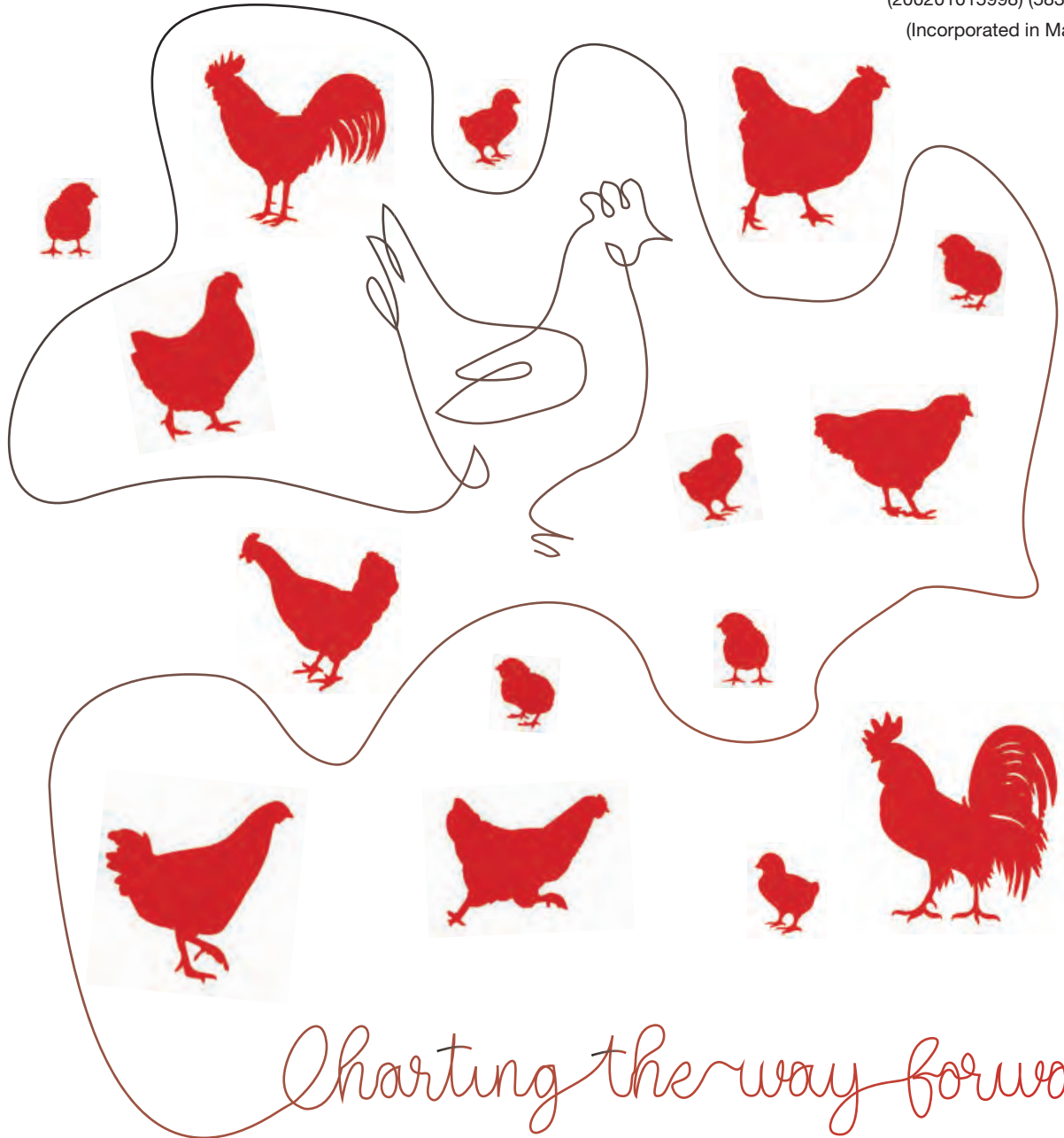




## CAB CAKARAN CORPORATION BERHAD

(200201015998) (583661 W)

(Incorporated in Malaysia)



*Charting the way forward*

CAB CAKARAN CORPORATION BERHAD

ANNUAL REPORT

2021

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Enclosed Proxy Form



Please scan the QR code for  
Annual Report 2021

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

24<sup>th</sup> March 2022 (Thursday)



10.30 a.m

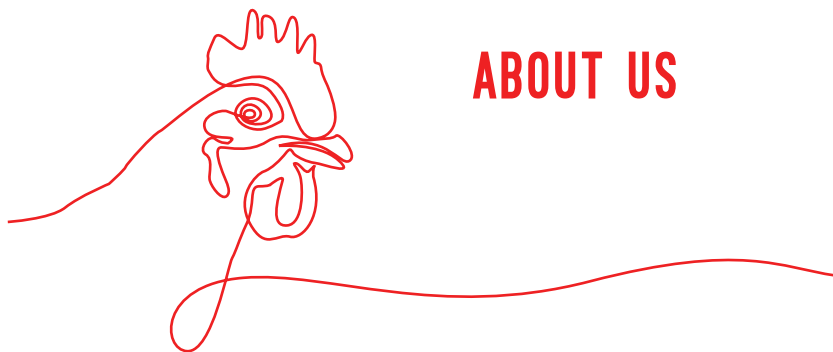


The Conference Room, Third Floor,  
**CAB Cakaran Corporation Berhad**  
Plot 21, Lorong Jelawat 4  
Seberang Jaya Industrial Park  
Seberang Jaya, 13700 Perai  
Penang, Malaysia



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

# ABOUT US



## OUR VISION

To be a respectful leader in the regional food industry with strict adherence to high quality and safety standards for food production

## OUR MISSION

To manage and conduct all business dealings with integrity and innovation to supply a wide range of high quality and safe food products to our customers

## OUR CORE VALUES

- To always ensure premium quality and food safety standards are adhered to
- To actively participate in activities related to raising the standards of the food industry
- To form strategic long-term partnerships with our employees, customers and suppliers
- To optimise profit through efficient utilisation of resources
- To constantly invest in new facilities and research and development in order to produce a continuous stream of quality and safe food products



## "SUSTAINABLE GROWTH WITH INTEGRITY"

Incorporated in 2002 and listed on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities") on 22 December 2003 and subsequently transferred to the Main Board of Bursa Securities on 03 May 2006. CAB Cakaran Corporation Berhad ("CAB" or "the Company") together with its subsidiaries ("the Group" or "the CAB Group") is anchored on its sterling commitment to fortify its position as one of the most efficient poultry farming players in the region. The Group continues to grow its capabilities and expertise and to ensure sustainable growth through the long-term within a challenging and evolving environment by continued improvement in its key strengths and resources.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS



**Chuah Ah Bee**  
*Executive Chairman*

**Chuah Hoon Phong**  
*Group Managing Director*

**Chan Kim Keow**  
*Executive Director*

**Chew Chee Khong**  
*Executive Director*

**Loo Choo Gee**  
*Executive Director*

**Haji Ahmad Fazil Bin Haji Hashim**  
*Senior Independent Non-Executive Director*

**Goh Choon Aik**  
*Independent Non-Executive Director*

**Lim Ghim Chai**  
*Independent Non-Executive Director*

**Wijanti Tjendera**  
*Non-Independent Non-Executive Director*

### AUDIT COMMITTEE

*Chairman*  
Lim Ghim Chai

*Members*  
Haji Ahmad Fazil Bin Haji Hashim  
Goh Choon Aik

### REMUNERATION COMMITTEE

*Chairman*  
Lim Ghim Chai

*Members*  
Haji Ahmad Fazil Bin Haji Hashim  
Goh Choon Aik

### SHARE REGISTRAR

**Tricor Investor & Issuing House Services Sdn. Bhd.**  
(197101000970) (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Tel : 03-2783 9299  
Fax : 03-2783 9222

### NOMINATION COMMITTEE

*Chairman*  
Haji Ahmad Fazil Bin Haji Hashim

*Members*  
Goh Choon Aik  
Lim Ghim Chai

### RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

*Chairman*  
Loo Choo Gee

*Members*  
Goh Choon Aik  
Lim Ghim Chai

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Code : 7174  
Stock Name : CAB

### HALAL COMMITTEE

*Patron & Syariah Advisor*  
Professor Datuk Dr. Mohd Fakhrudin  
Bin Abdul Mukti

*Chairman*  
Haji Ahmad Fazil Bin Haji Hashim

*Deputy Chairman*  
Dato' Raja Zulkepley Bin Dahalan

*Members*  
Abdul Rahman Bin Din  
Brigadier General Dato' Azizon  
Bin Ariffin

### REGISTERED OFFICE

Suite A, Level 9  
Wawasan Open University  
54, Jalan Sultan Ahmad Shah  
10050 Georgetown, Penang  
Tel : 04-2296 318  
Fax : 04-2282 118

### COMPANY SECRETARIES

**Chew Siew Cheng**  
(MAICSA 7019191)  
(SSM PC No. 202008001179)

**Lim Choo Tan**  
(LS 0008888)  
(SSM PC No. 202008000713)

### AUDITORS

**Grant Thornton Malaysia PLT**  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

### PRINCIPAL BANKERS

Al Rajhi Banking & Investment  
Corporation (Malaysia) Berhad  
Bank of China (Malaysia) Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
United Overseas Bank (Malaysia)  
Berhad



# CORPORATE STRUCTURE

as at 31 December 2021



## CAB CAKARAN CORPORATION BERHAD





# PROFILE OF BOARD OF DIRECTORS



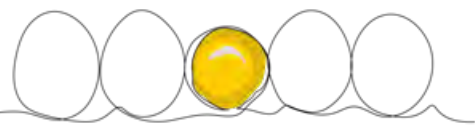
Board Meetings Attendance **5/5**

## **CHUAH AH BEE** *Executive Chairman*

Aged 71, Male, Malaysian

Mr. Chuah was appointed to the Board of CAB Cakaran Corporation Berhad ("CAB") on 11 August 2003. He was later appointed as Executive Chairman of CAB on 17 February 2011.

Mr. Chuah is the founder of CAB Group and has more than 40 years of experience in the poultry industry. He is the Chairman of Persatuan Penjual-Penjual Ayam Itik Pulau Pinang since 2004 and had served as the Vice Chairman from 1995 to 2003. He is also a Committee Member of Penang & Province Wellesley Farmers Association since 2003.



## *Group Managing Director* **CHUAH HOON PHONG**

Aged 43, Male, Malaysian

Mr. Chuah was appointed to the Board of CAB on 29 May 2007. He was later appointed as the Group Managing Director of CAB on 17 February 2011.

Mr. Chuah obtained his Advanced Diploma in Business Studies from International College, Penang in 2000. He joined the Group as a Marketing Manager in 2000 and was subsequently promoted as a Chief Operating Officer of the Group's food processing division in October 2002.



Board Meetings Attendance **5/5**

## PROFILE OF BOARD OF DIRECTORS (CONT'D)

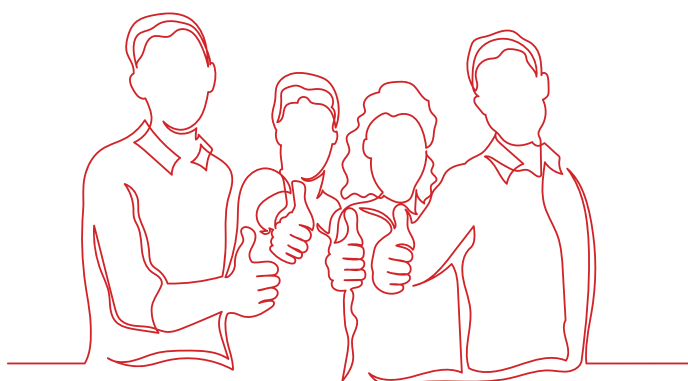


Board Meetings Attendance **5/5**

### **CHAN KIM KEOW** *Executive Director*

Aged 64, Female, Malaysian

She was appointed to the Board of CAB on 11 August 2003 as an Executive Director. She is one of the founding members of CAB Group and plays an active role in assisting her husband, Chuah Ah Bee in the day-to-day operations of the Group.



### *Executive Director* **CHEW CHEE KHONG**

Aged 65, Male, Malaysian

Mr. Chew was appointed to the Board of CAB on 1 February 2007 as an Executive Director. He obtained his Bachelor Degree of Economics with Honours from the University of Malaya in 1980 and his Chartered Institute of Management Accountants ("CIMA") qualifications in 1983.

Mr. Chew began his career in the banking industry and has held various positions in both commercial and merchant banks over a period of 15 years. After leaving the banking industry, he joined Denko Industrial Corporation Berhad in 1994 as the Group General Manager. In 1996, he ventured into business and is one of the founding members of Kyros Kebab fast food chain.



Board Meetings Attendance **5/5**

## PROFILE OF BOARD OF DIRECTORS (CONT'D)



Board Meetings Attendance **5/5**

### **LOO CHOO GEE** *Executive Director*

Aged 58, Male, Malaysian

Mr. Loo was appointed to the Board of CAB on 11 August 2003 as an Executive Director. He was appointed as the Chairman of the Risk Management and Sustainability Committee on 27 November 2020.

He joined the Group as Branch Manager in 1996 and has more than 30 years of experience in the poultry industry.

Mr. Loo was the Secretary of Persatuan Penternak dan Pengusaha Ayam, Kedah Darul Aman/Perlis Indera Kayangan from 2000 to 2008 and a member of the Committee of Unit Broiler of Federation of Livestock Farmers' Association of Malaysia, representing Kedah Darul Aman/Perlis Indera Kayangan region from 2001 to 2007. He has been a committee member of Federation of Livestock Farmers' Association of Malaysia since 2004 and the Secretary of Penang & Province Wellesley Farmers' Association from 2007 to 2012 and was promoted to Chairman from 2013 to 2016.

Currently, Mr. Loo is an Honorable Advisor to the Penang and Province Wellesley Farmers' Association.

### **Haji Ahmad Fazil Bin Haji Hashim**

*Senior Independent Non-Executive Director*

Aged 66, Male, Malaysian

Tuan Haji Ahmad Fazil was appointed to the Board of CAB on 1 September 2004 as an Independent Non-Executive Director. He was re-designated as the Senior Independent Non-Executive Director on 26 August 2011. He is the Chairman of Nomination Committee and Halal Committee. He is also a member of the Audit Committee and Remuneration Committee.

Tuan Haji Ahmad Fazil holds a Diploma in Technical Teaching and served in the Ministry of Education from 1978 to 1992. After a distinguished career in various positions in the Ministry of Education, he ventured to set up his own business. He served as the President of PERDASAMA (Association of Malay Entrepreneurs of Malaysia) Kedah Chapter from 2000 to 2004. He diversified his business internationally to eventually having a strong presence in the Middle East (centred in Dubai) and ASEAN, especially in Indonesia (centred in Jakarta). Sales and marketing are his distinctive forte. He has an extensive network of contacts both locally and internationally and has interest in several core businesses operate under the aegis of IBF International Network Sdn. Bhd.



Board Meetings Attendance **5/5**



## PROFILE OF BOARD OF DIRECTORS (CONT'D)



Board Meetings Attendance 5/5

### **GOH CHOON AIK** *Independent Non-Executive Director*

Aged 48, Male, Malaysian

Y.B. Goh was appointed to the Board of CAB on 29 March 2011 as an Independent Non-Executive Director. He is a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management and Sustainability Committee. He obtained his Bachelor of Urban & Regional Planning from Universiti Teknologi Malaysia. He is a Registered Town Planner and a corporate member of the Malaysia Institute of Planners.

Y.B. Goh began his career with Penang Development Corporation as Town & Country Planning Officer in 1998, before joining GCA Planning Consultants & GCA Planning Sdn. Bhd. in 2005, where he was the Principal. He also served as Municipal Councillor in Majlis Perbandaran Seberang Perai from 2008 to 2010 and 2016. He has more than 20 years of experience in the town planning.

At present, he is a member of Penang State Legislative Assembly for Bukit Tambun. He is a Non-Executive Director of Invest-in-Penang Berhad. He also holds directorships in several private limited companies.



### *Independent Non-Executive Director* **LIM GHIM CHAI**

Aged 47, Male, Malaysian

Mr. Lim was appointed to the Board of CAB on 23 March 2016 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Remuneration Committee. He is also a member of Nomination Committee and Risk Management and Sustainability Committee. He obtained his Bachelor of Commerce (Accounting) Degree from La Trobe University of Melbourne, Australia. He is a qualified Chartered Accountant with membership of the Malaysian Institute of Accountants and Chartered Accountants of Australia since year 2003.

Mr. Lim began his career in finance and accounting with international companies in Malaysia as Financial Accountant and Financial Analyst. He subsequently assumed senior managerial position as a partner of a professional firm which was involved in providing services in taxation, business planning consultancy, accounting and company secretarial fields.



Board Meetings Attendance 5/5

# PROFILE OF BOARD OF DIRECTORS (CONT'D)



## WIJANTI TJENDERA

### *Non-Independent Non-Executive Director*

Aged 63, Female, Indonesian

Ms. Wijanti was appointed to the Board of CAB on 26 August 2016 as a Non-Independent Non-Executive Director. She is currently an independent professional practicing as Notary Public and Land Deed Officer (PPAT) in Jakarta Indonesia/ Capital City since year 2004.

Ms. Wijanti is also responsible for promoting Joint Venture Company establishment within Salim Group's various operating unit company with several Japanese companies and other international companies since year 2010. Prior to that, Ms. Wijanti was an independent professional practicing as Notary Public and PPAT in Riau Province from year 2000 to year 2004.

Ms. Wijanti is a member of Ikatan Notaris Indonesia/Indonesian Notary Public Association (INI) and Ikatan PPAT Indonesia/ Indonesian Land Title and Land Affair Officer Association (IPPAT).

Notes:

### (1) Family Relationships and Major Shareholders

Directors	Relationship	Major Shareholder
Chuah Ah Bee	Husband of Chan Kim Keow and father of Chuah Hoon Phong	Yes
Chan Kim Keow	Wife of Chuah Ah Bee and mother of Chuah Hoon Phong	Yes
Chuah Hoon Phong	Son of Chuah Ah Bee and Chan Kim Keow	No

Save as disclosed, none of the Directors has family relationship with any other Directors or Major Shareholders of the Company.

### (2) Directors' Shareholdings

Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

### (3) No Conflict of Interest

All Directors of the Company do not have any conflict of interest with the Company.

### (4) Non-Conviction of Offences

All the Directors have not been convicted with any offences other than traffic offences (if any) in the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulator during the financial year.

# PROFILE OF KEY SENIOR MANAGEMENT

The Management team is headed by the Executive Chairman, Mr Chuah Ah Bee, and Group Managing Director, Mr Chuah Hoon Phong. They are assisted by the Executive Directors, Madam Chan Kim Keow, Mr. Loo Choo Gee and Mr. Chew Chee Khong; and the following key senior management:

## KOAY LAY EAN

**Director**

**(Group's Finance Division)**

Aged 48, Female, Malaysian

She is the Director of CAB Group's Finance Division. She is an Associate of Chartered Management Accountant and obtained her CIMA qualification in 1999 and Diploma in Management Accounting from Tunku Abdul Rahman College in 1998. She started her accountancy career with accounting firms and gained her experience in auditing of various companies ranging from small to medium sized companies. She joined CAB Cakaran Sdn. Bhd. as an internal auditor in May 2002 and was subsequently transferred to the Accounts Department as an Accounts Manager in October 2002. She was promoted to the Group Finance Director in year 2013. At present, she is responsible for the accounting and finance functions of CAB Group.

## LIM CHIN SENG

**Director**

**(Breeding Farm Operation Division)**

Aged 60, Male, Malaysian

He is a Director of CAB Cakaran Breeding Farm Sdn. Bhd. ("CABBF") and was appointed to the Board of Directors of CABBF on 3 May 2012. Upon completing his primary education in 1974, he immediately began his career with various companies involved in hatching of eggs into day-old-chicks. He has more than 30 years of experience in managing various breeder farms and hatching of eggs into day-old-chicks. At present, he is in-charge of the day-to-day operations of CABBF's breeder farms and hatchery centers.

## CHUAH HOON TENG

**Director**

**(Breeding Farm Operation Division)**

Aged 34, Male, Malaysian

He is a Director of Cabin Premier GPS Farm Sdn. Bhd. ("CPGPS") and was appointed to the Board of Directors of CPGPS on 17 November 2016. He obtained his Bachelor of Commerce Degree in Marketing Management and Economics from Murdoch University in Perth, Australia. He joined the Group as a Manager and was later promoted to be a Director of CPGPS. He is currently in-charge of the day-to-day operations of CPGPS breeder farms and hatchery centers.

## VINCENT LEONG WENG FAI

**Director**

**(Food Processing Operation Division)**

Aged 42, Male, Malaysian

He is a Director of Jimat Jaya Sdn. Bhd. ("JJSB") and was appointed to the Board of Directors of JJSB on 8 May 2012. He holds his Advanced Diploma in Business Studies from International College, Penang in 2000. Upon graduation in 2001, he joined JJSB as a Marketing Executive and undertook various job responsibilities in JJSB until his current position as a Director of JJSB. He is currently in charge of the day-to-day operations of JJSB.



## PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

### **YAP KIM HWAH**

**Managing Director**  
**(East Coast Poultry and Supermarket Division)**  
Aged 68, Male, Malaysian

He is the Managing Director of Jaya Gading Farm Sdn. Bhd. ("JGF") and was appointed to the Board of Directors of JGF on 20 June 1986. He has completed his secondary education and immediately involved in poultry industries. He joined JGF since the incorporation of JGF in 21 February 1984 and has more than 30 years of experience in poultry industry. He is currently responsible for managing and monitoring the day-to-day operations and management decisions of JGF and its group of companies.

### **LEONG YOOK LEEN**

**Director**  
**(East Coast Poultry and Supermarket Division)**  
Aged 53, Female, Malaysian

She is a Director of Jaya Gading Farm Sdn. Bhd. ("JGF") and was appointed to the Board of Directors of JGF on 10 August 1999. She has completed her secondary education and join JGF since the incorporation of JGF on 21 February 1984. She has more than 30 years of experience in poultry industry and more than 10 years of experience in supermarket industry respectively. She is currently responsible for managing and monitoring the day-to-day operations and management decisions of JGF and its group of companies including responsible for the accounting and finance functions.

### **CHUAH HOON HONG**

**Director**  
**(Singapore's Food Processing and Malaysia Southern Poultry Divisions)**  
Aged 36, Male, Malaysian

He was appointed as Managing Director of Tong Huat Poultry Processing Factory Pte. Ltd. ("THPPF") on 31 March 2020. He obtained his Diploma of Commerce from Murdoch Institute of Technology Perth, Australia in the year 2010. He is currently in charge of managing and monitoring the day-to-day operations and management decisions of THPPF. He is also a Director of CAB Cakaran Southern Sdn. Bhd ("CABS") and was appointed to the Board of Directors of CABS on 31 January 2017.

### **DR. HUANG LIP CHIN**

**Senior Group Manager**  
**(Poultry Technical Division)**  
Aged 47, Male, Malaysian

Dr. Huang is the Senior Group Manager (Poultry Technical) of CAB Group. He graduated in 2001 with professional degree Doctor of Veterinary Medicine (UPM) and Master of Business Administration (USM) in 2013. He has held various senior management positions in multinational livestock industry companies covering Malaysia and Asia Pacific Region prior to joining CAB Group in November 2015. He is currently in charge of the operations of Cabin Premier GPS Farm Sdn. Bhd. and technically support all Parent Stocks & Hatchery divisions of CAB Group.

# PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

## GAN CHIN NAM

*General Manager  
(Southern Poultry Division)*

Aged 57, Male, Malaysian

He is the General Manager of CAB Cakaran Southern Sdn. Bhd. ("CABS"). He obtained his Bachelor Degree of Business Administration from the University of Toledo, Ohio, USA. He has over 20 years of experience in poultry industry. He joined CABS as General Manager in 2014 and currently in charge of the operations of CABS.

## ABDUL RAHMAN BIN DIN

*Senior Business Development  
Manager (Poultry cum Business  
Development Division)*

Aged 40 Male, Malaysian

He is the Senior Business Development Manager of CAB Cakaran Sdn. Bhd. ("CABC"). He graduated in 2002 with Bachelor of Environmental Sciences from University Malaysia Sabah. He has over 15 years of experience in the poultry livestock business. He was the head of Technical Coordinator Department of CP Brand Malaysia for Northern Region prior to joining CAB Group in 2006. He is currently in charge of the broiler business operations of CABC for the Northern and Eastern Peninsular Region.

Notes:

### (1) Family Relationships and Major Shareholders

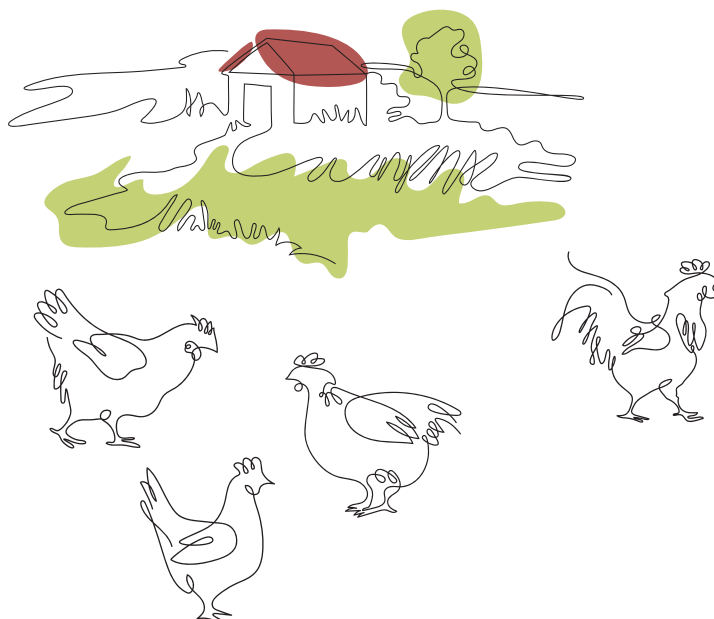
None of the Key Senior Management has family relationship with any Directors or Major Shareholders of CAB except that Mr. Chuah Hoon Hong and Mr. Chuah Hoon Teng are the sons of Mr. Chuah Ah Bee and Madam Chan Kim Keow and brothers of Mr. Chuah Hoon Phong.

### (2) No Conflict of Interest

All the Key Senior Management of the Company do not have any conflict of interest with the Company.

### (3) Non-Conviction of Offences

All the Key Senior Management have not been convicted with any offences other than traffic offences (if any) in the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulator during the financial year.



# MANAGEMENT DISCUSSION AND ANALYSIS

This Statement contains the management discussion and analysis (“MD&A”) of the business operations and performance of CAB Cakaran Corporation Berhad (“the Company”) and its subsidiaries (“the Group” or “CAB Group”) for the financial year ended 30 September 2021 (“FY2021”).

This MD&A should be read in conjunction with the audited financial statements of the Group for FY2021 as set out in this Annual Report.

## GROUP BUSINESS AND OVERVIEW

The CAB Group is one of the largest integrated poultry producers in Malaysia that undertakes the following operations:

- (1) breeding and farming of grand-parent stocks, to produce breeder eggs and hatching of eggs into parent-stock day-old chicks;
- (2) breeding and farming of parent-stocks to produce eggs and hatching of eggs into day-old chicks;
- (3) farming of broiler chicken as well as trading of poultry feeds and other farm consumables;
- (4) slaughtering and processing of chicken and manufacturing and marketing of meat based food products; and
- (5) operation of supermarkets and fast food franchising business.

The Group’s grand-parent stock farms and breeder farms are primarily located in Penang, Kedah, Negeri Sembilan, Melaka and Johor whilst the broiler farms are located throughout the Peninsular making us the one of the largest integrated poultry farming producers in the country with such diverse locations in farm operation.



The CAB Group’s downstream business includes sales of poultry products which entail the slaughtering and processing of live-broilers for sale as processed chicken or chicken parts as well as the production and trading of value-added products such as nuggets, sausages, burgers patties and deli meats. Our products are packed and sold under the brand names of Likes, AyamLike’s, Farm’s Best, Segaria, Rasaria, Hennie’s and Garing. These downstream activities complement our livestock upstream business and form an integral part of our integrated poultry value chain.

The Group operates six (6) slaughtering and processing factories which are located in Kedah, Kuala Lumpur, Melaka, Johor, Pahang and Singapore. We have established strong distribution networks in the domestic and Singapore markets which encompass retail outlets, wholesalers, restaurants, hotels, supermarkets and hypermarkets.

The CAB Group operates medium-sized supermarkets under Pasaraya Jaya Gading Sdn. Bhd. and Home Mart Fresh & Frozen Sdn. Bhd. with the outlets located either in small towns or at the fringes of the bigger towns, which are away from the bigger competitors. The Group currently has a total of ten (10) outlets with four (4) in Kuantan, two (2) in Kelantan, one (1) in Penang and three (3) in Kedah. The Group’s long-term strategy is to build a big network of such outlets throughout the Peninsular as one of the distribution channels for the Group’s products.

The Group also owns and operates the Kyros Kebab fast food franchise chain in the country. Currently, there are six (6) Kyros Kebab outlets operating in Malaysia.

The joint venture project with the Salim Group of Indonesia has been put on hold since the beginning of 2020 due to the Covid-19 pandemic which restricted travelling between countries.

Considering that chicken is an essential food item and a cheap protein source, the Board believes that by being one of the large-scale broiler producers, the CAB Group can reap economies of scale in its operation as well as achieving more sustainable and consistent supply of its poultry products.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## HIGHLIGHTS OF THE GROUP'S FINANCIAL INFORMATION FOR THE PAST 5 FINANCIAL YEARS

Financial Years Ended September 30	2017	2018	2019	2020	2021
Revenue (RM'000)	1,492,092	1,750,458	1,752,186	1,680,488	1,718,860
Earning/(loss) before interest and taxation (RM'000)	96,713	52,986	35,535	17,621	(13,264)
Profit/(loss) before taxation (RM'000)	83,068	36,593	14,791	(3,638)	(30,406)
Profit/(loss) after taxation (RM'000)	61,675	27,822	4,034	(11,131)	(36,273)
Net profit/(loss) attributable to equity holders (RM'000)	58,183	24,546	12,160	2,760	(20,188)
Total assets (RM'000)	1,112,572	1,293,675	1,319,633	1,378,843	1,333,574
Total borrowings (RM'000)	286,498	407,382	470,619	525,390	509,789
Shareholders' equity attributable to equity holders (RM'000)	422,729	447,995	453,870	460,360	440,536
Debt/Equity (%)	67.77%	90.93%	103.69%	114.13%	115.72%
Net assets per share (RM)	0.68	0.69	0.69	0.67	0.64
Basis earnings/(loss) per share (sen)	10.12	3.89	1.87	0.41	(2.93)
Diluted earnings per share (sen)	8.76	3.60	1.79	N/A	N/A
Return on equity (%)	17.39%	5.64%	2.70%	0.60%	(4.48%)
Dividend per share (sen)	0.50	0.50	0.25	N/A	N/A

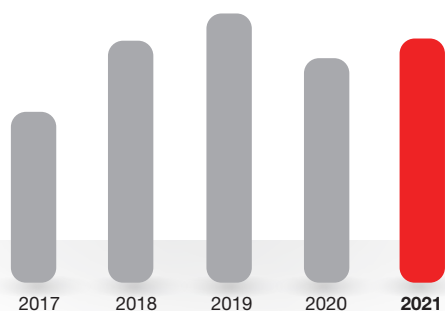


# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## HIGHLIGHTS OF THE GROUP'S FINANCIAL INFORMATION FOR THE PAST 5 FINANCIAL YEARS (CONT'D)

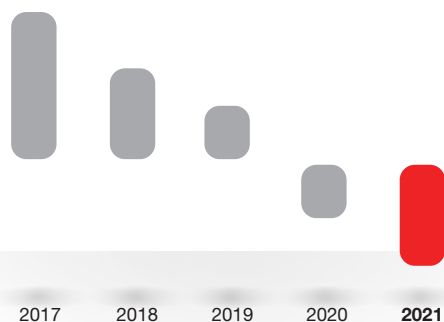
**Revenue**  
(RM'000)

1,492,092 1,750,458 1,752,186 1,680,488 **1,718,860**



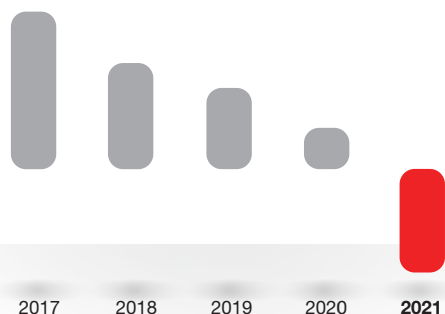
**Profit/(Loss) Before Taxation**  
(RM'000)

83,068 36,593 14,791 (3,638) **(30,406)**



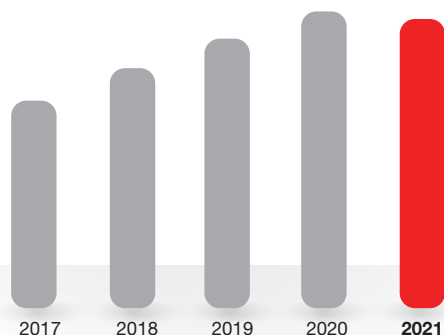
**Net Profit/(Loss) Attributable To Equity Holders** (RM'000)

58,183 24,546 12,160 2,760 **(20,188)**



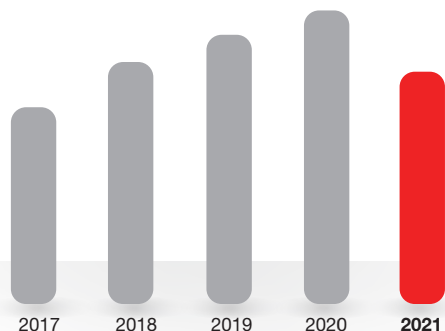
**Total Assets**  
(RM'000)

1,112,572 1,293,675 1,319,633 1,378,843 **1,333,574**



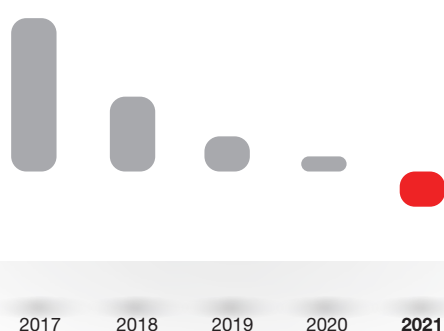
**Shareholders' Equity Attributable To Equity Holders** (RM'000)

422,729 447,995 453,870 460,360 **440,536**



**Basic Earnings (Loss) Per Share**  
(Sen)

10.12 3.89 1.87 0.41 **(2.93)**



# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## GROUP FINANCIAL REVIEW

The purpose of this review is to highlight and provide brief insights on key financial and operating information at Group level. A more detailed commentary on operating performance is covered under the respective business segment reports.

### Key Financial Indicators

The following are the key indicators used to measure the Group's financial performance for FY2021 as compared with the previous FY2020:

	FY2021 RM'000	FY2020 RM'000	Change %
Revenue	1,718,860	1,680,488	2.28
Cost of sales	(1,632,607)	(1,566,696)	4.21
Gross profit	86,253	113,792	(24.20)
Net remeasurement of expected credit loss	(1,260)	1,552	(181.19)
Loss before tax	(30,406)	(3,638)	(735.79)
Tax expense	(5,867)	(7,493)	(21.70)
Loss for the financial year	(36,273)	(11,131)	225.87
Biological assets	85,432	93,063	(8.20)
Inventories	72,968	67,390	8.28
Trade and other receivables	193,818	189,443	2.31
Short-term deposits with licensed banks	19,660	28,861	(31.88)
Cash and bank balances	49,049	74,435	(34.10)
Borrowings	509,789	525,390	(2.97)

### Financial Highlights and Insights

During the financial year 2021, many countries including Malaysia have experienced a seemingly ever-increasing number of Covid-19 infections; causing the implementation of national lockdowns and other restrictions on movement. The resurgence of Covid-19 cases have resulted in the enforcement of Movement Control Order ("MCO") 2.0 & MCO 3.0 in Malaysia. The Covid-19 pandemic has also affected CAB Group operationally and financially due to the MCO that was enforced by the Government. Factories of the CAB Group have been repetitively operating on and off during the FY2021 due to positive Covid cases which affected the production of broilers, processed chicken and further processed products of the Group.

However, the Group was able to maintain its total revenue at RM1.72 billion in the FY2021, which was an increase of 2.28% over the prior year's total revenue of RM1.68 billion. This was mainly due to the increase in the average selling price of broiler to RM4.67 per kilogram in FY2021 as compared to RM4.21 per kg in FY2020 as well as the increase in the selling price of feed resulting from the increase in feed cost.

Nevertheless, the gross profit of the Group decreased significantly to RM86.25 million for the FY2021 from RM113.79 million in FY2020. The increase in the cost of feed, which accounted for almost 65% of the total cost of production of chicken since October 2020 by approximately 40% has resulted in the Group's profit margin being eroded significantly. This was mainly due to the worldwide increase in the price of raw materials for poultry feed.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## GROUP FINANCIAL REVIEW (CONT'D)

### Financial Highlights and Insights (Cont'd)

The net remeasurement of allowance for expected credit loss turned to a loss of RM1.26 million in the FY2021 from a gain of RM1.55 in FY2020. This was mainly due to increase in the amount due by trade receivables and the increase in the rate of expected credit loss.

The Group continued to record a high tax expense of RM5.87 million in FY2021 mainly due to the loss suffered by certain subsidiaries which could not be utilised to offset against the profit generated by other subsidiaries and there was no expected or probable taxable profit in the near future which would be available to utilize the credit.

As a result, the Group recorded a loss of RM36.27 million for the FY2021 as compared to RM11.13 million in FY2020.

The biological assets of the Group decreased by 8.20% in FY2021 to RM85.43 million mainly due to the decrease in fair value adjustment on biological assets resulted from the increase in feed cost whereas, the inventories of the Group increased to RM72.97 million in FY2021 mainly due to the increased in stock holding on processed chicken.

Although the Group generated cash from its operating activities, short-term deposits and cash and bank balances of the Group decreased to RM19.66 million and RM49.05 million respectively in FY2021. The cash were mainly used for the repayment of borrowings and the payments of property, plant and equipment.

Total borrowings decreased to RM509.79 million in FY2021 as compared to RM525.39 million in FY2020 due to the repayment of term loan and trust receipts. However, the decrease was slightly set-off against the increased of utilization of bankers' acceptances of RM209.25 million to finance the Group's working capital requirement.



## GROUP BUSINESS OPERATIONS REVIEW

### Integrated Poultry Division

The integrated poultry division as the core and largest business segment of the Group recorded a slight increase in revenue to RM1.60 billion in FY2021, representing an increase of about 2.50% over the prior year's revenue of RM1.56 billion.

The higher revenue of the integrated poultry division was mainly attributed to the increase in selling price of broilers and feeds, even though there is a decrease in the production of broiler, processed chicken and further processed products. The production of broiler and trading of feed decreased by 3.65% and 6.17% respectively and the sales of processed chicken and further processed products decreased by 7.19% in FY2021 as compared to FY2020.

