equipment	**0**	(58,157)	**0**	0
- biological assets	**(1,494,000)**	0	**0**	0
- receivables	**(583,770)**	(809,042)	**0**	0
- unutilised tax losses	**(4,143,000)**	(4,030,000)	**0**	0
	(6,220,770)	(4,897,199)	**0**	0
Offsetting	**5,982,531**	4,588,000	**0**	0
Deferred tax assets (after offsetting)	**(238,239)**	(309,199)	**0**	0

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

26 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Subject to real property gains tax				
Deferred tax liabilities				
- property, plant and equipment	**3,385,250**	3,392,250	**0**	0

The Group has elected to measure freehold land at fair value as deemed cost as at date of transition upon first time adoption of MFRS. The related revaluation reserve net of deferred tax impact was reclassified to retained earnings.

Deferred tax assets not recognised

The amounts of unused tax losses and unutilised reinvestment allowance for which no deferred tax asset is recognised in the consolidated financial statements were RM3,206,000 (2021: RM3,143,000) and RM9,233,974 (2021: RM9,233,974) respectively. No deferred tax assets are recognised as it is not probable that future taxable profits will be available against which the unused tax losses and unutilised capital allowance can be utilised.

The unutilised tax losses and unutilised reinvestment allowance can be carried forward for a 10 and 7 consecutive years of assessment ("YAs") respectively. The unutilised tax losses and unutilised reinvestment allowance will expire within the following periods:

Unutilised tax losses:	2022 RM	2021 RM
Year		
2028	**1,374,000**	1,415,000
2029	**1,728,000**	1,728,000
2032	**104,000**	0
	3,206,000	3,143,000

Unutilised reinvestment allowances:	2022 RM	2021 RM
Year		
2027	**9,233,974**	9,233,974

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

27 TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Trade payables				
Amounts due to related companies	**4,239,768**	2,522,733	**0**	0
Amounts due to related parties	**783,154**	737,919	**0**	0
Other trade payables	**46,626,506**	36,553,472	**0**	0
	51,649,428	39,814,124	**0**	0
Other payables				
Amounts due to related companies	**9,645**	10,265	**4,437**	8,257
Amount due to a subsidiary	**0**	0	**0**	131,228
Accruals	**11,028,133**	10,690,490	**623,142**	655,218
Sales and services tax payables	**165,010**	200,039	**0**	0
Sundry payables	**9,038,872**	11,580,452	**350,690**	255,433
Derivative financial liabilities	**134,988**	6,336	**0**	0
Contract liabilities	**97,000**	616,000	**0**	0
	20,473,648	23,103,582	**978,269**	1,050,136
	72,123,076	62,917,706	**978,269**	1,050,136

(a) The normal trade terms granted to the Group range from cash term to 90 days (2021: cash term to 90 days).

(b) The non-trade amounts due to related companies are unsecured, interest free, repayable on demand and to be settled in cash.

(c) Included in sundry payables of the Group and Company is an amount of RM2,668,536 (2021: RM3,501,025) and RM45,399 (2021: RM135,988) respectively payable for the purchase of property, plant and equipment (Note 11(c)).

(d) Derivative financial liabilities relate to the forward foreign currency contracts entered into by the Group to manage their exposure to foreign currency exchange risks related to transactions denominated in USD. The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. None of the derivatives are designated as hedges as the Group did not apply hedge accounting during the financial year.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

28 EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the average numbers of ordinary shares in issue during the financial year.

	Group	
	2022	**2021**
Profit attributable to ordinary equity holders of the Company (RM)	**21,639,225**	3,043,255
Weighted average number of ordinary shares in issue (units)	**293,851,475**	293,851,475
Basic earnings per ordinary share (sen)	**7.36**	1.04

(b) Diluted earnings per share

Diluted earnings per share of the Group is the same as the basic earnings per share as there were no potential diluted ordinary shares.

29 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Significant related party relationship

The related parties and its relationship with the Group and Company are as follows:

Name of the company	Relationship
Emerging Glory Sdn Bhd	Ultimate holding company
Leong Hup International Berhad	Penultimate holding company
Leong Hup (Malaysia) Sdn Bhd	Fellow subsidiary
Leong Hup Corporate Services Sdn Bhd	Fellow subsidiary
Lee Say Group Pte Ltd	Fellow subsidiary

Fellow subsidiary is the indirect subsidiary of Emerging Glory Sdn Bhd.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

29 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions and balances

Other than disclosed elsewhere in the financial statements, the significant related party transactions between the Group and the Company and its related parties during the financial year are as follows:

	Group	
	2022 **RM**	**2021** **RM**
With fellow subsidiaries		
- sale of goods	**(21,208,129)**	(17,842,628)
- purchase of goods	**18,524,114**	14,357,717
With related parties:		
- companies where Lau family# are Directors/shareholders		
- sale of goods	**(1,709,728)**	(890,276)
- company where spouse of Mr. Nam Yok San, the Director of the Company, is a director		
- transport charges	**8,888,517**	8,623,210

\# Lau family refers to anyone or jointly of the following individuals who are the Directors of the related parties or/and have substantial shareholding interest in Lau Joo Han, Lau Chia Nguang, Datuk Lau Chir Nguan, Tan Sri Dato' Lau Eng Guang, Lau Hai Nguan and Tan Sri Lau Tuang Nguang collectively.

	Company	
	2022 **RM**	**2021** **RM**
With subsidiaries		
- dividend income	**(34,100,000)**	(12,400,000)
- interest income	**0**	(70,917)
- interest expense	**0**	1,815
- management fee income	**(1,828,138)**	(1,739,232)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

(c) Key management personnel compensation

The key management personnel of the Group and of the Company include Executive Directors and certain members of senior management of the Group and of the Company.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

29 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key management personnel compensation (continued)

The key management personnel compensation during the financial year are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Executive Directors' Remuneration of the Company (Note 7)	**1,456,880**	1,403,478	**575,659**	579,070
Executive Directors' Remuneration of the subsidiaries	**1,883,575**	2,022,681	**0**	0
Other key management personnel				
Salaries, bonuses and other benefits	**2,218,337**	1,311,340	**804,030**	863,090
Defined contribution benefits	**275,964**	171,315	**93,981**	101,095
Share based payment	**3,204**	9,779	**2,100**	8,188
Benefits-in-kind	**22,700**	20,068	**17,400**	14,768
	2,520,205	1,512,502	**917,511**	987,141
	5,860,660	4,938,661	**1,493,170**	1,566,211

30 OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Operating Committee in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into the following two main operating segments:

- Poultry – production of eggs, animal feeds, paper egg trays, and fertiliser by-product.
- Trading and others – distribution of pet food, medicine, and other animal health related products, investment holding and provision of management services.

(a) The Operating Committee assesses the performance of the operating segments based on their profit before interest expense and tax. The accounting policies of the operating segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to operating segments.

