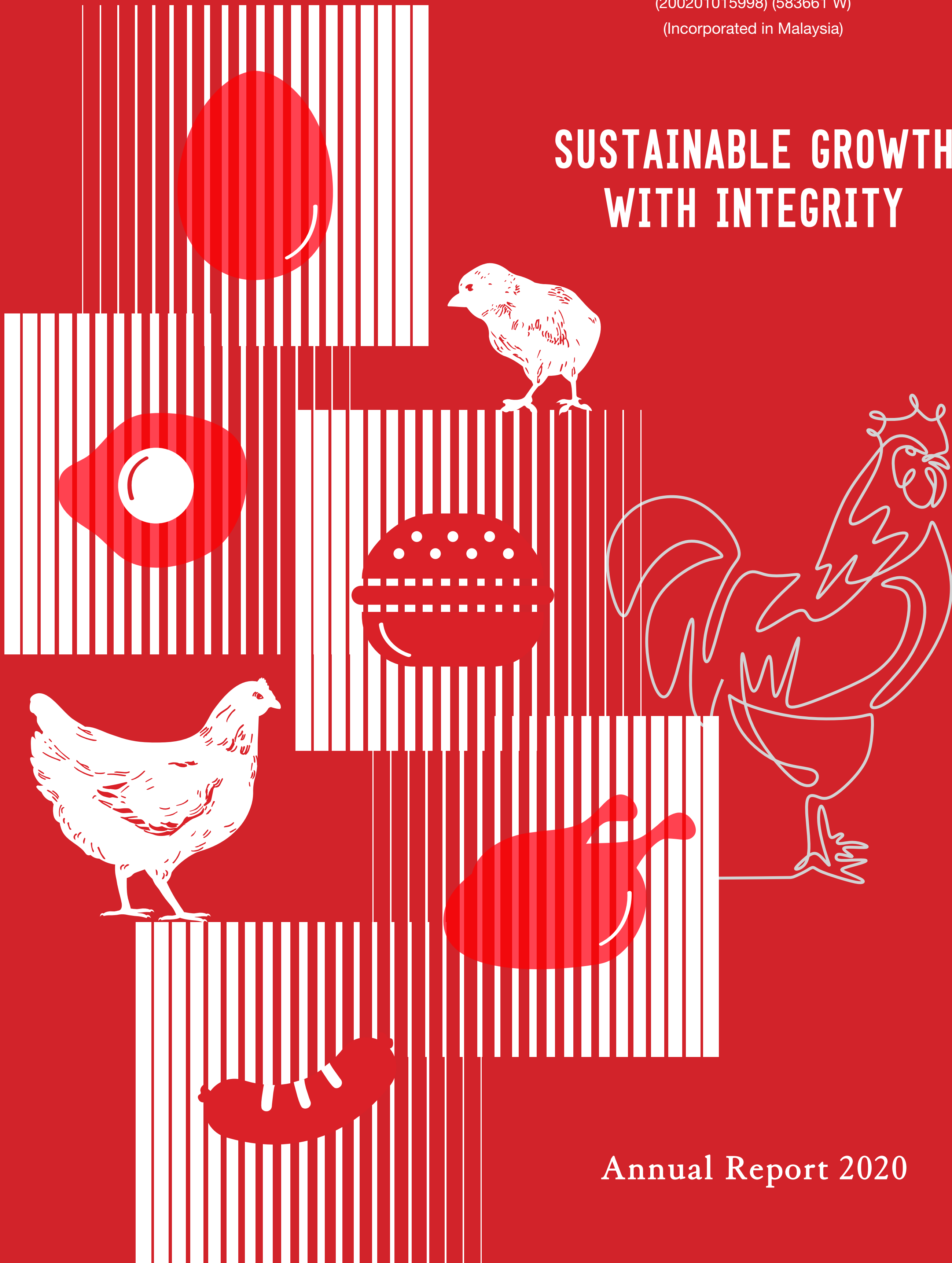
CAB CAKARAN CORPORATION BERHAD

(200201015998) (583661 W)