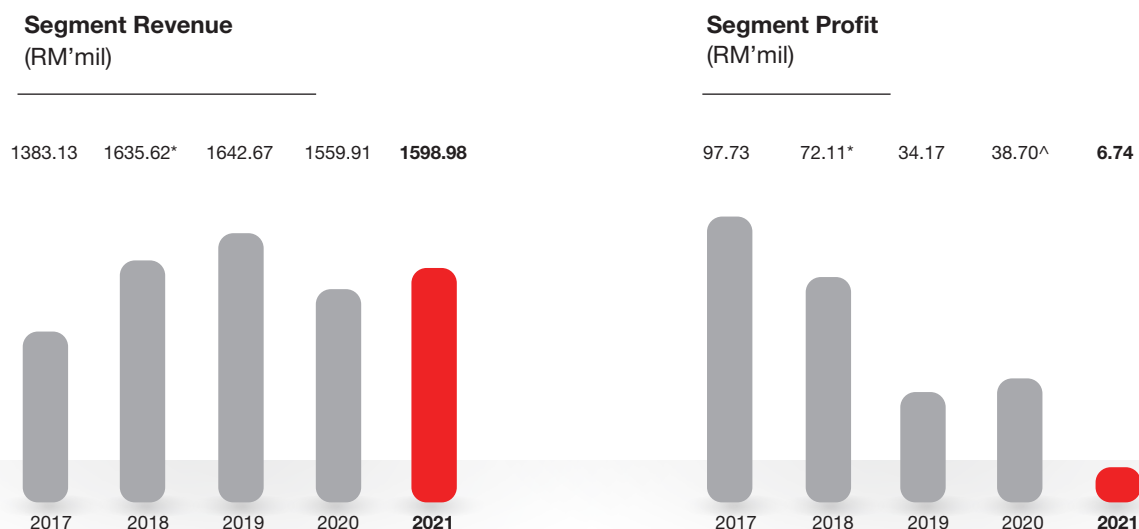
In spite of the increase in revenue, the significant increase in the cost of feed has resulted in the division suffering a significant decrease in the profit from operation to RM6.74 million in FY2021 from RM38.70 million in FY2020. The resultant of Covid-19 Pandemic has saw global prices of raw materials surging upwards over the past year. This has resulted in the cost of feed increased by approximately 40% since October 2020 as the price of corn and soybean, the main components of chicken feed, continues to rally upwards. This scenario presents a major challenge for the local poultry industry as feed cost accounted for almost 65% of the cost of production.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## GROUP BUSINESS OPERATIONS REVIEW (CONT'D)

### Integrated Poultry Division (Cont'd)



	2017 (RM'mil)	2018 (RM'mil)	2019 (RM'mil)	2020 (RM'mil)	2021 (RM'mil)
Segment Revenue	1,383.13	1,635.62*	1,642.67	1,559.91	1,598.98
Segment Profit/(Loss)	97.73	72.11*	34.17	38.70^	6.74

^ Restated due to conform with the current year presentation.

\* Restated due to adoption of new Malaysian Financial Reporting Standards (MFRS).

Presently, the Group operates more than 10 breeder farms, including the breeding of black chicken and colour bird, which are located in Penang, Kedah, Negeri Sembilan, Melaka and Johor. We also operate more than 100 broiler farms located throughout the Northern, Southern and Eastern regions of the Peninsular.

During the year under review, the capital expenditure for this segment was RM40.91 million which was primarily incurred for the following:

- 1) Renovation of the properties at JTC Poultry Processing Hub @ Buroh for the purpose of relocating its existing factory cum office and warehouse located at No. 34, Senoko Crescent, Woodlands, Singapore 758281. The lease term of the existing factory with Jurong Town Council ("JTC") had expired on 15 July 2021. The lease has been extended by JTC to 31 July 2022.
- 2) Construction of new closed house farms and upgrading as well as modernising of existing open house farms to closed house farms in Kedah, Melaka and Johor. In order to ensure sustainability in the Group's poultry operations, the management has been progressively upgrading and modernising its open house farms to closed house farms.
- 3) Purchase of a new chiller system for the slaughtering plant at Sungai Petani factory.

The Group will continue to deploy resources towards ensuring sustainable upstream broiler supply in order to secure its internal supply chain for its midstream and downstream activities.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

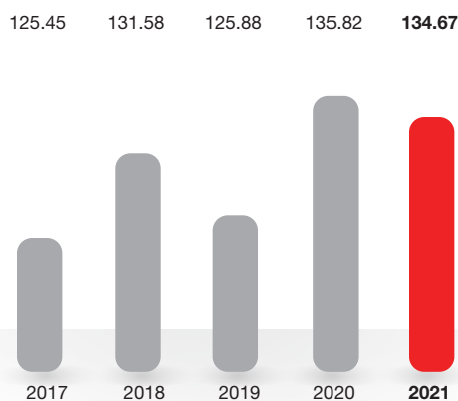
## GROUP BUSINESS OPERATIONS REVIEW (CONT'D)

### Supermarket Division

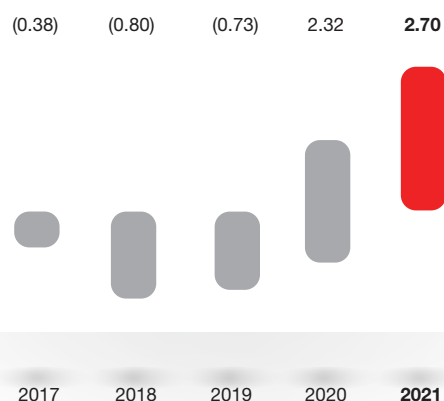
The supermarket division recorded a decrease in revenue to RM134.67 million as compared to RM135.82 million in FY2020. This was mainly due to shut down of an outlet in Selama, Perak which was damaged by fire. Currently, the company is trying to find another nearby property to re-open the outlet.

Despite a lower revenue, the supermarket division recorded a higher profit from operation of RM2.7 million in FY2021. This division continues to benefit from the efficiency in managing of fresh food wastages since the previous year.

**Segment Revenue**  
(RM'mil)



**Segment Profit/(Loss)**  
(RM'mil)



	2017 (RM'mil)	2018 (RM'mil)	2019 (RM'mil)	2020 (RM'mil)	2021 (RM'mil)
Segment Revenue	125.45	131.58	125.88	135.82	134.67
Segment Profit/(Loss)	(0.38)	(0.80)	(0.73)	2.32	2.70

## KEY BUSINESS RISK AND MITIGATION STRATEGIES

### • Disease Outbreaks

Being in the livestock industry, we are always mindful of the risk associated with the outbreaks of infectious diseases such as Newcastle disease and Avian Influenza. The management has taken decisive steps over the past years to reduce the Group's exposure to such risk by implementing strict bio-security in all its farms and diversifying its operations over a larger geographical area. Presently, the Group's farm operations are located throughout Peninsular Malaysia from the Northern region of Kedah and all the way down to Johor in the South as well as in the East Coast states of Pahang, Terengganu and Kelantan. The Group will continue upgrading its existing open house farms to closed house system in order to minimize the impact of disease transmission. For the financial year 2021, approximately 31% of CAB Group's flocks are grown in Closed House System.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## KEY BUSINESS RISK AND MITIGATION STRATEGIES (CONT'D)

### • Volatility of Prices of Live Broilers and Processed Chicken Meat

The major portion of the Group's revenue is derived from the sale of live broilers and processed chicken meat. The prices of these products are dependent on the overall demand and supply situation in the market which are determined by various factors. Therefore, the volatility of price of broiler in the local market will have an effect on the Group's revenue and profit. We minimise our exposure through vigilance and close monitoring of prevailing market condition and remain focused on our cost optimisation strategy. To partly mitigate the price volatility, the Group enters into medium term contracts to supply dressed chicken and parts at a pre-determined fixed price to some of its major customers. In addition, the Group has geared up efforts to diversify from the volatile domestic market by increasing the export of its processed poultry products. Export volume of these products is on the increase and prices for the export markets are also higher.

### • Food Safety

Being a food producer, the Group has always placed food safety as its utmost priority in its operations. We strictly adhere to operational best practices and processes as well as standard operating procedures. To ensure quality and safety of the Group's products, the relevant operations are certified and accredited with the following recognised national and international food safety standards:

- (a) Malaysian Good Agriculture Practices ("MyGAP") certification for its breeder and grand-parent stock farms;
- (b) Veterinary Health Mark ("VHM") and HALAL certification by Jabatan Kemajuan Islam Malaysia ("JAKIM") for its chilled/frozen chicken and further processed products;
- (c) Good Manufacturing Practice ("GMP") and Hazard Analysis and Critical Control Point ("HACCP") certification for the chicken processing and further processed product manufacturing facilities in Kuala Lumpur and Melaka.;
- (d) Food Safety System Certification ("FSSC") 22000 for its slaughtering facility in Kedah and further processed product factory in Kuala Lumpur; and
- (e) The Group also received certification from Singapore Food Agency ("SFA") for certain broiler farms in Johor as well as the processing and manufacturing facility in Melaka which enables the Group to export broilers, frozen dressed birds and parts, as well as further processed products to Singapore.

### • Risks of Reliance on a Single Market

The Group has expanded into Singapore market by acquiring a controlling stake in a slaughter house. The Group has continued to expand its business in areas such as manufacturing of delicatessen products, trading and supplying of marinated and fully-cooked meat products in the Island republic. Efforts are being made to increase the volume of export to existing customers as well as finding new export market.

### • Regulation and Policy Risk

The Group's production is based mainly in Malaysia and Singapore and valid operating licence and veterinary licence are generally required for the purpose of carrying out poultry farming activities which is subject to yearly renewal. The Group constantly keeps abreast with the current political, economic and regulatory conditions so that counteractive measures can be implemented at a very short notice upon the awareness of any changes that can affect the Group's operation.

### • Foreign Exchange Risk

The Group has exposure to the Singapore dollar via its subsidiaries operating there as well as United States Dollar for its imported raw materials and foreign currency loan. The Group will continue to assess the need to utilise financial instruments to hedge our forex exposure.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## KEY BUSINESS RISK AND MITIGATION STRATEGIES (CONT'D)

### • COVID-19 Pandemic Risk

The COVID-19 outbreak, which led to the implementation of national lockdown and other restrictions on movement in many countries worldwide, including Malaysia, has restricted many businesses from operating as usual. The COVID-19 pandemic has affected CAB Group operationally and financially due to the Movement Control Order ("MCO") that has been enforced by the Government.

To mitigate the potential impact of COVID-19 on the Group's operations, apart from ensuring compliance with the guidelines laid down by the authorities, the Group has taken precautionary, preventive and deterrent approaches in the aspects of workers' personal hygiene including compulsory wearing of face mask, social distancing, use of self-test kits, isolation/quarantine for patients/persons in close contact with patients, controls over external party visitation, document flow and ensuring all staff are fully vaccinated.

## FORWARD LOOKING STATEMENT

The integrated poultry division will continue to face major challenges especially in the supply chain and the continued increase in the cost of production of broiler. Besides the increase in the cost of raw material for chicken feed, the shortage of labour, as well as the high cost to convert the farms from open house to closed house system to comply with local authorities guidelines will present further challenges to the Group.

Nevertheless, the Group will continue to take effort to improve efficiency in the various stages of the value chain in its integration to enhance productivity and reduce cost of production.

Following the completion of the acquisition of Benarlab Sdn. Bhd. ("Benarlab") in October 2021, the Group will put effort to derive business synergy with Benarlab from the acquisition, by way of having greater control over the quality, supply and prices of vaccines and medicines in poultry feed. As a result, this may subsequently help cushion CAB Group from the fluctuation and volatility in poultry feed prices.

The change in consumer behaviour arising from the Covid-19 pandemic and nationwide lockdown imposed by the local Government, had contributed to the recent improvement in the financial performance of the supermarket division, whilst the integrated poultry division had suffered from increase in production cost during the financial year under review. The management is planning to open two more supermarket outlets in the next financial year. In addition, the management is sourcing for a suitable premise in Selama, Perak to reopen the outlet which was damaged by fire in FY2020.

With the ongoing pandemic, the Group will continue to closely monitor and assess the effectiveness of its various measures to cater for any unforeseen adverse impact that may arise. Moving forward, the Group will focus on increasing the production capacity of its value-added food manufacturing as the current capacity is insufficient to meet the increasing demand for its products.



# SUSTAINABILITY STATEMENT

## SUSTAINABILITY STATEMENT

Sustainability is recognised as a fundamental component in the preservation of the future of CAB Cakaran Corporation Berhad (“CAB” or “the Company”) and its subsidiaries (“CAB Group” or “Group”), and has always been entrenched in the core of the Group’s business. In this respect, the Group prioritises its development and management of the Economic, Environmental and Social (“EES”) elements in its strategy to remain vibrant and profitable. This Sustainability Statement is prepared in accordance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) and has considered the Sustainability Reporting Guide – 2<sup>nd</sup> Edition, including its accompanying toolkits, issued by Bursa.

## SCOPE & METHODOLOGY

This Sustainability Statement (“Statement”) underlines the Group’s commitment towards ensuring that its business undertakings are conducted sustainably and responsibly through the Group’s Economic, Environmental and Social (“EES”) performance for the financial year ended 30 September 2021 (“FY2021”). The Group is confident that this can be accomplished through the implementation of the sustainability initiatives it develops.

The implementation of CAB’s sustainability initiatives spans across CAB Group’s business divisions which are deemed necessitated and appropriate. Unless otherwise stated, the scope of this Statement does not include CAB Group’s contract farms which are managed independently by the appointed farmers.

## APPROACH TO SUSTAINABILITY

### Sustainability Governance

The Group’s approach to sustainability is formulated based on its core values and principles around its Mission and Vision Statements illustrated as follows:



#### Our Vision

To be a respectful leader in the regional food industry with strict adherence to high quality and safety standards for food production



#### Our Mission

To manage and conduct all business dealings with integrity and innovation to supply a wide range of high quality and safe food products to our customers



#### Core Values

- To always ensure premium quality and food safety standards are adhered to
- To actively participate in activities related to raising the standards of the food industry
- To form strategic long-term partnerships with our employees, customers and suppliers
- To optimise profit through efficient utilisation of resources
- To constantly invest in new facilities and research and development in order to produce a continuous stream of quality and safe food products

# SUSTAINABILITY STATEMENT (CONT'D)

## APPROACH TO SUSTAINABILITY (CONT'D)

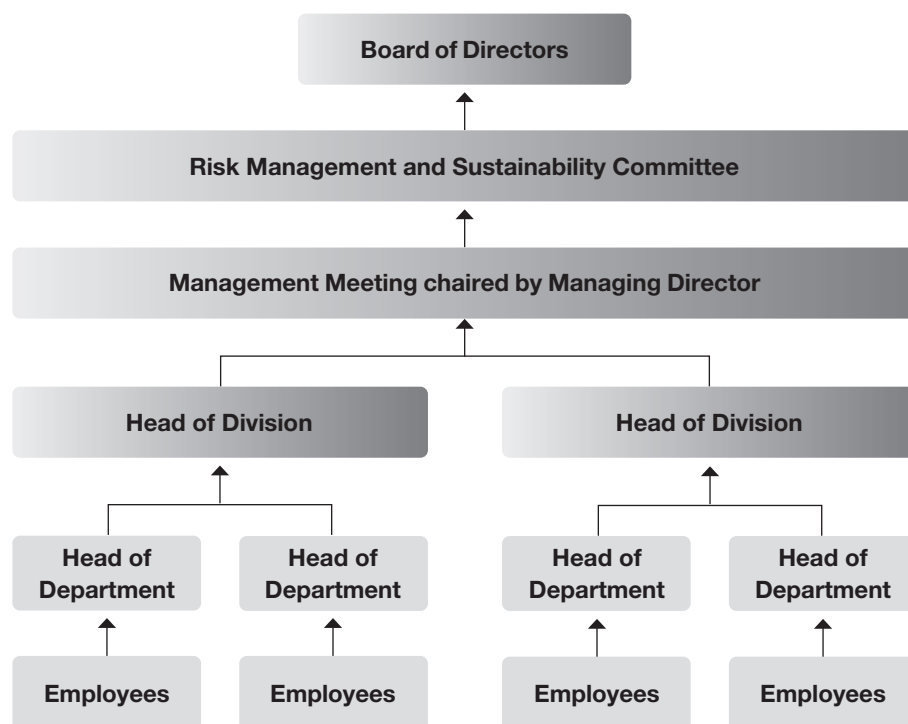
### Sustainability Governance (Cont'd)

In integrating sustainability into its business, the Group's sustainability management and performance form an integral part of its risks management system where sustainability is treated as one of the key discussion points at its management meetings.

While the Board takes ultimate responsibility in ensuring that CAB's strategic plan supports long-term value creation and includes strategies on EES considerations underpinning sustainability, the Group's Risk Management and Sustainability Committee ("RMSC") is tasked to assist the Board, with responsibilities that include overseeing the establishment and implementation of a sustainability framework and monitoring and overseeing the management and performance of all sustainability strategies and initiatives of the Group.

### Sustainability Framework Structure

The following illustrates the reporting structure of the Group's sustainability framework:



### Aim

The aim and ultimate goal is to ensure that sustainability considerations are integrated into the Group's governance framework, in other words, ensuring accountability over the Group's sustainability performance, and that sustainability initiatives and practices become part and parcel of the Group's day-to-day operations.

## MATERIAL SUSTAINABILITY CORE FOCUS AREAS

Materiality, in sustainability terms and in so far as CAB is concerned, is not limited to matters that may have financial impact to the Group but includes matters that may impinge on its ability to meet its present and future needs. The Group's definition of materiality is derived from the prescribed guidelines provided by Paragraph 6.3, Practice Note 9 of the MMLR of Bursa, where material issues are defined as those which:

- reflect our Group's significant EES impacts; and/or
- substantively influence the assessments and decisions of the Group's key stakeholders.



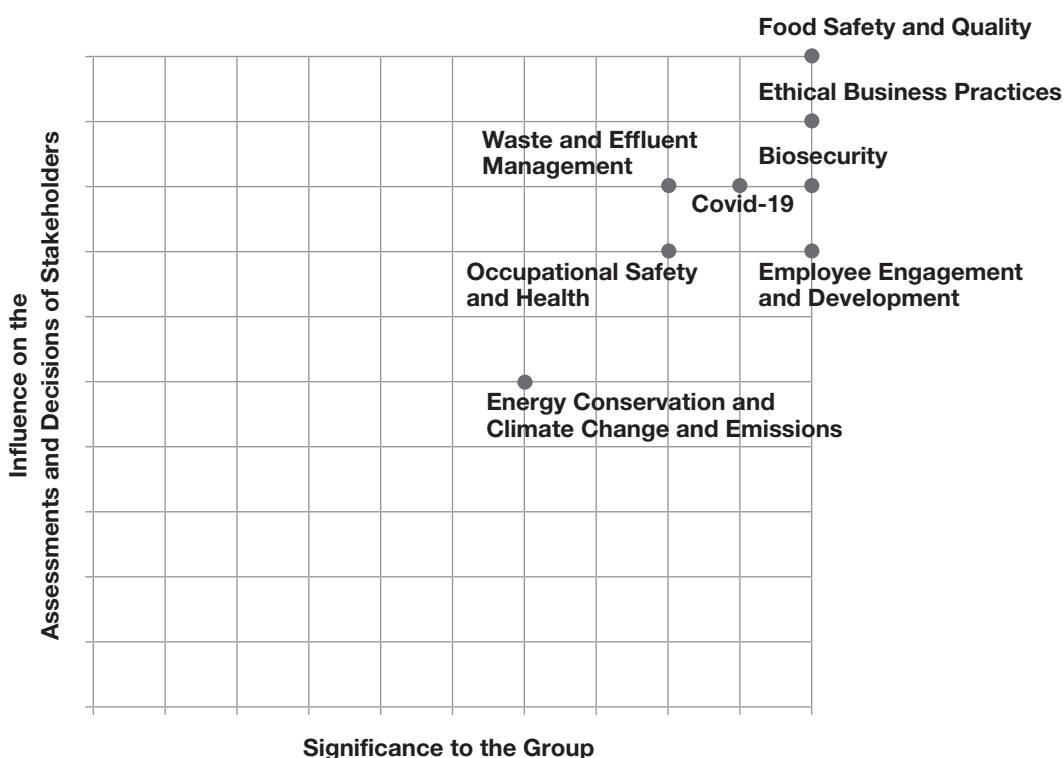
# SUSTAINABILITY STATEMENT (CONT'D)

## MATERIAL SUSTAINABILITY CORE FOCUS AREAS (CONT'D)

During the FY2021, CAB has performed a materiality assessment via the management meeting, participated by the Heads of Departments and Divisions as well as those who manage the Group's key stakeholders, to review the Group's EES matters, which includes an assessment of their significance to the Group's business operations and how they influence the assessments and decisions of our stakeholders, including, but not limited to, our employees, customers, community within the vicinity of our operations, regulators and authorities etc. Among the various EES matters considered in the materiality assessment process, we have identified the following Core Focus Areas which may have greater direct or indirect impact on our Group's ability to create, preserve EES values.

- Food Safety and Quality
- Biosecurity
- Waste and Effluent Management
- Energy Conservation and Climate Change and Emissions
- Ethical Business Practices
- Covid-19
- Occupational Safety and Health
- Employee Engagement and Development

## MATERIALITY MATRIX



# SUSTAINABILITY STATEMENT (CONT'D)

## CORE FOCUS AREAS

### 1. Economy

#### 1.1 Food Safety and Quality

CAB Group places great emphasis on producing high quality and safe food products for our consumers. From food processing through to packaging, CAB Group practices stringent food safety and quality control and ensure the products meet the highest food safety and quality requirements as well as comply with all relevant laws and regulations.

To preserve quality and safety of the Group's food products, the relevant operations are certified and accredited with national and international food safety standards as follow:

- Malaysian Good Agriculture Practices ("MyGAP") certification for its breeder and grand-parent stock farms;
- Veterinary Health Mark ("VHM") and HALAL certification by Jabatan Kemajuan Islam Malaysia ("JAKIM") for its chilled/frozen chicken and further processed products;
- Good Manufacturing Practice ("GMP") and Hazard Analysis and Critical Control Point ("HACCP") certification for the chicken processing and further processed product manufacturing facilities in Kuala Lumpur;
- Food Safety System Certification ("FSSC") 22000 for its slaughtering facility in Kedah and further processed product factory in Kuala Lumpur; and
- The Group also received certification from the Singapore Food Agency ("SFA") (formerly known as Agri-food & Veterinary Authority of Singapore ("AVA")) for certain broiler farms in Johor as well as the processing and manufacturing facility in Melaka which enables the Group to export broilers, frozen dressed birds and parts, as well as further processed products to Singapore.

Operations of the Group's processing and manufacturing facilities are guided by a Food Safety Policy which is part of the Group's Quality Assurance Program. Proper segregation and compartmentalisation of processing areas are made between raw, semi-processed, and processed items to avoid cross-contamination, while hygiene practices and sanitation procedures are being implemented and monitored on an ongoing basis. The Group's processing and manufacturing lines have incorporated controls that ensure the preservation and maintenance of optimum food safety and quality, including metal detectors, temperature controls, and implementation of automation technology to minimise manual handling. Bar-coding technology is also employed for traceability which does not only help to facilitate effective storage and logistics planning and management, but also enables any issues and their root cause to be swiftly identified and remedial actions to be carried out.

All factory workers are provided education and training on standard operating procedures which includes, amongst others, monitoring and identifying any issues in the processing or manufacturing process, maintaining hygiene at all times, proper handling and storage of materials and products, etc.

Food safety and quality practices are also considered and undertaken in the Group's broiler farms via the observation of a withdrawal period to keep the presence of antibiotic in chicken meats within the regulated levels.

# SUSTAINABILITY STATEMENT (CONT'D)

## CORE FOCUS AREAS (CONT'D)

### 1. Economy (Cont'd)

#### 1.1 Food Safety and Quality (Cont'd)

In upholding quality and safety standards for the Group's food processing operations, the Group conducts trainings, evaluation and monitoring on compliance with the Group's standard operating practices and adopted standards to ensure effective implementation of established controls. Trainings are conducted regularly and are customised for employees tasked with different scopes of work. For the financial year under review, the trainings conducted for CAB Group's employees included the following:

- Understanding the ISO 9001:2015 Standard Requirement, Awareness Interpretation and Documentation and Internal Audit;
- Food Handler Training;
- Professional Certificate for Halal Executive Course;
- Chicken Slaughtering Course
- FSSC 22000 Version 5.1 Transition Training;
- Post Mortem and Poultry Disease;
- GMP Awareness and SOP Briefing Training;
- Checklist and Record-Keeping
- Food Act 1983 & food Regulation 1985 for Newbies; and
- Pest Control Awareness.

CAB's operations are subject to regular internal reviews by its Quality Assurance Department, Quality Control Department and Internal Auditors. As part of the Group's Quality Assurance Policy, an in-house laboratory has been set up to assess the quality of incoming raw materials to factories, as well as the finished products before they are packed and ready to be sent to customers. CAB's facilities are also regularly audited by regulators as well as customers who impose stringent quality and food safety requirements. Any safety and quality matters that need to be improved will be highlighted by our qualified Safety Officer and ISO audit activities for remedial actions to be carried out.

During the financial year under review, there were no product recall cases. (2020 : none).

#### 1.2 Biosecurity

Biosecurity and safety of livestock plays an important role to the Group and may be threatened by physical, chemical and microbiological content. Biosecurity is taken seriously at CAB's farms, which are operated in accordance with a Biosecurity Policy, with controls and measures embedded into the Group's operations to prevent, minimise, confine, and control diseases and infection risks at all farms and hatcheries.

To ensure that our poultry farms are safe from disease outbreaks, we have established the following preventive measures:

- CAB farms are managed in accordance with the Group's Farm Management Policy and Standard Operating Procedures ("SOPs"). Flock Health Monitoring and Good Animal Husbandry Practice ("GAHP") are also practised at all farms and hatcheries with due consideration given for excellent birds health and welfare.
- In order to minimise the impact of cross-infection in the case of a disease outbreak, CAB's poultry farms are distanced from each other, spreading across the entire Peninsular Malaysia, covering Kedah, Melaka, Negeri Sembilan, Johor, Pahang, Terengganu and Kelantan. Employees and/or visitors who have visited the poultry farms are not allowed to enter the Group's hatcheries within a specified period of time to avoid infection of day-old chicks.
- The physical movements of persons in and out of the operation premises are monitored and controlled, and persons entering the premises are required to wear disinfected apparel and gears. Access into farm houses is only allowed for persons wearing designated farm uniform after going through mandatory shower, hand wash and disinfectant boot-dip.

# SUSTAINABILITY STATEMENT (CONT'D)

## CORE FOCUS AREAS (CONT'D)

### 1. Economy (Cont'd)

#### 1.2 Biosecurity (Cont'd)

To ensure that our poultry farms are safe from disease outbreaks, we have established the following preventive measures: (Cont'd)

- Livestock quality control plays a crucial part throughout the entire production chain starting from grandparent stock down to parent stock and broiler. The going practices stringent biosecurity and farm isolation for good disease prevention and control. CAB is moving towards having all its farms certified by the Department of Veterinary Services (“DVS”) as Malaysian Good Agricultural Practices (“MyGAP”) especially for broiler farms.
- External vehicles are not allowed into production and clean areas, whilst all authorised vehicles are required to have vehicle shower and wheel-dip before entering farms and hatcheries.
- The Group manages the internal conditions of its operation premises by adopting good practices on a range of matters crucial to hygiene and disease-control, such as for rodent, insect and wild bird control and waste management for farms and hatcheries.
- The Group has employed qualified veterinarians who are responsible for poultry health monitoring and disease control. Ongoing monitoring of flock health is conducted across all CAB’s farms and veterinarians will visit CAB’s farms regularly.
- The Group also adopts Evaporative Tunnel Ventilated Closed House System to regulate and enhance consistency of house temperature and air quality to avoid unnecessary stress on poultry in order to deliver excellent performance and also to reduce biosecurity risks. The Group is gradually implementing the conversion of all its open house farms to Closed House System to enhance the effectiveness of the Group’s effort in managing biosecurity risks. For the FY2021, approximately 31% of CAB Group’s flocks are grown in Closed House System. (2020 : 28%)

During the financial year under review, there were no major disease outbreaks in CAB’s poultry farms. (2020 : none).

### 2. Environment

#### 2.1 Waste and Effluent Management

The Group maintains its waste management system effectively to prevent environmental contamination from its production effluents, which consists of a mixture of, amongst others, blood, fat, feathers, skins, etc.

CAB manages its effluent discharge via wastewater treatment plant which applies two (2) types of treatments, namely Biological Process and Physical Chemical Process, or a combination of both in some plants. The processes aim to remove contents such as suspended solids, grease and fat, and harmful substances which are subsequently processed into sludge cake for disposal in accordance with environmental laws and regulations, while the treated effluent can safely be discharged into the public water system.

The Group’s technical officers are well trained and certified by the Department of Environment (“DOE”) to maintain its treatment system. Treated effluent is sampled and tested at least on a weekly basis, to examine its acidity, biochemical oxygen demand (“BOD”) level, chemical oxygen demand (“COD”), etc., to ensure its quality is maintained within the regulated levels.

Poultry manure, which may cause foul odour and encourage the breeding of pests, is disposed of to licensed waste contractors for recycling into organic fertilisers for use in the agricultural industry as an alternative source for chemical fertilisers, thus creating better and less contaminated environment. The Group has put in continuous serious effort into managing the problem with odour and flies arising from poultry manure, including using effective microorganisms spray and gradual implementation of conversion of all the Group’s farms into Closed House System.



# SUSTAINABILITY STATEMENT (CONT'D)

## CORE FOCUS AREAS (CONT'D)

### 2. Environment (Cont'd)

#### 2.1 Waste and Effluent Management (Cont'd)

In addition, the Group's major production operations are guided by environmental policies which aim to prevent pollution and be environmentally responsible in its operations and practices. At each facility, the respective management committee undertakes the responsibility to continue to oversee and monitor the environmental compliance and performance of the operations.

During the financial year under review, there were no significant penalties levied by authorities. (2020 : no significant penalties reported).

#### 2.2 Energy Conservation and Climate Change and Emissions

CAB Group is committed to growing the business in a responsible manner, with consideration of our impacts to the environment while inculcating responsible behaviours within our organisation. We are committed towards reducing our carbon footprints by continuing proactively to monitor and manage our energy use across all businesses. During the end of FY2021, we have successfully completed installation of a rooftop Photovoltaic System ("PV System") at CAB's Corporate Office in Seberang Jaya, Penang. The PV System is expected to generate approximately 565 MWh of renewable energy annually for use, resulting in the reduction of more than 392 tonnes of carbon dioxide equivalent ("tCO<sub>2</sub>e") Greenhouse Gas emissions.

In the coming year, other sites would be identified to install similar PV System to generate the renewable energy for own use.

### 3. Social

#### 3.1 Ethical Business Practices

In line with the CAB Group's Vision, Mission, and Core Values, the Group believes in upholding integrity and ethics in the conduct of business. A Code of Ethics and Conduct, applicable to the Group's Directors and employees, is established by the Group to clearly set out expectations to display the highest levels of professionalism in the conduct of work and dealings with internal and external stakeholders. The Group's Code of Ethics and Conduct communicates the Group's commitment to practising business ethically towards its stakeholders, including its customers, suppliers, employees, the environment and the community. This includes the Group's commitment to dealing fairly and ethically in the market, with its customers, suppliers, competitors, and business partners to promote a healthy, competitive and economically efficient marketplace.

The Group's stance on zero-tolerance towards bribery and corrupt practices is also clearly stated in the Anti-Bribery and Corruption Policy and Code of Ethics and Conduct (both referred to as the "ABC Policy" in this statement) and is applicable to all the Group's business dealings and transactions in all countries in which its subsidiaries operate. The ABC Policy further provides for how gifts, meals, entertainment and other benefits should be assessed and governed, as well as how actual or potential conflict of interest situations should be declared, in ensuring its Directors and employees demonstrate business ethics and integrity in all CAB's business dealings.

A whistle-blowing channel has also been established to allow for the reporting of genuine concerns, about unethical behaviour, malpractices, illegal acts, or failure to comply with regulatory requirements, by employees or stakeholders of the Group without fear of reprisal. The whistle-blowing mechanism also provides protection to the whistle-blower where confidentiality of identity is concerned, as well as against retaliation. Apart from direct access to the Group Managing Director, the mechanism also allows for reporting to an alternate independent channel, i.e. the Audit Committee Chairman or Head of Internal Audit. Such policies and procedures are formalised in a Whistle-Blowing Policy which is available for public access on the company website at <http://www.cab.com.my/investors-relations/>.

# SUSTAINABILITY STATEMENT (CONT'D)

## CORE FOCUS AREAS (CONT'D)

### 3. Social (Cont'd)

#### 3.1 Ethical Business Practices (Cont'd)

During the financial year under review, there were no whistle-blowing cases reported. (2020: none).

#### 3.2 Covid-19 Pandemic

The COVID-19 outbreak, which led to the implementation of national lockdown policies in many countries worldwide, including Malaysia, has restricted many businesses from operating as usual. The COVID-19 pandemic has affected the CAB Group both operationally and financially due to the Movement Control Order ("MCO") that has been enforced by the Government.

For shareholders' information, CAB Group's businesses were permitted to operate by the Ministry of International Trade and Industry ("MITI") since the first Movement Control Order which took effect from 18 March 2020, in view of it being an integrated poultry producer in the food supply industry, which was considered an essential service by the Government.

To mitigate the potential impact of COVID-19 on the Group's operations, apart from ensuring compliance with the guidelines laid down by the authorities, the Group has taken precautionary, preventive and deterrent approaches in the aspects of workers' personal hygiene including compulsory wearing of face mask, social distancing, use of covid-19 self-test kits, isolation/quarantine for patients/persons in close contact with patients, proper hostel accommodation, controls over external party visitation, document flow and ensuring that all staff get vaccinated on time.

A fully vaccinated workforce ensures a safe workplace and safe environment for everyone. For the FY2021, the CAB Group has arranged for a total of 715 employees who did not have any vaccination appointment to be vaccinated via the government's Public-Private Partnership COVID-19 Industry Immunisation Programme ("PIKAS").

#### 3.3 Occupational Safety and Health

The Group commits to provide employees and workers with a safe and conducive working environment which in turn encourages productivity. Working in a farm environment exposes a person to various occupational safety and health risks, such as industrial accidents, occupational diseases (such as musculoskeletal disorders and biological hazards), occupational poisoning (such as from chemical gases, ammonia, pesticides and etc), while working in a processing and manufacturing factory exposes a person to physical injuries from activities like working with sharp tools, machinery, high temperature and etc.

The Group's operations are guided by a Group Safety and Health Policy established with an aim to ensure the safety and health of workers and managing workplace hazards. Working committees on occupational safety and health are established for the production operations to oversee the management of occupational safety and health matters.

CAB Group has in place risk assessment processes, such as Hazard Identification Risk Assessment and Risk Control ("HIRARC"), Chemical Health Risk Assessment ("CHRA") and assessment on Noise Monitoring, to identify workplace hazards. In managing these hazards, the Group ensures safety measures are implemented, such as standard operating procedures, provision of suitable and adequate personal protective equipment ("PPE"), trainings, safe work instructions and the use of equipment with enhanced safety features.

The Group has also employed a registered competent Safety and Health Officer to monitor and ensure occupational safety and health matters are kept in check. The Safety and Health Officer conducts regular safety trainings and safety audit at the Group's hatcheries, farms, processing, and production sites to inculcate a mindset on safety awareness and practices amongst employees, workers and contractors. Safety information, improvement opportunities, and non-compliances are communicated and reported through Notice Boards and regular management briefings.

# SUSTAINABILITY STATEMENT (CONT'D)

## CORE FOCUS AREAS (CONT'D)

### 3. Social (Cont'd)

#### 3.3 Occupational Safety and Health (Cont'd)

The Group has established processes for the continual review and improvement of the Group's internal control system, including on occupational safety and health matters. This process includes enquiries or investigations into every accident case to determine the causes of accidents for the Group to address any weaknesses in controls and to prevent recurrence of similar incidents.

Compliance with the safe work practices and guidelines is the primary responsibility of all employees, suppliers, contractors and consultants who perform their duties at our premises. Safety campaigns are held to remind and refresh the staff on safety awareness and related issues to minimise injury, safety and health hazards to our employees. It is the aim of the Group to ensure all employees understand that safety is everyone's responsibility.

During the year, the Lost Time Injury Frequency Rate ("LTIFR") is 5.3 LTI per million hours. Further investigation revealed that the LTI incidents were mainly due to awareness and human errors; and the hazard were mostly due to sharp objects and slippery floors. Apart from the above, owing to unforeseeable hazards, the Group encountered an ammonia leakage during maintenance work in one of the factories. The workers who were injured in the incident have since recovered and reported for work. Even though the incident carried no severe impact on our operations, the Management has proactively taken precautionary steps to curb recurrence risk across the CAB Group, via reinforcing proper work practices, implementation of enhanced standard operating procedures, and provision of effective training.

We continuously aim and work towards zero accidents at our operations through proactive risk identification, risk management and continuous improvement to prevent future incidents. The CAB Group constantly provides safety and health-related trainings to its workers to instil strong safety awareness and develop safety and health management skills within the workforce.

During the financial year under review, trainings on occupational safety and health provided to employees and workers include, but not limited to, the following subjects or areas:

- introduction course on safety standards in work place (for new staff);
- fire safety, emergency, and escape;
- safe handling of machine and tools;
- safety methods for chemical handling and spillage;
- scheduled waste management;
- manual handling at workplace (for logistics, store, and packaging facilities);
- knife and blade sharpening;
- HIRARC and Aspect Impact Workshop;
- ergonomic sitting for office workstations;
- basic road safety for trucks drivers;
- safety audit training;
- emergency response preparedness;
- accident investigation and reporting using 4P, Stepand Swiss Cheese Model;
- low back pain course;
- post Covid-19 prevention at work place; and
- early self pain management techniques for work related musculoskeletal disorder.

# SUSTAINABILITY STATEMENT (CONT'D)

## CORE FOCUS AREAS (CONT'D)

### 3. Social (Cont'd)

#### 3.4 Employee Engagement and Development

CAB Group is an equal opportunity employer and excellent workplace culture where employees of different backgrounds, gender, age, creed, ethnicity, and cultural affiliations are given equal opportunity for career development and progression.

During the FY2021, our workforce amounted to 3003 employees with 67% locals and 33% foreigners. Excluded the foreign employees, the local workforce was 2001 whereby 59% were male and 41% were female. Overall, a total of 944 local new hires were employed across our various business units with 29% being female employees.

In line with the merits-based principle it adopts in its employment, the Group has also put in place an employee reward system which is fair and substantive, linking rewards to individual contribution and performance. On an annual basis, employee performance assessment is carried out to determine the appropriate reward which may be in the form of bonus distribution, salary revision and/or promotion. The employee reward system is participated by the employee under assessment, the employee's superior, and the Group Human Resource Department (acting as verifier), providing sufficient and appropriate check and balance in rewarding employees in a transparent manner.

The Group maintains close engagement with its employees by practising open and transparent communication with all its employees. Managers are encouraged to maintain ongoing engagement with team members, including workers, to understand and resolve challenges faced at work. Employees are also encouraged to discuss and propose ideas for business improvement so employees can contribute to business success and to realise their personal potential.

Continuous skill development and knowledge improvement remain as one of the Group's key focus areas and this can be seen in the training and development programs which CAB has implemented for its employees. The Group's employee training and development program aim to help employees elevate themselves at a personal level as well as professional level. Not only does the Group's training and development program help to provide employees with opportunities towards a progressive career path, it also creates opportunity for the Group to identify personnel with high potential to be considered in its succession planning.

For the FY2021, due to the restrictions and challenges caused by COVID-19, most of the trainings were conducted virtually. The Group has provided trainings to the Group's executive team, management personnel and employees, on subjects including professional skills, management skills, safety and health, environmental management, halal requirements, and any industrial related skills in order to equip the employees with the best practices, knowledge and skills to discharge their duties. Aligned with CAB Group's sustainability commitments, the relevant department heads/managers have attended the online training on The Sustainability Accelerator which was organised by Malaysian Investor Relations Association ("MIRA") and supported by the Capital Markets Development Fund ("CMDf") under Securities Commission.