(b) Each operating segment assets is measured based on all assets of the segment other than tax-related assets and equity instrument classified as FVOCI.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

30 OPERATING SEGMENTS (CONTINUED)

(c) Each operating segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between operating segments are carried out on agreed terms between both segments. The effects of such inter-segment transactions and balances arising thereof are eliminated.

The intersegment elimination for the segment profit before interest and tax comprised mainly intersegment dividend and unrealised profit on unsold inventories purchased from intersegment. The intersegment elimination for the segment assets comprised mainly intersegment balances and unrealised profit on unsold inventories purchased from intersegment while for the segment liabilities, it comprised mainly intersegment balances.

Business segments

	Poultry RM	Trading & Others RM	Intersegment elimination RM	Group RM
2022				
REVENUE				
- external revenue	**554,300,234**	**97,666,958**	**0**	**651,967,192**
- inter-segment revenue	**0**	**67,599,720**	**(67,599,720)**	**0**
CONSOLIDATED REVENUE	**554,300,234**	**165,266,678**	**(67,599,720)**	**651,967,192**
RESULTS				
Segment profit before interest and tax	**23,023,781**	**43,682,471**	**(31,051,595)**	**35,654,657**
Finance income				**505,442**
Finance costs				**(6,849,726)**
CONSOLIDATED PROFIT BEFORE TAX				**29,310,373**
Tax				**(7,671,148)**
CONSOLIDATED PROFIT AFTER TAX				**21,639,225**
ASSETS				
Segment assets	**545,124,982**	**79,814,387**	**(9,459,498)**	**615,479,871**
Unallocated assets:				
Deferred tax assets				**238,239**
Equity instrument classified at FVOCI				**6,910**
Tax recoverable				**4,441,896**
CONSOLIDATED TOTAL ASSETS				**620,166,916**

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

30 OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

	Poultry RM	Trading & Others RM	Intersegment elimination RM	Group RM
2022				
LIABILITIES				
Segment liabilities	**64,225,176**	**20,503,493**	**(8,849,280)**	**75,879,389**
Unallocated liabilities:				
Borrowings				**178,322,712**
Tax payable and deferred tax liabilities				**31,372,153**
CONSOLIDATED TOTAL LIABILITIES				**285,574,254**
OTHER SEGMENT ITEMS				
Capital expenditure	**24,645,257**	**1,446,594**	**0**	**26,091,851**
Depreciation	**24,041,859**	**1,397,680**	**0**	**25,439,539**
Non-cash item (other than depreciation)				
- impairment loss on trade trade receivables	**(373,593)**	**(200,008)**	**0**	**(573,601)**
- gain on disposal of property, plant and equipment and right-of-use assets	**(241,515)**	**(210,184)**	**0**	**(451,699)**
2021				
REVENUE				
- external revenue	445,847,994	84,292,102	0	530,140,096
- inter-segment revenue	0	37,856,501	(37,856,501)	0
CONSOLIDATED REVENUE	445,847,994	122,148,603	(37,856,501)	530,140,096
RESULTS				
Segment profit before interest and tax	(3,011,906)	23,460,122	(9,604,073)	10,844,143
Finance income				292,465
Finance costs				(6,331,977)
CONSOLIDATED PROFIT BEFORE TAX				4,804,631
Tax				(1,761,376)
CONSOLIDATED PROFIT AFTER TAX				3,043,255

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

30 OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

	Poultry RM	Trading & Others RM	Intersegment elimination RM	Group RM
2021				
ASSETS				
Segment assets	544,994,483	81,415,856	(9,106,491)	617,303,848
Unallocated assets:				
Deferred tax assets				309,199
Equity instrument classified at FVOCI				6,670
Tax recoverable				4,751,608
CONSOLIDATED TOTAL ASSETS				622,371,325
LIABILITIES				
Segment liabilities	57,146,810	18,192,514	(8,976,608)	66,362,716
Unallocated liabilities:				
Borrowings				214,570,262
Tax payable and deferred tax liabilities				29,964,417
CONSOLIDATED TOTAL LIABILITIES				310,897,395
OTHER SEGMENT ITEMS				
Capital expenditure	25,122,488	955,822	0	26,078,310
Depreciation	22,682,323	1,279,173	0	23,961,496
Non-cash item (other than depreciation)				
- impairment loss on trade trade receivables	856,453	162,056	0	1,018,509
- gain on disposal of property, plant and equipment and right-of-use assets	(694,324)	(4,271,292)	0	(4,965,616)

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

30 OPERATING SEGMENTS (CONTINUED)

Geographical Information

Revenue is analysed based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current assets	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Group				
Malaysia	**458,677,323**	317,172,027	**352,026,118**	353,113,971
Singapore	**171,709,551**	160,861,154	**27,042,671**	24,536,297
Others	**21,580,318**	52,106,915	**0**	0
	651,967,192	530,140,096	**379,068,789**	377,650,268

Major customers

There is no single customer that contributed 10% or more of the Group's revenue.

31 FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

In addition, the Group is exposed to risks arising from environmental and climatic changes and fluctuation in commodity prices for biological assets, in particular the egg selling prices.

The Group's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as droughts and floods and disease outbreaks. The Group has environmental policies and procedures in place to comply with environmental and other laws.

The selling price of eggs is highly dependent on the supply and demand in the market. To mitigate the exposure to fluctuation of egg selling prices in Malaysia, the Group export eggs to overseas market. The Group also promotes premium eggs in both domestic and overseas market as the prices for premium eggs are more stable.

The Group actively manages the working capital requirements and has secured sufficient credit facilities to meet the cash flow requirements.

The Group's policies in respect of the major areas of treasury activity are as follows:

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Hong Kong Dollar ("HKD"), Singapore Dollar ("SGD") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward currency contracts to hedge against its foreign currency risk.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

	Currency exposure as at 31.12.2022				
Group	**SGD RM**	**USD RM**	**HKD RM**	**Others RM**	**Total RM**
FINANCIAL ASSETS					
Trade and other receivables	**15,734,569**	**(272,818)**	**121,613**	**51,385**	**15,634,749**
Cash and bank balances	**6,993,866**	**3,622,750**	**733**	**18,427**	**10,635,776**
	22,728,435	**3,349,932**	**122,346**	**69,812**	**26,270,525**
FINANCIAL LIABILITY					
Trade and other payables	**(2,248,479)**	**(6,147,538)**	**0**	**(774,349)**	**(9,170,366)**
	(2,248,479)	**(6,147,538)**	**0**	**(774,349)**	**(9,170,366)**
Less: Forward foreign currency contracts (contracted notional principal)	**0**	**1,982,907**	**0**	**0**	**1,982,907**
CURRENCY EXPOSURE	**20,479,956**	**(814,699)**	**122,346**	**(704,537)**	**19,083,066**

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency risk (continued)