(Incorporated in Malaysia)

SUSTAINABLE GROWTH WITH INTEGRITY

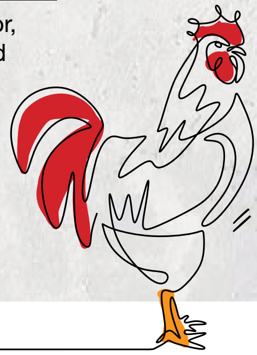


Annual Report 2020

19th ANNUAL GENERAL MEETING

CAB Cakaran Corporation Berhad

DATE	25th March 2021 (Thursday)
TIME	10.30 a.m
VENUE	The Conference Room, Third Floor, CAB Cakaran Corporation Berhad Plot 21 Lorong Jelawat 4 Seberang Jaya Industrial Park Seberang Jaya, 13700 Perai Penang, Malaysia



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www.cab.com.my

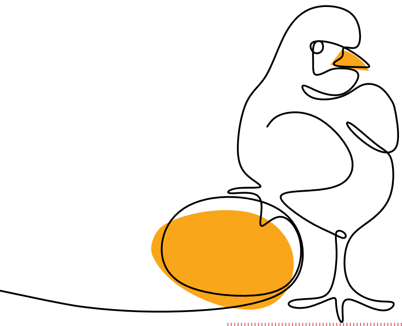
ABOUT US

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

NOMINATION COMMITTEE

Chairman
Haji Ahmad Fazil Bin Haji Hashim

Members
Goh Choon Aik
Lim Ghim Chai

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

REMUNERATION COMMITTEE

Chairman
Lim Ghim Chai

Members
Haji Ahmad Fazil Bin Haji Hashim
Goh Choon Aik

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Chairman
Loo Choo Gee

Members
Goh Choon Aik
Lim Ghim Chai

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)

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

STOCK EXCHANGE LISTING

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

AUDITORS

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

PRINCIPAL BANKERS

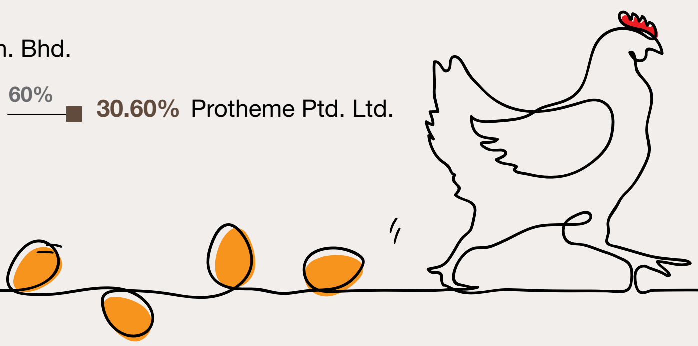
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
Bank of China (Malaysia) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