# SUSTAINABILITY STATEMENT (CONT'D)

## CORPORATE SOCIAL RESPONSIBILITY

The Group also acknowledges its responsibility to the community where it operates. As such, the Group has provided support in terms of financially as well as in kind to the Bentong District Health Office, Malaysian Veterinary Medical Association, Selangor Harmoni Pet Fans Association, Outstanding Student Award Programme at Kuantan Pahang, Banjero Squad (Kuantan) Flood and Flood Victims in Lipis.

The Group also believes in helping the youth to achieve their academic dreams and have allowed students from Universities and Colleges to have their practical trainings in the Group's poultry breeder farms.

## BUILDING A SUSTAINABLE FUTURE

The Group upholds sustainability practices and in all that it does, it strives to embed and integrate such initiatives into its work culture. CAB Group remains unwavering and steadfast in its efforts to harness a balance between enhancing business prosperity and discharging its corporate responsibility in sustainability.

The Board will continue to monitor and assess the sustainability performance of the Group's operations on an ongoing basis and to improve and enhance its existing practices, as appropriate, to enable the sustainable creation and preservation of long-term value to the Group's stakeholders.

This Sustainability Statement was approved by the Board on 23 December 2021.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of CAB Cakaran Corporation Berhad (“the Company”) recognises the importance of practicing and maintaining good corporate governance towards the success of the Company and its subsidiaries (“the Group”) whilst pursuing its corporate objectives. The Board is fully committed in ensuring that the high standards of corporate governance is being practiced throughout the Group as a fundamental part of discharging its responsibilities to protect the interest of all its stakeholders, enhance shareholders’ value and for long-term sustainable business growth.

## COMPLIANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

The Board is pleased to outline below the manner in which the Group has adopted and applied the principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 (“the Code” or “MCCG 2017”) and the governance standards prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) throughout the year under review. This Corporate Governance (“CG”) Overview Statement is to be read together with the CG Report 2021 of the Company which is available on the Company’s website at [www.cab.com.my](http://www.cab.com.my).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I Board Responsibilities

The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, managing the business and affairs of the Group including ensuring achieving its strategic goals and realising long-term shareholders’ values.

The Board assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, fiduciary duties and leadership functions:

- (a) Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group’s business;
- (b) Overseeing the conduct of the Group’s businesses and evaluating whether or not its businesses are being properly managed;
- (c) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- (d) Ensuring that all candidates appointed to Senior Management positions are of sufficient calibre, including the orderly succession of Senior Management personnel;
- (e) Overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company;
- (f) Reviewing the adequacy and integrity of the Group’s internal control and management information systems;
- (g) Carrying out periodic review of the Group’s financial performance and operating results and major capital commitments; and
- (h) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group.

The Board is governed by the Board Charter which guides, regulates and delineates clearly relevant matters reserved for the Board’s approval, and those which the Board may delegate to the Board Committees, the Group Managing Director and the Management.

The Board has five (5) Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee, Risk Management and Sustainability Committee and Halal Committee to assist the Board and each committee is governed by their Terms of Reference (“TOR”). The TORs of the Board Committees are periodically reviewed by the Board Committees and approved by the Board on any changes/updates to ensure that they remain relevant and adequate in governing the responsibilities of the Board Committees and reflect the developments in the Listing Requirements, MCCG 2017 and other regulatory authorities. The TORs of the Board Committees are made available for reference at the Company’s website at [www.cab.com.my](http://www.cab.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Board Responsibilities (Cont'd)

The Chairman of each Board Committee will report to the Board the outcome of the Board Committee meeting for the Board's consideration and approvals as well as matters which require the Board's deliberation. The extract of such reports are incorporated in the minutes of the Board meetings. The Board retains full responsibility for the direction and control of the Company and the Group.

The Board plays an active role in reviewing and monitoring the Group's overall strategic and financial plans. The Board reviews and approves on a yearly basis the proposed business plan and budget of the Group as well as the capital expenditure at the Board Meetings.

The Board reviews the performance and results of the business at individual business unit level and group level on a regular basis at its quarterly meetings by monitoring the Group's financial results against the budget and the preceding quarter's result. The Board receives updates on financial, operational, corporate, regulatory, business development and audit matters for the decisions to be made on an informed basis to effectively discharge the Board's responsibilities.

The Group Managing Director, Executive Directors and/or other relevant Board members with the assistance of senior management team will furnish comprehensive explanation on pertinent issues and recommendations by the Management to the Board. The issues are then deliberated and discussed thoroughly by the Board and the Board will give in depth consideration, guidance, ideas and feedback on the Company's strategy over short, medium and long-term, prior to decision making. In addition, the Board members are updated on the Company's activities and its operations on a regular basis.

The Board also deliberates and evaluates the feasibility of business propositions and corporate proposals as well as the principal risks that may have a significant impact on the Group's business. External advisors are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required.

The Audit Committee assists the Board in reviewing financial reporting such as quarterly and annual financial results, major acquisitions and disposals, major investments, non-financial reporting such as disclosures and statements in the annual report before tabling the same to the Board for deliberation and approval to ensure the Group is in compliance with the relevant accounting standards and Listing Requirements.

The Management team conducted quarterly meetings with each business unit head to review, discuss, deliberate, consider and submit proposals to the Board for final decision on issues of financial performance, business plan, risk management, information technology support, corporate governance, business development, investment activities and current issues faced by the Group which require the Board's input and decision.

The Board, via the Risk Management and Sustainability Committee ("RMSC"), sets the risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by the Group. The details of the risk management framework are set out in the Statement on Risk Management and Internal Control section of this Annual Report.

The Board, via RMSC, also discusses and resolves risk management and sustainability-related issues, in particular, the establishment of a sustainability framework, the review of the adequacy of sustainability processes, ensuring effectiveness in the identification, management, and reporting of Material Sustainability Matters of the Group, monitoring and overseeing of all sustainability strategies and initiatives of the Group. The details of the sustainability matters are set out in the Sustainability Statement section of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Board Responsibilities (Cont'd)

#### Clear Segregation of Roles and Responsibilities of Executive Chairman and Group Managing Director

The roles of the Executive Chairman and Group Managing Director are distinct and separated to ensure a balance of power and authority. The Executive Chairman leads the Board and is responsible for the efficient functioning of the Board. The key roles of the Executive Chairman, amongst others, are as follows:

- (a) ensuring that the Board functions effectively, cohesively and acting in results-orientated manner;
- (b) leading the Board, with good corporate governance practices in place across the whole Group;
- (c) leading the Board, including presiding over Board meetings and Company meetings and providing strategic leadership in directing the Board's agenda and putting priorities to effectively address the critical issues faced by the Group;
- (d) ensuring that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda;
- (e) encouraging active participation and discussion to ensure no individual member dominates discussion and that dissenting views can be freely expressed and discussed before a Board decision is made;
- (f) promoting constructive and respectful relationship between board members and between board members and management; and
- (g) ensuring that there is effective communication between the Company and/or the Group and its shareholders and relevant stakeholders.

The positions of Executive Chairman and Group Managing Director are held by different individuals.

The roles of the Executive Chairman and the Group Managing Director as well as their terms of reference are stated in detail in the Board Charter which is made available for reference at the Company's website at [www.cab.com.my](http://www.cab.com.my).

The Board has delegated to the Group Managing Director, the authority and responsibility for implementing of the Board policies, strategies and decisions adopted by the Board. The Group Managing Director takes on primary responsibility to spearhead and manage the overall business activities of the various business divisions of the Group. The Group Managing Director is assisted by Executive Directors and head of each division in implementing and running the Group's day-to-day business operations.

The Group Managing Director may delegate aspects of his authority and power but remains accountable to the Board for the Company and the Group's performance.

#### Company Secretaries

The Company is supported by two (2) qualified named Company Secretaries who possess the requisite qualification and are qualified to act as Company Secretaries under section 235(2) of the Companies Act, 2016. They play a supportive role by ensuring adherence to the Company's Constitution, Board's policies, procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations from time to time. The Company Secretaries monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Board Responsibilities (Cont'd)

#### Access to Information and Confirmation of Minutes

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. The notice of Board meetings are sent out to the Directors via email at least seven (7) days prior to the meeting. The meeting materials of the Board and Board Committees together with its detailed reports, proposition papers and other relevant information on matters requiring the consideration of the Board were circulated to all Directors via email for their perusal and consideration where possible, at least five (5) business days prior to each Board meeting, depending on the nature and complexity of the particular meeting material. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions can be made.

All proceedings from the Board meetings are recorded and confirmed by the Chairman of the meeting. The minutes of the Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be carried out at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from all the members at the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. Signed copies of the minutes were kept in the minutes book maintained by the Company Secretaries.

In line with the MCCG 2017, the Company would ensure that the relevant meeting papers are provided to the Board not less than five (5) business days before the meeting and circulate the draft minutes of meeting in a timely manner after conclusion of the Board and Board Committee meetings.

#### Board Charter

The Board Charter sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, Board Committees, individual Directors and Managements as well as issues and decisions reserved for the Board.

The Board will periodically review the Board Charter and make any changes whenever necessary in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is published on the Company's website at [www.cab.com.my](http://www.cab.com.my). The Board Charter was last reviewed on 23 December 2021.

#### Code of Ethics and Conduct

The Board has formalised a Code of Ethics and Conduct that sets out the basic principles to guide all the Directors and employees of the Company and the Group. The Code of Ethics and Conduct clearly sets out expectations for all the Directors and employees of the Group to display the highest level of professionalism and corporate governance in the conduct of work and dealings with its internal and external stakeholders including its customers, suppliers, employees, the environment and the community. This includes the Group's commitment to dealing fairly and ethically in the market, with its customers, suppliers, competitors, and business partners to promote a healthy, competitive and economically efficient marketplace.

The Group's stance on zero-tolerance towards bribery and corrupt practices is also clearly stated in the Code of Ethics and Conduct and is applicable to all the Group's business dealings and transactions in all countries in which its subsidiaries operate. The Code of Ethics and Conduct further provides for how gifts, meals, entertainment and other benefits should be assessed and governed, as well as how actual or potential conflict of interest situations should be declared, in ensuring its Directors and employees demonstrate business ethics and integrity in all the Company's business dealings. The Anti-Bribery and Corruption Policy which was adopted in FY2019 also requires all employees (including full time, probationary, contract and temporary staff) ("Employees") and Directors of the Group to be committed to acting professionally and with integrity in their business dealings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Board Responsibilities (Cont'd)

#### Code of Ethics and Conduct (Cont'd)

The Directors and employees of the Group are obliged, at all times, to comply with the law and Code of Ethics and Conduct and are encouraged to report suspected unlawful and unethical behaviour.

The Directors have the duty to declare immediately to the Board of their interests in any transaction to be entered into directly or indirectly with the Company or the Group. The interested Director shall abstain from all deliberations and decision making of the Board on the transaction where conflict of interests may arise. In the event where a corporate proposal is required to be approved by the shareholders, the interested Director will abstain from voting in respect of their shareholdings in the Company and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolution.

Employees are obliged to observe the standards of ethical behaviours and the rules of conduct at the workplace as stated in the Employees' Handbook adopted by the Company.

The Board will periodically review the Code of Ethics and Conduct to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct and the Anti-Bribery and Corruption Policy are available for reference at the Company's website at [www.cab.com.my](http://www.cab.com.my).

#### Whistle-blowing Policy

The Board has put in place a Whistle-blowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about unethical behaviour, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions shall be taken where required.

The policy lays down explicitly the procedures and protection extended to the whistle-blower. The policy is published and promoted for enforcement across the Group, where the whistle-blower can report to the Group Managing Director, the Audit Committee Chairman or the Head of Group Internal Audit.

The Board will periodically review the Whistle-blowing Policy to ensure it remains relevant and appropriate.

The details of the Whistle-blowing Policy are available for reference at the Company's website at [www.cab.com.my](http://www.cab.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Board Responsibilities (Cont'd)

#### Time Commitment, Board Meetings and Directors' Training

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The attendance records of the Directors at the Company's Board Meetings held during the financial year ended 30 September 2021, are as follows:

Name	Meetings attended
Chan Kim Keow	5/5
Chew Chee Khong	5/5
Chuah Ah Bee	5/5
Chuah Hoon Phong	5/5
Loo Choo Gee	5/5
Haji Ahmad Fazil Bin Haji Hashim	5/5
Goh Choon Aik	5/5
Lim Ghim Chai	5/5
Wijanti Tjendera	5/5

The dates scheduled for Board meetings, Board Committee meetings and Annual General Meeting are set in advance and circulated to the Directors to facilitate the Directors' time planning.

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast of various issues facing the changing business environment within which the Group operates. The Directors are also encouraged to evaluate their own training needs on a continuous basis and recommend to the Board for the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board by actively participate in Board deliberation and effectively discharge their duties.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Board Responsibilities (Cont'd)

#### Time Commitment, Board Meetings and Directors' Training (Cont'd)

During the financial year under review, the Directors had participated in the following training programme:

Name of Directors	Date	Programmes
Chan Kim Keow	23 September 2021	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the Revised Malaysian Code on Corporate Governance 2021
Chew Chee Khong	23 September 2021	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the Revised Malaysian Code on Corporate Governance 2021
Chuah Ah Bee	23 September 2021	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the Revised Malaysian Code on Corporate Governance 2021
Chuah Hoon Phong	23 September 2021	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the Revised Malaysian Code on Corporate Governance 2021
Loo Choo Gee	23 September 2021	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the Revised Malaysian Code on Corporate Governance 2021
Haji Ahmad Fazil Bin Haji Hashim	23 September 2021	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the Revised Malaysian Code on Corporate Governance 2021
Goh Choon Aik	23 September 2021	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the Revised Malaysian Code on Corporate Governance 2021
Lim Ghim Chai	23 September 2021	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the Revised Malaysian Code on Corporate Governance 2021
Wijanti Tjendera	23 September 2021	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the Revised Malaysian Code on Corporate Governance 2021

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II Board Composition

#### Composition of Board

The Board consists of nine (9) members; comprising one (1) Executive Chairman, one (1) Group Managing Director, three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors, fulfilling the Listing Requirements' provision for at least one-third of the board of Directors or two Directors, whichever is higher, being Independent Directors. If the number of Directors is not three (3) or a multiple of three (3), then the number nearest one third ( $\frac{1}{3}$ ) will be used. In the event of any vacancy in the board of Directors, resulting in non-compliance of the minimum number of independent directors, the vacancy shall be filled within three (3) months.

All Directors of the Company do not hold more than five (5) directorships under paragraph 15.06 of the Main Market Listing Requirements.

The Group is led and managed by an experienced Board, many of whom have vast knowledge of the business. The Board, through the Nomination Committee, has examined and considered its present Board size and is satisfied that its current Board size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operation.

Notwithstanding that the Board does not comprise at least half of Independent Directors as recommended under the Code, there is a good mix of members with diversified background and extensive experience and fair knowledge, who bring along a wide range of technical skills and expertise to the Group and have contributed significantly towards performance monitoring, control as well as governance. The present scenario, does not jeopardize the position of the Board to make independent deliberations and decisions in the best interest of the Company.

The Independent Directors are independent of the Management and free from any significant business or other relationship with the Company or the Group. Hence, they are able to provide an unfettered and unbiased independent judgement and to promote good corporate governance in their roles as Independent Directors.

The Independent Directors take their roles and responsibilities to shareholders and other stakeholders seriously and hold constant discussions and deliberations during the Board and Board Committee meetings. They are also open to raise ideas and offer different views in deliberations during the Board or Board Committee meetings. They do not shy away from asking hard and uncomfortable questions during deliberations and are willing to challenge the Management if the answers provided are not to their satisfactory. Hence, this accumulation of expertise and experience as well as the nurturing of an open and transparent discussion environment during the Board meetings, have helped to ensure healthy discussion and deliberation on Company matters.

The current size and composition of the Board reflect the interest of shareholders as the current structure of the Board ensures that no single individual or group dominates the decision-making process. The presence of Independent Non-Executive Directors also safeguard the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained.

Ms. Wijanti Tjendera, the nominee Director of Plant Wealth Holdings Limited, a major shareholder of the Company, who has been appointed as a Non-Independent Non-Executive Director of the Company provides independent deliberation, review and decision-making to the Board.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II Board Composition (Cont'd)

#### Composition of Board (Cont'd)

The Board will take steps to ensure their compliance with the Code requirements to have at least half of the board comprises of Independent Directors. The Nomination Committee and the Board will continue seeking new Independent Directors who meet the required criteria and merit with due regard for diversity in skills, experience, age and cultural background that suits the Company's strategic goals to join the Company. At this juncture, the Board has not ascertained a timeframe for achieving this target but will endeavour to appoint new Independent Non-Executive Director.

#### Tenure of Independent Directors

The MCGG 2017 recommends that the tenure of an Independent Director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director. In the event such Director is to be retained as an Independent Director, the Board must first justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process to retain the said Director as an Independent Director.

Shareholders' approval was sought at the AGM on 25 March 2021 for Y.B. Goh Choon Aik and through a two-tier voting process for Tuan Haji Ahmad Fazil Bin Haji Hashim.

Letters of support and recommendation from the Group Managing Director to retain Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik as Independent Non-Executive Directors of the Company were tabled and noted at the Nomination Committee Meeting held on 23 December 2021. Upon assessment of their independence, the Nomination Committee was satisfied that Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik still maintained their independency despite their long services extended to the Company.

The Board believes that despite their long services extended to the Company, both Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik still remain unbiased, objective and independent in expressing their opinions and in participating in decision-making of the Board. The length of their services on the Board has not in any way interfered with their objectives and independent judgements in carrying out their role as members of the Board and its Committees.

The Board has recommended that the approval of the shareholders be sought to re-appoint Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik as Independent Non-Executive Directors of the Company at the forthcoming AGM through a two-tier voting process.

#### Diversity of Board and Senior Management

The Board acknowledges the importance of a diverse mix of skills and profiles of the Directors on the Board and Senior Management, in terms of age, ethnicity, gender, business experience and personal skills to provide the necessary perspective, experience and expertise required to achieve effective stewardship and management of the Company's operation.

The Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce throughout the year under review. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is strictly based on the candidates' competency, skills, time commitment, knowledge, expertise, professionalism, suitability and character of the person in meeting the needs of the Group, regardless of gender, ethnicity and age.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II Board Composition (Cont'd)

#### Diversity of Board and Senior Management (Cont'd)

The Board is supportive of the gender diversity in the boardroom as recommended by MCCG 2017. The Board currently has two (2) female Directors which the Board is of the view, is in line with the gender diversity recommended by the Code.

The following is the Boardroom Gender, Ethnicity and Age of the Company:

	40 to 49 years	50 to 59 years	60 to 69 years	70 to 79 years
Bumiputra	-	-	1 (Male)	-
Chinese	3 (Male)	1 (Male)	1 (Male); 1 (Female)	1 (Male)
Foreigner	-	-	1 (Female)	-

The Board will take into consideration gender, ethnicity and age diversity factors in nominating and selecting new Directors to be appointed to the Board.

The Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

#### Nomination Committee

The annual assessment on the effectiveness of the Board, its Board Committees and each individual Director is conducted internally via the Nomination Committee ("NC"). The NC engages the guideline provided by the regulatory bodies for use during evaluation.

The NC of the Company comprises exclusively Independent Non-Executive Directors and its composition is as follows:

Name	Position
<b>Haji Ahmad Fazil Bin Haji Hashim</b> ( <i>Independent Non-Executive Director</i> )	Chairman
<b>Goh Choon Aik</b> ( <i>Independent Non-Executive Director</i> )	Member
<b>Lim Ghim Chai</b> ( <i>Independent Non-Executive Director</i> )	Member

The NC held one (1) meeting during the financial year ended 30 September 2021. The details of the terms of reference of NC are available for reference at the Company's website at [www.cab.com.my](http://www.cab.com.my).

The assessment criteria for the Board as a whole include, inter alia, the effectiveness of the Board composition in terms of size and structure, scope and operations of the Company, the mix of skills, experience and knowledge of the Directors, and the Board's integrity, competency, responsibilities and performance.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II Board Composition (Cont'd)

#### Nomination Committee (Cont'd)

The assessment criteria for the Board Committees include the effectiveness of the respective Board Committees' composition in terms of mix of skills, experience and knowledge to carry out their respective roles and responsibilities as per the Board Committees' Terms of Reference ("TOR") and the contribution of Board Committee members.

Each individual Director is assessed on, inter alia, the effectiveness of his/her strength, responsibilities, competency, expertise, time commitment and contributions as well as the analytical skills and ability to act in the best interest of the Company.

These result of the assessments and comments are summarized and discussed at the NC meeting which are then reported to the Board at the Board Meeting held thereafter. The results of the assessment form part of the basis for the NC's recommendation to the Board for the re-election/re-appointment of Directors at the Annual General Meeting ("AGM").

The NC carried out the assessment at the NC Meeting held on 23 December 2021 and was satisfied with the performance of the Board and Board Committees as well as the performance of individual Directors.

The NC will continue seeking new Independent Directors who meet the required criteria and merits to join the Company as a step to ensure the Company's compliance with the Code's requirements to have at least half of the Board comprising Independent Directors.

The NC will recommend relevant training needs to upskill and further equip the Directors on the latest developments in the Listing Requirements and the Revised MCCG 2021 as well as the latest developments of International Accounting Standards.

#### Appointment

The Board appoints its members through a formal and transparent selection process, which is consistent with the Company's Constitution. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met.

The appointment process of a new Director is summarised as follows:

- (a) The candidate identified upon the recommendations from various sources which may include Board of Directors and Management or their contacts in the related industries such as finance accounting, legal professions, major shareholders as well as independent sources, where required;
- (b) In evaluating the suitability of candidates to the Board, the NC considers, inter-alia, the required mix of skills, expertise, experience, time commitment and contribution of the candidates can bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independency will be considered;
- (c) Recommendation to be made by NC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II Board Composition (Cont'd)

#### Nomination Committee (Cont'd)

##### Appointment (Cont'd)

- (d) Decision to be made by the Board on the proposed new appointment including appointment to the various Board committees.

##### Re-election/Re-appointment

The Company's Constitution provides that all Directors of the Company are subject to retirement. At least one third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting.

The NC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment. During the year, the NC assessed and was satisfied and made recommendations to the Board for re-election/re-appointments of the following Directors at the forthcoming AGM:

- (a) The re-election of the three (3) Directors, namely Mr. Loo Choo Gee, Tuan Haji Ahmad Fazil Bin Haji Hashim and Mr. Chuah Hoon Phong who are subject to retirement but shall be eligible for re-election pursuant to Clause 165 of the Company's Constitution; and
- (b) Re-appointment of Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik whose tenure of service as Independent Non-Executive Directors has each exceeded a cumulative term of nine (9) years, via a two (2) tier voting process by the shareholders based on the attributes necessary in discharging their roles and functions as Independent Directors.

The profiles of these Directors are set out on pages 5, 7 and 8 of the Annual Report.

There are no changes to the composition of the Board during the financial year under review.

During the financial year under review, the NC has carried out the following assessments and satisfied with the results of the assessments:

- (a) reviewed and assessed the structure, size, required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole and the Board Committees;
- (b) reviewed and assessed the contribution of each individual Director based on criteria, responsibilities, strength, time commitment and ability to act in the best interests of the Company in decision-making;
- (c) reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Company's Constitution;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II Board Composition (Cont'd)

#### Nomination Committee (Cont'd)

##### Re-election/Re-appointment (Cont'd)

During the financial year under review, the NC has carried out the following assessments and satisfied with the results of the assessments: (Cont'd)

- (d) reviewed and recommended to the Board for re-appointment of Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years (9) and to seek shareholders' approval at the forthcoming Annual General Meeting;
- (e) reviewed and assessed the character, experience, integrity and competency of the Group Finance Director;
- (f) reviewed the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference;
- (g) assessed the independence of each of the existing Independent Directors with each Director abstaining from deliberation on his own assessment; and
- (h) reviewed the Terms of Reference of NC.

#### Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interests of the Group. The Independent Directors of the Company fulfill the criteria of "Independence". They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision-making. Each Director has a continuing responsibility to determine whether he/she has a potential or actual conflict of interest in relation to any material transactions.

The Director is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on the respective matters.

The Board, via Nomination Committee, has developed the criteria to assess independence and formalised the current independence assessment practice.

Each Independent Director completed his/her own independent director checklist. The Nomination Committee carried out the assessment of the Independent Directors at its meeting held on 23 December 2021. Each Independent Director abstained from deliberation on his/her own assessment. The Nomination Committee was satisfied that the Independent Directors still maintain their independence.

The Nomination Committee has based on the guidelines set out in the Corporate Governance Guide of listing requirements to assess the independence of candidate for Directors and existing Directors. The Directors are also required to confirm their independence by completing the independence checklist on an annual basis.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II Board Composition (Cont'd)

#### Halal Committee

The Halal Committee of the Company currently comprises the following:

Name	Position
<b>Professor Datuk Dr Mohd Fakhruddin bin Abdul Mukti</b>	Patron & Syariah Advisor
<b>Haji Ahmad Fazil Bin Haji Hashim</b> <i>(Independent Non-Executive Director)</i>	Chairman
<b>Dato' Raja Zulkepley Bin Dahalan</b>	Deputy Chairman
<b>Abdul Rahman bin Din</b>	Member
<b>Brigadier General Dato' Azizon Bin Ariffin</b>	Member

The details of the terms of reference of Halal Committee are available for reference at the Company's website at [www.cab.com.my](http://www.cab.com.my).

The objective of the Halal Committee is to ensure that the relevant products produced by the Group comply with the requirements of the Malaysian Halal Standards, Halal Certification Procedures in accordance with the Shariah Laws and other related Acts, thereby ensuring that all products produced are 'halal, clean and safe' for consumption. Through the extensive efforts and initiatives of the Halal Committee, the Group has established and implemented a Halal Assurance Management System which provides clear guidelines on Halal standards.

The Halal Committee has formed working committees that represent respective subsidiary under CAB Group of Companies, in various disciplines of expertise, under the supervision of Halal Committee Member. An Executive Secretary is engaged to manage, administer and coordinate all Halal Committee activities such as Internal Halal Auditing, Halal Training Programme and act as liaison officer to Halal Committee.

The Halal Committee Members meet every three months to discuss halal issues arising in each subsidiary. The reports carrying discussion outcome on halal issues are brought to the attention of the Board of Directors by the Chairman of the Halal Committee, in quarterly meeting. Halal Awareness Training is held annually to train employees in each subsidiary to enhance understanding, knowledge and awareness on halal. The vital roles of the Halal Committee encompass updating, keeping abreast with halal development, studying and analysing problem, challenges and resolving on the certification of Halal standard so as to attain reliability, credibility and acceptance by consumers and related organizations domestically and internationally.

### III Remuneration

#### Remuneration Committee

The Remuneration Committee ("RC") of the Company comprises all Independent Non-Executive Directors and its composition is as follows:

Name	Position
<b>Lim Ghim Chai</b> <i>(Independent Non-Executive Director)</i>	Chairman
<b>Haji Ahmad Fazil Bin Haji Hashim</b> <i>(Independent Non-Executive Director)</i>	Member
<b>Goh Choon Aik</b> <i>(Independent Non-Executive Director)</i>	Member

The RC held one (1) meeting during the financial year to carry out its function as stated within the terms of reference.

The details of the terms of reference of RC are available for reference at the Company's website at [www.cab.com.my](http://www.cab.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### III Remuneration (Cont'd)

#### Remuneration Committee (Cont'd)

The primary function of the RC is to set up and review the policy and procedures of remuneration framework and recommend to the Board the remuneration packages of all the Directors and senior management according to the Group's financial performance, the skills, level of responsibilities, experience and performance of the Directors and senior management.

The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board remuneration policy and terms of service of each Director annually taking into consideration market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group.

The RC is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration. Non-Executive Directors are paid by way of fixed monthly fees and a meeting allowance for each meeting attended. Individual Director is not allowed to participate in discussion of his/her own remuneration.

The Board will then recommend the Directors' fees and other benefits payable to Directors in accordance with Section 230(1) of the Companies Act 2016 to the shareholders for approval at the AGM.

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and subsidiaries respectively in financial year ended 30 September 2021 are as follows:

Aggregate remuneration of Directors categorised into appropriate components are as follows:

Company	Salaries RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits in-kind RM'000	Total RM'000
<b>Executive Directors</b>	-	-	-	-	-	-
<b>Non-Independent Non-Executive Director</b>						
Wijanti Tjendera	-	66	-	3	-	69
<b>Independent Non-Executive Directors</b>						
Haji Ahmad Fazil Bin Haji Hashim	-	66	-	4	-	70
Goh Choon Aik	-	54	-	3	-	57
Lim Ghim Chai	-	52	-	4	-	56
<b>Total</b>	-	<b>238</b>	-	<b>14</b>	-	<b>252</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### III Remuneration (Cont'd)

#### Remuneration Committee (Cont'd)

Aggregate remuneration of Directors categorised into appropriate components are as follows: (Cont'd)

The Group	Salaries RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits in-kind RM'000	Total RM'000
<b>Executive Directors</b>						
Chan Kim Keow	228	-	4	10	11	253
Chew Chee Khong	372	111	17	17	10	527
Chuah Ah Bee	1,338	134	24	59	13	1,568
Chuah Hoon Phong	894	134	33	117	19	1,197
Loo Choo Gee	396	-	7	52	9	464
<b>Non-Independent Non-Executive Director</b>						
Wijanti Tjendera	-	96	-	3	-	99
<b>Independent Non-Executive Directors</b>						
Haji Ahmad Fazil Bin Haji Hashim	-	66	-	4	-	70
Goh Choon Aik	-	54	-	3	-	57
Lim Ghim Chai	-	52	-	4	-	56
<b>Total</b>	<b>3,228</b>	<b>647</b>	<b>85</b>	<b>269</b>	<b>62</b>	<b>4,291</b>

The Company has not disclosed on a named basis the top five senior management's remuneration components in bands of RM50,000.

The Company acknowledges the need for corporate transparency in the remuneration of its key senior management's remuneration. In view of the highly competitive industry conditions in which the Company is operating, the Company is of the view that the disclosing of the remuneration of senior management would be a disadvantage to the Group and may be detrimental to the Company's business interests given the challenges faced by the Company in talent management and retention.

The Company's remuneration policy for Directors and senior management has alternatively explained how the senior management is rewarded. The policy is available at the Company's website at [www.cab.com.my](http://www.cab.com.my).

The aggregate remuneration paid to the staff including the senior management are disclosed in note 11 to the Financial Statements.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I Audit Committee

The Board is committed to ensure that the interim financial statements and annual financial statements of the Company present a balanced, clear and meaningful assessment of the financial performance and prospects of the Group.

The Audit Committee is entrusted with the responsibilities of reviewing the integrity and reliability of the Group's interim and annual financial statements as well as ensuring that these financial statements comply with relevant accounting and regulatory requirements prior to recommending to the Board for approval.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### I Audit Committee (Cont'd)

The Audit Committee comprises three Independent Directors. The Chairman of the Audit Committee is not the Chairman of the Board.

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. To date, the Company has not appointed a former audit partner to be a member of the Audit Committee.

The Audit Committee assesses the suitability and independence of the external auditors on an annual basis. The Audit Committee assesses the external auditors from the perspectives of the external audit firm's calibre/reputation, competency of audit team, independence and objectivity, audit scope and planning, communication, reporting and partners involvement. The inputs and opinions from the Company's personnel who had constantly dealt with the external audit team throughout the year would be used as one of the tools in the judgement of the suitability of the external auditors.

The External Auditors, in supporting their independence, will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the Audit Committee of the Company during the financial year.

The External Auditors have an obligation to bring to the attention of the Board of Directors, the Audit Committee and Company management any significant defects in the Group's systems of reporting, internal control and compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The External Auditors of the Company are invited to attend at least two (2) meetings with the Audit Committee each financial year to discuss their audit plan and audit findings on the Company's yearly financial statements. During the meetings, the Audit Committee will also have private sessions with the external auditors without the presence of the management to enable exchange of views on issues requiring attention.

During the financial year, the amount of audit and non-audit fees paid and payable to the external auditors and its affiliates by the Company and the Group were as follows:

	Group (RM'000)	Company (RM'000)
Grant Thornton Malaysia PLT:		
Audit Fees		
Current year	312	36
Prior Year	6	-
Non-Audit Fees	61	7
Other Auditors	159	-

The non-audit fees were in respect of tax related services and reviewed of Statement on Risk Management and Internal Control during the financial year.

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The Audit Committee and the Board are satisfied with the performance, competence and independence of the external auditors and the Board has recommended their re-appointment for shareholders' approval at the forthcoming Annual General Meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### II Risk Management and Internal Control Framework

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

The Risk Management Committee was established on 29 November 2016 and was renamed to Risk Management and Sustainability Committee ("RMSC") on 29 November 2018. The RMSC comprises majority of Independent Directors and the composition is as follows:

Name	Position
<b>Loo Choo Gee</b> (Executive Director)	Chairman
<b>Goh Choon Aik</b> (Independent Non-Executive Director)	Member
<b>Lim Ghim Chai</b> (Independent Non-Executive Director)	Member

The RMSC is chaired by an Executive Director, assisted by Independent Directors and members of key management team of the respective divisions. The responsibilities and purposes of the RMSC are:

- (1) to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on an ongoing basis. The RMSC reports to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group's Business Unit; and
- (2) to include the establishment and overseeing the implementation of the sustainability framework, review of the adequacy of the sustainability processes, ensuring effectiveness in identification, management and reporting of the Material Sustainability Matters pertaining to the Economic, Environmental and Social aspects of the Group, monitoring and overseeing all sustainable strategies and initiatives of the Group. This includes a review of the delivery of the responsibilities of the Risk Management and Sustainability Working Committee and making the necessary recommendations to the Board for its deliberation.

The key features of the Risk Management Framework are presented in the Statement on Risk Management and Internal Control of the Company as set out on pages 52 to 55 of this Annual Report.

#### Internal Audit Function

The Board has established an internal audit function within the Company which is led by the Head of Internal Audit who reports directly to the Audit Committee.

The Statement on Risk Management and Internal Control furnished on pages 52 to 55 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

The summary of activities of the internal audit function during the financial year are set out in the Audit Committee Report.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Communication with Stakeholders

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear and complete information of the Company's financial performance, major developments and position as possible. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results. All timely disclosure and material information documents will be posted on the Website after release to Bursa.

The full version of the Annual Report is available online at the Company's website at [www.cab.com.my](http://www.cab.com.my) and a printed full version will be provided to shareholders within four (4) market days upon receiving any formal request.

In addition to shareholders participation at general meetings, the Board also encourages other channel of communication with shareholders. For this purpose, shareholders and other stakeholders may convey their concerns relating to the Company to the Group Finance Director, Ms Koay Lay Ean to whom any query and concern regarding the group may be conveyed at the email at [cab@cab.com.my](mailto:cab@cab.com.my).

The Company maintains a website, [www.cab.com.my](http://www.cab.com.my) that allows the shareholders, investors and members of the public to gain access to information and new events relating to the Group.

### II Conduct of General Meetings

The Board regards the Annual General Meetings ("AGM") as an important avenue for the communication and dialogue with its shareholders. The Board supports and encourages active shareholders participation at its AGMs and any other general meetings.

At the AGM, shareholders are given time to ask questions and seek clarifications about the resolutions to be proposed or the Group's operation in general for more information. The Board members, senior management and the external auditors are present at the AGM to respond to shareholders' queries.

The Company will also ensure that the notice for AGM will be given to its shareholders at least twenty-eight (28) days prior to the meeting.

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board makes an announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings for shareholders' information.

The CG Overview Statement was approved by the Board of Directors of the Company on 23 December 2021.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance 2021 (“MCCG”) requires public listed companies to maintain a sound risk management and system of internal controls to safeguard shareholders’ investment and the Group’s assets.

With reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the Statement on Risk Management and Internal Control, which is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities and Practice 10.2 of MCCG.

## BOARD RESPONSIBILITY

The Board is primarily responsible for the Group’s risk management and internal control system as well as reviewing its adequacy, effectiveness and integrity. In view of the inherent limitations in any system of internal control, the system is designed to manage rather than to eliminate the risk of failure to achieve corporate objectives. Accordingly it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, budgetary, risk management, organisational, operational, regulatory and compliance matters.

## ENTERPRISE RISK MANAGEMENT (“ERM”) FRAMEWORK

The Board and the Management of the Group continue to strengthen the Group’s control environment and processes by taking into consideration the key risks in their review of strategic and business plans of the Group. The Board is responsible for the identification, evaluation and management of significant risks applicable to their respective areas of business together with the design and implementation of suitable internal controls. These risks may be associated with a variety of internal or external factors including disease outbreaks, disruption in operations, competition, natural catastrophe and regulatory requirements.

The ERM framework has been in place to ensure proper management of the risks that may impede the achievement of the Group’s goals and objectives. The Group has an ongoing process for identifying, evaluating and managing the principal risks.

### Risk Management & Sustainability Committee (“RMSC”)

The Board has constituted the RMSC with the authorities necessary to perform duties as outlined in separate Terms of Reference. The RMSC is responsible to the Board for:

- (a) Overseeing the establishment and implementation of the risk management framework;
- (b) Reviewing the effectiveness in identifying, evaluating and managing risks and internal control processes as well as sustainability matters.

The members of the RMSC are as follows:

Name	Position
Loo Choo Gee (Executive Director)	Chairman
Goh Choon Aik (Independent Non-Executive Director)	Member
Lim Ghim Chai (Independent Non-Executive Director)	Member

The RMSC reports to the Board regarding risk register updates and assessment on effectiveness of risk-mitigating actions.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## ENTERPRISE RISK MANAGEMENT ("ERM") FRAMEWORK (CONT'D)

### Risk Identification, Evaluation and Management

The Group has in place the Risk Management and Sustainability Policy which lays down the responsibilities of the Board, the RMSC, the Risk Management & Sustainability Working Committee and others in relation to risk management.

Fundamentally, the risk management process consists of the following elements:

<b>Identify</b>	: Identify risk from internal/external sources, which may affect achievement of the Group's objectives, on an ongoing basis
<b>Assess</b>	: Risks are assessed on both inherent and residual basis considering its likelihood of occurrence and impact
<b>Plan</b>	: Mitigating action plan is to be availed for dealing on certain risks, to minimise/eliminate its foreseeable impact
<b>Implement</b>	: Mitigating action plan is realised into actions
<b>Monitor and review</b>	: Monitor the realisation progress of mitigating action plan and review its effectiveness in minimising/eliminating threat
<b>Communicate</b>	: Make the RMSC aware of the outcome

In the framework, root cause for each risk is identified for ascertaining consequence. Risk can be resulted from internal or external sources and by nature, either controllable or inherent. Each risk is graded. The business unit heads and/or risk owners are responsible for generating action plan to manage, minimise and mitigate the risks. Existing controls are also included as part of the action plan. The Management's perceived strength of the internal control is obtained. The department or person in-charge to realise the action plan is prescribed, for reinforcing accountability.

All the above-mentioned are recorded and updated in the Risk Register which serves:

- To develop risk profile for each company;
- To ensure a well-structured and systematic process in place for identification, assessment and management of risks.

All Executive Directors make frequent visits to business units to assess operations and address key business issues inclusive of risk-mitigating actions. In the event of any emergency business issue that involves/provokes risk, the business unit head shall notify the Group Managing Director immediately, for resolving.

### **The key risk areas that the Board and Management continually address consist of:**

#### Covid-19 Pandemic

The COVID-19 outbreak, which led to the implementation of national lockdown policies in many countries worldwide, including Malaysia, has restricted many businesses from operating as usual. The COVID-19 pandemic has affected CAB Group operationally and financially due to the Movement Control Order ("MCO") that has been enforced by the Government.