	Currency exposure as at 31.12.2021				
Group	**SGD RM**	**USD RM**	**HKD RM**	**Others RM**	**Total RM**
FINANCIAL ASSETS					
Trade and other receivables	22,172,042	0	621,939	56,719	22,850,700
Cash and bank balances	17,993,408	0	733	11,162	18,005,303
	40,165,450	0	622,672	67,881	40,856,003
FINANCIAL LIABILITIES					
Trade and other payables	(20,817,218)	(6,273,559)	0	318,942	(26,771,835)
Bank borrowings	(6,773,097)	0	0	0	(6,773,097)
Hire purchase payables	(118,229)	0	0	0	(118,229)
	(27,708,544)	(6,273,559)	0	318,942	(33,663,161)
Less: Forward foreign currency contracts (contracted notional principal)	0	2,086,044	0	0	2,086,044
CURRENCY EXPOSURE	12,456,906	(4,187,515)	622,672	386,823	9,278,886

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

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

	Group	
	2022 RM	**2021 RM**
Effects on profit after tax and equity		
HKD/RM		
- strengthened by 5% (2021: 10%)	**4,649**	47,323
- weakened by 5% (2021: 10%)	**(4,649)**	(47,323)
SGD/RM		
- strengthened by 5% (2021: 5%)	**778,238**	473,362
- weakened by 5% (2021: 5%)	**(778,238)**	(473,362)
USD/RM		
- strengthened by 5% (2021: 5%)	**(30,959)**	(159,126)
- weakened by 5% (2021: 5%)	**30,959**	159,126

The Company is not exposed to foreign currency risk as at 31 December 2022 and 31 December 2021.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group does not account for fixed rate financial assets and liabilities through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit and loss.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)

The interest rate profile of the Group's significant interest-bearing financial instruments based on the carrying amounts as of the end of the reporting period was as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
FIXED RATE INSTRUMENTS				
Financial liabilities				
Hire purchase payable	**7,010,390**	9,573,431	**105,440**	65,431
FLOATING RATE INSTRUMENTS				
Financial liabilities				
Term loans	**54,565,322**	62,918,831	**0**	0
Bankers' acceptances	**111,747,000**	127,078,000	**0**	0
Revolving credits	**5,000,000**	15,000,000	**0**	0
	171,312,322	204,996,831	**0**	0

Interest rate risk sensitivity analysis

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in interest rates of +/- 50 basis point ("bp"). These changes considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group	
	2022 RM	**2021 RM**
+ 50 bp	**650,987**	778,988
- 50 bp	**(650,987)**	(778,988)

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers with good credit history that have been transacting with the Group.

Credit risk concentration profile

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

Maximum exposure to credit risk

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are trade and other receivables and cash and bank balances.

Impairment of financial assets

(i) Trade receivables using simplified approach

The Group applies the simplified approach to provide for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

Historically, the Group's loss arising from credit risk is low. To measure the expected credit loss, receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of debtors over a period of 36 months and the corresponding credit losses experienced within this period. The historical loss rates are then adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables. Given that the customers of Group's customers are largely based in Malaysia, management has identified GDP and inflationary rate in Malaysia to be the most relevant factors which may impact the ability of customers to meet their debt obligations. The historical loss rates have been adjusted based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

The Group considers a financial assets to be in default if the counterparty fails to make contractual payments within 90 days when they fall due. Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group when a debtor fails to make contractual payments on debts greater than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Impairment of financial assets (continued)

(i) Trade receivables using simplified approach (continued)

The reconciliation of allowance for impairment is disclosed in Note 18.

The following table contains an analysis of the credit risk exposure of trade receivables (external) for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's maximum exposure to credit risk on these assets:

	Current	1 to 90 days past due	91 to 180 days past due	More than 180 days past due	Total
31 December 2022					
Gross carrying amount (RM):					
- external trade receivables	**44,781,188**	**4,868,773**	**306,040**	**1,548,417**	**51,504,418**
Individual impairment – credit impaired	**0**	**0**	**0**	**(82,304)**	**(82,304)**
	44,781,188	**4,868,773**	**306,040**	**1,466,113**	**51,422,114**
Expected loss rate (%)	**0.3**	**4**	**9**	**92**	**3.3**
Less: Loss allowance	**(124,719)**	**(204,413)**	**(27,209)**	**(1,354,484)**	**(1,710,825)**
Carrying amount (net of loss allowance)	**44,656,469**	**4,664,360**	**278,831**	**111,629**	**49,711,289**
31 December 2021					
Gross carrying amount (RM):					
- external trade receivables	41,727,686	6,056,773	879,798	3,492,946	52,157,203
Individual impairment – credit impaired	0	0	0	(570,668)	(570,668)
	41,727,686	6,056,773	879,798	2,922,278	51,586,535
Expected loss rate (%)	0.3	2	11	50	3.5
Less: Loss allowance	(112,665)	(121,727)	(94,795)	(1,465,391)	(1,794,578)
Carrying amount (net of loss allowance)	41,615,021	5,935,046	785,003	1,456,887	49,791,957

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Impairment of financial assets (continued)

(ii) Other receivables using general 3-stage approach

The Group use these following categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories:

Category	Group's definition of category	Basis for recognising expected credit losses ("ECL")
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if repayments are more than 90 days past due.	Lifetime ECL
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

As at the end of the reporting year, the Group's sundry receivables amounted to RM5,281,573 (2021: RM7,019,044). The Group consider other receivables to have a low risk of default and can be fully recoverable and thus the loss allowance recognised during financial year was limited to 12 months expected loss. No loss allowance is recorded as at 31 December 2022 and 2021.

(iii) Intercompany receivables (non-trade) - inclusive of amounts due from subsidiaries using general 3-stage approach

The Company provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the performance of the subsidiaries regularly.

The Company has assessed the loss allowance for amounts due from subsidiaries individually taking into consideration of the financial position and the plans in place for the respective subsidiaries. As at this reporting date, no loss allowance is to be recorded.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Impairment of financial assets (continued)

(iv) Financial guarantee contracts using 3-stage approach

The financial guarantee contracts are in relation to the corporate guarantee given to banks in respect of the bank facilities given to the subsidiaries. The maximum credit risk exposure is the amount of borrowings utilised by the subsidiaries. Historically, the subsidiaries have not defaulted in any borrowings and with the stringent monitoring over the treasury process, hence the financial guarantee contracts are unlikely to be called by the subsidiaries' lenders. The Company does not expect significant credit losses arising from these guarantees.