CORPORATE STRUCTURE

as at 31 December 2020

CAB CAKARAN CORPORATION BERHAD

- 100% — **100%** Home Mart Fresh & Frozen Sdn. Bhd.
- 100% — **100%** HK Foods (M) Sdn. Bhd.
- 100% — **100%** Kyros Food Industries Sdn. Bhd.
- 100% — **100%** Likes Marketing Sdn. Bhd.
- 100% — **100%** CAB Marine Resources Sdn. Bhd.
- 100% — **100%** CAB Cakaran Sdn. Bhd.
  - 100% — **100%** CAB Cakaran (Langkawi) Sdn. Bhd.
  - 67.94% — **67.94%** Cabin Premier GPS Farm Sdn. Bhd.
  - 100% — **100%** CAB Cakaran Breeding Farm Sdn. Bhd.
  - 50% — **50%** Shin Hong Breeding Farm Sdn. Bhd.
  - 100% — **100%** Jimat Jaya Sdn. Bhd.
    - 100% — **100%** Antik Kualiti Sdn. Bhd.
  - 58.02% — **58.02%** Jaya Gading Farm Sdn. Bhd.
    - 20% — **11.60%** Fah Leong Sdn. Bhd.
    - 100% — **58.02%** CAB Cakaran (Timur) Sdn. Bhd
    - 100% — **58.02%** Pasaraya Jaya Gading Sdn. Bhd.
  - 30.77% — **58.23%** Ayam Kempas Food Industries Sdn. Bhd.
  - 51% — **51%** CAB Cakaran Southern Sdn. Bhd.
    - 53.85% (to Ayam Kempas Food Industries Sdn. Bhd.)
    - 40% (to C & B Poultry Sdn. Bhd.)
    - 60% — **30.60%** Protheme Ptd. Ltd.
  - 10% — **30.40%** C & B Poultry Sdn. Bhd.
  - 55% — **55%** OTK Farm Equipment Sdn. Bhd.
- 100% — **100%** CAB Amesist Biomass Generation Sdn. Bhd.
  - 100% — **100%** CAB Econation Renewable Energy Sdn. Bhd.
- 100% — **100%** Kyros International Sdn. Bhd.
  - 100% — **100%** Kyros Kebab Sdn. Bhd.
- 100% — **100%** CABINDO Poultry Sdn. Bhd.
- 51% — **53.04%** Farm's Best Food Industries Sdn. Bhd.
- 51% — **51%** Tong Huat Poultry Processing Factory Pte. Ltd.
  - 4% (to Farm's Best Food Industries Sdn. Bhd.)
  - 90% — **45.90%** CAB International Trade Pte. Ltd.
  - 100% — **51%** Ban Hong Poultry Pte. Ltd.
  - 60% — **30.60%** Gourmet Chefs Pte. Ltd.
  - 25% — **12.75%** Singapore Poultry Hub Pte. Ltd.
  - 60% — **30.60%** Kim Fa Foodstuffs Pte. Ltd.
  - 100% — **51%** TH Likes Pte. Ltd.



PROFILE OF BOARD OF DIRECTORS

CHUAH AH BEE

Executive Chairman

Board Meetings Attendance

4/5

Aged 70, 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.

CHUAH HOON PHONG

Group Managing Director

Board Meetings Attendance

5/5

Aged 42, 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.

Mr. Chuah has stepped down as the Chairman and member of Risk Management and Sustainability Committee on 27 November 2020.

CHAN KIM KEOW

Executive Director

Board Meetings Attendance
4/5

Aged 63, 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.

CHEW CHEE KHONG

Executive Director

Board Meetings Attendance
5/5

Aged 64, 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. Prior to joining Denko Industrial Corporation Berhad as the Group General Manager in 1994, he was a Senior Manager of Corporate Banking in Utama Merchant Bank Berhad. In 1996, he ventured into business and is one of the founding members of Kyros Kebab fast food chain.

LOO CHOO GEE

Executive Director

Board Meetings Attendance

5/5

Aged 57, 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 a Honorable Advisor to the Penang and Province Wellesley Farmers' Association.

HAJI AHMAD FAZIL BIN HAJI HASHIM

Senior Independent Non-Executive Director

Board Meetings Attendance

5/5

Aged 65, 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.

GOH CHOON AIK

Independent Non-Executive Director

Board Meetings Attendance

5/5

Aged 47, 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.

LIM GHIM CHAI

Independent Non-Executive Director

Board Meetings Attendance

5/5

Aged 46, 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 positon as a partner of a professional firm which was involved in providing services in taxation, business planning consultancy, accounting and company secretarial fields.