For shareholders' information, CAB Group's businesses were permitted to operate by the Ministry of International Trade and Industry ("MITI") since the first MCO which took effect from 18 March 2020, in view of it being an integrated poultry producer in the food supply industry, which was considered essential service by the Government.

To mitigate the potential impact of COVID-19 on the Group's operations, apart from ensuring compliance with the guidelines laid down by the authorities, the Group has taken precautionary, preventive and deterrent approaches in the aspects of workers' personal hygiene, social distancing, Covid infection test, isolation/quarantine for patients/persons in close contact with patients, proper hostel accommodation, controls over external party visitation, document flow, vaccination etc.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## ENTERPRISE RISK MANAGEMENT ("ERM") FRAMEWORK (CONT'D)

The key risk areas that the Board and Management continually address consist of: (Cont'd)

### Covid-19 Pandemic (Cont'd)

The Board is confident that the Group will continue to be resilient towards the challenges posed by the COVID-19 pandemic.

### Halal Accreditation

In cognizance of Halal accreditation importance, the Group has in place the Halal Committee, which is directly overseen by the Senior Independent Non-Executive Director, Tuan Haji Ahmad Fazil Bin Haji Hashim. The Group deploys qualified Halal Executives at key business units, to oversee and monitor Halal compliance matters. The Halal Committee reports to the Board during quarterly meetings activities, events and issues concerning Halal accreditation and compliance.

The principal responsibility of the Group Internal Audit Department is to conduct periodic audits on internal control matters to ensure their compliance with the systems and standard operating procedures within each of the Group's operations. The main objective of these audits is to provide reasonable assurance that these operations operate satisfactorily and effectively. Investigations are also made at the request of the Audit Committee and senior management on specific areas of concern. These investigations provide additional assurance and comfort on the integrity and robustness of the internal control systems.

The Board regularly reviews the adequacy and integrity of the system of internal controls and risk management, inter alia, as signalled in audit issues presented by the Group Internal Audit Department. Whilst, the Audit Committee reviews the scope, functions, resources and competency of the internal audit function on yearly basis. Whenever needed, the Internal Audit Department helps to review the content of Standard Operating Procedures and advise accordingly, in attempt to exert comprehensive controls and minimise loophole risk in process flows.

## INTERNAL CONTROL SYSTEM

The key elements that have been put in place to ensure the adequacy and effectiveness of the internal control system include the following:

- (i) Formal organisational structure is in place to define the function, reporting line and responsibility of the Management staff. This organisation structure serves to facilitate quick response to changes in the evolving business environment, supervision of day-to-day business operations and accountability for operation performance;
- (ii) Standard operating procedure manuals lay down explicitly the process controls and practices, aimed at enforcing guided workflow and sustaining quality of work processes;
- (iii) Financial authorisation matrix on capital expenditure, asset disposal and write-off, as well as jurisdiction of Corporate Office and business units in handling various types of agreement are spelt out, for enforcement across the whole Group;
- (iv) In relation to the governance of staff conduct,
  - *Code of Conduct and Ethics* as well as employee handbook are availed to employees, for understanding of employment terms and conditions, entitlements, discipline, code of ethics and job grading system;
  - *Whistleblowing* Policy is in force to provide an avenue for staff or any external party to report any breach or suspected breach of any law or regulation in a safe and confidential manner;
  - *Conflict of Interest Policy* is in force to help the Group to effectively identify, disclose and manage any actual, potential or perceived conflict of interest in order to protect the integrity of the Group and its staffs and manage risk;
  - *Anti-Bribery and Corruption Policy* has been established and enforced across the board, among all business units within the Group, to reinforce ethical values, in particular, zero tolerance stance against bribery, as well as to comply with the Malaysian Anti-Corruption Commission ("MACC") Act 2009 provisions;
  - Segregation of duties is practiced, whereby check and balance mechanism exists to curb manipulation of certain workflows by particular staff, to the detriment of the Group's interests.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## INTERNAL CONTROL SYSTEM (CONT'D)

The key elements that have been put in place to ensure the adequacy and effectiveness of the internal control system include the following (Cont'd):

- (v) Annual budget is prepared to determine allocation of resources and set performance benchmark at projected revenue level. Respective business unit heads are required to explain on negative variances in financial results, if any;
- (vi) Management meeting is conducted on quarterly basis for all business unit heads to present business performance results and highlight significant matters;
- (vii) Regular supervisory checks are performed to ensure strict adherence to operations, administration and accounting procedures;
- (viii) External consultants' services are engaged and/or the Group Internal Audit Department is assigned, for the conduct of feasibility study or due diligence review, whichever relevant, for new investment venture and corporate acquisition;
- (ix) All business units strive to observe and comply with health, safety, environmental and quality standards set forth by the Group as well as the accreditation and regulatory bodies.

## INTERNAL AUDIT FUNCTION

The Group Internal Audit Department assists the Audit Committee and the Board in providing independent assessment on the adequacy, efficiency as well as effectiveness of the Group's internal control system. The Head of the Group Internal Audit Department presents audit reports, which detail the audit issues, Internal Audit's recommendations and Management's responses, to the Audit Committee during quarterly meetings. Apart from the audit report, the Head of the Group Internal Audit Department also brings up outstanding issues stemmed from follow-up verification, if any, into the knowledge of the Audit Committee for further monitoring.

The results of the internal audit reviews and the recommendations are deliberated during the Audit Committee meetings. The Audit Committee Chairman briefs the Board on issues raised and highlights events requiring the Board's attention, if any.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in material losses or uncertainties that would require separate disclosure in this Annual Report.

## CONCLUSION

The Board has received assurance from the Group Managing Director and the Group Finance Director that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the existing risk management and internal control system of the Group. The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. The review process has been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this statement for inclusion in the Annual Report for the financial year ended 30 September 2021 and reported to the Board that nothing has come to their attention that caused them to believe that this statement was inconsistent with their understanding of the process, adequacy and integrity of the risk management and internal control system.

This Statement was approved by the Board on 23 December 2021.



# AUDIT COMMITTEE REPORT

## COMPOSITION

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

Name	Position
Lim Ghim Chai ( <i>Independent Non-Executive Director</i> )	Chairman
Haji Ahmad Fazil Bin Haji Hashim ( <i>Senior Independent Non-Executive Director</i> )	Member
Goh Choon Aik ( <i>Independent Non-Executive Director</i> )	Member

## SECRETARY

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

The present AC composition of being made up of only Independent and Non-Executive Directors fulfills requirements stipulated in Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Securities.

## TERMS OF REFERENCE

The Terms of Reference of the AC are aligned with the Main Market Listing Requirements of Bursa Securities and recommendations of the Malaysian Code on Corporate Governance. The Terms of Reference will be revised accordingly, to cater for changes, if any. The Terms of Reference is available at the Company's website at [www.cab.com.my](http://www.cab.com.my).

## MEETINGS

The Committee met five (5) times during the financial year ended 30 September 2021.

Details of attendance of each member at the Committee meetings are as follows:

	No. of Meetings Attended
Lim Ghim Chai	5/5
Haji Ahmad Fazil Bin Haji Hashim	5/5
Goh Choon Aik	5/5

Apart from the above AC members, the Executive Director(s) and Group Finance Director were invited to join the AC meetings to facilitate direct communication and provide clarification on audit and financial issues as well as operations of the Group. In the financial year, the AC held two (2) meetings with the external auditors without the presence of the executive Board members and the Management, to provide a platform for the external auditors to discuss any issues arising from their auditing process or any other matters warranting the AC's attention and actions.

The AC meeting minutes were prepared and tabled for confirmation and follow-up at the following meeting. The minutes were also circulated to the Board for notation. The AC Chairman reported to the Board the matters discussed and made recommendations for the Board's consideration and resolution.

Through an annual evaluation, the Board was satisfied that the AC has discharged its functions, duties and responsibilities.

# AUDIT COMMITTEE REPORT (CONT'D)

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year under review, the AC carried out the following activities in the discharge of its functions and duties:

### A. Financial Reporting

The AC reviewed the quarterly financial results during the quarterly AC meetings. During the review process, the AC members raised questions related to significant changes, budgetary variances, adoption of accounting principles and standards and so forth. The Group Finance Director responded with explanation and answers.

Upon being satisfied that the financial statements have been prepared in due course, the AC recommended to the Board for approval and subsequent release to Bursa Malaysia Securities Berhad ("Bursa Securities") accordingly.

Apart from the review on quarterly financial results, the AC held a meeting in December 2020 to review the audited financial statements and the Management Letter issued by the external auditors. The AC also sought a confirmation from the external auditors that all the business units across the Group had rendered satisfactory cooperation during the auditing process.

### B. Internal Audit

The AC reviewed and endorsed the annual internal audit plan of the internal audit function to ensure adequate scope and comprehensive coverage of the activities of the Group.

The AC reviewed the internal audit reports, recommendations made by the internal auditors and Management's response to the audit issues. The AC also noted the follow-up progress status for the resolved corrective actions on outstanding audit issues, to ensure that control weaknesses and non-compliances have been addressed and rectified.

During the financial year under review, the Group Internal Audit Department had presented internal audit reports in quarterly AC Meetings for review.

In November 2020, the AC carried out a thorough yearly assessment on the adequacy of the scope, functions, resources and competency of the internal audit function, using the internal Quality Assessment Review form and Appendix of Code of Corporate Governance.

The Executive Director(s) and the Group Finance Director were invited to attend the quarterly AC meetings, to give opinion and clarification on issues raised in internal audit reports, if relevant and when necessary.

### C. External Audit

The AC reviewed the extent of assistance and cooperation during the conduct of external auditing and issues as well as reservations arising from audit for the financial year ended 30 September 2020 with the external auditors.

The AC obtained a confirmation from the external auditors that they were in compliance with the independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) for Professional Accountants of Malaysian Institute of Accountants. In addition, to fulfill disclosure requirements, the external auditors furnished information on their fees derived from the audit and non-audit services and their network firms.

# AUDIT COMMITTEE REPORT (CONT'D)

## SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

During the financial year under review, the AC carried out the following activities in the discharge of its functions and duties: (Cont'd)

### C. External Audit (Cont'd)

In December 2020, the AC deliberated on the final report presented by the external auditors in regard to the matters arising from the statutory audit of the Company and its subsidiaries for the financial year ended 30 September 2020.

During the course of external audit of the Group's financial statements for the year ended 30 September 2020, the external auditors stated that:

- There was no variance between results disclosed in the quarterly announcement and the audited report on the Group's revenue, profit before tax and profit after tax;
- Based on the audit work performed, Grant Thornton Malaysia PLT was not aware of any non-compliance of laws and regulations. Based on the discussion held with the AC on 28 December 2020, the AC members have confirmed that there were no significant fraud-related matters that have come to their attention;
- The audited financial statement was a clean report as there was no audit qualification to the audited financial statement and the Group had complied with all the relevant accounting standards;
- Nevertheless, Grant Thornton Malaysia PLT highlighted some audit matters on goodwill, biological assets valuation and investment in subsidiaries for the Management to look into and the Management has responded accordingly;
- Grant Thornton Malaysia PLT also illustrated the key audit matters, risks involved and their review response.

On 27 August 2021, the external auditors, Grant Thornton Malaysia PLT briefed the AC on their Audit Planning Memorandum for the financial year ended 30 September 2021, encompassing:

- Audit timeline;
- Audit objectives;
- Audit plan road map;
- Audit approach;
- Planning materiality and tolerable error;
- Key audit areas;
- Compliance with laws and regulations and fraud related matters;
- Other updates on accounting standards;
- Proposed audit fees

The AC had two (2) private sessions with the external auditors in the absence of Management staff and executive Board members on 28 December 2020 and 27 August 2021. There was no area of concern raised by the external auditors, for which escalation to the Board was necessitated.

### D. Related Party Transactions

The AC reviewed and noted all the Related Party Transactions ("RPT") including the Recurrent Related Party Transactions ("RRPT") that took place among the related parties, as presented by the Management and the Group Internal Audit Department, during the quarterly AC meetings.

The Group Internal Audit Department has performed checks against shareholders' mandate, agreements etc. and arm's length test to ensure that the transactions were in the best interest of the Group, fair and reasonable, on normal commercial terms that were not more favourable to the related parties than those generally available to the public.

# AUDIT COMMITTEE REPORT (CONT'D)

## SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

During the financial year under review, the AC carried out the following activities in the discharge of its functions and duties (Cont'd):

### E. Corporate Governance and Other Matters

The AC evaluated the internal audit function, from the following perspectives:

- Academic background of the internal auditors;
- Fulfillment of the scope and functions, as required in the Listing Requirements;
- Frequency of the Internal Audit's reviews to test the effectiveness of the financial, operational and compliance controls and processes of business units;
- Sufficiency of resources and competency of the internal auditors in the discharge of audit assignment;
- Implementation of Quality Assessment Review of the internal audit function;
- Collaboration between the internal auditors and the external auditors during the evaluation of internal controls.

The AC reviewed the Circular to Shareholders in relation to:

- Proposed renewal of existing shareholders' mandate for recurrent related party transactions;
- Proposed new shareholders' mandate for additional recurrent related party transactions;
- Proposed acquisition by CAB Cakaran Corporation Bhd of a 51% equity interest in Benarlab Sdn Bhd.

The AC reviewed the AC Report and Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report 2020 of CAB Cakaran Corporation Berhad.

### F. Statement on Employee Share Option Scheme ("ESOS")

There was no such scheme in place during the financial year ended 30 September 2021.

## WORK OF THE GROUP INTERNAL AUDIT DEPARTMENT

The primary role of the internal audit function is to undertake regular review of the system of internal controls, procedures and operations so as to provide reasonable assurance that the overall internal control system is sound, adequate and satisfactory. The Group Internal Audit Department reports directly to the AC.

The activities carried out by the internal auditors during the financial year ended 30 September 2021 were as follows:-

- Conducted internal audit sessions according to the approved internal audit plan and presented the reports to the AC at the quarterly meetings;
- Followed up on the implementation of audit recommendations and management action plans and reported to the AC on the status of their implementation of significant matters at the quarterly meetings of the AC;
- Performed various ad hoc reviews as requested by the Management.

The total costs incurred for the internal audit function for the financial year under review were approximately RM227,070.58.

# ADDITIONAL COMPLIANCE INFORMATION

## MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at the end of the financial year or entered into since the end of the previous financial year.

## AUDIT AND NON-AUDIT FEES

During the financial year ended 30 September 2021, the total audit and non-audit fees paid/payable to the external auditors and its affiliates by the Company and the Group were as follows:

	Group (RM'000)	Company (RM'000)
Grant Thornton Malaysia PLT:		
Audit Fees		
Current year	312	36
Prior Year	6	-
Non-Audit Fees	61	7
Other Auditors	159	-

The non-audit fees were in respect of tax related services and reviewed of Statement on Risk Management and Internal Control during the financial year.

## OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities exercised during the financial year ended 30 September 2021.

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Shareholders' Mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature was obtained at the Nineteenth Annual General Meeting held on 25 March 2021. Details of such transactions during the financial year are disclosed in Note 43 to the financial statements.

The said Mandate is subject to renewal at the forthcoming Annual General Meeting. Details of the Shareholders' Mandate to be sought will be furnished in the Circular to Shareholders dated 28 January 2022.

## UTILISATION OF PROCEEDS

No proceeds were raised by the company from any corporate proposal during the financial year.

## DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that Malaysian Financial Reporting Standard, International Financial Reporting Standards and the provisions of the Companies Act, 2016 and the Listing Requirements of the Bursa Securities have been applied.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates where applicable.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and comprehensive assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this Annual Report.

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# DIRECTORS' REPORT

The Directors of **CAB CAKARAN CORPORATION BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2021.

## PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of management services. There have been no changes in nature of these principal activities during the financial year.

The information on the name, principal place of business, country of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as stated in Note 19 to the financial statements.

## RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
<b>Loss for the financial year</b>	<u>(36,273,028)</u>	<u>(28,071,856)</u>
<b>Loss attributable to:</b>		
Owners of the Company	(20,188,282)	(28,071,856)
Non-controlling interests	<u>(16,084,746)</u>	<u>-</u>
	<u>(36,273,028)</u>	<u>(28,071,856)</u>

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

The Directors do not recommend any dividend payment in respect of the current financial year.

## RESERVES AND PROVISIONS

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

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS

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

Chan Kim Keow  
Chew Chee Khong  
Chuah Ah Bee  
Chuah Hoon Phong  
Goh Choon Aik  
Haji Ahmad Fazil Bin Haji Hashim  
Lim Ghim Chai  
Loo Choo Gee  
Wijanti Tjendera

The Directors who held office in the subsidiaries of the Company (excluding Directors who are also Directors of the Company) during the financial year and during the period from the end of the financial year to the date of this report are:

Abdul Rahman Bin Abdullah  
Alex Tan Kuan Hon  
Chiew Hock You  
Chiew Kin Huat  
Ching Chin Huat  
Chuah Hoon Hong  
Chuah Hoon Teng  
Dato' Dr Quaza Nizamuddin Bin A Hassan Nizam  
Ho Kheng Chew  
Jozef Franciscus Maria Bonang  
Khor Yu Beng  
Leong Youk Leen  
Lim Chin Seng  
Ong Chuan Seng  
Ong Khoon Chuah  
Shafiqurrahman Bin Haji Shamsuddin  
Sia Hui Chen  
Syed Yussof Bin Syed Othman  
Tan Ah Baa @ Tan Chye Khoon  
Tan Chee Hee  
Tan Swee Seong  
Toh Chye Lam  
Toh Eng Say  
Too Siew Din  
Vincent Leong Weng Fai  
Winston Yap Eng Chin  
Yap Kim Hwah  
Ho Chong Hee (appointed on 21 December 2020)  
Wan Noor Ashikin Binti Wan Azizan (appointed on 23 February 2021)  
Zolkefli Bin Mohamad (resigned on 23 February 2021)

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' INTERESTS

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

Shares in the Company	As at 1.10.2020	Number of ordinary shares		As at 30.9.2021
		Acquired	Disposed	
Direct interest:				
Chan Kim Keow	97,106,248	-	-	97,106,248
Chuah Ah Bee	192,578,564	-	-	192,578,564
Chuah Hoon Phong	14,344,061	-	-	14,344,061
Goh Choon Aik	2,577	-	-	2,577
Haji Ahmad Fazil Bin Haji Hashim	23,437	-	-	23,437
Loo Choo Gee	10,576,170	-	-	10,576,170
Indirect interest:				
Chan Kim Keow	232,732,000	-	-	232,732,000
Chuah Ah Bee	137,259,684	-	-	137,259,684
Chuah Hoon Phong	170,312	-	-	170,312

By virtue of their interests in the shares of the Company, Mr. Chuah Ah Bee and Madam Chan Kim Keow are also deemed to have beneficial interests in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

Other than the above, none of other Directors in office at the end of the financial year had any interest in the shares of the Company and its subsidiaries during the financial year.

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Group and of the Company are as follows:

	The Group 2021 RM	The Company 2021 RM
<b>Directors of the Company:</b>		
<b>Executive Directors:</b>		
Fee	379,240	-
Contribution to employees provident fund	242,263	-
Other emoluments	3,325,220	-
<b>Non-executive Directors:</b>		
Fee	268,403	238,403
Contribution to employees provident fund	916	916
Other emoluments	12,900	12,400
<b>Directors of subsidiaries:</b>		
<b>Executive Directors:</b>		
Fee	300,853	-
Contribution to employees provident fund	292,461	-
Other emoluments	2,715,964	-
	<u>7,538,220</u>	<u>251,719</u>
Benefits-in-kind (based on estimated monetary value) (Note 42)	<u>131,239</u>	<u>-</u>

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

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors' and Officers' liability insurance for purpose of Section 289 of the Companies Act, 2016, throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group and of the Company. The amount of indemnity coverage and insurance premium paid or payable during the financial year, which was borne by the Company and certain subsidiaries and have been accounted for in the financial statements of the Group amounted to RM20,000,000 and RM42,073 respectively.

The amount of indemnity coverage and insurance premium paid for the Directors and Officers of the Group during the financial year are amounted to RM2,400,000 and RM27,422 respectively.

The amount of indemnity coverage and insurance premium paid for the Directors and Officers of the Company, which was borne by the Company during the financial year are amounted to RM600,000 and RM5,239 respectively.

Other than disclosed above, there were no indemnity given to or insurance effected for other Directors, Officers and Auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

# DIRECTORS' REPORT (CONT'D)

## ISSUE OF SHARES AND DEBENTURES

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

There was no issuance of debentures during the financial year.

## SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) 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
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value 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.

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

- (a) which would render the amount written off as bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

# DIRECTORS' REPORT (CONT'D)

## OTHER STATUTORY INFORMATION (CONT'D)

No contingent liability 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 45 to the financial statements.

## AUDITORS

Details of auditors' remuneration are set out in Note 11 to the financial statements.

The Group and the Company have agreed to indemnify the Auditors of the Company as permitted under Section 289 of the Companies Act, 2016 in Malaysia. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 30 September 2021.

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

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**CHUAH AH BEE**

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**CHUAH HOON PHONG**

Penang  
23 December 2021



# INDEPENDENT AUDITORS' REPORT

To The Members Of CAB Cakaran Corporation Berhad  
(Incorporated In Malaysia) Registration No.: 200201015998 (583661 W)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of CAB Cakaran Corporation Berhad, which comprise the statements of financial position as of 30 September 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 72 to 198.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 Matter	How our audit addressed the Key Audit Matter
<b>Goodwill on consolidation</b>	
As at 30 September 2021, the Group has goodwill amounted RM6,218,940 which has been allocated to its poultry farming operations and slaughtering, processing and marketing operations as the cash-generating unit. The Group performs an annual impairment assessment for its goodwill. This requires management to estimate the recoverable amount for the cash-generating unit and this involves significant assumptions which are inherently judgmental.	We evaluated the model used in determining the value in use of the cash-generating unit as well as assessing the discount rate used and challenging the reasonableness of key assumptions based on our knowledge of the business and industry. Besides that, we also compared the actual performance of the cash-generated unit to assumptions applied in prior years model, to assess accuracy of management's estimates. We have performed sensitivity analysis on the key assumptions inputted to the model and understood the impact on the overall carrying value of goodwill with the alterations to the key assumptions. We also assessed the adequacy of disclosures in the financial statements.

# INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of CAB Cakaran Corporation Berhad  
(Incorporated In Malaysia) Registration No.: 200201015998 (583661 W)

## Report on the Audit of the Financial Statements (Cont'd)

### Key Audit Matters (Cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<b>Fair value on biological assets</b>	
<p>The value of livestock held as biological assets of the Group was RM85,431,930. The fair value of livestock was subject to poultry fluctuation. In addition, there was a high volume of livestock held at year end. We have identified the valuation of livestock as a key audit matter because of the significant judgement and estimates involved in applying the valuation method on the livestock. Specifically, we focused our audit efforts to determine whether the capitalisation of costs and standard in accordance with the Group's policy and ensure consistency with that of prior year.</p>	<p>We have obtained an understanding and tested the internal controls in respect of recording of purchase of broiler, breeders, feed and other consumables. We also have tested the capitalised cost as part of the valuation method which includes starter cost (Day-old-chick), cost of feed consumed and cost of other consumables and testing of amortisation of broiler and breeders in accordance with the Group's policy. We compared actual output and selling prices against assumptions to assess the accuracy of management's estimates. We also assessed the reasonableness of discount rate used to reflect the time value of money and the risk. Besides, we assessed the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements.</p>
<b>Investment in subsidiaries</b>	
<p>As disclosed in Note 18 to the financial statements, the Company holds RM123,272,080 in investment in subsidiaries, which comprises 89% of the total assets of the Company. Judgement is required by the Directors in assessing the impairment and the recoverability of the investment in subsidiaries. This is based on the value in use, using cash flow projections, covering a three-year period for each cash generating unit. The assumptions with the most significant judgement on the cash flow projections are growth rates and discount rate.</p>	<p>We have tested the design and implementation of the key controls around the impairment review process, and challenged management's key assumptions used in the cash flow projections which included impairment model for investment in subsidiaries with reference to historical performance. We also performed substantive procedure and challenged the key assumptions include projected cash flows, future growth rates and the discount rate applied. We also compared the projected cash flow against historical performance to test the reasonable of the projections.</p>

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of CAB Cakaran Corporation Berhad  
(Incorporated In Malaysia) Registration No.: 200201015998 (583661 W)

## Report on the Audit of the Financial Statements (Cont'd)

### *Responsibilities of the Directors for the Financial Statements*

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of CAB Cakaran Corporation Berhad  
(Incorporated In Malaysia) Registration No.: 200201015998 (583661 W)

## Report on the Audit of the Financial Statements (Cont'd)

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

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 (cont'd):

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, action 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 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 19 to the financial statements.

### Other Matter

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.

GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur  
23 December 2021

ANTONY LEONG WEE LOK  
(NO: 03381/06/2022 J)  
CHARTERED ACCOUNTANT

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 September 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	5	1,718,859,883	1,680,488,294	4,550,224	8,310,644
Cost of sales		(1,632,606,618)	(1,566,696,378)	-	-
Gross profit		86,253,265	113,791,916	4,550,224	8,310,644
Investment revenue	6	274,602	327,033	-	-
Other income		20,973,120	22,081,055	6,000	19,200
Marketing and selling expenses		(60,654,144)	(60,789,381)	-	-
Administrative expenses		(48,509,326)	(50,033,987)	(1,480,835)	(1,450,152)
Other expenses		(1,218,931)	(126,536)	-	-
Operating (loss)/profit		(2,881,414)	25,250,100	3,075,389	6,879,692
Other gains and losses	7	(8,008,295)	(8,527,170)	(30,908,571)	(7,513,562)
Net remeasurement of expected credit loss		(1,259,640)	1,552,393	-	-
Share of result in an associate		5,718	(921)	-	-
Share of result in a joint venture		(1,120,351)	(653,477)	-	-
(Loss)/Profit before interest and taxation		(13,263,982)	17,620,925	(27,833,182)	(633,870)
Interest income	8	395,244	553,403	-	-
Finance costs	9	(17,537,703)	(21,812,058)	(213,803)	(230,811)
Loss before tax		(30,406,441)	(3,637,730)	(28,046,985)	(864,681)
Tax expense	10	(5,866,587)	(7,493,617)	(24,871)	(14,331)
<b>Loss for the financial year</b>	11	<b>(36,273,028)</b>	<b>(11,131,347)</b>	<b>(28,071,856)</b>	<b>(879,012)</b>
<b>Other comprehensive income</b>					
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		826,227	104,069	-	-
<b>Other comprehensive income for the financial year, net of tax</b>		<b>826,227</b>	<b>104,069</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the financial year</b>		<b>(35,446,801)</b>	<b>(11,027,278)</b>	<b>(28,071,856)</b>	<b>(879,012)</b>

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

For the Financial Year Ended 30 September 2021

		The Group		The Company	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(20,188,282)	2,759,912	(28,071,856)	(879,012)
Non-controlling interests		(16,084,746)	(13,891,259)	-	-
		<u>(36,273,028)</u>	<u>(11,131,347)</u>	<u>(28,071,856)</u>	<u>(879,012)</u>
<b>Total comprehensive (loss)/ income attributable to:</b>					
Owners of the Company		(19,823,868)	2,806,110	(28,071,856)	(879,012)
Non-controlling interests		(15,622,933)	(13,833,388)	-	-
		<u>(35,446,801)</u>	<u>(11,027,278)</u>	<u>(28,071,856)</u>	<u>(879,012)</u>
<b>(Loss)/Earnings per share:</b>					
Basic (sen per share)	12	(2.93)	0.41		

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



# STATEMENTS OF FINANCIAL POSITION

As of 30 September 2021

		The Group		The Company	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	13	679,399,028	693,310,481	6,173	2,707
Right-of-use assets	14	85,684,805	84,059,380	-	-
Investment plants properties	15	110,849,200	109,955,500	-	-
Bearer plants	16	298,141	-	-	-
Other intangible assets	17	8,604,602	9,637,847	-	-
Goodwill	18	6,218,940	6,218,940	-	-
Interest in subsidiaries	19	-	-	123,272,080	138,840,236
Investment in an associate	20	269,493	263,775	-	-
Investment in a joint venture	21	186,734	1,290,222	-	-
Other financial assets	22	1,872,381	1,531,277	-	-
Deferred tax assets	23	125,626	23,000	-	-
Total non-current assets		893,508,950	906,290,422	123,278,253	138,842,943
Current assets					
Biological assets	24	85,431,930	93,062,635	-	-
Inventories	25	72,967,979	67,389,520	-	-
Trade and other receivables	26	193,818,137	189,443,498	14,439,867	8,213,820
Other assets	27	16,626,072	16,562,135	6,000	1,000
Current tax assets		2,511,986	2,799,062	77,020	97,625
Short-term deposits with licensed banks	28	19,660,188	28,860,926	-	-
Cash and bank balances	29	49,048,621	74,434,979	163,932	294,076
Total current assets		440,064,913	472,552,755	14,686,819	8,606,521
Total assets		1,333,573,863	1,378,843,177	137,965,072	147,449,464

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

As of 30 September 2021

		The Group		The Company	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	30	140,679,293	140,679,293	140,679,293	140,679,293
Treasury shares		(69,304)	(69,304)	(69,304)	(69,304)
Reserves	31	1,595,419	1,231,005	-	-
Retained earnings/ (Accumulated losses)		298,330,894	318,519,176	(21,794,728)	6,277,128
Equity attributable to owners of the Company		440,536,302	460,360,170	118,815,261	146,887,117
Non-controlling interests	32	119,966,351	122,312,348	-	-
<b>Total equity</b>		<b>560,502,653</b>	<b>582,672,518</b>	<b>118,815,261</b>	<b>146,887,117</b>
<b>Non-current liabilities</b>					
Provisions	33	1,121,720	-	-	-
Borrowings	34	235,140,513	268,603,869	-	-
Lease liabilities	35	9,418,370	7,860,557	-	-
Deferred tax liabilities	23	38,699,015	43,176,271	-	-
Deferred revenue	36	189,644	93,247	-	-
<b>Total non-current liabilities</b>		<b>284,569,262</b>	<b>319,733,944</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	37	208,102,774	211,548,161	19,149,811	562,347
Provisions	33	1,067,049	-	-	-
Borrowings	34	274,648,663	256,785,667	-	-
Lease liabilities	35	2,104,167	2,512,731	-	-
Other financial liability	22	-	1,052	-	-
Deferred revenue	36	109,282	1,018,835	-	-
Current tax liabilities		2,470,013	4,570,269	-	-
<b>Total current liabilities</b>		<b>488,501,948</b>	<b>476,436,715</b>	<b>19,149,811</b>	<b>562,347</b>
<b>Total liabilities</b>		<b>773,071,210</b>	<b>796,170,659</b>	<b>19,149,811</b>	<b>562,347</b>
<b>Total equity and liabilities</b>		<b>1,333,573,863</b>	<b>1,378,843,177</b>	<b>137,965,072</b>	<b>147,449,464</b>

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

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 September 2021

The Group	Note	Share capital RM	Treasury shares RM	Translation reserve RM	Properties revaluation reserve RM	Retained earnings RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total RM
As at 1 October 2019		135,270,498	(69,304)	1,102,867	81,940	317,484,166	453,870,167	139,832,856	593,703,023
Profit/(Loss) for the financial year		-	-	-	-	2,759,912	2,759,912	(13,891,259)	(11,131,347)
Other comprehensive income		-	-	46,198	-	-	46,198	57,871	104,069
<b>Total</b>									
comprehensive income/(loss) for the financial year		-	-	46,198	-	2,759,912	2,806,110	(13,833,388)	(11,027,278)
<i>Transactions with owners of the Company:</i>									
Issuance of ordinary shares pursuant to exercise of Warrants	30	5,408,795	-	-	-	-	5,408,795	-	5,408,795
Dividend paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	(3,687,120)	(3,687,120)
Dividend paid	38	-	-	-	-	(1,724,902)	(1,724,902)	-	(1,724,902)
<b>As at 30 September 2020</b>		<b>140,679,293</b>	<b>(69,304)</b>	<b>1,149,065</b>	<b>81,940</b>	<b>318,519,176</b>	<b>460,360,170</b>	<b>122,312,348</b>	<b>582,672,518</b>

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 30 September 2021

The Group (cont'd)	Share capital RM	Treasury shares RM	Translation reserve RM	Properties revaluation reserve RM	Retained earnings RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total RM
As at 30 September 2020	140,679,293	(69,304)	1,149,065	81,940	318,519,176	460,360,170	122,312,348	582,672,518
Loss for the financial year	-	-	-	-	(20,188,282)	(20,188,282)	(16,084,746)	(36,273,028)
Other comprehensive income	-	-	364,414	-	-	364,414	461,813	826,227
Total comprehensive income/(loss) for the financial year	-	-	364,414	-	(20,188,282)	(19,823,868)	(15,622,933)	(35,446,801)
Transactions with owners of the Company:								
Subscription of ordinary shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	13,500,000	13,500,000
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(223,064)	(223,064)
As at 30 September 2021	140,679,293	(69,304)	1,513,479	81,940	298,330,894	440,536,302	119,966,351	560,502,653

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 30 September 2021

The Company	Note	Share capital RM	Treasury shares RM	Retained earnings/ (Accumulated losses) RM	Total RM
<b>As at 1 October 2019</b>		135,270,498	(69,304)	8,881,042	144,082,236
Loss for the financial year		-	-	(879,012)	(879,012)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the financial year		-	-	(879,012)	(879,012)
<i>Transactions with owners of the Company:</i>					
Issuance of ordinary shares pursuant to exercise of Warrants	30	5,408,795	-	-	5,408,795
Dividend paid	38	-	-	(1,724,902)	(1,724,902)
<b>As at 30 September 2020</b>		140,679,293	(69,304)	6,277,128	146,887,117
Loss for the financial year		-	-	(28,071,856)	(28,071,856)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the financial year		-	-	(28,071,856)	(28,071,856)
<b>As at 30 September 2021</b>		140,679,293	(69,304)	(21,794,728)	118,815,261

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

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 September 2021

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Cash flows from operating activities</b>				
Loss before tax	(30,406,441)	(3,637,730)	(28,046,985)	(864,681)
Depreciation and amortisation of non-current assets	52,033,080	53,662,323	1,662	1,887
Interest expense	16,100,791	20,373,366	213,803	230,811
Loss on fair value adjustment of biological assets	7,393,122	897,130	-	-
Impairment loss recognised on receivables	1,329,141	4,053,001	-	-
Net remeasurement of expected credit loss	1,259,640	(1,552,393)	-	-
Share of result in a joint venture	1,120,351	653,477	-	-
Amortisation of intangible assets	1,048,165	1,161,042	-	-
Property, plant and equipment written off	524,465	3,069,886	-	-
Bad debts written off	103,454	349,490	40,000	-
Inventories written down	23,983	54,805	-	-
Gain on fair value adjustment of investment properties	(892,758)	(1,992,989)	-	-
Reversal of impairment loss recognised on receivables	(679,357)	(636,070)	-	-
Gain on disposal of property, plant and equipment	(515,231)	(11,219)	-	-
Interest income	(395,244)	(553,403)	-	-
Net fair value (gain)/loss on other financial asset/(liability)	(342,156)	792,073	-	-
Gain on forgiven lease payments	(134,100)	(79,633)	-	-
Unrealised gain on foreign exchange	(113,558)	(665,990)	-	-
Amortisation of deferred revenue on government grant	(93,240)	(35,184)	-	-
Gain on lease termination	(68,777)	-	-	-
Realisation of deferred revenue on franchise fee income	(9,375)	(9,375)	-	-
Share of result in an associate	(5,718)	921	-	-
Bad debts recovered	(769)	(5,448)	-	-



# STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 30 September 2021

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from operating activities (cont'd)</b>				
Loss on revaluation of properties	-	1,046,340	-	-
Inventories written off	-	513,449	-	-
Other financial assets written off	-	36,590	-	-
Deposit written off	-	1,800	-	-
Impairment loss recognised on investment in subsidiaries	-	-	30,868,156	7,513,562
Gross dividend received from subsidiaries	-	-	(4,200,000)	(7,945,949)
Operating profit/(loss) before changes in working capital	47,279,468	77,486,259	(1,123,364)	(1,064,370)
Movements in working capital:				
Decrease/(Increase) in biological assets	237,583	(7,302,661)	-	-
Increase in inventories	(5,570,104)	(19,690,267)	-	-
Increase in trade and other receivables	(6,006,444)	(1,231,038)	-	-
Decrease/(Increase) in other assets	465,790	2,579,096	(5,000)	-
(Decrease)/Increase in trade and other payables	(2,950,234)	5,261,271	2,854	13,101
Increase in provisions	1,067,049	-	-	-
(Decrease)/Increase in deferred revenue	(724,752)	1,123,253	-	-
Cash generated from/(used in) operations	33,798,356	58,225,913	(1,125,510)	(1,051,269)
Taxes refunded	1,425,144	851,090	103,129	134,769
Interest received	159,553	214,938	-	-
Taxes paid	(13,729,720)	(9,363,081)	(107,395)	(126,212)
Net cash from/(used in) operating activities	21,653,333	49,928,860	(1,129,776)	(1,042,712)

# STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 30 September 2021

	Note	The Group		The Company	
		2021	2020	2021	2020
		RM	RM	RM	RM
<b>Cash flows from investing activities</b>					
Proceeds from disposal of property, plant and equipment		1,025,819	62,080	-	-
Interest received		247,517	361,035	-	-
Payments for property, plant and equipment	39(b)	(29,259,112)	(48,100,558)	(5,128)	-
(Increase)/Decrease in other assets for acquisition of property, plant and equipment		(444,270)	4,387,178	-	-
Payments for right-of-use assets	14	(110,034)	(21,436)	-	-
Payments for investment properties	15	(942)	(19,511)	-	-
Payments for bearer plants	16	(298,141)	-	-	-
Dividend received from subsidiaries		-	-	4,200,000	7,945,949
Advances granted to subsidiaries		-	-	(21,566,047)	(3,826,421)
Net cash (used in)/from investing activities		(28,839,163)	(43,331,212)	(17,371,175)	4,119,528

# STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 30 September 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from financing activities</b>					
Proceeds from short-term borrowings		25,937,963	42,173,985	-	-
Proceeds from issuance of shares by a subsidiary to non-controlling interests		13,500,000	-	-	-
Proceeds from long-term loans		7,046,859	48,058,384	-	-
Proceeds from hire-purchase		706,945	309,470	-	-
Advances granted from Directors		79,919	7,083	-	-
Repayment of long-term loans		(46,587,106)	(26,325,229)	-	-
Interest paid		(16,889,298)	(19,764,477)	(213,803)	(230,811)
Repayment of hire-purchase payables		(10,500,761)	(9,531,493)	-	-
Repayment of lease liabilities	39(c)	(3,015,726)	(3,174,367)	-	-
Short-term deposits pledged as securities		(227,587)	(35,460)	-	-
Dividend paid to non-controlling interests of subsidiaries		(223,064)	(3,687,120)	-	-
Proceeds from exercise of Warrants		-	5,408,795	-	5,408,795
Advances granted from a joint venture		-	38,420	-	-
Dividend paid		-	(1,724,902)	-	(1,724,902)
Advances granted from/ (Repayment to) subsidiaries		-	-	18,584,610	(6,453,173)
Net cash (used in)/from financing activities		(30,171,856)	31,753,089	18,370,807	(3,000,091)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(37,357,686)	38,350,737	(130,144)	76,725
<b>Cash and cash equivalents at beginning of financial year</b>		91,824,005	53,530,507	294,076	217,351
Effects of exchange rates changes on the balances of cash held in foreign currencies		512,215	(57,239)	-	-
<b>Cash and cash equivalents at end of financial year</b>	38(a)	54,978,534	91,824,005	163,932	294,076

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

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2021

## 1. GENERAL INFORMATION

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

The principal activity of the Company are investment holding and provision of management services. The information of the subsidiaries are disclosed in Note 19.