(d) Liquidity risk

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

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

	On demand or within 1 year RM	Between 1 - 5 years RM	Over 5 years RM	Total contractual cashflow RM	Total carrying amount RM
Group					
As at 31.12.2022					
Trade and other payables	**71,726,078**	**0**	**0**	**71,726,078**	**71,726,078**
Derivative financial liabilities	**1,982,907**	**0**	**0**	**1,982,907**	**134,988**
Bank borrowings					
- bankers' acceptances	**111,747,000**	**0**	**0**	**111,747,000**	**111,747,000**
- revolving credit	**5,016,612**	**0**	**0**	**5,016,612**	**5,000,000**
- term loans	**14,918,936**	**43,758,095**	**2,169,612**	**60,846,643**	**54,565,322**
Hire purchase payables	**4,101,351**	**3,309,734**	**0**	**7,411,085**	**7,010,390**
Lease liabilities	**394,402**	**938,423**	**4,409,751**	**5,742,576**	**3,756,313**
	209,887,286	**48,006,252**	**6,579,363**	**264,472,901**	**253,940,091**

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

Group	On demand or within 1 year RM	Between 1 - 5 years RM	Over 5 years RM	Total contractual cashflow RM	Total carrying amount RM
As at 31.12.2021					
Trade and other payables	62,095,331	0	0	62,095,331	62,095,331
Derivative financial liabilities	2,086,044	0	0	2,086,044	6,336
Bank borrowings					
- bankers' acceptances	127,078,000	0	0	127,078,000	127,078,000
- revolving credit	15,054,572	0	0	15,054,572	15,000,000
- term loans	15,936,093	40,675,679	12,567,321	69,179,093	62,918,831
Hire purchase payables	4,899,858	5,334,673	0	10,234,531	9,573,431
Lease liabilities	306,898	781,275	4,342,359	5,430,532	3,445,010
	227,456,796	46,791,627	16,909,680	291,158,103	280,116,939

Company	On demand or within 1 year RM	Between 1 - 5 years RM	Total contractual cashflow RM	Total carrying amount RM
As at 31.12.2022				
Trade and other payables	**978,269**	**0**	**978,269**	**978,269**
Hire purchase payables	**64,786**	**45,517**	**110,303**	**105,440**
	1,043,055	**45,517**	**1,088,572**	**1,083,709**
Financial guarantee contracts (*)	**180,460,592**	**0**	**180,460,592**	**0**
As at 31.12.2021				
Trade and other payables	1,050,136	0	1,050,136	1,050,136
Hire purchase payables	35,640	32,650	68,290	65,431
	1,085,776	32,650	1,118,426	1,115,567
Financial guarantee contracts (*)	206,574,521	0	206,574,521	0

* The financial guarantee contracts are in relation to the corporate guarantee given to banks in respect of the bank facilities given to the subsidiaries. The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

(ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

(iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The fair values of term loans approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed together with their values and carrying amounts shown in the statement of financial position.

(i) Financial instruments measured at fair value

The following table represent the Group's financial assets that are measured at fair value into three different level as per below:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Financial assets				
Equity instruments classified as FVOCI				
- quoted shares	**6,910**	**0**	**0**	**6,910**
Financial liabilities				
Derivative financial liabilities	**0**	**134,988**	**0**	**134,988**
2021				
Financial assets				
Equity instruments classified as FVOCI				
- quoted shares	6,670	0	0	6,670
Financial liabilities				
Derivative financial liabilities	0	6,336	0	6,336

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values (continued)

(i) Financial instruments measured at fair value

The Company does not have any financial assets and liabilities at fair values as at 31 December 2022 and 2021.

The fair values above have been determined using the following basis:

- The fair values of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.
- The fair values of forward currency contracts are determined using forward exchange rates at the end of the reporting period with the resulting value discounted back to present value.

There was no transfer between all 3 levels of the fair value hierarchy during the financial year.

(ii) Financial instruments measured at amortised costs

The carrying amounts and fair values of long-term financial assets and liabilities measured at amortised cost of the Group and Company as at 31 December are as follows:

	2022		2021	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial liabilities				
Hire purchase payables	**7,010,390**	**6,849,080**	9,573,431	9,188,142
Company				
Financial liabilities				
Hire purchase payables	**105,440**	**102,996**	65,431	64,098

The fair values of the Group's and Company's long-term financial instruments are categorised as Level 2 in the fair value hierarchy as they are estimated by discounting the future contractual cash flows at the current market rate available for similar instruments.

(iii) Other non-financial assets and liabilities measured at fair value

Other than biological assets (Note 16), the Group and Company does not have non-financial assets and liabilities measured at fair value at the reporting date.

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Classification of financial instruments

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Financial assets classified as FVOCL:				
Equity instruments	**6,910**	6,670	**0**	0
Financial assets classified as amortised cost:				
Trade and other receivables	**64,077,422**	64,810,442	**142,045**	220,937
Cash and bank balances	**41,099,663**	49,016,298	**384,325**	193,711
	105,177,085	113,826,740	**526,370**	414,648
Total financial assets	**105,183,995**	113,833,410	**526,370**	414,648
Financial liabilities classified as amortised cost:				
Trade and other payables	**71,726,078**	62,095,331	**978,269**	1,050,136
Bank borrowings	**171,312,322**	204,996,831	**0**	0
Hire purchase payables	**7,010,390**	9,573,431	**105,440**	65,431
Lease liabilities	**3,756,313**	3,445,010	**0**	0
	253,805,103	280,110,603	**1,083,709**	1,115,567
Financial liabilities classified as FVTPL:				
Derivative financial liabilities	**134,988**	6,336	**0**	0
Total financial liabilities	**253,940,091**	280,116,939	**1,083,709**	1,115,567

Notes to the Financial Statements (continued)

For the Financial Year ended 31 December 2022

32 CAPITAL RISK MANAGEMENT

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

Gearing ratio

The gearing ratios used to assess the appropriateness of the Group's debt level. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions and lease liabilities less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	Group	
	2022 RM	**2021 RM**
Bank borrowings	**171,312,322**	204,996,831
Hire purchase payables	**7,010,390**	9,573,431
Lease Liabilities	**3,756,313**	3,445,010
	182,079,025	218,015,272
Less: Cash and bank balances	**(41,099,663)**	(49,016,298)
Net debt	**140,979,362**	168,998,974
Total equity	**334,592,662**	311,473,930
Debt-to-equity ratio	**0.42**	0.54

Externally imposed capital requirements

As at reporting date, the Group is in compliance with the externally imposed capital requirements on material borrowings.

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

33 CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not provided for in the financial statements is as follows:

	Group	
	2022 RM	**2021 RM**
Property, plant and equipment	**1,605,000**	9,927,000

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Lau Jui Peng and Nam Hiok Joo, being two of the Directors of Teo Seng Capital Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 76 to 163 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and financial performance of the Group and of the Company for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 11 April 2023.

LAU JUI PENG
DIRECTOR

NAM HIOK JOO
DIRECTOR

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Nam Hiok Joo, the Director primarily responsible for the financial management of Teo Seng Capital Berhad, do solemnly and sincerely declare that the financial statements set out on pages 76 to 163 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.