WIJANTI TJENDERA

Non-Independent
Non-Executive Director

Board Meetings Attendance

4/5

Aged 62, 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 except for the following:-

Mr. Chew Chee Khong, being a Director of Kyros Food Industries Sdn. Bhd. was charged under *Section 25(1) of the Environmental Quality Act 1974* at Kuala Lumpur High Court as Kyros Food Industries Sdn. Bhd. had contravened one of the regulations set out under the Environmental Quality (Industrial Effluent) Regulations *2009*. Mr Chew has fully served/settled all sentences imposed by the Kuala Lumpur High Court on 27 January 2016.

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 47, 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 59, 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 33, 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 41, 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 67, 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 over 36 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 YOUK LEEN

Director
(East Coast Poultry and Supermarket Division)

Aged 52, 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 35, 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 all 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 26 January 2017.

DR. HUANG LIP CHIN

Senior Group Manager
(Poultry Technical Division)

Aged 46, 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 56, 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 39, 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

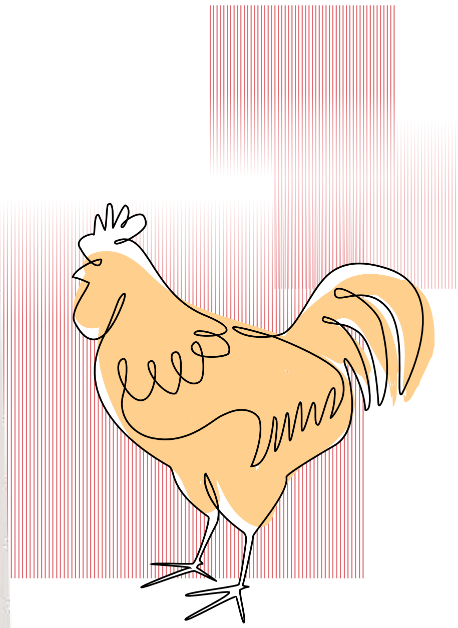
None of the Key Senior Management has family relationship with any Directors or Major Shareholders of CAB except that Mr. Chuah Hoon Hong and Mr. Chuah Hoon Teng are the sons of Mr. Chuah Ah Bee and Madam Chan Kim Keow and brothers of Mr. Chuah Hoon Phong.

(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 2020 ("FY2020").

This MD&A should be read in conjunction with the audited financial statements of the Group for FY2020 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 one of the 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, Ayam Likes, 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 eleven (11) outlets with four (4) in Kuantan, two (2) in Kelantan, one (1) in Penang, three (3) in Kedah and one (1) in Perak. 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.

GROUP BUSINESS AND OVERVIEW (CONT'D)

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.

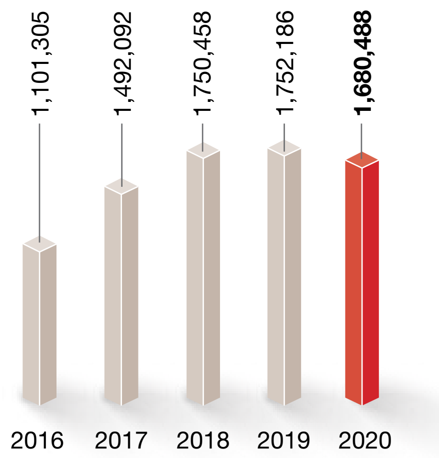
Considering that chicken is an essential food item and a cheap protein source, the Board believes that by being one of the large-scale broiler producers, CAB Group can reap economies of scale in its operation as well as achieving more sustainability and consistency in the supply of its poultry products.