The address of the registered office of the Company is as follows:

Suite A, Level 9  
Wawasan Open University  
54, Jalan Sultan Ahmad Shah  
10050 Georgetown, Penang

The address of the principal place of business of the Company is as follows:

Plot 21, Lorong Jelawat 4  
Seberang Jaya Industrial Park  
Seberang Jaya  
13700 Perai, Penang

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise indicated.

At the beginning of the current financial year, the Group and the Company adopted amended MFRSs that are mandatory for the financial year beginning on or after 1 October 2020 as fully described in Note 2.1.

### 2.1 Adoption of Amendments to MFRSs

In the current financial year, the Group and the Company have adopted the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual financial periods commencing on or after 1 October 2020:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 16	COVID-19 Related Rent Concessions
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of these Amendments to MFRSs did not result in significant changes to the accounting policies of the Group and of the Company had no significant effect on the financial performance or position of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### 2.2 Amendments to MFRSs In Issue But Not Yet Effective

At the date of the authorisation for issue of these financial statements, the Amendments to MFRSs that are relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform -Phase 2 <sup>1</sup>
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 <sup>2</sup>
Amendments to MFRS 3	Reference to Conceptual Framework <sup>3</sup>
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use <sup>3</sup>
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract <sup>3</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>4</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current <sup>4</sup>
Amendments to MFRS 108	Definition of Accounting Estimates <sup>4</sup>
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>4</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture <sup>5</sup>
Annual Improvements to MFRSs 2018 - 2020 <sup>3</sup>	

<sup>1</sup> Effective for annual period beginning on or after 1 January 2021

<sup>2</sup> Effective for annual period beginning on or after 1 April 2021

<sup>3</sup> Effective for annual period beginning on or after 1 January 2022

<sup>4</sup> Effective for annual period beginning on or after 1 January 2023

<sup>5</sup> Effective date deferred to a date to be determined and announced by MASB

The Directors anticipate that the abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Basis of Accounting (Cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transaction that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value-in-use in MFRS 136 *Impairment of Assets*.

The principal accounting policies are set out below.

### Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiaries controlled by the Company. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during financial year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Subsidiaries and Basis of Consolidation (Cont'd)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### Changes in Group's Ownership Interest in Existing Subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

### Subsidiaries

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

### Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e., the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed off.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 *Business Combinations* (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits*, respectively;

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Business Combinations (Cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 *Business Combinations* (revised) are recognised at their fair value at the acquisition date, except that (Cont'd):

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRS.

### Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Impairment of Goodwill

At the end of each reporting period, the carrying value of goodwill is tested for impairment by income approach (value-in-use). In the income approach, value-in-use is applied by estimating the discounted value of the sum of the expected future cash flows. If the carrying value of the cash-generating unit exceeds the higher of the value-in-use of the related assets and liabilities, an impairment of goodwill will be recognised in the profit or loss. Evaluations for impairment are impacted by estimates of future sales volume and selling prices of products, economic trends in the local and international construction sector and other factors. The result of these evaluations requires the Group to estimate the future cash flows expected to arise from the cash-generating units, constant growth rates and a suitable discount rate.

### Investments in an Associate and a Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate or a joint venture are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in an associate or a joint venture are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate or the joint venture, less any impairment in the value of individual investments. Losses of an associate or a joint venture in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or the joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture.

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Fair Value Measurement (Cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

### Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### (a) Revenue from contract with customers

Revenue from contract with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group 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 Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax (if any), returns, rebates and discounts. 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.

#### (b) Sales of chicken and other poultry products

Revenue from sales of chicken and other poultry related products are recognised net of discount and sales and services tax (if any) 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 location specified by the customer and acceptance of the goods by the customer; or upon delivery of the chicken on board for onward delivery to the customers.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Revenue Recognition (Cont'd)

#### (c) Sales of poultry feed

Revenue from sales of poultry feed is recognised net of discount and sales and services tax (if any) at the point in time when control of the goods has transferred to customer. Revenue for sales of feed are recognised upon delivery of the goods to locations specified by the customer and acceptance of the goods by the customer which indicate the transfer of control.

#### (d) Rental revenue

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (e) Franchise fee

Franchise fee is recognised on an accrual basis (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Franchise fees are recognised on a straight-line basis over the period of the relevant agreement.

#### (f) Dividend revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Group and to the Company and the amount of revenue can be measured reliably).

#### (g) Other income

Management fee and other income are recognised on an accrual basis.

### Borrowing Costs

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.

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

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### (a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Taxation (Cont'd)

#### (b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. As a result, the Group and the Company have recognised deferred taxes on changes in fair value of investment properties based on the expected rate that would apply on disposal of the investment properties.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle their current tax assets and liabilities on a net basis.

#### (c) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

### Goods and Services Tax ("GST")

Where the GST incurred in a purchase of assets or services is not recoverable from the taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST being the difference between output and input of GST, payable to or receivable from the taxation authorities at the reporting date, is included in other payables or other receivables accordingly in the statements of financial position.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Sales and Services Tax ("SST")

Revenue, expenses and assets are recognised net of the amount of SST, except:

- (a) when the SST incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- (b) when receivables and payables are stated with the amount of SST included. The net amount of SST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

### Leases

#### (a) Definition of a lease

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

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases whether the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer assigned the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are a lessee, the Group and the Company have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

#### (b) Recognition and initial measurement

##### (i) As a lessee

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Leases (Cont'd)

#### (b) Recognition and initial measurement (Cont'd)

##### (i) As a lessee (Cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group uses their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (ii) As a lessor

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

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

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as "Net Investment in Leases". The Group uses the interest rate implicit in the lease to measure the Net Investment in Leases.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Leases (Cont'd)

#### (b) Recognition and initial measurement (Cont'd)

##### (ii) As a lessor (Cont'd)

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

#### (c) Subsequent measurement

##### (i) As a lessee

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

Right-of-use assets are depreciated on a straight-line basis as follows:

Buildings	2 - 30 years
Prepaid lease payments on leasehold land	12 - 99 years
Lands and buildings	1 - 30 years
Market stalls	2 - 3 years
Lands	1 - 30 years
Outlets	2 years

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### (ii) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "investment income".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in leases. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the leases is subject to impairment requirements in MFRS 9 *Financial Instruments*.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Foreign Currencies

#### (a) Presentation and functional currency

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

#### (b) Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in profit or loss.

Foreign exchange differences arising from the translation of a monetary item designated as hedge of net investment in a foreign operation are recognised in other comprehensive income in the consolidated financial statements until the net investment is disposed.

#### (c) Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interests. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

### Employee Benefits

#### (a) Short-term employee benefits

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

#### (b) Post-employment benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices in the countries in which they operate.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Employee Benefits (Cont'd)

#### (b) Post-employment benefits (Cont'd)

##### (i) Defined contribution plan

The Group and the Company make statutory contributions to approved provident funds and the contributions are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

##### (ii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

### Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statements of financial position at deemed cost, being the fair value in the opening MFRS statements of financial position as at 1 October 2017, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's and the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land and construction-in-progress are not depreciated.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

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

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and construction-in-progress) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	2% - 21%
Farm houses under hire purchase	2% - 21%
Plant, machinery and equipment	2% - 33%
Plant, machinery and equipment under hire purchase	2% - 33%
Electrical installation	10% & 50%
Electrical installation under hire purchase	10% & 50%
Office equipment	5% - 33%
Office equipment under hire purchase	5% - 33%
Furniture, fixtures and fittings	10% - 33%
Motor vehicles	10% - 20%
Motor vehicles under hire purchase	10% - 20%
Renovation	5% - 50%
Renovation under hire purchase	5% - 50%
Supermarket equipment	10% & 33%
Supermarket equipment under hire purchase	10% & 33%
Warehouse	10%
Workshop	3%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under hire purchase are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

All items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Investment Properties (Cont'd)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

The estimated useful economic lives of intangible assets are as follows:

Distribution network	15 years
Customer lists	5 & 10 years

The following are the main categories of intangible assets:

#### (a) Distribution network

Distribution network relates to relationship established by the subsidiary with the customers.

#### (b) Customer lists

Customer lists represents right for selling and exchanging information about its customers.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### Impairment of Tangible and Intangible Assets other than Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of its tangible and intangible assets, except for investment properties, deferred tax assets, inventories and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generated units for which a reasonable and consistent allocation basis can be identified.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Impairment of Tangible and Intangible Assets other than Goodwill (Cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Bearer Plants

Bearer plants comprising of immature durian trees are stated at cost less accumulated depreciation and accumulated impairment losses.

Immature crops, including the cost incurred for procurement of new seeds and maintenance of nurseries, are carried at cost less any recognised impairment losses. Cost includes the cost of land preparation, new planting, fertilizing, maintenance of newly planted durian trees for a period of 8 years until maturity. Immature planted trees are reclassified to mature planted trees when they are commercially productive and available for harvest. Depreciation of bearer plants commence when they are ready for their intended use.

Costs incurred for infilling including block infilling are generally recognised in profit or loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalised and depreciated over the remaining useful life of the respective fields.

Depreciation on bearer plants is recognised so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

### Biological Assets

Biological assets comprising of breeders, broilers and hatching eggs are measured at fair value less cost to sell. Costs to sell includes the incremental selling costs, including estimated costs of transport but excludes finance costs and income taxes. The Group recognises a biological asset in its financial statements when, and only when the Group gains control over the asset as a result of past events, it is possible that the future economic benefits associated with the asset will flow to the Group, and when the fair value or cost of the asset can be measured reliably.

Purchases of livestock are directly expensed to profit or loss when incurred. Gains and losses arising on the initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs are recognised in profit or loss in the period in which they arise.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Biological Assets (Cont'd)

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

#### (a) Breeders

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

#### (b) Broilers

Live broilers are measured at fair value less costs to sell based on the discounted cash flows model, taking into consideration the estimated market selling price of broilers, management judgement's mortality rate, estimated consumption rate, feed costs and other estimated farm costs that will be incurred until the point of sale, as well as transportation costs at the point of sale. The assessment of the fair value is based on the internally available data, which includes saleable weight and historical selling price of birds, costs incurred and mortality rates.

Most of the live broilers are transferred to the processing plant at fair value less estimated point-of-sale costs. These broilers are then further process when slaughtered. Once slaughtered, the biological assets are transferred to finished goods.

#### (c) Hatching eggs

The fair value of hatching eggs is determined using a discounted cash flows model based on internal hatchability ratio, the actual selling price of day-old-chick, actual hatchery cost incurred for hatching the eggs into day-old-chick, contributory asset charges for the hatcheries owned by the Group.

### Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and frozen food consists of the original purchase price and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on first-in, first-out method.

Cost of finished goods consists of cost of raw materials, direct labour and a proportion of production overheads. Cost is determined based on first-in, first-out method.

Goods-in-transit is stated at cost.

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

### Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Provisions (Cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Segment Reporting

For management purposes, the Group is organised into operating segments 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. The operating segment's results are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group and the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (a) Financial Assets

##### Financial Assets - Classification Measurement

##### (i) Classification

The Group and the Company classify their financial assets in the following measurement categories:

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVTOCI").

The Group and the Company reclassify debt investments when and only when the business model for managing those assets changes.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Financial Instruments (Cont'd)

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

##### Financial Assets - Classification Measurement (Cont'd)

##### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit 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 and the Company have transferred substantially all the risks and rewards of ownership.

##### (iii) Measurement

At initial recognition, the Group and the Company measure 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 payments of principal and interest ("SPPI").

##### Debt Instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- Fair Value through Other Comprehensive Income ("FVTOCI")

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Financial Instruments (Cont'd)

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

##### Financial Assets - Classification Measurement (Cont'd)

##### (iii) Measurement (Cont'd)

###### Debt Instruments (Cont'd)

- Fair Value through Profit or Loss ("FVTPL")

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

###### Equity Instruments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

##### Financial Assets - Impairment

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

##### (i) Impairment for debt instruments

The Group and the Company assess on a forward-looking basis the expected credit losses ("ECL") model associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group and the Company have financial instruments that are subject to the ECL model as follows:

- trade receivables,
- other receivables and refundable deposits,
- net investment in leases,

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Financial Instruments (Cont'd)

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

##### Financial Assets - Impairment (Cont'd)

##### (i) Impairment for debt instruments (Cont'd)

- debentures,
- intercompany receivables, and
- financial guarantees

While cash and bank balances are also subject to the impairment requirements of MFRS 9 *Financial Instruments*, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between the present value of contractual cash flows and the present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

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.

General 3-stage approach for other receivables and refundable deposits, net investment in leases, debentures, intercompany receivables and financial guarantees

At the end of each reporting period, the Group and the Company measure ECL through a loss allowance at an amount equal to the 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 40.d.(iv) sets out the measurement details of ECL.

Simplified approach for trade receivables

The Group and the Company apply the MFRS 9 *Financial Instruments* simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

Note 40.d.(iv) sets out the measurement details of ECL.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Financial Instruments (Cont'd)

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

##### Financial Assets - Impairment (Cont'd)

##### (ii) Significant increase in credit risk

The Group and the Company consider 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 the Company compare 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.

The following indicators are incorporated:

- internal credit assessment;
- 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; and
- 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.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

##### (iii) Definition of default and credit impaired financial assets

The Group and the Company define 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 the Company define a financial instrument as in default, when the counterparty fails to make contractual payment within 210 days of when they fall due.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Financial Instruments (Cont'd)

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

##### Financial Assets - Impairment (Cont'd)

##### (iii) Definition of default and credit impaired financial assets (Cont'd)

###### Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicate the debtor is in significant financial difficulty. The Group and the Company consider 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; or
- the debtor is insolvent.

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

##### (iv) Groupings of instruments for ECL measured on collective basis

- Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics, geographical location and the days past due.

- Individual assessment

Trade receivables, other receivables and refundable deposits, net investment in leases, debentures, intercompany receivables and financial guarantees which are in default or credit-impaired are assessed individually. Amounts owing by subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each amount owing by a subsidiary.

##### (v) Write-off

- Trade receivables

Trade receivables are written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Indicators that there is no realistic prospect of recovery include amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Financial Instruments (Cont'd)

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

##### Financial Assets - Impairment (Cont'd)

##### (v) Write-off (Cont'd)

- Other receivables and refundable deposits, net investment in leases, debentures, intercompany receivables and financial guarantees

The Group and the Company write-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 the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

#### (b) Financial Liabilities

##### Financial Liabilities - Recognition and Initial Measurement

Financial liabilities are classified as measured at fair value through profit or loss or at amortised cost, as appropriate. Financial liabilities are recognised initially at fair value plus or minus, in the case of financial instrument not at fair value through profit or loss, any directly attributable transaction costs incurred at the acquisition or issuance of financial instrument.

The Group's and the Company's financial liabilities include borrowings, lease liabilities, trade payables, other payables and accrued expenses and intercompany payables.

##### Financial Liabilities - Classification and Subsequent Measurement

The subsequent measurement of financial liabilities depend on their classification as follows:

- Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in profit or loss.

- Financial liabilities at amortised cost

This category generally applies to interest-bearing loans and borrowings as well as trade and other payables.

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Financial Instruments (Cont'd)

#### (b) Financial Liabilities (Cont'd)

##### Financial Liabilities - Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities 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.

#### (c) Derivative Financial Instruments

The Group uses derivative financial instruments such as forward currency contracts and cross-currency interest rate swap to manage certain exposures to fluctuations in foreign currency exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting date.

Derivatives financial instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives financial instruments during the financial year are recognised in profit or loss.

#### (d) Financial Guarantees

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

#### (e) Effective Interest Method

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

#### (f) Hedge Accounting

At inception of a designated hedging relationship, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expect to offset each other.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Financial Instruments (Cont'd)

#### (f) Hedge Accounting (Cont'd)

##### Fair value hedge

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other gains and losses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other gains and losses.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

#### (g) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Statements of Cash Flows

The Group and Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, demand deposits which are not pledged, certain bank overdrafts which form an integral part of the Group's and the Company's cash management and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Interest Income

Interest income is recognised on an accrual basis by reference to the principal outstanding and at the effective interest rate applicable.

### Current and Non-current Classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle; or
- held primarily for the purpose of trading; or

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Current and Non-current Classification (Cont'd)

An asset is classified as current when it is (Cont'd):

- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

- it is expected to be settled in normal operating cycle; or
- it is held primarily for the purpose of trading; or
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

### Contingencies

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

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

### Contract Asset/Liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 *Financial Instruments*.

A contract liability is stated at cost and represents obligation of the Group or of the Company to transfer goods or services to a customer for which consideration has been received from the customers.

### Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### Equity Instruments (Cont'd)

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. Treasury shares may be acquired and held by the Company. Consideration paid or received is recognised directly in equity.

### Related Parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

- i. Has control or joint control over the Group and the Company;
- ii. Has significant influence over the Group and the Company; or
- iii. Is a member of the key management personnel of the parent of the Group, or the Company

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- i. The entity and the Group are members of the same group.
- ii. The entity is an associate or joint venture of the other entity.
- iii. Both entities are joint ventures of the same third party.
- iv. The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefits of employees of either the Group and the Company or an entity related to the Company.
- vi. The entity is controlled or jointly-controlled by a person identified in (a) above.
- vii. A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the parent of the entity.
- viii. The entity, or any member of a group when it is a part, provides key management personnel services to the Group or to the parent of the Group.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the judgements made by the Directors in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

### (a) Critical Judgements in Applying the Group's and the Company's Accounting Policies

In the process of applying the Group's and the Company's accounting policies, the Directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### (a) Critical Judgements in Applying the Group's and the Company's Accounting Policies (Cont'd)

#### (i) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group and the Company determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group and the Company monitor financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's and the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the years presented.

#### (ii) Significant increase in credit risk

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. MFRS 9 *Financial Instruments* does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group and the Company take into account qualitative and quantitative reasonable and supportable forward-looking information.

- Stage 1 assets are financial assets whose credit risk has not increased significantly since initial recognition or that have low credit risk at the reporting date.
- Stage 2 assets are financial assets whose credit risk has increased significantly since initial recognition.
- Stage 3 assets are financial assets that have objective evidence of impairment.

#### (iii) Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### (b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities of the Group and of the Company within the next financial year is discussed below.

#### (i) Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

The Group and the Company carried out the impairment test based on the assessment of the fair value of the respective assets' or cash generating units' ("CGUs") fair value less costs to sell or based on the estimation of the value-in-use ("VIUs") of the CGUs to which the property, plant and equipment, right-of-use assets and intangible assets other than goodwill are allocated. Estimating the VIUs requires the Group and the Company to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### (ii) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being realised in the statement of profit or loss. The Group engaged an independent professional qualified valuer to determine its fair value as at 30 September 2021. The relevant valuation bases, are disclosed in Note 15 to the financial statements.

#### (iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the VIU of the CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose the suitable discount rates and terminal growth rates in order to calculate the present value of those cash flows.

The carrying amount of goodwill of the Group as at 30 September 2021 was RM6,218,940 (2020: RM6,218,940). Further details are disclosed in Note 18.

#### (iv) Impairment of investments in subsidiaries

The Company carried out the impairment test based on the assessment of the fair value less costs to sell of the investees' assets or CGU or based on the estimation of the VIU of the CGUs of the investees. Estimating the VIUs required the Company to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss will be recognised if the carrying values of these CGUs are assessed to be in excess of their VIUs. Further details are disclosed in Note 19.

#### (v) Fair value of biological assets

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### (b) Key Sources of Estimation Uncertainty (Cont'd)

#### (vi) Provision for restoration costs

As part of the identification and measurement of right-of-use assets, the Group has recognised a provision for restoration costs. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to remove the facilities and restoring the premises.

#### (vii) MFRS 16 Leases

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

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

## 5. REVENUE

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>At point in time:</b>				
Sale of goods	1,718,694,508	1,680,317,919	-	-
Rental of poultry farm	156,000	156,000	-	-
Franchise fee	9,375	14,375	-	-
Gross dividend income from subsidiaries	-	-	4,200,000	7,945,949
Management fee	-	-	341,050	341,200
Internal audit charges	-	-	9,174	23,495
	<u>1,718,859,883</u>	<u>1,680,488,294</u>	<u>4,550,224</u>	<u>8,310,644</u>

### Contract revenue from customers

The performance obligation satisfied upon delivery of the goods and payment is generally due within 3 to 90 days from delivery. Contract from customers provide with a discount of feed and mortality rate of poultry chicken which give rise to variable consideration subject to constraint.

In addition, the Group estimated its discount of feed and mortality rate that will be redeemed until the point of sale.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 6. INVESTMENT REVENUE

	The Group	
	2021	2020
	RM	RM
Rental revenue from:		
Premises	226,602	279,033
Vegetable farm	48,000	48,000
	<u>274,602</u>	<u>327,033</u>

## 7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Gain on fair value adjustment of investment properties (Note 15)	892,758	1,992,989	-	-
Reversal of impairment loss recognised on receivables (Note 26)	679,357	636,070	-	-
Gain on disposal of property, plant and equipment	515,231	11,219	-	-
Net fair value gain/(loss) on other financial asset/(liability)	342,156	(792,073)	-	-
Gain on forgiven lease payments	134,100	79,633	-	-
Unrealised gain on foreign exchange	113,558	665,990	-	-
Amortisation of deferred revenue on government grant	93,240	35,184	-	-
Gain on lease termination	68,777	-	-	-
Bad debts recovered	769	5,448	-	-
Loss on fair value adjustment of biological assets (Note 24)	(7,393,122)	(897,130)	-	-
Impairment loss recognised on receivables (Note 26)	(1,329,141)	(4,053,001)	-	-
Amortisation of intangible assets (Note 17)	(1,048,165)	(1,161,042)	-	-
Property, plant and equipment written off	(524,465)	(3,069,886)	-	-
Realised (loss)/gain on foreign exchange	(425,911)	21,903	(415)	-
Bad debts written off	(103,454)	(349,490)	(40,000)	-
Inventories written down	(23,983)	(54,805)	-	-
Loss on revaluation of properties (Note 15)	-	(1,046,340)	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 7. OTHER GAINS AND LOSSES (CONT'D)

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Inventories written off	-	(513,449)	-	-
Other financial assets written off	-	(36,590)	-	-
Deposit written off	-	(1,800)	-	-
Impairment loss recognised on investment in subsidiaries	-	-	(30,868,156)	(7,513,562)
	<u>(8,008,295)</u>	<u>(8,527,170)</u>	<u>(30,908,571)</u>	<u>(7,513,562)</u>

## 8. INTEREST INCOME

	The Group	
	2021	2020
	RM	RM
Interest income on:		
Short-term deposits	180,847	289,527
Bank balances	159,381	228,734
Trade receivables	55,016	35,142
	<u>395,244</u>	<u>553,403</u>

## 9. FINANCE COSTS

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Interest expenses for financial liabilities not classified as fair value through profit or loss:</b>				
Long-terms loans	9,571,494	11,835,173	-	-
Short-term borrowings	4,267,709	5,756,391	-	-
Hire-purchase	1,582,252	2,010,178	-	-
Lease liabilities	679,336	771,624	-	-
Amount owing to subsidiaries	-	-	213,803	230,811
Bank commission	1,335,594	1,306,876	-	-
Bank charges	101,318	131,816	-	-
	<u>17,537,703</u>	<u>21,812,058</u>	<u>213,803</u>	<u>230,811</u>
Total finance costs				

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 10. TAX EXPENSE

### Tax expense recognised in profit or loss

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Malaysia</b>				
Estimated current tax payable:				
Current financial year	9,553,752	8,788,872	20,000	16,500
Under/(Over) provision in prior financial years	279,180	189,367	4,871	(2,169)
Deferred tax:				
Current financial year	(4,429,449)	(3,164,166)	-	-
Under/(Over) provision in prior financial years	132,429	(399,741)	-	-
	5,535,912	5,414,332	24,871	14,331
<b>Foreign</b>				
Estimated current tax payable:				
Current financial year	765,211	2,455,052	-	-
Over provision in prior financial years	(141,142)	(73,788)	-	-
Deferred tax:				
Current financial year	(302,727)	(287,456)	-	-
Under/(Over) provision in prior financial years	9,333	(14,523)	-	-
	330,675	2,079,285	-	-
Total tax expense	5,866,587	7,493,617	24,871	14,331

The estimated amounts of tax benefits arising from previously unused tax losses is used to reduce current tax expense of the Group is RM58,000 (2020: RM45,000).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 10. TAX EXPENSE (CONT'D)

### Tax expense recognised in profit or loss (Cont'd)

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

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Loss before tax	(30,406,441)	(3,637,730)	(28,046,985)	(864,681)
Tax credit calculated using the Malaysian income tax rate of 24%	(7,298,000)	(873,000)	(6,731,000)	(208,000)
Tax effects of:				
- different tax rate of subsidiaries operating in other jurisdiction	(367,000)	(1,001,000)	-	-
- expenses that are not deductible in determining taxable profit	7,623,657	7,018,023	7,760,000	2,136,500
- income not taxable in determining taxable profit	(5,859,000)	(4,938,000)	(1,009,000)	(1,912,000)
- change in the unrecognised deferred tax assets	11,770,000	8,123,000	-	-
- utilisation of unused tax credits not previously recognised	(503,000)	(799,000)	-	-
- deferred real property gains tax on fair value adjustment of investment properties	(47,870)	105,079	-	-
- share of result in an associate	(1,000)	200	-	-
- share of result in a joint venture	269,000	157,000	-	-
- under/(over) provision of tax payable in prior financial years	138,038	115,579	4,871	(2,169)
- under/(over) provision of deferred tax in prior financial years	141,762	(414,264)	-	-
Tax expense recognised in profit or loss	5,866,587	7,493,617	24,871	14,331

Taxation of other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 10. TAX EXPENSE (CONT'D)

As of 30 September 2021, the approximate amounts of unused tax losses, unused tax capital allowances, unused allowance for increased export, unused reinvestment allowances and unused agricultural allowances of the Group, which are available for set off against future taxable income are as follows:

	The Group	
	2021	2020
	RM	RM
Unused tax losses:		
Disregarded in year of assessment 2029	42,003,000	43,329,000
Disregarded in year of assessment 2030	7,531,000	7,532,000
Disregarded in year of assessment 2031	16,489,000	21,944,000
Disregarded in year of assessment 2032	31,628,000	-
With no expiry period	569,000	896,000
Unused tax capital allowances	75,857,000	62,201,000
Unused allowance for increased export	1,155,000	1,155,000
Unused reinvestment allowances	-	368,000

Pursuant to the Malaysia's Budget 2022, the time frame to carry forward current year business losses for year of assessment 2019 and subsequent years of assessment be extended from 7 to 10 consecutive years of assessment. Unused tax losses accumulated up to year of assessment 2018 can now be carried forward for 10 consecutive years of assessment until year of assessment 2028.

## 11. LOSS FOR THE FINANCIAL YEAR

Loss for the financial year has been arrived at:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>After charging:</b>				
Provision for profit sharing	1,067,049	-	-	-
Auditors' remuneration:				
Grant Thornton Malaysia PLT:				
Statutory audit fee:				
Current year	311,500	311,500	36,000	36,000
Prior years	5,960	12,140	-	2,500
Non-audit fee	61,150	344,050	6,500	6,600
Other Auditors:				
Statutory audit fee:				
Current year	159,387	157,954	-	-
Prior years	-	3,049	-	-
Late payment charges paid to:				
Competition Consumer Commission of Singapore	38,463	457,380	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 11. LOSS FOR THE FINANCIAL YEAR (CONT'D)

Loss for the financial year has been arrived at (Cont'd):

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM

### And crediting:

Late payment claims on:

Competition Consumer

Commission of Singapore

38,463

457,380

-

-

Employee benefits recognised as expenses during the financial year are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM

Contribution to employees  
provident fund

8,915,969

8,714,825

65,934

70,059

Other emoluments

136,579,027

132,561,970

766,652

832,286

145,494,996

141,276,795

832,586

902,345

Other emoluments expenses of the Group and of the Company include Directors' remuneration, salaries, bonuses, contribution to employees provident fund and all other employee related expenses.

Details of remuneration of Executive Directors, who are also the only key management personnel of the Group, included in profit for the year are as follows:

	The Group	
	2021	2020
	RM	RM

### Directors of the Company:

Fee

379,240

375,814

Contribution to employees provident fund

242,263

229,852

Other emoluments

3,325,220

3,150,127

### Directors of subsidiaries:

Fee

300,853

241,240

Contribution to employees provident fund

292,461

250,996

Other emoluments

2,715,964

2,297,984

7,256,001

6,546,013

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 11. LOSS FOR THE FINANCIAL YEAR (CONT'D)

Details of remuneration of Non-Executive Directors included in loss for the financial year are as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Directors of the Company:</b>				
Fee	268,403	261,765	238,403	231,765
Contribution to employees provident fund	916	912	916	912
Other emoluments	12,900	11,800	12,400	11,800
	<u>282,219</u>	<u>274,477</u>	<u>251,719</u>	<u>244,477</u>

## 12. (LOSS)/EARNINGS PER SHARE

### Basic (loss)/earnings per share

The net (loss)/profit and weighted average number of ordinary shares used in the calculation of basic (loss)/earnings per share are as follows:

	The Group	
	2021	2020
(Loss)/Profit for the financial year attributable to owners of the Company (RM)	(20,188,282)	2,759,912
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	689,963,242	680,322,591
Basic (loss)/earnings per share (sen)	<u>(2.93)</u>	<u>0.41</u>

There are no dilutive potential equity instruments that would give a diluted effects to the basic earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 13. PROPERTY, PLANT AND EQUIPMENT

### The Group

Cost	Beginning of financial year RM	Additions RM	Disposals/ Write-off RM	Transfers RM	Effect of foreign currency exchange differences RM	End of financial year RM
<b>2021:</b>						
Freehold land	44,000,000	-	-	-	-	44,000,000
Freehold land and buildings	446,934,553	817,362	(45,476)	3,278,734	-	450,985,173
Buildings	71,824,888	203,979	(28,160)	2,050,000	87,308	74,138,015
Farm houses under hire purchase	4,850,000	-	-	(2,050,000)	-	2,800,000
Plant, machinery and equipment	203,692,876	3,729,264	(2,864,200)	2,623,979	173,417	207,355,336
Plant, machinery and equipment under hire purchase	28,932,514	1,672,694	-	(1,824,614)	-	28,780,594
Electrical installation	2,832,062	112,723	-	15,262	-	2,960,047
Electrical installation under hire purchase	83,460	-	-	-	-	83,460
Office equipment	7,392,314	167,648	-	-	5,351	7,565,313
Office equipment under hire purchase	209,000	-	-	-	-	209,000
Furniture, fixtures and fittings	10,595,712	383,610	(17,750)	899	101,755	11,064,226
Motor vehicles	39,345,169	1,011,093	(477,963)	3,074,230	104,012	43,056,541
Motor vehicles under hire purchase	15,639,745	2,061,982	(218,713)	(3,074,230)	35,068	14,443,852
Renovation	8,551,786	207,791	-	92,420	19,536	8,871,533
Renovation under hire purchase	155,352	-	-	-	-	155,352
Supermarket equipment	6,527,223	319,431	(2,700)	12,835	-	6,856,789
Supermarket equipment under hire purchase	213,140	-	-	-	-	213,140
Warehouse	97,590	-	-	-	-	97,590
Workshop	58,000	-	-	-	-	58,000
Construction-in-progress	33,173,653	22,924,694	-	(4,199,515)	-	51,898,832
Construction-in-progress under hire purchase	-	672,095	-	-	-	672,095
	925,109,037	34,284,366	(3,654,962)	-	526,447	956,264,888

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### The Group (Cont'd)

Cost (cont'd)	Beginning of financial year RM	Additions RM	Disposals/Write-off RM	Transfers RM	Transfer to investment properties RM	Effect of foreign currency exchange differences RM	End of financial year RM
<b>2020:</b>							
Freehold land	44,000,000	-	-	-	-	-	44,000,000
Freehold land and buildings	440,258,075	5,937,301	(2,865,412)	8,454,589	(4,850,000)	-	446,934,553
Buildings	73,593,698	1,459,785	-	557,429	(3,799,659)	13,635	71,824,888
Farm houses under hire purchase	4,850,000	-	-	-	-	-	4,850,000
Plant, machinery and equipment	190,116,982	5,957,368	(1,080,026)	8,686,684	-	11,868	203,692,876
Plant, machinery and equipment under hire purchase	34,433,037	225,000	(447,800)	(5,277,723)	-	-	28,932,514
Electrical installation	2,692,927	139,135	-	-	-	-	2,832,062
Electrical installation under hire purchase	83,460	-	-	-	-	-	83,460
Office equipment	6,683,760	783,725	(74,725)	-	-	(446)	7,392,314
Office equipment under hire purchase	209,000	-	-	-	-	-	209,000
Furniture, fixtures and fittings	9,225,995	972,731	(577,019)	969,417	-	4,588	10,595,712
Motor vehicles	33,233,679	1,116,693	(1,469,112)	6,456,230	-	7,679	39,345,169
Motor vehicles under hire purchase	18,984,477	3,102,896	-	(6,456,230)	-	8,602	15,639,745
Renovation	7,103,487	591,568	-	858,880	-	(2,149)	8,551,786
Renovation under hire purchase	155,352	-	-	-	-	-	155,352
Supermarket equipment	6,163,667	421,355	(57,799)	-	-	-	6,527,223
Supermarket equipment under hire purchase	213,140	-	-	-	-	-	213,140
Warehouse	96,540	1,050	-	-	-	-	97,590
Workshop	58,000	-	-	-	-	-	58,000
Construction-in-progress	16,669,434	30,730,750	-	(14,249,276)	-	22,745	33,173,653
	888,824,710	51,439,357	(6,571,893)	-	(8,649,659)	66,522	925,109,037

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### The Group (Cont'd)

Accumulated depreciation	Beginning of financial year RM	Charge for the financial year RM	Disposals/Write-off RM	Transfers RM	Effect of foreign currency exchange differences RM	End of financial year RM
<b>2021:</b>						
Freehold land	-	-	-	-	-	-
Freehold land and buildings	37,880,925	14,323,455	(12,480)	-	-	52,191,900
Buildings	13,227,165	4,499,808	(1,945)	333,125	85,595	18,143,748
Farm houses under hire purchase	727,500	305,625	-	(333,125)	-	700,000
Plant, machinery and equipment	116,904,448	16,772,695	(2,308,273)	968,974	129,080	132,466,924
Plant, machinery and equipment under hire purchase	5,368,327	2,684,985	-	(968,974)	-	7,084,338
Electrical installation	1,859,832	207,830	-	-	-	2,067,662
Electrical installation under hire purchase	27,831	8,345	-	-	-	36,176
Office equipment	5,269,160	618,253	-	-	2,996	5,890,409
Office equipment under hire purchase	27,867	20,900	-	-	-	48,767
Furniture, fixtures and fittings	6,023,321	952,616	(17,304)	-	53,263	7,011,896
Motor vehicles	29,572,786	3,659,662	(248,091)	1,528,249	61,337	34,573,943
Motor vehicles under hire purchase	4,108,244	1,978,811	(29,162)	(1,528,249)	7,940	4,537,584
Renovation	3,970,749	800,241	-	-	9,996	4,780,986
Renovation under hire purchase	21,773	9,792	-	-	-	31,565
Supermarket equipment	4,569,202	468,115	(2,654)	-	-	5,034,663
Supermarket equipment under hire purchase	66,673	21,314	-	-	-	87,987
Warehouse	86,573	2,819	-	-	-	89,392
Workshop	6,380	1,740	-	-	-	8,120
Construction-in-progress	-	-	-	-	-	-
Construction-in-progress under hire purchase	-	-	-	-	-	-
	229,718,756	47,337,006	(2,619,909)	-	350,207	274,786,060

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### The Group (Cont'd)

Accumulated depreciation (cont'd)	Beginning of financial year	Charge for the financial year	Disposals/ Write-off	Transfers	Transfer to investment properties	Effect of foreign currency exchange differences	End of financial year
	RM	RM	RM	RM	RM	RM	RM
<b>2020:</b>							
Freehold land	-	-	-	-	-	-	-
Freehold land and buildings	24,186,822	14,156,373	(525,020)	62,750	-	-	37,880,925
Buildings	8,752,885	4,683,944	-	(62,750)	(158,319)	11,405	13,227,165
Farm houses under hire purchase	345,000	382,500	-	-	-	-	727,500
Plant, machinery and equipment	97,585,844	17,783,195	(1,038,857)	2,560,782	-	13,484	116,904,448
Plant, machinery and equipment under hire purchase	5,021,284	2,960,068	(52,243)	(2,560,782)	-	-	5,368,327
Electrical installation	1,674,325	185,507	-	-	-	-	1,859,832
Electrical installation under hire purchase	19,485	8,346	-	-	-	-	27,831
Office equipment	4,645,780	690,434	(66,871)	-	-	(183)	5,269,160
Office equipment under hire purchase	6,967	20,900	-	-	-	-	27,867
Furniture, fixtures and fittings	5,661,368	934,573	(576,637)	-	-	4,017	6,023,321
Motor vehicles	23,166,901	3,834,467	(778,054)	3,346,030	-	3,442	29,572,786
Motor vehicles under hire purchase	5,198,607	2,253,671	-	(3,346,030)	-	1,996	4,108,244
Renovation	3,213,231	757,282	-	-	-	236	3,970,749
Renovation under hire purchase	11,981	9,792	-	-	-	-	21,773
Supermarket equipment	4,187,024	439,732	(57,554)	-	-	-	4,569,202
Supermarket equipment under hire purchase	45,359	21,314	-	-	-	-	66,673
Warehouse	82,528	4,045	-	-	-	-	86,573
Workshop	4,640	1,740	-	-	-	-	6,380
Construction-in-progress	-	-	-	-	-	-	-
	183,810,031	49,127,883	(3,095,236)	-	(158,319)	34,397	229,718,756



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

### The Group (Cont'd)

Accumulated impairment losses	Beginning of financial year RM	Charge for the financial year RM	Disposal/ Write-off RM	End of financial year RM
<b>2021:</b>				
Plant, machinery and equipment	2,065,661	-	-	2,065,661
Office equipment	10,452	-	-	10,452
Furniture, fixtures and fittings	3,687	-	-	3,687
	<u>2,079,800</u>	<u>-</u>	<u>-</u>	<u>2,079,800</u>
<b>2020:</b>				
Freehold land and buildings	318,949	-	(318,949)	-
Plant, machinery and equipment	2,094,385	-	(28,724)	2,065,661
Office equipment	18,307	-	(7,855)	10,452
Furniture, fixtures and fittings	4,069	-	(382)	3,687
	<u>2,435,710</u>	<u>-</u>	<u>(355,910)</u>	<u>2,079,800</u>

### The Company

Cost	Beginning of financial year RM	Additions RM	Disposal/ Write-off RM	End of financial year RM
<b>2021:</b>				
Office equipment	13,344	5,128	-	18,472
<b>2020:</b>				
Office equipment	13,344	-	-	13,344
Accumulated depreciation	Beginning of financial year RM	Charge for the financial year RM	Disposal/ Write-off RM	End of financial year RM
<b>2021:</b>				
Office equipment	10,637	1,662	-	12,299
<b>2020:</b>				
Office equipment	8,750	1,887	-	10,637

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Net book value:</b>				
Freehold land	44,000,000	44,000,000	-	-
Freehold land and buildings	398,793,273	409,053,628	-	-
Buildings	55,994,267	58,597,723	-	-
Farm houses under hire purchase	2,100,000	4,122,500	-	-
Plant, machinery and equipment	72,822,751	84,722,767	-	-
Plant, machinery and equipment under hire purchase	21,696,256	23,564,187	-	-
Electrical installation	892,385	972,230	-	-
Electrical installation under hire purchase	47,284	55,629	-	-
Office equipment	1,664,452	2,112,702	6,173	2,707
Office equipment under hire purchase	160,233	181,133	-	-
Furniture, fixtures and fittings	4,048,643	4,568,704	-	-
Motor vehicles	8,482,598	9,772,383	-	-
Motor vehicles under hire purchase	9,906,268	11,531,501	-	-
Renovation	4,090,547	4,581,037	-	-
Renovation under hire purchase	123,787	133,579	-	-
Supermarket equipment	1,822,126	1,958,021	-	-
Supermarket equipment under hire purchase	125,153	146,467	-	-
Warehouse	8,198	11,017	-	-
Workshop	49,880	51,620	-	-
Construction-in-progress	51,898,832	33,173,653	-	-
Construction-in-progress under hire purchase	672,095	-	-	-
	<u>679,399,028</u>	<u>693,310,481</u>	<u>6,173</u>	<u>2,707</u>

As of 30 September 2021, certain property, plant and equipment of the Group with a total carrying value of RM426,749,978 (2020: RM424,260,374) are charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 34.