NAM HIOK JOO

Subscribed and solemnly declared by the abovenamed

At: Melaka
in the State of Melaka, Malaysia

On: 11 April 2023

Before me:
Pesuruhjaya Sumpah, Chan Chiew Yen

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of Teo Seng Capital Berhad
(Incorporated in Malaysia) (Registration No. 200601013011 (732762-T))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Teo Seng Capital Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 163.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report (continued)

To the Members of Teo Seng Capital Berhad
(Incorporated in Malaysia) (Registration No. 200601013011 (732762-T))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

Key audit matters	How our audit addressed the key audit matters
Valuation of biological assets Refer to Note 3.7 for the accounting policies and Note 3.1 and Note 16 to the financial statements. As at 31 December 2022, the Group's biological assets balance was RM57,346,264. Biological assets of the Group comprise pullets and layers. In determining the fair value of these biological assets, the Group uses discounted cash flow model. Significant judgement is required to be made by Directors and management to estimate key assumptions. These judgements impact the fair value of biological assets recognised. We focused on this area as key judgements are made to estimate the expected number of table eggs produced by each layer, the expected selling price of the table eggs, feed and other variable costs to be incurred over the life span of the layers, as well as the discount rate used for the cash flow model.	We obtained the biological assets' valuation prepared by management. The valuation was based on a discounted cash flow model. We have checked the mathematical accuracy of the valuation model. We involved our valuation experts to evaluate the appropriateness of the methodology and key assumptions, including the discount rate used by Directors and management in the valuation of the biological assets. We corroborated the weekly number of table eggs produced to historical data provided to us by management. In respect of projected selling prices and feed costs, we back-tested by comparing projected prices against historical prices and checked reasonableness of adjustments made for abnormal market movements. We assessed the appropriateness of range used to test the sensitivity analysis performed by management. Based on the above procedures performed, we did not note material exceptions to Director's and management's assessment on the valuation of biological assets as at 31 December 2022.

Independent Auditors' Report (continued)

To the Members of Teo Seng Capital Berhad
(Incorporated in Malaysia) (Registration No. 200601013011 (732762-T))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Recognition of government subsidy</u> Refer to Note 3.22 for the accounting policies and Note 3.1 and Note 5 to the financial statements. During the financial year ended 31 December 2022, government subsidy of RM34,012,433 was recognised as 'other income' in the financial statements of the Group. Subsidy from the government is recognised at fair value where there is reasonable assurance that the subsidy will be received and the Group will comply with all attached conditions. The determination of reasonable assurance that the grant will be received is a key judgement by Directors and management. We focused on this area due to key judgement made by the Directors and management in determining the reasonable assurance of government subsidy will be received and hence affecting the recognition of the government subsidy in the financial statements of the Group.	We obtained an understanding of the nature and conditions of the government subsidy, subsidy claim application, approval and disbursement process through discussion with management and information available by the Department of Veterinary Services under Ministry of Agriculture and Food Industries.. We examined documents for the submission of claim application and approval. We assessed the appropriateness of key judgement made by the Directors and management in determining reasonable assurance that the government subsidy will be received. We have reviewed the adequacy of disclosures of key judgement made by the Directors and management in the financial statements. Based on the audit procedures performed above, we did not note material exceptions in assessing the judgement by the Directors and management.

We have determined that there are no key audit matters to report for the Company.

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 Directors' Report and Statement on Risk Management and Internal Control , which we obtained prior to the date of this auditors' report, and Annual Report 2022, which is expected to be made available to us after that date. Other information 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 and will 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report (continued)

To the Members of Teo Seng Capital Berhad
(Incorporated in Malaysia) (Registration No. 200601013011 (732762-T))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

(a) 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.

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

Independent Auditors' Report (continued)

To the Members of Teo Seng Capital Berhad
(Incorporated in Malaysia) (Registration No. 200601013011 (732762-T))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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: (continued)

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 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.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

TAN CHIN YEE
03380/06/2024 J
Chartered Accountant

Melaka
11 April 2023

Top 10 Properties Owned by Teo Seng Capital Berhad and Its Subsidiaries

(Pursuant to Appendix 9c Part A (25) of Main Market Listing Requirements)

LIST OF PROPERTY, PLANT AND EQUIPMENT - FYE 31 DECEMBER 2022

No.	Location	Description	Tenure	Land Area	Age of Building (Years)	Net Book Value (RM'000)	Date of Acquisition/ Revaluation
1	6 Chin Bee Crescent Singapore 619892	2-Storey JTC Detached Factory	Leasehold expiring on 31st March 2050	26,585 sq ft	11	26,507	*Dec-22
2	GRN560956 Lot 31730 GRN560957 Lot 31732 Mukim Tanjong Sembrong Batu 4, Jalan Air Hitam Daerah Batu Pahat, Johor.	Central Packing Station 3	Freehold	4.34A	3	13,401	Apr-18
3	HS (M) 16560 PTD 30302 Mukim Tanjong Sembrong Tempat Yong Peng - Air Hitam Road Daerah Batu Pahat, Johor.	Feedmill Plant	Freehold	5.74A	22	12,423	*Mar-09
4	GM 14408 Lot 19641 (formerly Lot PTD 25740) Mukim Tanjong Sembrong Tempat Yong Peng - Air Hitam Road Daerah Batu Pahat, Johor.	Central Packing Station 2 and Corporate Office Building	Freehold	4.19A	16 15	8,776	*May-17
5	HS (D) 62613 PTD 29431 Mukim Tanjong Sembrong Batu 4, Jalan Air Hitam Johor.	Central Packing Station 1	Freehold	4.24A	11	8,458	*May-17
6	HSD 35156 PT 49508 Mukim Dengkil Daerah Sepang, Selangor No.43, Jalan Meranti Jaya 11 Taman Meranti Jaya 47120	Single Storey Semi-Detached Factory	Freehold sq meter	1,766	6	8,287	Jul-17
7	Lot 83, 89, 90 PTD 2513-2517 Jalan Kg Kangkar Baru Daerah Batu Pahat, Johor.	Layer Farm 9	Freehold	48.05A	17	7,970	*May-17

Top 10 Properties Owned by Teo Seng Capital Berhad and Its Subsidiaries (continued)

(Pursuant to Appendix 9c Part A (25) of Main Market Listing Requirements)

LIST OF PROPERTY, PLANT AND EQUIPMENT - FYE 31 DECEMBER 2022 (CONTINUED)

No.	Location	Description	Tenure	Land Area	Age of Building (Years)	Net Book Value (RM'000)	Date of Acquisition/ Revaluation
8	GM 115 Lot 577 GM 85862 Lot 1309 GM 85865 Lot 1310 GM 85869 Lot 1311 GM 85872 Lot 1312 All in Mukim Chaah Bahru Batu 4 1/2, Jalan Labis Daerah Batu Pahat, Johor	Layer Farm 14	Freehold	1.33A 5.37A 4.86A 4.89A 5.02A	9 9 9 9 9	6,403	*Sep-17
9	GM 503 Lot 3660 GRN 81499 Lot 3667 HS (M) 12 MLO 201 GM 873 Lot 3830 All in Mukim Chaah Bahru Daerah Batu Pahat, Johor	Layer Farm 5 Layer Farm 5B	Freehold Freehold	20.97A 3.45A 5.69A	27 13 13	6,018	*Sep-17
10	GM 5684 Lot 7416 GM 6528 Lot 7417 GM 172 Lot 160 GM 6529 Lot 7418 Both in Mukim Tanjong Sembrong Batu 5, Jalan Air Hitam Tempat Kangkar Serom Daerah Batu Pahat, Johor.	Layer Farm 2 Layer Farm 2B	Freehold Freehold	15.86A 8.51A 5.46A	30 13 8	5,800	*Sep-17