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

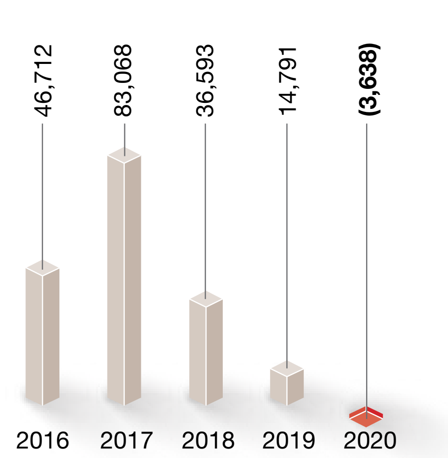
Financial Years Ended September 30	2016	2017	2018	2019	2020
Revenue (RM'000)	1,101,305	1,492,092	1,750,458	1,752,186	**1,680,488**
Earning before interest and taxation (RM'000)	56,861	96,713	52,986	35,535	**16,736**
Profit/(loss) before taxation (RM'000)	46,712	83,068	36,593	14,791	**(3,638)**
Profit/(loss) after taxation (RM'000)	35,957	61,675	27,822	4,034	**(11,131)**
Net profit attributable to equity holders (RM'000)	25,998	58,183	24,546	12,160	**2,760**
Total assets (RM'000)	692,090	1,112,572	1,293,675	1,319,633	**1,378,843**
Total borrowings (RM'000)	222,348	286,498	407,382	470,619	**525,390**
Shareholders' equity attributable to equity holders (RM'000)	246,279	422,729	447,995	453,870	**460,360**
Debt/Equity (%)	90.28	67.77	90.93	103.69	**114.13**
Net assets per share (RM)	0.45	0.68	0.69	0.69	**0.67**
Basis earning per share (sen)	5.15	10.12	3.89	1.87	**0.41**
Diluted earnings per share (sen)	4.24	8.76	3.60	1.79	**N/A**
Return On Equity (%)	12.08	17.39	5.64	2.70	**0.60**
Dividend per share (sen)	1.00	0.50	0.50	0.25	**N/A**

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

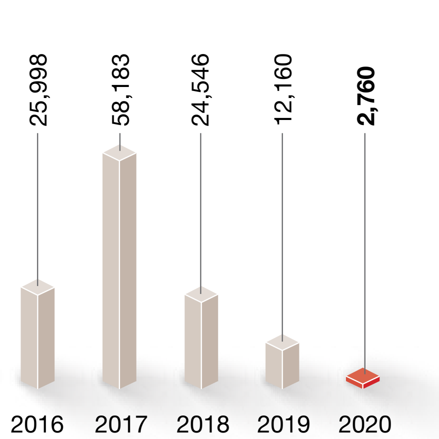
Revenue
(RM'000)



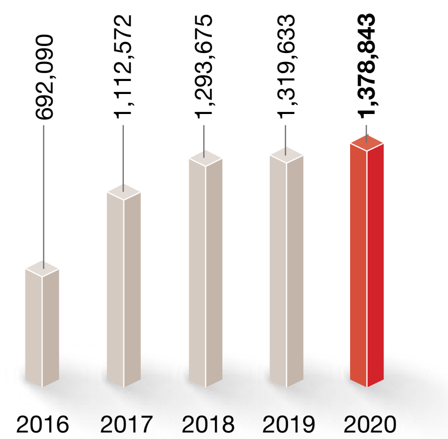
Profit/(loss) Before Taxation
(RM'000)



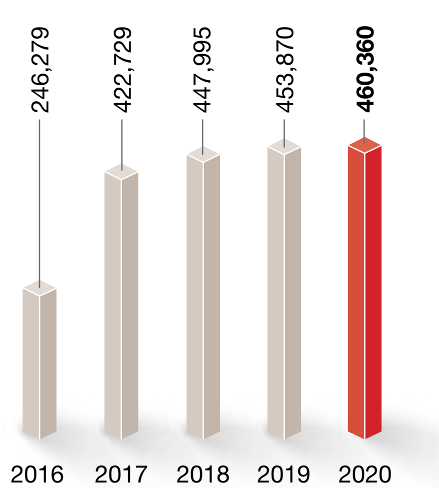
Net Profit Attributable To Equity Holders (RM'000)