Impairment losses recognised in respect of property, plant and equipment are attributable to greater than anticipated wear and tear. Those assets have been impaired in full and they belong to the Group's integrated poultry reportable segment.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 14. RIGHT-OF-USE ASSETS

### The Group

Carrying value	Beginning of financial year RM	Additions RM	Termination RM	Transfers RM	Depreciation during the financial year RM	Effect of foreign currency exchange differences RM	End of financial year RM
<b>2021:</b>							
Buildings	56,003,711	733,870	-	-	(1,459,649)	729,334	56,007,266
Prepaid lease payments on leasehold land	18,393,010	-	-	-	(589,755)	-	17,803,255
Lands and buildings	7,988,980	3,234,057	(1,300,051)	-	(1,098,505)	-	8,824,481
Market stalls	966,396	785,816	-	-	(814,251)	12,631	950,592
Lands	458,417	2,123,016	-	-	(507,178)	2,826	2,077,081
Outlets	248,866	-	-	-	(226,736)	-	22,130
	84,059,380	6,876,759	(1,300,051)	-	(4,696,074)	744,791	85,684,805
<b>2020:</b>							
Buildings	1,183,546	322,132	-	56,140,541	(1,428,403)	(214,105)	56,003,711
Prepaid lease payments on leasehold land	18,864,378	-	-	117,114	(588,482)	-	18,393,010
Lands and buildings	8,365,594	637,118	-	-	(1,013,732)	-	7,988,980
Market stalls	1,760,924	-	-	-	(801,256)	6,728	966,396
Lands	881,085	-	-	-	(424,948)	2,280	458,417
Outlets	260,931	265,554	-	-	(277,619)	-	248,866
Construction-in-progress	55,923,860	549	-	(56,257,655)	-	333,246	-
	87,240,318	1,225,353	-	-	(4,534,440)	128,149	84,059,380

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 14. RIGHT-OF-USE ASSETS (CONT'D)

The Group leases various lands, buildings and premises. Leases contracts are typically made for fixed periods as per below but may have extension option:

Buildings	2 - 30 years
Prepaid lease payments on leasehold land	12 - 99 years
Lands and buildings	1 - 30 years
Market stalls	2 - 3 years
Lands	1 - 30 years
Outlets	2 years

The Group and the Company have certain leases with lease terms of 12 months or less or leases of low-value items. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

The right-of-use assets of the Group were acquired by the following means:

	The Group	
	2021	2020
	RM	RM
Future lease payment included in lease liabilities	5,645,005	1,188,916
Provision for restoration cost/Accrued expenses	1,121,720	15,001
Cash payments	110,034	21,436
	<u>6,876,759</u>	<u>1,225,353</u>

As of 30 September 2021, certain right-of-use assets of the Group with a total carrying value of RM69,121,202 (2020: RM69,459,582) are charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 34.

## 15. INVESTMENT PROPERTIES

	The Group	
	2021	2020
	RM	RM
<b>At fair value:</b>		
At beginning of financial year	109,955,500	100,498,000
Additions during the year	942	19,511
Transfer from property, plant and equipment during the year	-	8,491,340
Revaluation loss recognised upon transfer from property, plant and equipment (Note 7)	-	(1,046,340)
Gain on fair value adjustment at end of financial year (Note 7)	892,758	1,992,989
	<u>110,849,200</u>	<u>109,955,500</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 15. INVESTMENT PROPERTIES (CONT'D)

The investment properties are as follows:

	The Group	
	2021	2020
	RM	RM
Freehold land	57,137,000	56,630,000
Freehold land and buildings	52,272,200	51,865,500
Long leasehold land and buildings	1,080,000	1,110,000
Short leasehold land	360,000	350,000
	<u>110,849,200</u>	<u>109,955,500</u>
Vacant	63,897,000	64,100,000
Leased out under operating lease	46,952,200	45,855,500
	<u>110,849,200</u>	<u>109,955,500</u>

The fair values of certain buildings included under investment properties of the Group as of 30 September 2021 with a total carrying value of RM22,200 (2020: RM43,500) are determined by the Directors by reference to market evidence of transaction prices for similar properties.

The fair value of other investment properties of the Group as of 30 September 2021 have been arrived at on the basis of valuation carried out by the independent firms of professional valuers. These firms are registered under the Board of Valuer, Appraiser and Real Estate, and they have appropriate qualification and recent experience in the fair value measurement of properties in the relevant location.

The valuations were based on market value using comparison method of valuation, comparison and cost replacement methods of valuation and depreciated replacement cost approach of valuation.

Under the comparison method, properties' fair value are estimated based on comparable transactions. This method is categorised as Level 2 in the fair value hierarchy.

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.

The land is valued by reference to transactions of similar lands in surrounding with adjustments made for differences in location, terrain, size and share of the land, tenure, title restrictions, if any and other relevant characteristics.

Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction and profits. Appropriate adjustments are then made for the factors of age, obsolescence and existing physical condition of the building.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 15. INVESTMENT PROPERTIES (CONT'D)

The land and buildings valued using this method is categorised as level 3 in the fair value hierarchy. The significant unobservable inputs for this category of assets are the replacement cost per square meter which is RM347 per square meter (2020: RM346 per square meter) for a farm house and worker quarter, RM275 per square meter to RM653 per square meter (2020: RM255 per square meter to RM564 per square meter) for shop houses, office buildings, warehouses and workshops. It is further depreciated at about 15% to 99% (2020: 15% to 90%) after taking into consideration the building condition and other relevant factors.

Detail of the Group's investment properties and information about the fair value hierarchy are as follows:

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2021</b>				
Freehold land	-	57,137,000	-	57,137,000
Freehold land and buildings	-	6,500,000	45,772,200	52,272,200
Long leasehold land and buildings	-	-	1,080,000	1,080,000
Short leasehold land	-	-	360,000	360,000
	-	63,637,000	47,212,200	110,849,200
<b>2020</b>				
Freehold land	-	56,630,000	-	56,630,000
Freehold land and buildings	-	6,590,000	45,275,500	51,865,500
Long leasehold land and buildings	-	-	1,110,000	1,110,000
Short leasehold land	-	-	350,000	350,000
	-	63,220,000	46,735,500	109,955,500

There were no transfers between Level 1 and 2 during the year.

The rental income earned by the Group from investment properties during the financial year is RM430,602 (2020: RM483,033). Direct operating expenses incurred by the Group on the investment properties during the financial year are as follows:

	The Group	
	2021 RM	2020 RM
Leased out under operating lease	55,124	14,979
Vacant	29,937	30,778
	85,061	45,757

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 15. INVESTMENT PROPERTIES (CONT'D)

The operating lease payments to be received are as follows:

	The Group	
	2021	2020
	RM	RM
Less than 1 year	420,333	326,783
Between 1 and 5 years	483,738	497,200
Total undiscounted lease payments	904,071	823,983

As of 30 September 2021, the unexpired lease periods of the leasehold land of the Group which are included under investment properties are 25, 78 and 872 years (2020: 26,79 and 873 years).

As of 30 September 2021, certain investment properties of the Group with a total carrying value of RM89,630,900 (2020: RM88,994,500) are charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 34.

## 16. BEARER PLANTS

### Immature Planted Trees

	The Group	
	2021	2020
	RM	RM
<b>Cost</b>		
At beginning of financial year	-	-
Additions during the year	298,141	-
At end of financial year	298,141	-



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 17. OTHER INTANGIBLE ASSETS

### The Group

Cost	Beginning of financial year RM	Additions RM	Write-off RM	Effect of foreign currency exchange differences RM	End of financial year RM
<b>2021:</b>					
Distribution network	13,183,956	-	-	-	13,183,956
Customer lists	1,670,515	-	-	21,835	1,692,350
	14,854,471	-	-	21,835	14,876,306
<b>2020:</b>					
Distribution network	13,183,956	-	-	-	13,183,956
Customer lists	2,287,441	-	(624,040)	7,114	1,670,515
	15,471,397	-	(624,040)	7,114	14,854,471

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 17. OTHER INTANGIBLE ASSETS (CONT'D)

### The Group

Accumulated amortisation	Beginning of financial year RM	Amortisation during the year (Note 7) RM	Write-off RM	Effect of foreign currency exchange differences RM	End of financial year RM
<b>2021:</b>					
Distribution network	4,687,627	878,930	-	-	5,566,557
Customer lists	528,997	169,235	-	6,915	705,147
	5,216,624	1,048,165	-	6,915	6,271,704
<b>2020:</b>					
Distribution network	3,808,697	878,930	-	-	4,687,627
Customer lists	867,816	282,112	(624,040)	3,109	528,997
	4,676,513	1,161,042	(624,040)	3,109	5,216,624

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 17. OTHER INTANGIBLE ASSETS (CONT'D)

	The Group	
	2021	2020
	RM	RM
<b>Net book value:</b>		
Distribution network	7,617,399	8,496,329
Customer lists	987,203	1,141,518
	<u>8,604,602</u>	<u>9,637,847</u>

## 18. GOODWILL

	The Group	
	2021	2020
	RM	RM
At beginning and at end of financial year	<u>6,218,940</u>	<u>6,218,940</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit that is expected to benefit from that business combination. The carrying amounts of goodwill have been allocated to the following business segments as independent cash-generating units:

	The Group	
	2021	2020
	RM	RM
Slaughtering, processing and marketing of poultry under Tong Huat Poultry Processing Factory Pte. Ltd. and its wholly-owned subsidiary, Ban Hong Poultry Pte. Ltd.	4,548,812	4,548,812
Poultry farming, trading in poultry and other related business under Jaya Gading Farm Sdn. Bhd.	<u>1,670,128</u>	<u>1,670,128</u>
	<u>6,218,940</u>	<u>6,218,940</u>

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the cash-generating unit is determined based on the value in use. The value in use calculations is based on the discounted net cash projections based on financial budgets approved by management covering a period of 3 years to 5 years (2020: 1 year to 3 years) with an estimated growth rate range between 0% to 7% (2020: -2% to 5%) and a weighted average cost of capital of 5.93% and 10.80% (2020: 4.5%).

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 19. INTEREST IN SUBSIDIARIES

The subsidiaries are as follows:

Direct subsidiaries	Principal place of business/ Country of incorporation	Effective percentage of ownership		Principal activities
		2021	2020	
CAB Amesist Biomass Generation Sdn. Bhd.	Malaysia	100%	100%	Dormant.
CAB Cakaran Sdn. Bhd.	Malaysia	100%	100%	Breeding of broiler chicken and trading of broiler chicken, poultry feeds and other farm consumables.
CAB Marine Resources Sdn. Bhd.	Malaysia	100%	100%	Dormant.
CABINDO Poultry Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Farm's Best Food Industries Sdn. Bhd.	Malaysia	53.04%	53.04%	Poultry hatcheries, contract farming, poultry processing, marketing and distribution of poultry products.
HK Foods (M) Sdn. Bhd.	Malaysia	100%	100%	Processing, exporting, wholesaling and distributing of frozen marine and value added products.
Home Mart Fresh & Frozen Sdn. Bhd.	Malaysia	100%	100%	Trading of supermarket products.
Kyros Food Industries Sdn. Bhd.	Malaysia	100%	100%	Processing of meat products and trading.
Kyros International Sdn. Bhd.	Malaysia	100%	100%	Investment holding and fast food franchising business.
Likes Marketing Sdn. Bhd.	Malaysia	100%	100%	Distributing and marketing of food products.
Tong Huat Poultry Processing Factory Pte. Ltd.*	Singapore	51%	51%	Investment holding and operating of poultry slaughter house and supplier of slaughtered poultry and provision of marinating and other services.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 19. INTEREST IN SUBSIDIARIES (CONT'D)

The subsidiaries are as follows (Cont'd):

Indirect subsidiaries	Principal place of business/ Country of incorporation	Effective percentage of ownership		Principal activities
		2021	2020	
Antik Kualiti Sdn. Bhd.	Malaysia	100%	100%	Processing and marketing of chicken.
Ayam Kempas Food Industries Sdn. Bhd.	Malaysia	58.23%	58.23%	Processing and marketing of chicken.
Ban Hong Poultry Pte. Ltd.*	Singapore	51%	51%	Importing and marketing of poultry products.
C&B Poultry Sdn. Bhd.	Malaysia	30.40%	30.40%	Breeding of parent stock of black chicken and colour birds to produce hatching eggs and chicks.
CAB Cakaran Breeding Farm Sdn. Bhd.	Malaysia	100%	100%	Breeding of parent stocks to produce broiler eggs and chicks.
CAB Cakaran (Langkawi) Sdn. Bhd.	Malaysia	100%	100%	Marketing of chicken and frozen foods.
CAB Cakaran Southern Sdn. Bhd.	Malaysia	51%	51%	Breeding of black chicken and colour birds and trading of chicken, poultry feeds and other farm consumables.
CAB Cakaran (Timur) Sdn. Bhd.	Malaysia	58.02%	58.02%	Trading of poultry and other related products with poultry contract farmers.
CAB Econation Renewable Energy Sdn. Bhd.	Malaysia	100%	100%	Dormant.
CAB International Trade Pte. Ltd.*	Singapore	45.90%	45.90%	Dormant.
Cabin Premier GPS Farm Sdn. Bhd.	Malaysia	67.94%	67.94%	Breeding of grandparent stocks to produce breeder chicks.
Gourmet Chefs Pte. Ltd.*	Singapore	30.60%	30.60%	Manufacturing of value added food products.
Jaya Gading Farm Sdn. Bhd.	Malaysia	58.02%	58.02%	Poultry farming, trading in poultry and other related business.
Jimat Jaya Sdn. Bhd.	Malaysia	100%	100%	Processing and marketing of chicken.
Kim Fa Foodstuffs Pte. Ltd.*	Singapore	30.60%	30.60%	Supply and distribution of all kinds of sauces and foodstuffs.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 19. INTEREST IN SUBSIDIARIES (CONT'D)

The subsidiaries are as follows (Cont'd):

Indirect subsidiaries	Principal place of business/ Country of incorporation	Effective percentage of ownership		Principal activities
		2021	2020	
Kyros Kebab Sdn. Bhd.	Malaysia	100%	100%	Fast food restaurants operators and trading.
OTK Farm Equipment Sdn. Bhd.	Malaysia	55%	55%	Manufacturers and trading of farm equipment.
Pasaraya Jaya Gading Sdn. Bhd.	Malaysia	58.02%	58.02%	Trading of supermarket products.
Protheme Pte. Ltd.*	Singapore	30.60%	30.60%	Wholesale of livestock, meat and poultry products.
Shin Hong Breeding Farm Sdn. Bhd.	Malaysia	50%	50%	Renting of property, plant and equipment to generate rental income.
TH Likes Pte. Ltd.*	Singapore	51%	51%	Wholesaler of food products.

\*The financial statements of these subsidiaries were audited by auditors other than Grant Thornton Malaysia PLT.

The Group considers Shin Hong Breeding Farm Sdn. Bhd. and C&B Poultry Sdn. Bhd. as subsidiaries as the Group has power to exercise control through a casting vote given to the Managing Director of the Company who is also the Chairman of the Board of Directors of the subsidiaries.

	The Company	
	2021	2020
	RM	RM
Unquoted shares, at cost	182,428,462	167,128,462
Less: Impairment losses	(59,156,382)	(28,288,226)
	<u>123,272,080</u>	<u>138,840,236</u>

Movement of in the allowance for impairment losses on interest in subsidiaries are as follow:

	The Company	
	2021	2020
	RM	RM
At beginning of financial year	28,288,226	20,774,664
Impairment loss recognised during financial year	<u>30,868,156</u>	<u>7,513,562</u>
At end of financial year	<u>59,156,382</u>	<u>28,288,226</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 19. INTEREST IN SUBSIDIARIES (CONT'D)

The impairment loss on interest in subsidiaries was provided due to significant losses incurred by the subsidiaries and/or there is a deficit in net shareholders' fund.

### Composition of the Group

Information about composition of the Group at the end of the reporting period is as follows:

Principal Activities	Number of wholly-owned subsidiaries	
	2021	2020
Integrated poultry	12	12
Operator of fast food restaurants	2	2
Supermarket	1	1
	<u>15</u>	<u>15</u>
Principal Activities	Number of non wholly-owned subsidiaries	
	2021	2020
Integrated poultry	16	16
Supermarket	1	1
	<u>17</u>	<u>17</u>

## 20. INVESTMENT IN AN ASSOCIATE

	The Group	
	2021 RM	2020 RM
At beginning of financial year	263,775	264,696
Share of results during financial year	<u>5,718</u>	<u>(921)</u>
At end of financial year	<u>269,493</u>	<u>263,775</u>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 20. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate are as follows:

Associate	Principal place of business/ Country of incorporation	Effective percentage of ownership		Principal activities
		2021	2020	
Fah Leong Sdn. Bhd. *	Malaysia	11.60%	11.60%	Renting of property to generate rental income.

\*The financial statements of this associate was audited by auditors other than Grant Thornton Malaysia PLT.

None of the Group's associate is material to the Group. Therefore, the summarised financial information is not presented.

## 21. INVESTMENT IN A JOINT VENTURE

	The Group	
	2021 RM	2020 RM
At beginning of financial year	1,290,222	1,937,186
Share of results during the financial year	(1,120,351)	(653,477)
Effect of foreign currency exchange differences	16,863	6,513
At end of financial year	186,734	1,290,222

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 21. INVESTMENT IN A JOINT VENTURE (CONT'D)

Details of the joint venture are as follows:

Joint Venture	Principal place of business/ Country of incorporation	Effective percentage of ownership		Principal activities
		2021	2020	
Singapore Poultry Hub Pte. Ltd. *	Singapore	12.75%	12.75%	Dormant.

\*The financial statements of this joint venture was audited by auditors other than Grant Thornton Malaysia PLT.

Tong Huat Poultry Processing Factory Pte. Ltd., a 51% owned subsidiary of the Company holds a 25% of ownership interest in Singapore Poultry Hub Pte. Ltd.. Consequently, Singapore Poultry Hub Pte. Ltd. became a 12.75% joint venture to the Group.

At Group level, the carrying value of joint venture represents its share of net assets in the joint venture at end of the reporting period. Summarised financial information in respect of the Group's joint venture is as follows:

	2021 RM	2020 RM
Total assets	132,077,404	115,867,084
Total liabilities	(131,330,470)	(110,706,196)
Total revenue	1,978,914	1,723,972
Total loss for financial year	(4,481,405)	(2,613,908)

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in the consolidated financial statements:

	2021	2020
Net assets of the joint venture (RM)	746,934	5,160,888
Proportion of the Group's ownership interest (%)	25	25
Carrying amount of the Group's interest (RM)	186,734	1,290,222

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 22. OTHER FINANCIAL ASSETS/(LIABILITY)

	The Group	
	2021	2020
	RM	RM
<b>Financial asset carried at fair value through profit or loss:</b>		
Derivative financial instrument:		
Cross-currency interest rate swap	1,872,381	1,531,277
<b>Financial liability carried at fair value through profit or loss:</b>		
Derivative financial instrument:		
Foreign currency forward contracts	-	(1,052)

The Group's cross-currency interest rate swap denominated in United States Dollar is overlaid with monthly maturity interest rate swap and matures in 12 April 2023 and 8 May 2023 respectively.

The cross-currency interest rate swap is used hedge cash flow interest rate risk arising from a floating rate bank loan amounting to RM34,852,517 (2020: RM39,745,669). This interest rate swap receives a floating rate of interest at 1.25% (2020: 1.25%) per annum above the London Interbank Offered Rate, pays a floating rate of interest at 1.44% (2020: 1.44%) per annum above the Kuala Lumpur Interbank Offered Rate and has the same maturity terms as the long-term loans.

The notional/contract amount of the cross-currency interest rate swap as of 30 September 2021 is USD8,323,665 (2020: USD9,563,673).

The Group uses foreign currency forward contracts to manage some of the transaction exposures. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 23. DEFERRED TAX ASSETS/(LIABILITIES)

The Group	Beginning of financial year RM	Recognised in profit or loss (Note 10) RM	Effect of foreign currency exchange differences RM	End of financial year RM
<b>2021:</b>				
<b>Deferred tax assets</b>				
Unused tax capital allowances	10,344,000	2,548,000	-	12,892,000
Receivables	3,116,000	958,000	-	4,074,000
Unused tax losses	3,925,000	(1,546,000)	-	2,379,000
Provisions	-	525,000	-	525,000
Right-of-use-assets	5,000	(5,101)	101	-
Others	1,608,798	(482,418)	1,231	1,127,611
	<u>18,998,798</u>	<u>1,997,481</u>	<u>1,332</u>	<u>20,997,611</u>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(30,696,633)	(347,503)	(11,864)	(31,056,000)
Gain on revaluation of properties	(13,683,678)	1,163,678	-	(12,520,000)
Biological assets	(11,846,768)	1,728,768	-	(10,118,000)
Real property gains tax on investment property	(3,885,870)	47,870	-	(3,838,000)
Intangible assets	(2,039,120)	211,120	-	(1,828,000)
Right-of-use-assets	-	(211,000)	-	(211,000)
	<u>(62,152,069)</u>	<u>2,592,933</u>	<u>(11,864)</u>	<u>(59,571,000)</u>
<b>Net</b>	<u>(43,153,271)</u>	<u>4,590,414</u>	<u>(10,532)</u>	<u>(38,573,389)</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 23. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The Group (cont'd)	Beginning of financial year RM	Recognised in profit or loss (Note 10) RM	Effect of foreign currency exchange differences RM	End of financial year RM
<b>2020:</b>				
<b>Deferred tax assets</b>				
Unused tax capital allowances	8,930,600	1,413,400	-	10,344,000
Unused tax losses	5,974,000	(2,049,000)	-	3,925,000
Receivables	3,039,800	76,200	-	3,116,000
Right-of-use-assets	-	5,032	(32)	5,000
Biological assets	176,763	(176,763)	-	-
Unused tax agriculture allowances	9,000	(9,000)	-	-
Others	1,223,446	385,600	(248)	1,608,798
	<u>19,353,609</u>	<u>(354,531)</u>	<u>(280)</u>	<u>18,998,798</u>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(32,593,394)	1,897,827	(1,066)	(30,696,633)
Gain on revaluation of properties	(15,456,892)	1,773,214	-	(13,683,678)
Biological assets	(12,290,280)	443,512	-	(11,846,768)
Real property gains tax on investment property	(3,780,791)	(105,079)	-	(3,885,870)
Intangible assets	(2,250,063)	210,943	-	(2,039,120)
	<u>(66,371,420)</u>	<u>4,220,417</u>	<u>(1,066)</u>	<u>(62,152,069)</u>
Net	<u>(47,017,811)</u>	<u>3,865,886</u>	<u>(1,346)</u>	<u>(43,153,271)</u>

Deferred tax balances are presented in the statement of financial position after appropriate offsetting as follows:

	The Group	
	2021 RM	2020 RM
Deferred tax assets	125,626	23,000
Deferred tax liabilities	<u>(38,699,015)</u>	<u>(43,176,271)</u>
	<u>(38,573,389)</u>	<u>(43,153,271)</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 23. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 30 September 2021, deferred tax assets have not been recognised in respect of the following gross amounts of temporary differences:

	The Group	
	2021	2020
	RM	RM
Unused tax losses	74,578,000	57,537,000
Unused tax capital allowances	16,865,000	10,659,000
Allowance for increased export	1,155,000	1,155,000
Temporary differences arising from:		
Receivables	1,464,000	4,982,000
Others	12,000	30,000
	<u>94,074,000</u>	<u>74,363,000</u>

## 24. BIOLOGICAL ASSETS

	The Group	
	2021	2020
	RM	RM
Breeders (grandparent and parent stock)	63,178,714	69,945,298
Hatching eggs	13,100,216	11,775,933
Breeder of colour birds and colour birds	5,404,000	5,895,000
Broilers	3,749,000	5,446,404
	<u>85,431,930</u>	<u>93,062,635</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 24. BIOLOGICAL ASSETS (CONT'D)

The movement of biological assets can be analysed as follows:

The Group	Beginning of financial year RM	Arising from cost of inputs RM	Decrease due to harvest RM	Fair value (loss)/gain recorded in profit or loss (Note 7) RM	End of financial year RM
<b>2021:</b>					
Breeders (grandparent and parent stock)	69,945,298	115,644,098	(115,971,694)	(6,438,988)	63,178,714
Hatching eggs	11,775,933	92,603,313	(90,990,163)	(288,867)	13,100,216
Breeder of colour birds and colour birds	5,895,000	34,612,418	(34,317,255)	(786,163)	5,404,000
Broilers	5,446,404	62,779,177	(64,597,477)	120,896	3,749,000
	93,062,635	305,639,006	(305,876,589)	(7,393,122)	85,431,930
<b>2020:</b>					
Breeders (grandparent and parent stock)	68,128,192	107,130,612	(102,907,030)	(2,406,476)	69,945,298
Hatching eggs	11,442,412	90,203,396	(90,320,710)	450,835	11,775,933
Breeder of colour birds and colour birds	5,007,300	31,376,154	(31,004,696)	516,242	5,895,000
Broilers	2,079,200	55,006,969	(52,182,034)	542,269	5,446,404
	86,657,104	283,717,131	(276,414,470)	(897,130)	93,062,635

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 24. BIOLOGICAL ASSETS (CONT'D)

The fair value of biological assets was derived based on the management's estimates, assumptions and judgements. The unobservable inputs of biological assets are as following:

- expected number of day-old-chick produced by each type of breeder;
- expected hatchability of the hatching eggs;
- expected salvage value of breeders;
- expected selling price of each type of day-old-chick, broilers and colour birds;
- mortality rate of livestock;
- feed consumption rate and feed costs;
- discount rates; and
- other estimated costs to be incurred for the remaining life of the biological assets and at the point of sales.

The fair value of the Group biological assets is measured at fair value within Level 3 of the fair value hierarchy.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation mode.

Description of valuation technique and input used	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurements
---	---------------------------------	--

### Breeders

Discounted cash flows:

The valuation method considers the projected quantity and price of day-old-chick to be produced over the life of the breeder, taking into account of expected growing cost and the breeder's mortality rate.

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Projected selling prices of day-old-chick based on management's estimate by reference to historical selling price adjusted for abnormal market movements;</li> </ul> | The higher the projected selling price, the higher the fair value. |
| <ul style="list-style-type: none"> <li>• Management's estimate of feed and other variable cost expected to incur throughout the life cycle.</li> </ul>  | The higher the costs, the lower the fair value.                    |



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 24. BIOLOGICAL ASSETS (CONT'D)

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation mode (Cont'd).

Description of valuation technique and input used	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurements
<b>Hatching eggs</b>		
Discounted cash flows: The valuation method considers price of day-old-chick, taking into account of expected hatchery cost and the hatching eggs' hatchability.	<ul style="list-style-type: none"> <li>Projected selling prices of day-old-chick based on management's estimate by reference to historical selling price adjusted for abnormal market movements;</li> </ul>	The higher the projected selling price, the higher the fair value.
	<ul style="list-style-type: none"> <li>Management's estimate of hatchery and other variable cost expected to incur throughout the hatching process.</li> </ul>	The higher the costs, the lower the fair value.
<b>Broilers and colour birds</b>		
Discounted cash flows: The valuation method considers the projected selling price and weight of the broilers and colour birds, taking into account the broilers and colour birds mortality rate.	<ul style="list-style-type: none"> <li>Projected selling prices of broilers and colour birds based on management's estimate by reference to historical selling price adjusted for abnormal market movements;</li> </ul>	The higher the projected selling price, the higher the fair value.
	<ul style="list-style-type: none"> <li>Management's estimate of feed and other variable cost expected to incur throughout the life cycle.</li> </ul>	The higher the costs, the lower the fair value.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 24. BIOLOGICAL ASSETS (CONT'D)

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

	The Group	
	2021	2020
	RM	RM
<b>Breeders and hatching eggs:</b>		
Projected selling price of		
- Day-old-chick (parent stocks)	12.60 - 23.40	13.60 - 22.50
- Day-old-chick (colour birds)	1.60 - 2.00	1.60 - 2.00
- Day-old-chick (broilers)	1.65 - 1.99	1.33 - 1.50
Feed cost per kg for		
- Grandparent stocks	1.98 - 2.01	1.44 - 1.47
- Parent stocks (colour birds)	1.68 - 2.17	1.56 - 1.90
- Parent stocks (broilers)	1.85 - 1.99	1.41 - 1.62
<b>Colour birds and broilers</b>		
Projected selling price per kg for		
- Colour birds	6.42 - 8.97	6.77 - 8.38
- Broilers	4.57 - 5.80	4.35
Feed cost per kg for		
- Colour birds	1.86 - 1.90	1.72 - 1.75
- Broilers	2.06	1.62 - 1.71

Sensitivity analysis of biological assets fair value to be possible changes in the key assumptions are disclosed in the table below:

	The Group	
	2021	2020
	RM	RM
Projected selling price of		
Day-old-chick/hatching eggs/broilers		
- Increased by 10%	27,676,000	25,716,000
- Decreased by 10%	(27,676,000)	(25,716,000)
Number of hatching eggs/day-old-chick/being produced		
- Increased by 10%	23,581,000	23,855,000
- Decreased by 10%	(23,581,000)	(23,855,000)
Feed cost per kg		
- Increased by 10%	(13,189,000)	(10,280,000)
- Decreased by 10%	13,189,000	10,280,000

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 25. INVENTORIES

	The Group	
	2021	2020
	RM	RM
<b>At costs:</b>		
<b>Raw materials:</b>		
Meats and dressings	6,874,506	6,433,828
Feeds and consumables	4,030,174	3,602,700
Ingredient	2,577,179	2,064,912
Packing materials	1,690,400	1,652,736
Medicine and chemicals	1,322,269	1,151,781
Others	1,461	8,485
	<u>16,495,989</u>	<u>14,914,442</u>
<b>Work-in-progress:</b>		
Frozen food	159,674	170,437
Farm equipment	-	1,590
	<u>159,674</u>	<u>172,027</u>
<b>Finished goods:</b>		
Processed chicken	39,298,770	35,362,561
Supermarket products	10,345,705	8,993,419
Trading products	4,468,144	4,020,597
Frozen food	2,084,767	3,881,077
Farm equipment	114,930	45,397
	<u>56,312,316</u>	<u>52,303,051</u>
	<u>72,967,979</u>	<u>67,389,520</u>

	The Group	
	2021	2020
	RM	RM
<b>Recognised in profit and loss:</b>		
Inventories recognised as cost of sales	1,632,606,618	1,566,696,378
Inventories written down	23,983	54,805
Inventories written-off	-	513,449

The inventories written down was made during the year when the related inventories were sold below their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 26. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables	196,310,439	193,326,802	-	-
Amount owing by related parties	6,361,030	5,721,451	-	-
Loss allowance	(21,765,018)	(21,290,572)	-	-
	<u>180,906,451</u>	<u>177,757,681</u>	<u>-</u>	<u>-</u>
Amount owing by subsidiaries	-	-	14,439,867	8,213,820
Amount owing by a joint venture	461,550	455,595	-	-
Goods and Services Tax receivable	9,267	510,783	-	-
	<u>13,270,075</u>	<u>11,514,698</u>	<u>-</u>	<u>-</u>
Other receivables	13,270,075	11,514,698	-	-
Amount owing by related parties	12,024	20,028	-	-
Loss allowance	(841,230)	(815,287)	-	-
	<u>12,440,869</u>	<u>10,719,439</u>	<u>-</u>	<u>-</u>
	<u>193,818,137</u>	<u>189,443,498</u>	<u>14,439,867</u>	<u>8,213,820</u>

Trade receivables of the Group comprise amounts receivable for the trading and sales of goods. The credit term for trade receivables of the Group ranges from 3 to 90 days (2020: 7 to 90 days).

The currency profile of trade and other receivables are as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	160,534,443	156,997,657	14,439,867	8,213,820
Singapore Dollar	31,157,646	31,262,626	-	-
United States Dollar	2,126,048	1,183,215	-	-
	<u>193,818,137</u>	<u>189,443,498</u>	<u>14,439,867</u>	<u>8,213,820</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 26. TRADE AND OTHER RECEIVABLES (CONT'D)

The following table provides information about the exposure to credit risk and ECL for trade receivables, which are grouped together as they are expected to have similar risk nature:

The Group	Gross amount RM	Loss allowance RM	Net RM
<b>2021</b>			
Not past due	128,492,133	(88,162)	128,403,971
Past due 0 - 30 days	26,276,378	(97,332)	26,179,046
Past due 31 - 60 days	8,846,578	(88,522)	8,758,056
Past due 61 - 90 days	4,456,312	(107,283)	4,349,029
Past due more than 90 days	19,931,984	(8,097,350)	11,834,634
	188,003,385	(8,478,649)	179,524,736
<b>Credit impaired</b>			
Individually impaired	14,668,084	(13,286,369)	1,381,715
At end of financial year	202,671,469	(21,765,018)	180,906,451
<b>2020</b>			
Not past due	137,172,250	(176,987)	136,995,263
Past due 0 - 30 days	25,163,354	(96,906)	25,066,448
Past due 31 - 60 days	8,209,608	(176,799)	8,032,809
Past due 61 - 90 days	2,309,348	(250,887)	2,058,461
Past due more than 90 days	10,303,779	(6,519,603)	3,784,176
	183,158,339	(7,221,182)	175,937,157
<b>Credit impaired</b>			
Individually impaired	15,889,914	(14,069,390)	1,820,524
At end of financial year	199,048,253	(21,290,572)	177,757,681

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 26. TRADE AND OTHER RECEIVABLES (CONT'D)

The movements in the loss allowance in respect of trade receivables during the financial year are as follows:

The Group	Credit impaired RM	Lifetime ECL RM	Total RM
<b>2021</b>			
At beginning of financial year	14,069,390	7,221,182	21,290,572
Loss allowance during financial year	1,329,141	1,244,354	2,573,495
Loss allowance no longer required	(679,357)	-	(679,357)
Amounts written off	(1,435,110)	-	(1,435,110)
Effect of foreign currency exchange differences	2,305	13,113	15,418
At end of financial year	13,286,369	8,478,649	21,765,018
<b>2020</b>			
At beginning of financial year	10,813,802	8,771,408	19,585,210
Loss allowance during financial year	4,053,001	-	4,053,001
Loss allowance no longer required	(636,070)	(1,552,393)	(2,188,463)
Amounts written off	(160,650)	-	(160,650)
Effect of foreign currency exchange differences	(693)	2,167	1,474
At end of financial year	14,069,390	7,221,182	21,290,572

The amount owing by subsidiaries arose mainly from payment made on behalf, management fee receivables and advances, are unsecured, interest free and repayable on demand.

The amount owing by a joint venture arose mainly from payment made on behalf, are unsecured, interest free and repayable on demand.

Other receivables of the Group include loans and advances given to staffs, amounts receivable for management of outlet, display income receivable, transport charges receivable, scrap sales receivable and payment of expenses made on behalf by the Group which are unsecured, interest free and repayable on demand.

Included in other receivables are an amount of RM6,586,088 (2020: RM6,501,113) penalty to be reimbursed from former shareholders of subsidiaries, Tong Huat Poultry Processing Factory Pte. Ltd. and Ban Hong Poultry Pte. Ltd. in connection with infringement of the Competition Act of Republic of Singapore.

As of 30 September 2020, included also in other receivables were an amount of RM1,098,935 government grant receivables related to Job Support Scheme. The Job Support Scheme was announced by the Singapore Government as part of the Coronavirus ("Covid-19") outbreak measures to provide wage support to employers to help retain the employees during the period of economic uncertainty which was intended to defray manpower costs between the periods from April 2020.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 26. TRADE AND OTHER RECEIVABLES (CONT'D)

The movement in the loss allowance in respect of other receivables during the financial year are as follows:

The Group	Credit impaired RM	Lifetime ECL RM	Total RM
<b>2021</b>			
At beginning of financial year	815,287	-	815,287
Loss allowance during financial year	-	15,286	15,286
Effect of foreign currency exchange differences	10,657	-	10,657
At end of financial year	825,944	15,286	841,230
<b>2020</b>			
At beginning of financial year	813,623	-	813,623
Effect of foreign currency exchange differences	1,664	-	1,664
At end of financial year	815,287	-	815,287

The allowance for impairment loss on other receivables are made relating to entities that are in significant financial difficulties and have defaulted on payments. The Group does not hold any collateral over these balances.

## 27. OTHER ASSETS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Prepayments	7,357,902	7,980,783	5,000	-
Deposits	5,580,557	5,340,745	1,000	1,000
Deposits for acquisition of property, plant and equipment	1,864,159	2,531,365	-	-
Advance payment for acquisition of property, plant and equipment	1,823,454	709,242	-	-
	16,626,072	16,562,135	6,000	1,000

## 28. SHORT-TERM DEPOSITS WITH LICENSED BANKS

Short-term deposits with licensed banks of the Group are maturing within October 2021 to September 2022 (2020: October 2020 to September 2021) and earn interests at rates ranging from 0.5% to 1.9% (2020: 0.5% to 3.5%) per annum.

Short-term deposits with licensed banks of the Group with a total carrying value of RM9,842,707 (2020: RM9,615,120) are pledged to the banks as securities for credit facilities granted to the Group as mentioned in Note 34.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 29. CASH AND BANK BALANCES

The currency profile of cash and bank balances are as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	26,673,296	38,876,314	163,932	294,076
Singapore Dollar	19,621,530	33,809,548	-	-
United States Dollar	2,753,795	1,749,117	-	-
	<u>49,048,621</u>	<u>74,434,979</u>	<u>163,932</u>	<u>294,076</u>

## 30. SHARE CAPITAL

	The Company			
	2021		2020	
	No. of shares	RM	No. of shares	RM
Issued and fully paid with no par value:				
Ordinary shares:				
At beginning of financial year	690,508,742	140,679,293	658,692,296	135,270,498
Exercise of Warrants	-	-	31,816,446	5,408,795
At end of financial year	690,508,742	140,679,293	690,508,742	140,679,293

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

As of 30 September 2021, out of the total number of 690,508,742 (2020: 690,508,742) ordinary shares issued and paid-up, 545,500 shares (2020: 545,500 shares) (adjusted perused through Share Split and Bonus Share Issue) are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid is 689,963,242 (2020: 689,963,242) shares.

On 14 February 2020, the warrant 2015/2021 had expired.