* Date of Revaluation

Analysis of Shareholdings

As at 31 March 2023

Total Number of Issued Shares	: 300,008,175 ordinary shares (inclusive of 6,156,700 Treasury shares)
Class of Shares	: Ordinary shares
Voting Shares	: One vote per ordinary share

ANALYSIS BY SIZE SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	%	No. of Shares	%#
Less than 100	69	1.59	2,885	0.00
100 to 1,000	882	20.40	382,688	0.13
1,001 to 10,000	2,065	47.76	10,936,200	3.72
10,001 to 100,000	1,097	25.37	35,502,095	12.08
100,001 to 14,692,572	210	4.86	93,658,604	31.88
14,692,573 and above	1	0.02	153,369,003	52.19
Total	**4,324**	**100.00**	**293,851,475**	**100.00**

Note: # Excluding 6,156,700 Treasury Shares

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Advantage Valuations Sdn. Bhd.	153,369,003	52.19
2	Leong Hup (Malaysia) Sdn. Bhd.	7,000,000	2.38
3	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lau Eng Guang	4,427,200	1.51
4	Teo Sik Ghood	4,327,400	1.47
5	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Bank Julius Baer & Co. Ltd.	3,222,000	1.10
6	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Hau Ghee	2,609,500	0.89
7	Leong Hup Holdings Sdn. Bhd.	1,927,255	0.66
8	Nam Yok San	1,805,733	0.61
9	Lau Joo Kiang	1,754,399	0.60
10	Wong Ah Tai	1,711,000	0.58

Analysis of Shareholdings (continued)

As at 31 March 2023

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

No.	Name	No. of Shares	%
11	Nam Hiok Yong	1,606,818	0.55
12	Na Yok Chee	1,548,886	0.53
13	Tong Seh Industries Supply Sdn. Bhd.	1,500,000	0.51
14	Nam Hiok Yok	1,493,000	0.51
15	Nam Hiok Joo	1,444,660	0.49
16	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An for DBS Bank Ltd. (SFS)	1,420,000	0.48
17	Goh Cha Boh @ Goh Hui Siang	1,397,800	0.48
18	Amnah Binti Ibrahim	1,332,800	0.45
19	Lai Chong Koo	1,112,000	0.38
20	Soh Kian	1,104,000	0.38
21	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lau Eng Guang	1,091,000	0.37
22	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Bank of Singapore Limited (Foreign)	1,080,600	0.36
23	Yeo Koon Lian	1,000,000	0.34
24	Ng Lee Ping	944,300	0.32
25	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Chooi Ho	870,000	0.30
26	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Kah Wui	751,000	0.26
27	Leong Ai Hsia	721,000	0.24
28	Wong Chee Keong	708,100	0.24
29	Chia Seong Pow	707,000	0.24
30	Lim Eng Hee	700,000	0.24
	Total	**204,686,454**	**69.66**

Analysis of Shareholdings (continued)

As at 31 March 2023

SUBSTANTIAL SHAREHOLDERS

As per Register of Substantial Shareholdings

	No. of Shares Held			
Shareholders	Direct	%	Indirect	%
Advantage Valuations Sdn. Bhd.	153,369,003	52.19	-	-
Leong Hup (Malaysia) Sdn. Bhd.	7,000,000	2.38	153,489,003[1]	52.23
Unigold Capital Sdn. Bhd.	-	-	153,369,003[1]	52.19
Leong Hup International Sdn Bhd	-	-	160,489,003[2]	54.62
Emerging Glory Sdn Bhd	-	-	160,489,003[3]	54.62
CW Lau & Sons Sdn Bhd	-	-	160,489,003[4]	54.62
Lau Joo Han	-	-	160,489,003[4]	54.62
Datuk Lau Joo Hong	-	-	160,489,003[5]	54.62
Lau Jui Peng	-	-	160,489,003[5]	54.62
Lau Joo Heng	-	-	160,489,003[5]	54.62
Na Hap Cheng	541,600	0.18	153,881,003[6&7]	52.37
Na Yok Chee	1,548,886	0.53	154,708,503[6&7]	52.65

DIRECTORS' INTEREST

As per Register of Directors' Shareholdings

	No. of Shares Held			
Directors	Direct	%	Indirect	%
Lau Jui Peng	-	-	160,489,003[5]	54.62
Nam Hiok Joo	1,444,660	0.49	-	-
Loh Wee Ching	-	-	-	-
Lim Huey Hean	-	-	-	-
Lim Ying Khoo	150	Negligible	-	-
Goh Wen Ling	-	-	-	-

Notes:

1. *Deemed interested by virtue of its/his interest in Advantage Valuations Sdn. Bhd. and/or subsidiary pursuant to Section 8(4) of the Companies Act 2016 ('the Act.").*
2. *Deemed interested by virtue of its interest in Leong Hup (Malaysia) Sdn. Bhd. pursuant to Section 8(4) of the Act.*
3. *Deemed interested by virtue of their interest in Leong Hup International Sdn. Bhd. pursuant to Section 8(4) of the Act.*
4. *Deemed interested by virtue of their interest in Emerging Glory Sdn. Bhd. pursuant to Section 8(4) of the Act.*
5. *Deemed interested by virtue of their interest in CW Lau & Sons Sdn. Bhd. pursuant to Section 8(4) of the Act.*
6. *Deemed interested by virtue of their interest in Unigold Capital Sdn. Bhd. pursuant to Section 8(4) of the Act.*
7. *Deemed interested by virtue of his indirect equity interest in Teo Seng Capital Berhad via his spouse and/or children.*

Notice of Seventeenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Company ("17th AGM") will be held at Teo Seng Capital Berhad Conference Room, First Floor, Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor, on Friday, 9 June 2023 at 11.30 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group and the Reports of the Directors and the Auditors thereon for the financial year ended 31 December 2022. **(Please refer to Explanatory Note 1)**

2. To approve the payment of respective Directors' fees up to an amount of RM192,000 for the period with effect from 10 June 2023 until the next Annual General Meeting of the Company to be held in 2024. **[Ordinary Resolution 1] (Please refer to Explanatory Note 2)**

3. To approve the payment of Directors' Benefits up to an amount of RM57,600 for the period with effect from 10 June 2023 until the next Annual General Meeting of the Company to be held in 2024. **[Ordinary Resolution 2] (Please refer to Explanatory Note 2)**

4. To re-elect Loh Wee Ching who retires pursuant to Clause 76(3) of the Constitution of the Company. **[Ordinary Resolution 3] (Please refer to Explanatory Note 3)**

5. To re-elect the following Directors who retire pursuant to Clause 78 of the Constitution of the Company: **(Please refer to Explanatory Note 4)**
   5.1 Goh Wen Ling **[Ordinary Resolution 4]**
   5.2 Lim Huey Hean **[Ordinary Resolution 5]**
   5.3 Lim Ying Khoo **[Ordinary Resolution 6]**

6. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. **[Ordinary Resolution 7] (Please refer to Explanatory Note 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, with or without any modification(s), to pass the following resolutions:

7. **SPECIAL RESOLUTION**

   WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT 2016

   "THAT pursuant to Section 85 of the Companies Act 2016 ("the Act") read together with Clause 12(3) of the Constitution of the Company and subject to passing Ordinary Resolution 8 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees. **[Special Resolution] (Please refer to Explanatory Note 6)**

Notice of Seventeenth Annual General Meeting (continued)

AND THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine."

8. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

[Ordinary Resolution 8]
(Please refer to Explanatory Note 7)

"THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 ("the Act") and subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten per centum (10%) of the total number of the issued shares (excluding any treasury shares) of the Company for the time being.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company, or at the expiration of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an Ordinary Resolution of the Company at a general meeting."

9. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

[Ordinary Resolution 9]
(Please refer to Explanatory Note 8)

"THAT subject to Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("the Group") to enter into recurrent related party transactions of a revenue or trading nature ("RRPT") with the related party(ies) as set out in Section 2 of the Circular to Shareholders of the Company dated 28 April 2023 ("the Circular") provided that such transactions are:

(a) necessary for the day-to-day operations;

(b) in the ordinary course of business and are on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public; and

Notice of Seventeenth Annual General Meeting (continued)

(c) not detrimental to the minority shareholders of the Company,

("Shareholders' Mandate").

THAT such approval shall continue to be in force and effect until:

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

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

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Shareholders' Mandate, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

10. **PROPOSED RENEWAL OF AUTHORISATION TO ENABLE THE COMPANY TO PURCHASE UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

[Ordinary Resolution 10]
(Please refer to Explanatory Note 9)

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

(i) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this Ordinary Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase;

("Proposed Share Buy-Back").

Notice of Seventeenth Annual General Meeting (continued)

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following at which time the authority shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(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 Ordinary Resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

(i) To cancel all or part of the Purchased Shares;
(ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
(iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
(iv) To resell all or part of the treasury shares;
(v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
(vi) To transfer all or part of the treasury shares as purchase consideration;
(vii) To sell, transfer or otherwise use the Shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribed; and/or
(viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), and the entering into all other agreements, arrangements and guarantee 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, variations and/or amendments (if any) as may be imposed by the relevant authorities."

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

Notice of Seventeenth Annual General Meeting (continued)

By order of the Board

Lee Choon Seng (MAICSA 7003453) (SSM Practising Certificate No. 202008002259)
Lum Sow Wai (MAICSA 7028519) (SSM Practising Certificate No. 202008002373)
Wong Wai Foong (MAICSA 7001358) (SSM Practising Certificate No. 202008001472)
Tan Bee Hwee (MAICSA 7021024) (SSM Practising Certificate No. 202008001497)
Secretaries

Yong Peng
28 April 2023

Notes:

(i) For the purpose of determining a member who shall be entitled to attend and vote at the Seventeenth Annual General Meeting ("17th AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 2 June 2023. Only a member whose name appears on the Record of Depositors as at 2 June 2023 shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.

(ii) A member entitled to attend and vote at the 17th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

(iii) A member of the Company who is entitled to attend and vote at the 17th AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at this AGM.

(iv) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

(v) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(vi) 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of Central Depositories Act.

(vii) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

Notice of Seventeenth Annual General Meeting (continued)

(viii) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 17th AGM, i.e. by 11.30 a.m. on Wednesday, 7 June 2023 or adjourned 17th AGM at which the person named in the appointment proposes to vote:

(i) In Hard Copy Form
In the case of an appointment made in hard copy form, the proxy form or any authority pursuant to which such an appointment is made by a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By Electronic Means
In the case of an appointment made via electronic mean, the proxy form can be electronically submitted to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online. The website to access TIIH Online is https://tiih.online (Kindly refer to the Administrative Guide for the 17th AGM).

(ix) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

(x) Last date and time for lodging the proxy form is 11.30 a.m., on Wednesday, 7 June 2023.

(xi) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:

a. Identity card (NRIC) (Malaysian), or
b. Police report (for loss of NRIC)/Temporary NRIC (Malaysian), or
c. Passport (Foreigner).

(xii) For a corporate member who has appointed a representative instead of a proxy to attend the 17th AGM, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's Share Registrar earlier.

EXPLANATORY NOTES

1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 ("the Act") do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 2 of the Agenda

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

On 11 April 2023, the Remuneration Committee had reviewed the Directors' fees and benefits for the period with effect from 10 June 2023 until the next Annual General Meeting ("AGM") of the Company to be held in 2024, taking into consideration of the market trends for similar positions, time commitment and responsibilities of the respective Directors.

Notice of Seventeenth Annual General Meeting (continued)

The Directors' fees for the period with effect from 10 June 2023 until the next AGM of the Company to be held in 2024 amounting to a total of RM192,000 will be paid by the Company to the respective Directors if the proposed Ordinary Resolution 1 is passed by the shareholders at the 17th AGM.

The proposed structure of the Directors' benefits for the period with effect from 10 June 2023 until the next AGM of the Company to be held in 2024 is as follows:

Type of Benefits	**Amount**
Other Emoluments/(Festival Token)	RM57,600

Payment of the Directors' benefits will be made by the Company to the respective Directors if the proposed Ordinary Resolution 2 is passed by the shareholders at the 17th AGM.

The Ordinary Resolution 1 & Ordinary Resolution 2 are to facilitate payment of Directors' fees and benefits for duties performed as Non-Executive Directors of the Company on a monthly basis and/or as and when required.

In the event the Directors' fees and benefits proposed are insufficient, approval will be sought at the next AGM for additional fees to meet the shortfall.

3. Item 4 of the Agenda

   Mr Loh Wee Ching is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 17th AGM.

   For the purpose of determining the eligibility of the Director to stand for re-election at the 17th AGM, the Board had through its Nominating Committee ("NC"), considered, assessed and deliberated on the suitability of the said Director to be re-elected as Director of the Company based on the results of the assessment of the Director for the financial year ended 31 December 2022. Based on the recommendation of NC, the Board supports the re-election of the Mr Loh Wee Ching with the following justifications:

   - Mr Loh Wee Ching enormous experience allows him to provide valuable guidance to the marketing team and contributes substantially to the Group's marketing strategies and business direction.

4. Item 5 of the Agenda

   Ms Goh Wen Ling, Mr Lim Huey Hean and Ms Lim Ying Khoo are standing for re-election as Directors of the Company and being eligible, have offered themself for re-election at the 17th AGM.