The movements in the Company's Warrants were as follows:

The Company	At beginning of financial year	Number of Warrants (Unit)		At end of financial year
		Exercised	Expired	
2020				
Number of unexercised Warrants	34,416,022	(31,816,446)	(2,599,576)	-



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 31. RESERVES

	The Group	
	2021	2020
	RM	RM
<b>Non-distributable:</b>		
Translation reserve	1,513,479	1,149,065
Property revaluation reserve	81,940	81,940
Total reserves	1,595,419	1,231,005

### Translation Reserve

	The Group	
	2021	2020
	RM	RM
At beginning of financial year	1,149,065	1,102,867
Exchange differences relating to translating the net assets of foreign operations	373,530	45,644
Exchange differences relating to share of result in a joint venture	(9,116)	554
At end of financial year	1,513,479	1,149,065

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the translation reserve.

### Property Revaluation Reserve

	The Group	
	2021	2020
	RM	RM
At beginning and at end of financial year	81,940	81,940

The property revaluation reserve arises on the revaluation of land and buildings upon transfer from property, plant and equipment to investment property. When the revalued property is sold, the portion of the property revaluation reserve that relates to that asset is effectively realised and is transferred directly to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 32. NON-CONTROLLING INTERESTS

	The Group	
	2021 RM	2020 RM
At beginning of financial year	122,312,348	139,832,856
Subscription of ordinary shares by non-controlling interests in a subsidiary	13,500,000	-
Share of total comprehensive loss for the financial year	(15,622,933)	(13,833,388)
Dividend paid to non-controlling interests of subsidiaries	(223,064)	(3,687,120)
At end of financial year	119,966,351	122,312,348

The subsidiaries of the Group that have non-controlling interests, which, in the opinion of the Directors, are material to the Group are as follows:

Name of subsidiaries	Proportion of equity held by owners of non-controlling interests (%)		Principal place of business/ Country of incorporation
	2021	2020	
Direct subsidiaries:			
Farm's Best Food Industries Sdn. Bhd.	46.96%	46.96%	Malaysia
Tong Huat Poultry Processing Factory Pte. Ltd.	49%	49%	Singapore
Indirect subsidiaries:			
CAB Cakaran Southern Sdn. Bhd.	49%	49%	Malaysia
Shin Hong Breeding Farm Sdn. Bhd.	50%	50%	Malaysia

There are no significant restrictions on the ability of these subsidiaries to transfer funds to the Group in the form of cash dividends.

The summarised financial information of the subsidiaries that have non-controlling interests to the Group is based on amounts before intercompany elimination.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 32. NON-CONTROLLING INTERESTS (CONT'D)

### Summarised financial information (Cont'd)

The summarised statements of comprehensive income and dividends paid by each subsidiary that has non-controlling interests to the Group are as follows:

	Farm's Best Food Industries Sdn. Bhd. RM	Tong Huat Poultry Processing Factory Pte. Ltd. RM	CAB Cakaran Southern Sdn. Bhd. RM	Shin Hong Breeding Farm Sdn. Bhd. RM	Others RM	Total RM
<b>2021</b>						
Revenue	595,858,466	153,293,860	337,647,199	468,000	413,188,364	1,500,455,889
(Loss)/Profit for the year	(25,409,710)	(2,403,248)	(6,945,262)	1,837,090	(3,407,005)	(36,328,135)
Other comprehensive income	-	510,834	-	-	357,757	868,591
Total comprehensive (loss)/income	(25,409,710)	(1,892,414)	(6,945,262)	1,837,090	(3,049,248)	(35,459,544)
(Loss)/Profit allocated to non-controlling interests	(11,932,400)	(1,177,592)	(3,403,178)	918,545	(490,121)	(16,084,746)
Subscription of ordinary shares by non-controlling interests in a subsidiary	13,500,000	-	-	-	-	13,500,000
Dividends paid to non-controlling interests	-	-	-	(100,000)	(123,064)	(223,064)
<b>2020</b>						
Revenue	460,411,772	147,732,807	351,843,675	468,000	429,900,180	1,390,356,434
(Loss)/Profit for the year	(19,281,292)	3,657,144	(13,073,461)	(361,181)	(3,119,051)	(32,177,841)
Other comprehensive income	-	91,454	-	-	20,380	111,834
Total comprehensive (loss)/income	(19,281,292)	3,748,598	(13,073,461)	(361,181)	(3,098,671)	(32,066,007)
(Loss)/Profit allocated to non-controlling interests	(9,054,495)	1,792,001	(6,405,996)	(180,590)	(42,179)	(13,891,259)
Dividends paid to non-controlling interests	-	(3,436,448)	-	(95,000)	(155,672)	(3,687,120)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 32. NON-CONTROLLING INTERESTS (CONT'D)

### Summarised financial information (Cont'd)

The summarised statements of financial position of each subsidiary that has non-controlling interests to the Group are as follows:

	Farm's Best Food Industries Sdn. Bhd.	Tong Huat Poultry Processing Factory Pte. Ltd.	CAB Cakaran Southern Sdn. Bhd.	Shin Hong Breeding Farm Sdn. Bhd.	Others	Total
	RM	RM	RM	RM	RM	RM
<b>2021</b>						
Non-current assets	197,034,894	93,981,479	89,981,404	61,831,689	86,219,939	529,049,405
Current asset	159,324,284	40,386,518	60,004,340	1,773,226	88,979,992	350,468,360
Non-current liabilities	(81,733,351)	(55,319,780)	(17,139,510)	(4,646,824)	(31,956,373)	(190,795,838)
Current liabilities	(211,767,525)	(30,926,625)	(100,474,911)	(76,278)	(86,979,190)	(430,224,529)
Net assets	62,858,302	48,121,592	32,371,323	58,881,813	56,264,368	258,497,398
Non-controlling interests' share of net assets	27,362,258	23,579,580	15,861,948	29,440,907	23,721,658	119,966,351
<b>2020</b>						
Non-current assets	204,094,372	84,611,186	92,820,969	60,264,614	92,571,094	534,362,235
Current asset	117,828,057	52,236,874	67,997,743	1,635,560	84,436,868	324,135,102
Non-current liabilities	(97,638,718)	(58,878,618)	(20,988,478)	(4,604,787)	(38,764,341)	(220,874,942)
Current liabilities	(166,015,698)	(27,955,435)	(100,513,649)	(50,664)	(78,622,343)	(373,157,789)
Net assets	58,268,013	50,014,007	39,316,585	57,244,723	59,621,278	264,464,606
Non-controlling interests' share of net assets	25,794,658	24,506,863	19,265,127	28,622,362	24,123,338	122,312,348

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 32. NON-CONTROLLING INTERESTS (CONT'D)

### Summarised financial information (Cont'd)

The summarised statements of cash flow of each subsidiary that has non-controlling interests to the Group are as follows:

	Farm's Best Food Industries Sdn. Bhd. RM	Tong Huat Poultry Processing Factory Pte. Ltd. RM	CAB Cakaran Southern Sdn. Bhd. RM	Shin Hong Breeding Farm Sdn. Bhd. RM
<b>2021</b>				
Net cash (used in)/from operating activities	(5,623,508)	3,081,502	635,927	312,459
Net cash (used in)/from investing activities	(6,035,937)	(12,114,361)	(2,232,202)	35,086
Net cash from/(used in) financing activities	5,652,646	(2,843,210)	(499,963)	(200,000)
Net (decrease)/increase in cash and cash equivalents	(6,006,799)	(11,876,069)	(2,096,238)	147,545
Cash and cash equivalents at beginning of financial year	11,057,670	27,588,598	2,974,782	1,601,768
Effects of exchange rates changes on the balances of cash held in foreign currencies	47,698	360,605	-	-
Cash and cash equivalents at end of financial year	5,098,569	16,073,134	878,544	1,749,313
<b>2020</b>				
Net cash from operating activities	22,714,906	10,398,906	8,141,574	234,864
Net cash (used in)/from investing activities	(9,129,678)	(1,331,625)	(6,366,090)	41,873
Net cash (used in)/from financing activities	(5,283,057)	10,641,842	422,033	(190,000)
Net increase in cash and cash equivalents	8,302,171	19,709,123	2,197,517	86,737
Cash and cash equivalents at beginning of financial year	2,755,499	7,940,151	777,265	1,515,031
Effects of exchange rates changes on the balances of cash held in foreign currencies	-	(60,676)	-	-
Cash and cash equivalents at end of financial year	11,057,670	27,588,598	2,974,782	1,601,768

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 33. PROVISIONS

	The Group	
	2021	2020
	RM	RM
Restoration cost <sup>(i)</sup>	1,121,720	-
Profit sharing <sup>(ii)</sup>	1,067,049	-
	2,188,769	-
Less: current portion	(1,067,049)	-
Non-current portion	1,121,720	-

- (i) Provision for restoration cost represent estimated cost of restoring leased space used in the principal activities of a subsidiary. Provision made is capitalised as part of the carrying amount of the Group's right-of-use assets. The Group has obligation to restore the rental of premises after expiring or termination of the lease contracts.
- (ii) Provision of profit sharing represent to a sharing of 10% of the profit for the financial year which is generated from a breeder farm of a subsidiary to a third party.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 34. BORROWINGS

	The Group	
	2021	2020
	RM	RM
<b>Current</b>		
<b>Secured:</b>		
Bankers' acceptances	141,858,000	122,035,115
Long-term loans	32,940,805	38,598,762
Hire-purchase payables	9,621,726	9,739,102
Revolving credit	4,000,000	1,000,000
Bank overdrafts	3,854,015	1,856,780
Trust receipt	-	1,266,000
<b>Unsecured:</b>		
Bankers' acceptances	67,396,381	55,865,303
Revolving credit	11,200,000	18,350,000
Long-term loans	3,744,183	8,074,605
Bank overdrafts	33,553	-
	<u>274,648,663</u>	<u>256,785,667</u>
<b>Non-current</b>		
<b>Secured:</b>		
Long-term loans	210,833,324	236,109,100
Hire-purchase payables	13,282,187	17,917,103
<b>Unsecured:</b>		
Long-term loans	<u>11,025,002</u>	<u>14,577,666</u>
	<u>235,140,513</u>	<u>268,603,869</u>
<b>Total borrowings</b>	<u>509,789,176</u>	<u>525,389,536</u>

The currency profile of borrowings are as follows:

	The Group	
	2021	2020
	RM	RM
Ringgit Malaysia	417,786,469	426,487,340
Singapore Dollar	57,150,190	59,156,527
United States Dollar	<u>34,852,517</u>	<u>39,745,669</u>
	<u>509,789,176</u>	<u>525,389,536</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 34. BORROWINGS (CONT'D)

The maturity period of borrowings are as follows:

	The Group	
	2021 RM	2020 RM
Not later than 1 year	274,648,663	256,785,667
Later than 1 year and not later than 2 years	65,521,002	44,602,481
Later than 2 years and not later than 5 years	86,271,374	125,719,938
Later than 5 years	83,348,137	98,281,450
	<u>509,789,176</u>	<u>525,389,536</u>

The fair value of borrowings approximate their carrying values as the impact of discounting is not significant. It is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile and is within Level 2 of the fair value hierarchy.

The range of effective interest rates at the reporting date for borrowings are as follows:

	The Group	
	2021 %	2020 %
Bankers' acceptances	1.60 - 3.36	2.55 - 3.90
Long-term loans	1.68 - 6.64	1.68 - 6.64
Hire-purchase payables	4.34 - 7.14	4.34 - 6.98
Revolving credit	2.77 & 3.38	2.80 & 2.90
Bank overdrafts	5.97 - 6.64	6.60 - 6.65
Trust receipt	-	3.55

The term loans of the Group include the following:

### Secured

- (i) A floating-rate term-loan amounting to RM160,000 repayable by 240 monthly instalments after the first drawdown date in October 2009;
- (ii) A floating-rate term-loan amounting to RM115,000 repayable by 240 monthly instalments after the first drawdown date in October 2009;
- (iii) A floating-rate term-loan amounting to RM170,000 repayable by 180 monthly instalments after the first drawdown date in January 2011;
- (iv) A floating-rate term-loan amounting to RM2 million repayable by 120 monthly instalments after the first drawdown date in December 2011;
- (v) A floating-rate term-loan amounting to RM4 million repayable by 240 monthly instalments after the first drawdown in March 2012;



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 34. BORROWINGS (CONT'D)

The term loans of the Group include the following (Cont'd):

### Secured (Cont'd)

- (vi) A floating-rate term-loan amounting to RM1,020,000 repayable by 180 monthly instalments after the first drawdown in January 2013;
- (vii) A floating-rate term-loan amounting to RM29,270,062 repayable by 153 monthly instalments after the first drawdown in July 2014;
- (viii) A floating-rate term-loan amounting to RM1,620,000 repayable by 300 monthly instalments after the first drawdown in July 2014;
- (ix) A floating-rate term-loan amounting to RM702,000 repayable by 300 monthly instalments after the first drawdown in July 2014;
- (x) A floating-rate term-loan amounting to RM585,000 repayable by 300 monthly instalments after the first drawdown in July 2014;
- (xi) A floating-rate term-loan amounting to RM558,000 repayable by 300 monthly instalments after the first drawdown in July 2014;
- (xii) A floating-rate term-loan amounting to RM6 million repayable by 120 monthly instalments after the first drawdown date in November 2014;
- (xiii) A floating-rate term-loan amounting to RM9 million repayable by 120 monthly instalments after the first drawdown date in December 2014;
- (xiv) A floating-rate term-loan amounting to RM27.5 million repayable by 120 monthly instalments after the first drawdown date in April 2015;
- (xv) A floating-rate term-loan amounting to RM2,745,173 repayable by 84 monthly instalments after the first drawdown date in April 2015;
- (xvi) A floating-rate term-loan amounting to RM8,152,000 repayable by 180 monthly instalments after the first drawdown date in May 2015;
- (xvii) A floating-rate term-loan amounting to RM1.5 million repayable by 120 monthly instalments after the first drawdown date in May 2015;
- (xviii) A floating-rate term-loan amounting to RM500,000 repayable by 120 monthly instalments after the first drawdown date in May 2015;
- (xix) A floating-rate term-loan amounting to RM1 million repayable by 120 monthly instalments after the first drawdown date in June 2015;
- (xx) A floating-rate term-loan amounting to RM32.8 million repayable by 180 monthly instalments after the first drawdown in September 2016;
- (xxi) A floating-rate term-loan amounting to RM1 million repayable by 60 monthly instalments after the first drawdown date in October 2016;
- (xxii) A floating-rate term-loan amounting to RM585,000 repayable by 180 monthly instalments after the first drawdown date in October 2016;

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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## 34. BORROWINGS (CONT'D)

The term loans of the Group include the following (Cont'd):

### Secured (Cont'd)

- (xxiii) A floating-rate term-loan amounting to RM585,000 repayable by 120 monthly instalments after the first drawdown date in October 2016;
- (xxiv) A floating-rate term-loan amounting to RM9 million repayable by 84 monthly instalments after the first drawdown date in December 2016;
- (xxv) A floating-rate term-loan amounting to RM2.2 million repayable by 180 monthly instalments after the first drawdown in September 2017;
- (xxvi) A floating-rate term-loan amounting to RM1,360,000 repayable by 180 monthly instalments after the first drawdown date in September 2017;
- (xxvii) A floating-rate term-loan amounting to RM4,796,035 repayable by 84 monthly instalments after the first drawdown date in March 2018;
- (xxviii) A floating-rate term-loan amounting to USD9.6 million (equivalent to RM40 million) repayable by 54 monthly instalments after 7 months from the first drawdown in April 2018;
- (xxix) A floating-rate term-loan amounting to RM24,037,500 repayable by 120 monthly instalments after first drawdown in April 2018;
- (xxx) A floating-rate term-loan amounting to RM14 million repayable by 120 monthly instalments after first drawdown in April 2018;
- (xxxi) A floating-rate term-loan amounting to RM3,397,500 repayable by 120 monthly instalments after first drawdown in April 2018;
- (xxxii) A floating-rate term-loan amounting to RM500,000 repayable by 120 monthly instalments after the first drawdown in April 2018;
- (xxxiii) A floating-rate term-loan amounting to RM6,525,000 repayable by 120 monthly instalments after first drawdown in May 2018;
- (xxxiv) A floating-rate term-loan amounting to USD890,000 (equivalent to RM3.7 million) repayable by 54 monthly instalments after 7 months from the first drawdown date in June 2018;
- (xxxv) A floating-rate term-loan amounting to SGD4,840,000 (equivalent to RM14.9 million) repayable by 240 monthly instalments after the first drawdown date in July 2018;
- (xxxvi) A floating-rate term-loan amounting to RM6 million repayable by 120 monthly instalments after the first drawdown date in August 2018;
- (xxxvii) A floating-rate term-loan amounting to RM22,160,000 repayable by 180 monthly instalments after the first drawdown date in January 2019;

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 34. BORROWINGS (CONT'D)

The term loans of the Group include the following (Cont'd):

### Secured (Cont'd)

- (xxxviii) A floating-rate term-loan amounting to SGD10,191,456 (equivalent to RM31.4 million) repayable by 240 monthly instalments after the first drawdown date in June 2019;
- (xxxix) A floating-rate term-loan amounting to RM750,000 repayable by 120 monthly instalments after the first drawdown in September 2019;
- (xl) A floating-rate term-loan amounting to RM450,000 repayable by 120 monthly instalments after the first drawdown in September 2019;
- (xli) A floating-rate term-loan amounting to RM1,113,200 repayable by 240 monthly instalments after the first drawdown date in November 2019;
- (xlii) A floating-rate term-loan amounting to RM3,150,000 repayable by 60 monthly instalments after the first drawdown date in February 2020;
- (xlili) A floating-rate term-loan amounting to USD1,290,000 (equivalent to RM5.4 million) repayable by 54 monthly installments after 7 months from the first drawdown in March 2020;
- (xliv) A floating-rate term-loan amounting to RM4.6 million repayable by 6 monthly instalments after 7 months from the first drawdown in April 2020. This term-loan has been fully paid during the financial year;
- (xlv) A fixed-rate term-loan amounting to RM 1,842,976 repayable by 33 monthly instalments after 4 months from the first drawdown in April 2020;
- (xlvi) A fixed-rate term-loan amounting to RM923,938 repayable by 33 monthly instalments after 3 months from the first drawdown date in August 2020;
- (xlvii) A floating-rate term-loan amounting to RM17 million repayable by 120 monthly instalments after the first drawdown date in November 2020;
- (xlviii) A floating-rate term-loan amounting to RM3,148,238 repayable by 120 monthly instalments after the first drawdown date in November 2020; and
- (xlix) A floating-rate term-loan amounting to RM10 million repayable by 120 monthly instalments after the first drawdown date in December 2020.

### Unsecured

- (i) A fixed-rate term-loan amounting to SGD5 million (equivalent to RM15.4 million) repayable by 60 monthly instalments after 12 months from the first drawdown date in August 2020.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 35. LEASE LIABILITIES

	The Group	
	2021	2020
	RM	RM
At beginning of financial year	10,373,288	-
Effect of adoption of MFRS 16	-	12,427,081
Additions	5,645,005	1,188,916
Finance costs	679,336	771,624
Payments	(3,695,062)	(3,945,991)
Termination	(1,368,828)	-
Gain on forgiven lease payments	(134,100)	(79,633)
Effect of foreign currency exchange differences	22,898	11,291
	<hr/>	<hr/>
At end of financial year	11,522,537	10,373,288
	<hr/>	<hr/>
<b>Analysed as:</b>		
Current portion	2,104,167	2,512,731
Non-current portion	9,418,370	7,860,557
	<hr/>	<hr/>
	11,522,537	10,373,288
	<hr/>	<hr/>

The maturity period of lease liabilities are as follows:

	The Group	
	2021	2020
	RM	RM
Not later than 1 year	2,104,167	2,512,731
Later than 1 year and not later than 2 years	1,541,257	927,487
Later than 2 years and not later than 5 years	1,872,450	1,443,334
Later than 5 years	6,004,663	5,489,736
	<hr/>	<hr/>
	11,522,537	10,373,288
	<hr/>	<hr/>

The Group discounted the lease liabilities by using the Group's incremental borrowings rates which ranges from 3.25% to 6.89% (2020: 4.5% to 6.89%).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 36. DEFERRED REVENUE

	The Group	
	2021 RM	2020 RM
Asset related government grants <sup>(i)</sup>	283,561	133,401
Franchise fee <sup>(ii)</sup>	15,365	24,740
Income related government grants <sup>(iii)</sup>	-	953,941
	298,926	1,112,082
Less: current portion	(109,282)	(1,018,835)
Non-current portion	189,644	93,247

(i) The deferred revenue arose from government grant received which is amortised over periods from 3 to 8 years.

(ii) The deferred revenue arose from franchise fee received from franchisee for the non-executive right to operate a Kyros Kebab franchise unit over a period of 8 years.

(iii) The deferred revenue arose from Job Support Scheme. The Job Support Scheme is announced by the Singapore Government as part of the Coronavirus ("Covid-19") outbreak measures to provide wage support to employers to help retain the employees during the period of economic uncertainty which is intended to defray manpower costs between the periods from April 2020.

## 37. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	164,668,614	163,892,693	-	-
Amount owing to subsidiaries	-	-	18,994,587	409,977
Amount owing to a joint venture	38,770	38,270	-	-
Amount owing to Directors	87,002	7,083	-	-
Amount owing to non-controlling interests of a subsidiary	816,510	816,510	-	-
Amount owing to related parties	1,290,396	1,772,448	-	-
Sales and Services Tax payables	1,025,725	1,320,588	-	-
Goods and Services Tax payables	451,516	742,340	-	-
Other payables	26,569,393	27,043,737	38,744	11,770
Accrued expenses	13,154,848	15,914,492	116,480	140,600
	208,102,774	211,548,161	19,149,811	562,347

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 37. TRADE AND OTHER PAYABLES (CONT'D)

The currency profile of trade and other payables are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	196,557,371	199,894,779	19,149,811	562,347
Singapore Dollar	11,545,403	11,434,557	-	-
United States Dollar	-	218,825	-	-
	<u>208,102,774</u>	<u>211,548,161</u>	<u>19,149,811</u>	<u>562,347</u>

Trade payables of the Group comprise amounts outstanding for trade purchases. The credit term granted to the Group for trade purchases generally range from 7 to 180 days (2020: 7 to 180 days).

Certain of the Group's trade payables are guaranteed by the Company for RM113,020,000 (2020: RM112,680,000). Certain trade payables of two subsidiaries, CAB Cakaran Sdn. Bhd. and CAB Cakaran Breeding Farm Sdn. Bhd. are jointly guaranteed by the Company for RM33,000,000 (2020: RM33,000,000).

The amount owing to subsidiaries arose mainly from payment made on behalf, are unsecured, interest free and repayable on demand except for an advance of RM18,755,106 (2020: RM400,523) which bear interest at rates ranging from 1.85% to 6.65% (2020: 1.85% to 7.9%) per annum.

The amount owing to a joint venture arose mainly from management fee payable which is interest free and repayable on demand.

The amount owing to Directors arose mainly from director fee payable to the Directors of a subsidiary.

The amount owing to non-controlling interests of a subsidiary arose mainly from unsecured advances which is interest free and repayable on demand.

Then amount owing to related parties of the Group are as follows:

	The Group	
	2021	2020
	RM	RM
Trade	1,030,462	1,517,383
Non-trade	<u>259,934</u>	<u>255,065</u>
	<u>1,290,396</u>	<u>1,772,448</u>

The non-trade amount owing to related parties of the Group consist of amount outstanding for ongoing costs.

Other payables of the Group and of the Company consist of amount outstanding for ongoing costs and deposits received.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 37. TRADE AND OTHER PAYABLES (CONT'D)

As of 30 September 2020, included in accrued expenses of the Group were an amount of RM417,629 payable for penalty imposed on the subsidiaries, Tong Huat Poultry Processing Factory Pte. Ltd. and Ban Hong Poultry Pte. Ltd in connection with infringement of the Competition Act of Republic of Singapore.

## 38. DIVIDEND

The Group and the Company	
2021	2020
RM	RM

### Dividend declared and paid:

Final single tier dividend of RM0.0025 per ordinary share for the financial year ended 30 September 2019

-	1,724,902
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## 39. NOTES TO THE STATEMENTS OF CASH FLOWS

### (a) Cash and cash equivalents at end of the year comprise the following:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term deposits with licensed banks	19,660,188	28,860,926	-	-
Cash and bank balances (Note 29)	49,048,621	74,434,979	163,932	294,076
Bank overdrafts (Note 34)	(3,887,568)	(1,856,780)	-	-
	64,821,241	101,439,125	163,932	294,076
Less: Short-term deposits pledged as security (Note 28)	(9,842,707)	(9,615,120)	-	-
	54,978,534	91,824,005	163,932	294,076

### (b) The additions to property, plant and equipment consist of:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Payment by cash in current year	29,259,112	48,100,558	5,128	-
Financed by means of hire-purchase	5,025,254	3,338,799	-	-
Total (Note 13)	34,284,366	51,439,357	5,128	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

### (c) Cash outflows for leases as a lessee:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Included in net cash from operating activities:</b>				
Payment relating to variable lease payments not include in the measurement of lease liabilities	6,708,510	3,995,041	-	-
Payment relating to short-term leases	2,151,294	4,398,386	24,000	24,000
Payment relating to leases of low-value assets	525,350	471,901	-	-
<b>Included in net cash from financing activities:</b>				
Repayment of lease liabilities	3,015,726	3,174,367	-	-
Interest paid in relation to lease liabilities	679,336	771,624	-	-
<b>Total cash outflows for leases</b>	<b>13,080,216</b>	<b>12,811,319</b>	<b>24,000</b>	<b>24,000</b>

## 40. FINANCIAL INSTRUMENTS

### a. Capital Risk Management

The primary objectives of the Group's capital management are to ensure that it maintains healthy capital ratios in order to support its existing business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

The capital structure of the Group consists of net debts (borrowings and lease liabilities as detailed in Notes 34 and 35, respectively offset by cash and bank balances) and equity of the Group (comprising share capital, reserves, retained earnings and non-controlling interests as detailed in Notes 30 to 32).



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### a. Capital Risk Management (Cont'd)

The gearing ratio at end of the reporting period is as follows:

	The Group	
	2021 RM	2020 RM
Debts <sup>(i)</sup>	509,789,176	525,389,536
Lease liabilities (Note 35)	11,522,537	10,373,288
Fixed deposits, cash and bank balances	(68,708,809)	(103,295,905)
Net debts	452,602,904	432,466,919
Equity <sup>(ii)</sup>	560,502,653	582,672,518
Net debt to equity ratio	81%	74%

(i) Debts are defined as short and long-term borrowings as disclosed in Note 34.

(ii) Equity includes share capital, reserves, retained earnings and non-controlling interests of the Group that are managed as capital.

Under the requirement of Bursa Securities' Practice Note No.17/2005, the Group is required to maintain consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement.

### b. Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial instruments are disclosed in Note 3 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### c. Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Financial assets</b>				
<b>Amortised cost:</b>				
Trade and other receivables	193,808,870	188,932,715	14,439,867	8,213,820
Refundable deposits	7,444,716	7,872,110	1,000	1,000
Short-term deposits	19,660,188	28,860,926	-	-
Cash and bank balances	49,048,621	74,434,979	163,932	294,076
<b>Derivative other financial asset</b>				
<b>Fair value through profit or loss:</b>				
Cross-currency interest rate swap	1,872,381	1,531,277	-	-
	<u>271,834,776</u>	<u>301,632,007</u>	<u>14,604,799</u>	<u>8,508,896</u>
<b>Financial liabilities</b>				
<b>Amortised cost:</b>				
Trade and other payables	206,625,533	209,485,233	19,149,811	562,347
Borrowings	509,789,176	525,389,536	-	-
Lease liabilities	11,522,537	10,373,288	-	-
<b>Derivative other financial liabilities</b>				
<b>Fair value through profit or loss:</b>				
Foreign currency forward contracts	-	1,052	-	-
	<u>727,937,246</u>	<u>745,249,109</u>	<u>19,149,811</u>	<u>562,347</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### d. Financial Risk Management

The operations of the Group are subject to various financial risks which include market risk (including foreign currency risk and interest rate risk), credit risk, liquidity risk and cash flow risk, in connection with its use or holding of financial instruments. The Group has adopted a financial risk management framework with the principal objective of effectively managing these risks and minimising any potential adverse effects on the financial performance of the Group.

#### i. Market Risk Management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see 40.d.ii below) and interest rates (see 40.d.iii below). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk including:

- foreign currency forward contracts and cross currency swap arrangement to hedge the exchange rate risk arising on foreign currency purchases; and
- interest rate swap contract to mitigate the risk of rising interest rates.

#### ii. Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts and cross currency swap arrangement. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as disclosed in Note 26 for trade and other receivables, Note 29 for cash and bank balances, Note 34 for borrowings and Note 37 for trade and other payables.

##### Foreign currency risk sensitivity analysis

The Group is mainly exposed to United States Dollar and Singapore Dollar.

The following table details the Group's sensitivity to a 4.5% (2020: 7%) increase and decrease in RM against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the RM strengthens 4.5% (2020: 7%) against the relevant currency. For a 4.5% (2020: 7%) weakening of the RM against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### d. Financial Risk Management (Cont'd)

#### ii. Foreign Currency Risk Management (Cont'd)

Foreign currency risk sensitivity analysis (Cont'd)

	The Group	
	2021	2020
	RM	RM
<b>Impact on profit or loss and equity</b>		
United States Dollar	1,025,000	1,970,000
Singapore Dollar	613,000	294,000

The above sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

#### iii. Interest Rate Risk Management

The Group is exposed to interest rate risk because entities in the Group borrow funds at fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by using interest rate swap contracts.

The significant interest-bearing financial assets are mainly fixed deposits and balances with licensed banks and they are not held for speculative purposes. The Group manages the interest rates of its fixed deposits and balances with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

The interest rate profile of the Group's significant interest-bearing financial liabilities are disclosed in the table below as follows:

	The Group	
	2021	2020
	RM	RM
<b>Floating rate instruments</b>		
Long-term loans	242,071,720	279,514,487
Bankers' acceptances	209,254,381	177,900,418
Revolving credit	15,200,000	19,350,000
Bank overdrafts	3,887,568	1,856,780
Trust receipt	-	1,266,000
	470,413,669	479,887,685

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### d. Financial Risk Management (Cont'd)

#### iii. Interest Rate Risk Management (Cont'd)

	The Group	
	2021 RM	2020 RM
<b>Fixed rate instruments</b>		
Hire-purchase payables	22,903,913	27,656,205
Long-term loans	16,471,594	17,845,646
	<hr/>	<hr/>
	39,375,507	45,501,851
	<hr/>	<hr/>
	509,789,176	525,389,536
	<hr/>	<hr/>

#### Interest rate risk sensitivity analysis

##### Sensitivity analysis for floating rate instruments

A change of 100 basis points in interest rates would have increased or decreased equity and profit or loss of the Group by RM3,609,000 (2020: RM3,542,000). This analysis assumes that all other variables remain constant. The sensitivity analysis in the foregoing paragraph has been determined based on the exposure to interest rate risks at the reporting date.

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### iv. Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, amount owing by subsidiaries, other receivables and refundable deposits as well as credit exposures primarily from outstanding trade receivables.

##### **Trade receivables**

##### Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit and certain financial guarantees given by shareholders or directors of customers are obtained.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### d. Financial Risk Management (Cont'd)

#### iv. Credit Risk Management (Cont'd)

##### Trade receivables (Cont'd)

##### *Risk management objectives, policies and processes for managing the risk (Cont'd)*

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statements of financial position.

##### *Concentration of credit risk*

The Group has no significant concentration of credit risk with its exposure spread over a large number of customers.

As at the end of the reporting period, the exposure of credit risk for trade receivables by geographic region was:

	The Group	
	2021 RM	2020 RM
Malaysia	155,222,772	153,756,107
Others	25,683,679	24,001,574
	<u>180,906,451</u>	<u>177,757,681</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### d. Financial Risk Management (Cont'd)

#### iv. Credit Risk Management (Cont'd)

##### Trade receivables (Cont'd)

##### Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 120 days. The Group's debt recovery process is as follows:

- (a) Above 120 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and
- (b) Above 210 days past due, the Group will commence a legal proceeding against the customer.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

##### Amount Owing by Subsidiaries and Joint Venture

##### Risk management objectives, policies and processes for managing the risk

The Group and the Company undertake non-trade transactions, unsecured loans and advances to subsidiaries and joint venture. The Group and the Company monitor their results regularly.

##### Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Loans and advances are only provided to subsidiaries and joint venture.

##### Recognition and measurement of impairment loss

As at the end of the reporting period, there was no indication that the intercompany balances are not recoverable.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### d. Financial Risk Management (Cont'd)

#### iv. Credit Risk Management (Cont'd)

##### Cash and Cash Equivalents

The cash and cash equivalents are held with banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

##### Other Receivables and Refundable Deposits

Credit risks on other receivables and refundable deposits are mainly arising from deposits paid for plants, advances given to staffs, amounts receivable for management of outlet and display income receivable. At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

##### Financial Guarantees

The Company provides unsecured financial guarantees to third parties in respect of provision for services to subsidiaries. The Company monitors on an ongoing basis, the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk is amounting to RM829,563,427 (2020: RM817,461,000) which represents the outstanding amount as at reporting date. As at reporting date, there was no indication that the subsidiaries would default on repayments.

#### v. Liquidity Risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### d. Financial Risk Management (Cont'd)

#### v. Liquidity Risk (Cont'd)

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on undiscounted contractual obligations:

The Group	Carrying value RM	Contractual interest rates per annum %	Contractual cash flows RM	On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
<b>2021:</b>							
<b>Financial liabilities</b>							
Borrowings	509,789,176	1.60 - 7.14	551,752,652	284,015,499	172,089,090	95,648,063	551,752,652
Lease liabilities	11,522,537	3.25 - 6.89	16,269,491	2,708,777	5,204,673	8,356,041	16,269,491
Trade and other payables	208,102,774	-	208,102,774	208,102,774	-	-	208,102,774
	729,414,487		776,124,917	494,827,050	177,293,763	104,004,104	776,124,917
<b>2020:</b>							
<b>Financial liabilities</b>							
Borrowings	525,389,536	1.68 - 6.98	576,295,054	267,870,805	194,730,679	113,693,570	576,295,054
Lease liabilities	10,373,288	4.50 - 6.89	14,346,553	3,108,864	4,082,849	7,154,840	14,346,553
Trade and other payables	211,548,161	-	211,548,161	211,548,161	-	-	211,548,161
Other financial liability	1,052	-	1,052	1,052	-	-	1,052
	747,312,037		802,190,820	482,528,882	198,813,528	120,848,410	802,190,820

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### d. Financial Risk Management (Cont'd)

#### v. Liquidity Risk (Cont'd)

Details of additional undrawn financing facilities that the Group has at its disposal to further reduce liquidity risk are set out below:

	The Group	
	2021 RM	2020 RM
Secured	101,096,000	111,109,000
Unsecured	35,932,000	32,962,000
	<u>137,028,000</u>	<u>144,071,000</u>

#### The Company

All financial liabilities of the Company are repayable on demand or due within one year from the end of the reporting period.

For financial guarantees, it was not probable that the counterparties to financial guarantees will claim under the contract. Consequently, the amount included is negligible.

The financial guarantee contracts are the maximum amounts of the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

#### vi. Cash Flow Risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

### e. Cross-currency Interest Rate Swap

The Group enters into cross-currency interest rate swap contracts to exchange the principal payments of bank borrowings denominated in United States Dollar into Ringgit Malaysia to reduce the Group's exposure from adverse fluctuations in foreign currency.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### e. Cross-currency Interest Rate Swap (Cont'd)

The Group enters into cross-currency interest rate swap contracts to exchange the principal payments of bank borrowings denominated in United States Dollar into Ringgit Malaysia to reduce the Group's exposure from adverse fluctuations in foreign currency.

The following table details cross-currency interest rate swap contracts outstanding as at the end of the reporting period:

#### The Group

Outstanding contracts	Average exchange rate	Foreign currency	Contract value RM	Fair value RM
<b>2021:</b>				
<b>Purchase United States Dollar</b>				
More than one year	4.1872	8,323,665	34,434,507	1,872,381
<b>2020:</b>				
<b>Purchase United States Dollar</b>				
More than one year	4.1559	9,563,673	42,712,768	1,531,277

### f. Foreign Currency Forward Contracts

It is the policy of the Group to enter into foreign currency forward contracts to cover specific foreign currency payments and receipts. The Group also enters into foreign currency forward contracts to manage the risk associated with anticipated foreign sales and purchase transactions.

The following table details the foreign currency forward contracts outstanding as at the end of the reporting period:

#### The Group

Outstanding contracts	Average exchange rate	Foreign currency	Contract value RM	Fair value RM
<b>2021:</b>				
<b>Sell United States Dollar</b>				
Less than three months	-	-	-	-
<b>2020:</b>				
<b>Sell United States Dollar</b>				
Less than three months	4.1220	31,748	130,867	1,052

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### g. Fair Value

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group and of the Company are as follows:

- **Fixed deposits, cash and bank balances, trade and other receivables, refundable deposits, intercompany indebtedness, trade and other payables, short-term borrowings and lease liabilities:**

The carrying amounts are considered to approximate the fair values as they are either within the normal credit terms or they have short-term maturity period.

- **Long-term borrowings and lease liabilities:**

The fair values of long-term borrowings and lease liabilities are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using an interest rate which takes into consideration the Group's incremental borrowing rate at year end for similar types of debt arrangements.

- **Derivative instruments:**

The fair values of foreign currency forward contracts and cross currency interest rate swap contract were calculated using market prices that the Group would pay or receive to settle the related agreements.

### i. Fair value measurements recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### g. Fair Value (Cont'd)

#### i. Fair value measurements recognised in the statements of financial position (Cont'd)

The following table presents the Group's and the Company's financial assets and liabilities that are measured at fair value at the end of the reporting date based on the three different levels as defined above:

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2021</b>				
<b>Financial asset</b>				
Derivative				
Cross currency interest rate swap contract	-	1,872,381	-	1,872,381
<b>2020</b>				
<b>Financial asset</b>				
Derivative				
Cross currency interest rate swap contract	-	1,531,277	-	1,531,277
<b>Financial liability</b>				
Derivative				
Foreign currency forward contracts	-	(1,052)	-	(1,052)

There were no transfers between Levels 1 and 2 in 2021 and 2020.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### g. Fair Value (Cont'd)

#### ii. Fair value of the Group's financial asset and financial liability that are measured at fair value on a recurring basis

Some of the Group's financial asset and financial liability are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial asset and financial liability are determined (in particular, the valuation technique(s) and input used).

#### The Group

Financial asset/ (liability)	2021 RM	2020 RM	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
<b>2021:</b>						
<b>Derivative other financial asset</b>						
Cross currency interest rate swap contract	1,872,381	1,531,277	Level 2	The fair value of interest rate swap is based on banker quotes. Those reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date	Bankers' interest rate	The higher the interest rate, the higher the fair value
<b>Derivative other financial liability</b>						
Foreign currency forward contracts	-	(1,052)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) discounted at a rate that reflects the counterparties	Bankers' exchange rate	The lower the exchange rate, the higher the fair value
	1,872,381	1,530,225				

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### h. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

#### The Group

	Beginning of financial year RM	Financing cash flows <sup>(i)</sup> RM	Other non-cash changes <sup>(ii)</sup> RM	End of financial year RM
<b>2021</b>				
Borrowings (excluding bank overdrafts)	523,532,756	(23,396,100)	5,764,952	505,901,608
Lease liabilities	10,373,288	(3,015,726)	4,164,975	11,522,537
Amount owing to a joint venture	38,270	-	500	38,770
Amount owing to Directors	7,083	79,919	-	87,002
Total liabilities arising from financing activities	533,951,397	(26,331,907)	9,930,427	517,549,917
<b>2020</b>				
Borrowings (excluding bank overdrafts)	465,486,088	54,685,117	3,361,551	523,532,756
Lease liabilities	12,427,081	(3,174,367)	1,120,574	10,373,288
Amount owing to a joint venture	-	38,420	(150)	38,270
Amount owing to Directors	-	7,083	-	7,083
Total liabilities arising from financing activities	477,913,169	51,556,253	4,481,975	533,951,397

(i) The cash flows from borrowings make up the net amount of drawdowns and repayments of borrowings and loans in the statements of cash flows.

(ii) Other non-cash changes include the drawdown amounts of hire-purchase payables during the year, accretion of interest, additions of lease liabilities and effect of foreign currency exchange differences.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### h. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities (Cont'd).

The Company	Beginning of financial year RM	Financing cash flows RM	End of financial year RM
<b>2021</b>			
Amount owing to subsidiaries	409,977	18,584,610	18,994,587
<b>2020</b>			
Amount owing to subsidiaries	6,863,150	(6,453,173)	409,977

## 41. FINANCIAL GUARANTEES

	The Company	
	2021	2020
	RM	RM

### Unsecured

Corporate guarantee given to third parties in respect of provision for services to subsidiaries

829,563,427 817,461,000

The financial guarantees have not been recognised in the financial statements since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancements to the subsidiaries.

## 42. DIRECTORS' BENEFITS-IN-KIND

	The Group	
	2021	2020
	RM	RM

Estimated cash value of benefits-in-kind provided to Directors 131,239 188,562



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 43. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the details of related parties and their relationship with the Company and its subsidiaries are as follows:

Name of related parties	Relationship
CAB Amesist Biomass Generation Sdn. Bhd.	Direct subsidiary
CAB Cakaran Sdn. Bhd.	Direct subsidiary
CAB Marine Resources Sdn. Bhd.	Direct subsidiary
CABINDO Poultry Sdn. Bhd.	Direct subsidiary
Farm's Best Food Industries Sdn. Bhd.	Direct subsidiary
HK Foods (M) Sdn. Bhd.	Direct subsidiary
Home Mart Fresh & Frozen Sdn. Bhd.	Direct subsidiary
Kyros Food Industries Sdn. Bhd.	Direct subsidiary
Kyros International Sdn. Bhd.	Direct subsidiary
Likes Marketing Sdn. Bhd.	Direct subsidiary
Tong Huat Poultry Processing Factory Pte. Ltd.	Direct subsidiary
Antik Kualiti Sdn. Bhd.	Indirect subsidiary
Ayam Kempas Food Industries Sdn. Bhd.	Indirect subsidiary
Ban Hong Poultry Pte. Ltd.	Indirect subsidiary
C&B Poultry Sdn. Bhd.	Indirect subsidiary
CAB Cakaran Breeding Farm Sdn. Bhd.	Indirect subsidiary
CAB Cakaran (Langkawi) Sdn. Bhd.	Indirect subsidiary
CAB Cakaran Southern Sdn. Bhd.	Indirect subsidiary
CAB Cakaran (Timur) Sdn. Bhd.	Indirect subsidiary
CAB Econation Renewable Energy Sdn. Bhd.	Indirect subsidiary
CAB International Trade Pte. Ltd.	Indirect subsidiary
Cabin Premier GPS Farm Sdn. Bhd.	Indirect subsidiary
Gourmet Chefs Pte. Ltd.	Indirect subsidiary
Jaya Gading Farm Sdn. Bhd.	Indirect subsidiary
Jimat Jaya Sdn. Bhd.	Indirect subsidiary
Kim Fa Foodstuffs Pte. Ltd.	Indirect subsidiary
Kyros Kebab Sdn. Bhd.	Indirect subsidiary
OTK Farm Equipment Sdn. Bhd.	Indirect subsidiary
Pasaraya Jaya Gading Sdn. Bhd.	Indirect subsidiary
Protheme Pte. Ltd.	Indirect subsidiary
Shin Hong Breeding Farm Sdn. Bhd.	Indirect subsidiary
TH Likes Pte. Ltd.	Indirect subsidiary
Fah Leong Sdn. Bhd.	Associate
Singapore Poultry Hub Pte. Ltd.	Joint venture
YWT Contract Farming	An entity which is owned by the son of a Director of a subsidiary
Maju Jaya Farm	An entity which is owned by the son-in-law of a Director of a subsidiary
Chyuan Heng Farming Sdn. Bhd.	A company which is owned by the son of a Director of a subsidiary
Sinmah Poultry Processing (S) Pte. Ltd.	A company in which a Director of a subsidiary is also a Director and has interest
Aqina Farming Sdn. Bhd.	A company in which the parent of a Director of a subsidiary is Directors and has interests

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 43. RELATED PARTY TRANSACTIONS (CONT'D)

In addition to the related party information disclosed elsewhere in the financial statements, the details of related parties and their relationship with the Company and its subsidiaries are as follows (Cont'd):

Name of related parties	Relationship
Unisetali Sdn. Bhd.	A company in which a Director of a subsidiary is also a Director and has interest
Toh York Mue	Sister of a Director of a subsidiary
OTO Agriculture Marketing Sdn. Bhd.	A company in which a Director of a subsidiary is also a Director and has interest
Sinmah Food Services (S) Pte. Ltd.	A company in which a Director of a subsidiary is also a Director and has interest
Intelmatrix Sdn. Bhd.	A company in which a Director of a subsidiary is also a Director and has interest
Shin Salim Japan Co. Ltd.	A company in which a Director of the Company is also a Director and a non-controlling interest of a subsidiary has interest
Chuah Ah Bee Sdn. Bhd.	A company in which certain Directors of the Company are also Directors and have interests
Syarikat Sin Long Heng Breeding Farm Sdn. Bhd	A company in which certain Directors of a subsidiary are also Directors and have interests
NI-On Marketing Sdn. Bhd.	A company in which a Director of a subsidiary is also a Director and has interest
Jaya Gading Marketing	An entity in which is owned by the brother-in-law of certain Directors of a subsidiary
Chuah Ah Chui	Brother of a Director of the Company
Aqinajaya Sdn. Bhd.	A company in which the parent of a Director of a subsidiary is Directors and has interests
Kebun Ngohock (P.W.) Sdn. Bhd.	A company in which certain Directors of the Company are also Directors and have interests
DS Poultry Sdn. Bhd.	A company in which a Director of a subsidiary is also a Director and has interest

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 43. RELATED PARTY TRANSACTIONS (CONT'D)

### Significant Related Parties Transactions

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Subsidiaries:</b>				
Assignment of debt	-	-	15,300,000	-
Dividend received	-	-	4,200,000	7,945,949
Management fee received	-	-	341,050	341,200
Interest paid	-	-	213,803	230,811
Management fee paid	-	-	24,000	24,000
Short-term leases paid	-	-	24,000	24,000
Internal audit charges received	-	-	9,174	23,495
Sundry purchases	-	-	1,913	197
<b>An associate:</b>				
Short-term leases paid	228,000	228,000	-	-
<b>A joint venture:</b>				
Management fee paid	434,811	396,731	-	-
<b>Directors of the Company:</b>				
Short-term leases paid	105,000	105,000	-	-
<b>A Director of a subsidiary:</b>				
Lease liabilities paid	129,234	128,066	-	-
<b>Other related parties:</b>				
Sales	60,651,248	57,609,927	-	-
Purchases	57,781,950	56,265,147	-	-
Rental received	1,561,048	1,758,092	-	-
Transportation charges paid	525,435	462,937	-	-
Short-term leases paid	367,100	352,200	-	-
Labour charges paid	118,705	6,213	-	-
Scrap sales	36,000	36,000	-	-
Transportation charges received	19,910	3,223	-	-
Sundry purchases	2,502	2,613	-	-
Labour charges received	-	14,803	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 44. CAPITAL COMMITMENTS

The Group has the following commitments in respect of capital expenditure:

	The Group	
	2021	2020
	RM	RM
Approved and contracted for	14,155,789	18,839,859
Approved but not contracted for	38,794,349	56,501,278

## 45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### (a) COVID-19

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. In order to curb the spread of Covid-19 outbreak in Malaysia, the government of Malaysia had implemented multiple phases of lockdown or restrictive measures, except for those involved in essential services. During this period, the Group has been granted approval by the Malaysian Government to continue its operation at range of 60% to 80% capacity as the Group is in the essential industry to ensure the continuous supply of food to the people of Malaysia.

In response to the Covid-19 outbreak, the Group has and will continue to implement various precautionary measures at the Group's factories and offices to minimise the risk of Covid-19 infections and to ensure compliance with the standard operating procedures imposed by the Government. The Group has no specific plans that are required to be implemented to ensure continuity and sustainability of its business or to address the impact of the Covid-19 pandemic. Nonetheless, the Board of Directors will continue to monitor the developments arising from the Covid-19 outbreak and will adopt the necessary strategies to mitigate any potential risks and/or seize the opportunities arising therefrom.

The Group has registered to participate in the Public-Private Partnership Covid-19 Industry Immunisation Programme ("PIKAS") vaccine program organised by Ministry of International Trade and Industry of Malaysia ("MITI"). As at the date of this report, more than 99% of the employees of the Group had completed their two doses of vaccine.

The ultimate impact of the Covid-19 is highly uncertain. Nevertheless, the management will continue to monitor the development and impact of Covid-19 on the Group's operations and their financial performance. The Group will also be taking appropriate and timely measures to minimise the potential impact from Covid-19 outbreak when more economic and social sectors are reopened, as the government adopt the practice of living with the pandemic as the new normal.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

### (b) Proposed Private placement

On 16 July 2021, the Company announced to propose to undertake a private placement of up to 10% of the total number of issued shares of the Company to third party investors to be identified later, at issued price to be determined and announced later, pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement").

As at the date of this report, the Proposed Private Placement is not complete and is expected to be completed within 6 months from the date of approval of Bursa Securities.

### (c) Propose acquisition

On 13 September 2021, the Company circulated to shareholders the proposed acquisition of a 51% equity interest in Benarlab Sdn. Bhd. for a purchase consideration of RM3,300,000, which will be satisfied entirely via the issuance of 7,500,000 new ordinary shares of the Company at the issue price of RM0.44 per Consideration Share.

The proposed acquisition was approved by the shareholders of the Company and subsequently the 7,500,000 Consideration Shares issued pursuant to the acquisition, had been listed and quoted on the Main Market of Bursa Securities on 21 October 2021, which marks the completion of the acquisition.

## 46. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposed of allocating resources to the segment and assessing its performance.

For management purposed, the Group is organised into the operating divisions:

- a. investment holding;
- b. integrated poultry;
- c. fast food business; and
- d. supermarket.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 46. SEGMENT INFORMATION (CONT'D)

Information regarding the Group's reportable segments is presented below.

### Segment Revenue and Results

The Group	Investment holding RM	Integrated poultry RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
<b>2021:</b>						
Revenue						
External revenue	-	1,583,195,326	1,018,463	134,646,094	-	1,718,859,883
Inter-segment revenue	4,550,224	15,782,796	592,110	21,852	(20,946,982)	-
<b>Total revenue</b>	<b>4,550,224</b>	<b>1,598,978,122</b>	<b>1,610,573</b>	<b>134,667,946</b>	<b>(20,946,982)</b>	<b>1,718,859,883</b>
Results						
Segment results	3,067,194	6,741,886	(366,628)	2,699,626	(15,023,492)	(2,881,414)
Other gains and losses						(8,008,295)
Net remeasurement of expected credit loss						(1,259,640)
Share of result of an associate						5,718
Share of result of a joint venture						(1,120,351)
Loss before interest and taxation						(13,263,982)
Interest income						395,244
Finance costs						(17,537,703)
Loss before tax						(30,406,441)
Tax expense						(5,866,587)
<b>Loss for the financial year</b>						<b>(36,273,028)</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 46. SEGMENT INFORMATION (CONT'D)

### Segment Revenue and Results (Cont'd)

The Group (cont'd)	Investment holding RM	Integrated poultry RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
<b>2020:</b>						
Revenue						
External revenue	-	1,543,490,357	1,192,352	135,805,585	-	1,680,488,294
Inter-segment revenue	8,310,644	16,422,954	608,457	10,590	(25,352,645)	-
<b>Total revenue</b>	<b>8,310,644</b>	<b>1,559,913,311</b>	<b>1,800,809</b>	<b>135,816,175</b>	<b>(25,352,645)</b>	<b>1,680,488,294</b>
Results						
Segment results	6,867,139	38,703,160	(378,596)	2,317,209	(22,258,812)	25,250,100
Other gains and losses						(8,527,170)
Net remeasurement of expected credit loss						1,552,393
Share of result of an associate						(921)
Share of result of a joint venture						(653,477)
Profit before interest and taxation						17,620,925
Interest income						553,403
Finance costs						(21,812,058)
Loss before tax						(3,637,730)
Tax expense						(7,493,617)
<b>Loss for the year</b>						<b>(11,131,347)</b>

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit/(loss) represents the profit earned/loss suffered by each segment without investment revenue, other gains and losses, finance costs and tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 46. SEGMENT INFORMATION (CONT'D)

### Segment Assets and Liabilities

The Group	Investment holding RM	Integrated poultry RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
<b>2021:</b>						
<b>Assets</b>						
Segment assets	123,448,187	1,240,129,404	946,589	28,642,617	(81,890,734)	1,311,276,063
Interest revenue producing assets						19,660,188
Tax assets						2,637,612
<b>Consolidated total assets</b>						<b>1,333,573,863</b>
<b>Liabilities</b>						
Segment liabilities	157,224	204,781,263	195,922	16,984,097	(5,500)	222,113,006
Borrowings						509,789,176
Tax liabilities						41,169,028
<b>Consolidated total liabilities</b>						<b>773,071,210</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 46. SEGMENT INFORMATION (CONT'D)

### Segment Assets and Liabilities (Cont'd)

The Group (cont'd)	Investment holding RM	Integrated poultry RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
<b>2020:</b>						
<b>Assets</b>						
Segment assets	139,138,021	1,274,315,062	1,354,148	27,096,978	(94,744,020)	1,347,160,189
Interest revenue producing assets						28,860,926
Tax assets						2,822,062
<b>Consolidated total assets</b>						<b>1,378,843,177</b>
<b>Liabilities</b>						
Segment liabilities	155,112	206,077,416	410,511	16,397,044	(5,500)	223,034,583
Borrowings						525,389,536
Tax liabilities						47,746,540
<b>Consolidated total liabilities</b>						<b>796,170,659</b>

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than short-term deposits, and current and deferred tax assets. Goodwill is allocated to reportable segments.
- All liabilities are allocated to reportable segments other than borrowings, and current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 46. SEGMENT INFORMATION (CONT'D)

### Other Segment Information

The Group	Investment holding RM	Integrated poultry RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
<b>2021:</b>						
Other information						
Additions to non-current assets	5,128	40,909,711	-	703,869	(158,500)	41,460,208
Depreciation and amortisation expenses	1,662	42,853,628	374,863	1,820,704	8,030,388	53,081,245
Impairment loss recognised on receivables	-	3,523,189	-	-	(2,194,048)	1,329,141
Net remeasurement of expected credit loss	-	1,259,640	-	-	-	1,259,640
Impairment loss recognised on investment in subsidiaries	30,868,156	7,144,605	-	-	(38,012,761)	-
Other non-cash expenses	40,000	8,833,705	-	19,571	(848,252)	8,045,024
<b>2020:</b>						
Other information						
Additions to non-current assets	-	49,749,129	265,554	2,905,897	(236,359)	52,684,221
Depreciation and amortisation expenses	1,887	44,082,054	456,125	1,810,090	8,473,209	54,823,365
Impairment loss recognised on receivables	-	4,053,001	-	-	-	4,053,001
Impairment loss recognised on investment in subsidiaries	7,513,562	5,500,000	6,500,000	-	(19,513,562)	-
Other non-cash expenses	-	5,535,143	-	513,449	712,971	6,761,563
<b>Revenue from Major Products and Services</b>						

Analysis of revenue from major products and services was not disclosed due to it is not practical to analyse these information without incurring excessive cost

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 September 2021

## 46. SEGMENT INFORMATION (CONT'D)

### Geographical Information

The Group's integrated poultry business are located in Malaysia and Republic of Singapore. All the other operations are located in Malaysia.

The Group's revenue from external customers attributed to countries of domicile of the Company and its subsidiaries are detailed below:

	The Group	
	2021 RM	2020 RM
Malaysia	1,515,223,667	1,483,119,239
Republic of Singapore	203,636,216	197,369,055
	<u>1,718,859,883</u>	<u>1,680,488,294</u>

The Group's revenue from external customers attributed to countries from which the Company and its subsidiaries derive revenue are detailed below:

	The Group	
	2021 RM	2020 RM
Malaysia	1,478,095,011	1,448,239,660
Singapore	229,127,278	218,124,802
Bangladesh	5,141,970	4,418,095
Myanmar	2,350,472	1,720,171
Brunei	304,540	1,374,518
Hong Kong	146,896	4,128,720
Others	3,693,716	2,482,328
	<u>1,718,859,883</u>	<u>1,680,488,294</u>

Information about the Group's non-current assets by locations are detailed below:

	The Group	
	2021 RM	2020 RM
Malaysia	795,985,780	818,740,373
Republic of Singapore	95,525,163	85,995,772
	<u>891,510,943</u>	<u>904,736,145</u>

Non-current assets exclude other financial assets and deferred tax assets.

### Information about Major Customers

Information about major customers was not disclosed as there was no customer that contributed 10% or more to the Group's revenue for both 2021 and 2020.

# STATEMENT BY DIRECTORS

The Directors of **CAB CAKARAN CORPORATION BERHAD** state that, in their opinion, the financial statements set out on pages 72 to 198 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2021 and of their financial performance and their cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

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**CHUAH AH BEE**

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**CHUAH HOON PHONG**

Penang  
23 December 2021

## DECLARATION BY THE DIRECTORS

Primarily Responsible for the Financial Management of the Company

I, **CHUAH AH BEE**, the Director primarily responsible for the financial management of **CAB CAKARAN CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 72 to 198 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed **CHUAH AH BEE** at  
**GEORGETOWN** in the State of **PENANG**  
on 23 December 2021

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Before me,

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**TAN CHENG KUAN**  
**NO. P.195**  
**COMMISSIONER FOR OATHS**

# LIST OF TOP TEN (10) PROPERTIES

Location/address	Description of Property/ Existing Use	Land/ Built-Up Area (sq.m.)	Approximate Age of Building (year)	Tenure	Net Book Value as at 30 September 2021 (RM)	Date of Valuation/ Purchase
Lot 47, Geran No. 85373, Tempat Padang Bongor, Bandar Gurun, Daerah Kuala Muda, Kedah.	A parcel of agricultural land /vacant	414,401,28/-	-	Grant in perpetuity	44,000,000	30.09.2017
Lot Nos 1512 & 3037, Title Nos GRN 38752 & GRN 7314, Mukim 11, Province Wellesley South, Penang	Two parcels of agricultural lands/breeder farms	168,264.23/ 24,140.41	31 - 36	Grant in perpetuity	38,851,689	30.09.2017
'JTC Space known as Pte Lot A3007536 at JTC Poultry Processing Hub @ Buroh, #03-04, 3 Buroh Lane Singapore 618285	'Three units of factories at JTC Poultry Processing Hub	3,964.93	3	Leahold 30 years commencing 1 June 2019	36,456,582	17.05.2019
Lot No. 1623, Title No. GRN 40215, Mukim 14, District of Seberang Perai Tengah, State of Penang /No. 227, Kampung Nenas, Kuala Tasek, Permatang Tinggi, 14100 Bukit Mertajam, Penang	A parcel of agricultural land/poultry farms	49,699.44/ Breeder house - 13,804.18/ Other - 1,899.75	19 - 26	Grant in perpetuity	29,518,516	30.09.2017
Lot 2893 to 2899, Title Nos GRN 15721 to 15727, Mukim of Sungei Baru Ilir, District of Alor Gajah, State of Melaka.	7 parcels of agriculture lands/ Breeder Farms	'286,339/ Breeder house 33,213.21/ Hatchery building 2,011.17/ Others 2,263.77	29	Grant in perpetuity	22,961,968	23.05.2018
Lot No. 26260, Lot No. 26261 and PT92181, Title Nos GRN 95669, GRN 95670 and HSD 109633 respectively, Town of Sungai Petani, District of Kuala Muda, Kedah / Plot 21-24, Bukit Makmur Industrial Estate, Sungai Lalang, 08100 Bedong, Kedah	Three parcels of industrial lands erected upon it a three-storey office cum a single-storey factory/ processing factory	35,008/ 12,314.58	9	Grant in perpetuity	21,517,513	30.09.2017

# LIST OF TOP TEN (10) PROPERTIES (CONT'D)

Location/address	Description of Property/ Existing Use	Land/ Built-Up Area (sq.m.)	Approximate Age of Building (year)	Tenure	Net Book Value as at 30 September 2021 (RM)	Date of Valuation/ Purchase
Lot Nos. 43, 49, 368, 373, 256, 255, 251, 252, 253, 249, 257, 258, 246, 247, 248 & 250, Mukim Grant Nos. 120, 121, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 173, 174, 175 & 179 respectively, Mukim 6, Province Wellesley South, Penang	Sixteen parcels of lands/renting as breeder farms	91,667.22/ 15,063.73	31 - 36	Grant in perpetuity	21,390,000	30.09.2021
24, Senoko Crescent, Singapore 758276	A JTC "Type T6" 2-storey intermediate terrace factory/ food factory	1,470.3/ 1,983.6	30	Leasehold 30 years + 30 years commencing 1 March 1991	18,971,924	29.11.2017
Lot 1441, Title No. HS(D 57691, Mukim 12, Daerah Seberang Perai Tengah, Pulau Pinang	Part of the parcel of agricultural land/breeder farm	'242,811.4 / Breeder house & Others - 38,024.25	6 - 7	Sub-lease for 30 years expiring on 29 August 2040	15,862,596	30.09.2017
'Lot Nos. 799 & 800, Title Nos. GRN 5523 & 5524 respectively, Mukim Sungai Siput, Daerah Alor Gajah Melaka	Two parcels of agriculture lands/ Breeder Farm	'166,176/ Breeder Farm 23,411.57 Others - 3,832.46	3 - 35	Grant in perpetuity	15,200,060	25.11.2016 & 01.04.2019

# ANALYSIS OF SHAREHOLDINGS

As at 31 December 2021

## SHARE CAPITAL AS AT 31 DECEMBER 2021

Issued Share Capital	:	RM143,979,293.31 comprising 698,008,742 ordinary shares (inclusive of 545,500 ordinary shares held as treasury shares)
Class of Share	:	Ordinary Shares
Voting Right	:	One voting right for one ordinary share

## ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	323	9.297	12,666	0.001
100 - 1,000	315	9.067	168,825	0.024
1,001 - 10,000	1,321	38.025	7,802,815	1.118
10,001 - 100,000	1,202	34.599	43,740,321	6.271
100,001 - 34,873,161 (*)	310	8.923	243,439,801	34.903
34,873,162 and above (**)	3	0.086	402,298,814	57.680
Total	3,474	100.000	697,463,242	100.000

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

## LIST OF TOP THIRTY (30) HOLDERS

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

	Name	Shareholdings	%
1	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for OCBC Securities Private Limited (Client A/C-NR)</i>	107,360,487	15.392
2	Chuah Ah Bee	101,792,940	14.594
3	Chuah Ah Bee	96,039,139	13.769
4	Chan Kim Keow	94,621,405	13.566
5	Chuah Hoon Hong	12,996,875	1.863
6	Chuah Hoon Teng	12,812,500	1.837
7	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Loo Choo Gee</i>	10,576,170	1.516
8	Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Soon Hui (E-SJA)</i>	10,437,875	1.496
9	Chuah Hoon Phong	7,814,609	1.120
10	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)</i>	7,653,027	1.097
11	Public Invest Nominees (Tempatan) Sdn Bhd <i>Exempt AN for Phillip Securities Pte Ltd (Clients)</i>	6,600,100	0.946
12	Chuah Hoon Phong	6,529,452	0.936

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

As at 31 December 2021

## LIST OF TOP THIRTY (30) HOLDERS (CONT'D)

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

	Name	Shareholdings	%
13	Lee Yew Aun	6,358,075	0.911
14	Chu Kum Weng	5,289,700	0.758
15	Tan Wen Lee	4,988,100	0.715
16	UOB Kay Hian Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Chooi Ho</i>	4,148,362	0.594
17	Lim Gaik Bway @ Lim Chiew Ah	4,108,100	0.589
18	Tan Wai Heng	4,000,075	0.573
19	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lee Lee Kong (LEE4763C)</i>	3,805,275	0.545
20	Aman Tan Ho Peng	3,750,000	0.537
21	Tang Kuang Heng	3,391,000	0.486
22	Cheng Mooh Tat	3,387,175	0.485
23	Cheah Bok Chuan	3,374,200	0.483
24	Tan Chin Tee	2,959,075	0.424
25	Ong Chuan Seng	2,902,000	0.416
26	Chan Kim Keow	2,484,843	0.356
27	Maybank Nominees (Tempatan) Sdn Bhd <i>Lim Kah Eng</i>	2,305,800	0.330
28	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khor Kim Seah (Penang-CL)</i>	2,274,650	0.326
29	Oo Kwang Tung	2,204,862	0.316
30	Goh Chye Heang	2,084,375	0.298

## SUBSTANTIAL SHAREHOLDERS

	Name	Shareholdings			
		Direct	%	Indirect	%
1	Chuah Ah Bee	197,832,079	28.365	25,809,375 <sup>#</sup>	3.700
2	Chan Kim Keow	97,106,248	13.923	25,809,375 <sup>#</sup>	3.700
3	Plant Wealth Holdings Limited	106,595,625	15.283	-	-
4	KMP Private Ltd	-	-	106,595,625 <sup>##</sup>	15.283
5	KMP Investments Pte Ltd	-	-	106,595,625 <sup>##</sup>	15.283
6	Mariton International Limited	-	-	106,595,625 <sup>##</sup>	15.283
7	Anthoni Salim	-	-	106,595,625 <sup>##</sup>	15.283
8	Tan Hang Huat	-	-	106,595,625 <sup>##</sup>	15.283



# ANALYSIS OF SHAREHOLDINGS (CONT'D)

As at 31 December 2021

## DIRECTORS' SHAREHOLDINGS

	Name	Direct No. of ordinary shares held	%	Indirect No. of ordinary shares held	%
1	Chuah Ah Bee	197,832,079	28.365	25,809,375 <sup>#</sup>	3.700
2	Chan Kim Keow	97,106,248	13.923	25,809,375 <sup>#</sup>	3.700
3	Chuah Hoon Phong	14,344,061	2.057	170,312 <sup>**</sup>	0.024
4	Loo Choo Gee	10,576,170	1.516	-	-
5	Chew Chee Khong	-	-	-	-
6	Haji Ahmad Fazil Bin Haji Hashim	23,437	-*	-	-
7	Goh Choon Aik	2,577	-*	-	-
8	Lim Ghim Chai	-	-	-	-
9	Wijanti Tjendera	-	-	-	-

Notes :

\* Negligible

\*\* Other interest of his spouse by virtue of Section 59(11)(c) of the Companies Act 2016

<sup>#</sup> Other interest of their children by virtue of Section 59(11)(c) of the Companies Act 2016

<sup>##</sup> Deemed interested under Section 8 of the Companies Act 2016 by virtue of Plant Wealth Holdings Limited's shareholdings in CAB

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at the Conference Room, Third Floor, CAB Cakaran Corporation Berhad, Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Penang on Thursday, 24 March 2022 at 10.30 a.m.

## A G E N D A

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 September 2021 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A**

### AS ORDINARY BUSINESS

2. To re-elect the following Directors retiring under Clause 165 of the Company's Constitution, and who, being eligible, have offered themselves for re-election:-
  - a) Mr Loo Choo Gee **Ordinary Resolution 1**
  - b) Tuan Haji Ahmad Fazil Bin Haji Hashim **Ordinary Resolution 2**
  - c) Mr Chuah Hoon Phong **Ordinary Resolution 3**
3. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 4**
4. To approve the Directors' fees up to an amount of RM742,850 and the payment of such fees to the Directors of the Company for the financial year ending 30 September 2022. **Ordinary Resolution 5**
5. To approve the payment of Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM300,000 from 25 March 2022 until the next Annual General Meeting of the Company. **Ordinary Resolution 6**

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications the following resolutions:

6. **Continuing in office as Independent Non-Executive Directors**
  - (i) "THAT subject to the passing of Ordinary Resolution 2, authority be and is hereby given to Tuan Haji Ahmad Fazil Bin Haji Hashim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." **Ordinary Resolution 7**
  - (ii) "THAT authority be and is hereby given to Y.B. Goh Choon Aik who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." **Ordinary Resolution 8**

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## AS SPECIAL BUSINESS (CONT'D)

### 7. Authority to Issue Shares

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised 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 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“Proposed 20% General Mandate”).

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2022.

THAT with effect from 1 January 2023, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements 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 by the Company 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, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“Proposed 10% General Mandate”).

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as “Proposed General Mandate”).

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.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## AS SPECIAL BUSINESS (CONT'D)

### 7. Authority to Issue Shares (Cont'd)

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

Ordinary Resolution 9

### 8. Proposed renewal of the authority for the purchase of the Company's own ordinary shares of up to ten per centum (10%) of the Company's total number of issued shares ("Proposed Renewal of Share Buy-Back Authority")

"THAT subject to the provisions under the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("CAB Shares") 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 interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at point of purchase ("Proposed Renewal of Share Buy-Back Authority").

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's aggregate retained profits.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any CAB Shares so purchased by the Company in the following manner:

- (i) the CAB Shares so purchased could be cancelled; or
- (ii) the CAB Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be transferred for the purposes of an employees' share scheme and/or be transferred as purchase consideration and/or be cancelled subsequently and/or be sold, transferred or otherwise be used for such purposes of the Minister may by order prescribe; or
- (iii) retain part of the CAB Shares so purchased as treasury shares and cancel the remainder; or
- (iv) in accordance with the relevant prevailing statutory provisions and guidelines.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## AS SPECIAL BUSINESS (CONT'D)

8. **Proposed renewal of the authority for the purchase of the Company's own ordinary shares of up to ten per centum (10%) of the Company's total number of issued shares ("Proposed Renewal of Share Buy-Back Authority") (Cont'd)**

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
- (ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

And THAT the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

**Ordinary Resolution 10**

9. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT subject always to the provisions of the Companies Act 2016 ("the Act"), the Company's Constitution, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions with the related parties as set out in Appendix I of the Circular to Shareholders dated 28 January 2022 ("the Circular"), which are necessary for the day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders as set out in the Circular ("Mandate").

THAT the Directors be empowered to do all such acts and things be considered necessary or expedient to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## AS SPECIAL BUSINESS (CONT'D)

### 9. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Cont'd)

THAT such Mandate shall commence upon passing this ordinary resolution and to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless the authority is renewed by a resolution passed at the meeting; or
- (b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever is earlier.

And THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

**Ordinary Resolution 11**

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

**LIM CHOO TAN** (LS 0008888)(SSM PC No. 202008000713)  
**CHEW SIEW CHENG** (MAICSA 7019191)(SSM PC No. 202008001179)  
Company Secretaries

Penang

Date: 28 January 2022

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Note A

This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

## NOTES:

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 March 2022. Only a shareholder whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
2. A shareholder entitled to attend and vote at this General Meeting 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 shareholder of the Company.
3. A shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the shareholder at the General Meeting.
4. Where a shareholder of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (Act 453) (SICDA), 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.
5. Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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 SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.
6. Where a shareholder appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The instrument appointing a proxy shall be in writing under the hand of the shareholder or of his attorney duly authorised in writing, or if the shareholder is a corporation, shall either be executed under its common seal or securities seal or under the hand of an officer or its attorney duly authorised in writing.
8. The appointment of a proxy must be received by the Company at its registered office situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang at least forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. You may also submit the proxy appointment electronically via Tricor's website: <https://tihih.online> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang at least forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Note A (Cont'd)

### NOTES: (Cont'd)

11. Last date and time for lodging the proxy form is Tuesday, 22 March 2022 at 10.30 a.m.
12. 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).
13. For a corporate shareholder who has appointed a representative instead of a proxy to attend this meeting, 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 registered office earlier.

### EXPLANATORY NOTES

#### 1. Directors' Fees

The proposed Ordinary Resolution 5, if passed, will authorise the payment of the Directors' fees up to the amount of RM742,850 for the financial year ending 30 September 2022.

#### 2. Directors' Benefits

The proposed Ordinary Resolution 6, if passed, will authorise the payment of the Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM300,000 from 25 March 2022 until the next Annual General Meeting of the Company.

#### 3. Continuing in office as Independent Non-Executive Directors

The Nomination Committee had assessed the independence of Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik, who have served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik as Independent Non-Executive Directors as both of them possess the following aptitudes necessary in discharging their roles and functions as Independent Non-Executive Directors of the Company:

- (i) Have met the criteria under the definition of Independent Director pursuant to Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements;
- (ii) Have vast experience in the various industries the Group is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgement;
- (iii) Consistently challenge management in an effective and constructive manner;
- (iv) Have good and thorough understanding of the main drivers of the business in a detailed manner;
- (v) Actively participate in Board deliberations and decision making in an objective manner; and
- (vi) Exercise due care in all undertakings of the Group and have carried out their fiduciary duties in the interest of the Company and minority shareholders.

The Board will be seeking shareholders' approval through a two-tier voting process at the Twentieth Annual General Meeting to retain Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik as Independent Non-Executive Directors.



# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## EXPLANATORY NOTES (Cont'd)

### 4. Authority to Issue Shares

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to 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, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2022. With effect from 1 January 2023, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Board of Directors is of the view that the 20% General Mandate is in the best interests of the Company and its shareholders as the Company may need to undertake a fund-raising exercise expediently and for larger amount of proceeds to be raised to counter any potential bearish market price of the Company's shares.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions 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 may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 19<sup>th</sup> AGM held on 25 March 2021 and will lapse at the conclusion of the 20<sup>th</sup> AGM to be held on 24 March 2022. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

### 5. Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 10, if passed, will give the Directors of the Company the authority to purchase its own shares up to 10% of the total number of issued shares (excluding treasury shares) of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 28 January 2022 for more information.

### 6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 11, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 28 January 2022 for more information.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

pursuant to Paragraph 8.27(2) Of Bursa Malaysia Securities Berhad Main Market Listing Requirements

There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Twentieth Annual General Meeting.

## **GENERAL MANDATE FOR ISSUES OF SECURITIES (Pursuant to Paragraph 6.03(3) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)**

This general mandate for issue of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. The Mandate will expire on 24 March 2022. A renewal of this authority is being sought at the Twentieth AGM.

The Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

## **BOARD MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 AND DETAILS OF DIRECTORS' ATTENDANCE**

Details of attendance of Directors at the Board Meetings held during the financial year ended 30 September 2021 are as follows:

Name	Meetings attended
Chan Kim Keow	5/5
Chew Chee Khong	5/5
Chuah Ah Bee	5/5
Chuah Hoon Phong	5/5
Loo Choo Gee	5/5
Haji Ahmad Fazil Bin Haji Hashim	5/5
Y.B. Goh Choon Aik	5/5
Lim Ghim Chai	5/5
Wijanti Tjendera	

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# PROXY FORM

**CAB CAKARAN CORPORATION BERHAD**

(200201015998) (583661-W)  
(Incorporated in Malaysia)

CDS Account No.	No. of shares held

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
[Full name in block, NRIC/Passport/Company No.]  
of \_\_\_\_\_

being shareholder(s) of **CAB Cakaran Corporation 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, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at the Conference Room, Third Floor, CAB Cakaran Corporation Berhad, Plot 21 Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Penang on Thursday, 24 March 2022 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Re-election of Mr Loo Choo Gee	Ordinary Resolution 1		
Re-election of Tuan Haji Ahmad Fazil Bin Haji Hashim	Ordinary Resolution 2		
Re-election of Mr Chuah Hoon Phong	Ordinary Resolution 3		
Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company	Ordinary Resolution 4		
Approval of Directors' fees	Ordinary Resolution 5		
Approval of Directors' benefits	Ordinary Resolution 6		
Continuing in office for Tuan Haji Ahmad Fazil Bin Haji Hashim	Ordinary Resolution 7		
Continuing in office for Y.B. Goh Choon Aik	Ordinary Resolution 8		
Authority to issue shares	Ordinary Resolution 9		
Renewal of share buy-back authority	Ordinary Resolution 10		
Renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Ordinary Resolution 11		

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 thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_

Signature\*  
Shareholder



\* Manner of execution:

- (a) If you are an individual shareholder, please sign where indicated.
- (b) If you are a corporate shareholder 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 shareholder 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:

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 March 2022. Only a shareholder whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
2. A shareholder entitled to attend and vote at this General Meeting 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 shareholder of the Company.
3. A shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the shareholder at the General Meeting.
4. Where a shareholder of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (Act 453) (SICDA), 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.
5. Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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 SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.
6. Where a shareholder appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

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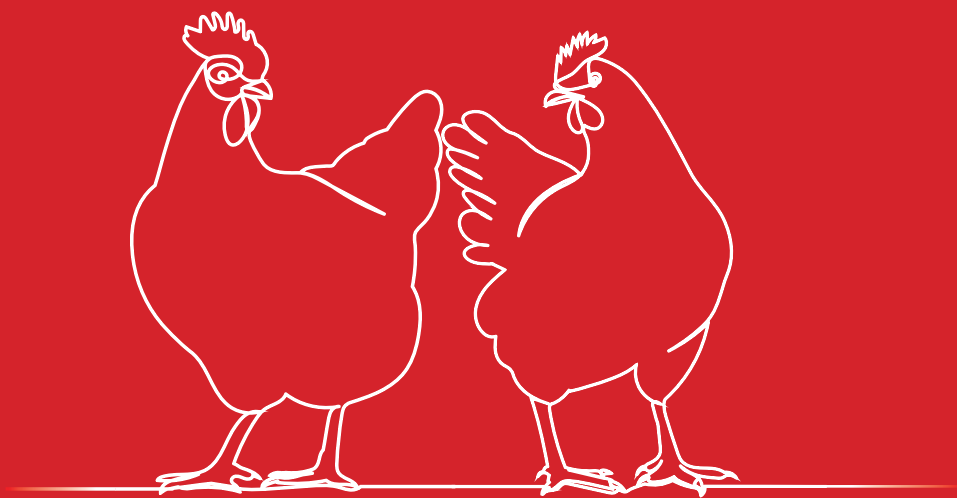
AFFIX  
STAMP

The Secretaries

**CAB CAKARAN CORPORATION BERHAD (200201015998) (583661-W)**  
Suite A, Level 9, Wawasan Open University  
54, Jalan Sultan Ahmad Shah  
10050 Georgetown, Penang  
Malaysia

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7. The instrument appointing a proxy shall be in writing under the hand of the shareholder or of his attorney duly authorised in writing, or if the shareholder is a corporation, shall either be executed under its common seal or securities seal or under the hand of an officer or its attorney duly authorised in writing.
8. The appointment of a proxy must be received by the Company at its registered office situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang at least forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. You may also submit the proxy appointment electronically via Tricor's website: <http://tuh.online> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang at least forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is Tuesday, 22 March 2022 at 10.30 a.m..
12. 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).
13. For a corporate shareholder who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.
14. Those proxy forms which are indicated with "✓" in the spaces provided to show how the votes are to be cast will also be accepted.



**CAB CAKARAN CORPORATION BERHAD**  
(200201015998) (583661 W)

Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Penang, Malaysia



604-398 2233



604-398 0137 / 398 0370



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