   For the purpose of determining the eligibility of the Directors to stand for re-election at the 17th AGM, the Board had through its NC, considered, assessed and deliberated on the suitability of the Directors to be re-elected as Directors of the Company based on the results of the assessment of the Directors for the financial year ended 31 December 2022. Based on the recommendation of NC, the Board supports the re-election of the Ms Goh Wen Ling, Mr Lim Huey Hean and Ms Lim Ying Khoo with the following justifications:

   i. Re-election of Madam Goh Wen Ling as Independent Non-Executive Director
   With over eighteen (18) years of working experience in the legal industry, Ms Goh has the competency to provide effective advice for the Groups affairs from legal perspective.

   ii. Re-election of Mr Lim Huey Hean as Independent Non-Executive Director
   Mr Lim Huey Hean has vast experience in the capital market and financial services industry, and is able to provide the Board with a diverse set of proficiency and views.

Notice of Seventeenth Annual General Meeting (continued)

iii. Re-election of Madam Lim Ying Khoo as Independent Non-Executive Director
Ms Lim's active involvement in different areas of profession developed her into a well-rounded advisor and enables her to provide valuable advice to the Group particularly on audit and tax-related issues in assisting the Group to make wise financial decisions.

5. Item 6 of the Agenda

The Audit Committee ("AC") had at its meeting held on 21 February 2023 assessed the suitability and independence of the External Auditors and recommended the re-appointment of PricewaterhouseCoopers PLT as External Auditors of the Company for the financial year ending 31 December 2023. Please refer to the Corporate Governance Overview Statement for further details on the assessment conducted by AC.

The Board has in turn reviewed the recommendation of the AC and recommended the same to be tabled to the shareholders for approval at the 17th AGM.

6. Item 7 of the Agenda

The Special Resolution is pertaining to the waiver of pre-emptive rights pursuant to Section 85 of the Act. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive rights. The Special Resolution, if passed, would allow the Directors to issue new shares to any person without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

7. Item 8 of the Agenda

Subject to the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Act, the proposed Ordinary Resolution 8 is intended to renew the authority granted to the Directors of the Company at the Sixteenth Annual General Meeting ("16th AGM") of the Company held on 26 May 2022, and if passed, will give the Directors authority to issue and allot shares of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, provided that the aggregate number of such New Shares to be issued and allotted pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten per centum (10%) of the total number of the issued shares (excluding any treasury shares) of the Company for the time being ("General Mandate").

The General Mandate granted by the shareholders at the 16th AGM of the Company held on 26 May 2022 had not been utilised and hence, no proceeds were raised therefrom.

The renewal of the General Mandate will enable the Directors to issue and allot new shares for any possible fund raising activities, including but not limited to placing of new shares, for the purpose of funding current and/or future investment project(s), working capital, repayment of borrowings, acquisition(s) and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors of the Company may deem fit in the best interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares.

Notice of Seventeenth Annual General Meeting (continued)

8. Item 9 of the Agenda

   The proposed Ordinary Resolution 9, if passed, will allow the Group to continue to enter into recurrent related party transactions on an arm's length basis and on normal commercial terms and transaction prices, which are not prejudicial to the interests of the minority shareholders. Please refer to Part A of the Circular to Shareholders dated 28 April 2023 for further information.

9. Item 10 of the Agenda

   The proposed Ordinary Resolution 10, if passed, will allow the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. Please refer to Part B of the Statement to Shareholders dated 28 April 2023 for further information.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Teo Seng Capital Berhad
Registration No. 200601013011 (732762-T)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

CDS Account No. of Authorised Nominee#

#applicable to shares held through nominee account

No. of shares held

I/We ______________________________ Tel: ______________
[Full name in block, NRIC/Passport/Company No.]

of ____

____

being member(s) of **Teo Seng Capital Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Teo Seng Capital Berhad Conference Room, First Floor, Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor on Friday, 9 June 2023, at 11.30 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda			
1.	To receive the Audited Financial Statements of the Company and of the Group and the Reports of the Directors and the Auditors thereon for the financial year ended 31 December 2022.			
	Resolutions	**Ordinary Resolution ("OR")/ Special Resolution**	**FOR**	**AGAINST**
2.	To approve the payment of respective Directors' fees up to an amount of RM192,000 for the period with effect from 10 June 2023 until the next Annual General Meeting of the Company to be held in 2024.	OR 1		
3.	To approve the payment of Directors' Benefits up to an amount of RM57,600 for the period with effect from 10 June 2023 until the next Annual General Meeting of the Company to be held in 2024.	OR 2		
4.	To re-elect Loh Wee Ching who retires pursuant to Clause 76(3) of the Constitution of the Company.	OR 3		
5.1	To re-elect Goh Wen Ling who retires pursuant to Clause 78 of the Constitution of the Company.	OR 4		
5.2	To re-elect Lim Huey Hean who retires pursuant to Clause 78 of the Constitution of the Company.	OR 5		
5.3	To re-elect Lim Ying Khoo who retires pursuant to Clause 78 of the Constitution of the Company.	OR 6		
6.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration.	OR 7		
7.	Waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016	Special Resolution		
8.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	OR 8		
9.	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	OR 9		
10.	Proposed renewal of authorisation to enable the Company to purchase up to 10% of the total number of issued shares of the Company.	OR 10		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this: ____________ day of ____________________

____
Signature*
Member

* *Manner of execution:*
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

(i) For the purpose of determining a member who shall be entitled to attend and vote at the Seventeenth Annual General Meeting ("17th AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 2 June 2023. Only a member whose name appears on the Record of Depositors as at 2 June 2023 shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.

(ii) A member entitled to attend and vote at the 17th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

(iii) A member of the Company who is entitled to attend and vote at the 17th AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at this AGM.

(iv) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

(v) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(vi) 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of Central Depositories Act.

(vii) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(viii) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 17th AGM, i.e. by 11.30 a.m. on Wednesday, 7 June 2023 or adjourned 17th AGM at which the person named in the appointment proposes to vote:

(i) In Hard Copy Form
In the case of an appointment made in hard copy form, the proxy form or any authority pursuant to which such an appointment is made by a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By Electronic Means
In the case of an appointment made via electronic mean, the proxy form can be electronically submitted to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online. The website to access TIIH Online is https://tiih.online (Kindly refer to the Administrative Guide for the 17th AGM).

(ix) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

(x) Last date and time for lodging the proxy form is 11.30 a.m., on Wednesday, 7 June 2023.

*(xi) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*

a. Identity card (NRIC) (Malaysian), or
b. Police report (for loss of NRIC)/Temporary NRIC (Malaysian), or
c. Passport (Foreigner).

*(xii) For a corporate member who has appointed a representative instead of a proxy to attend the 17th AGM, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's Share Registrar earlier.*

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POSTAGE

The Share Registrar
Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor, Malaysia.

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Teo Seng Capital Berhad

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