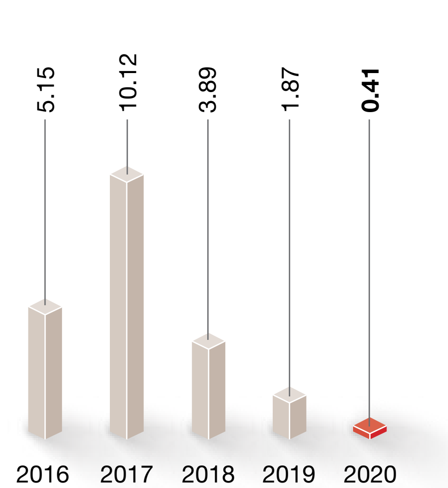
Total Assets
(RM'000)



Shareholders' equity attributable to equity holders (RM'000)



Basic Earnings Per Share
(sen)



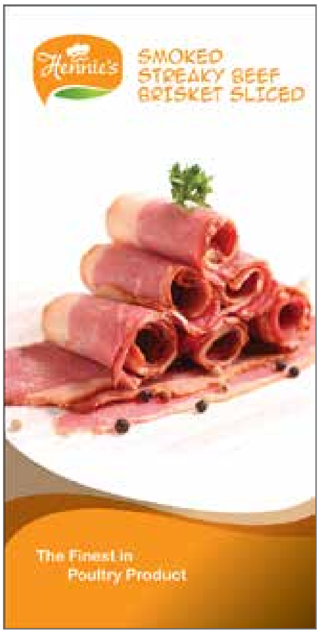
GROUP FINANCIAL REVIEW

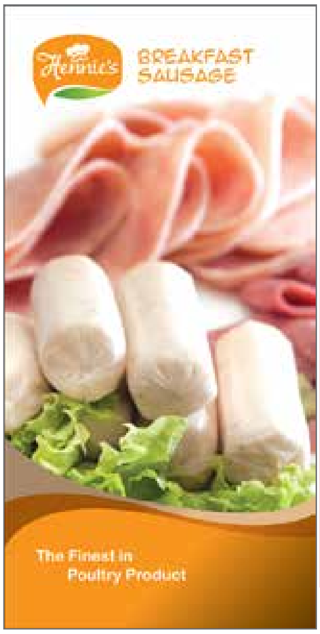
The purpose of this review is to highlight and provide brief insights on key financial and operating information at Group level. A more detailed commentary on operating performance is covered under the respective business segment reports.

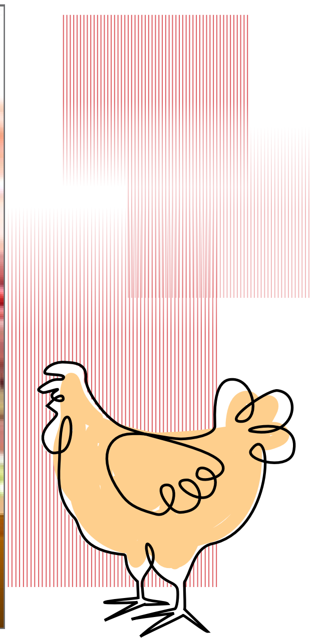
Key Financial Indicators

The following are the key indicators used to measure the Group's financial performance for FY2020 as compared with the previous FY2019:

	FY2020 RM'000	FY2019 RM'000	Change %
Revenue	1,680,488	1,752,186	(4.09)
Cost of sales	1,566,696	1,632,829	(4.05)
Profit from operation	25,139	24,846	1.18
Other gains and losses	(6,975)	11,840	(158.91)
(Loss)/profit before tax	(3,638)	14,791	(124.60)
Tax expense	7,493	10,757	(30.34)
Properties, plant and equipment	693,310	758,503	(8.59)
Right-of-use assets	84,059	-	100.00
Prepaid lease payments on leasehold land	-	18,864	(100.00)
Lease liabilities	10,373	-	100.00
Inventories	67,390	48,261	39.64
Borrowings	525,390	470,619	11.64







GROUP FINANCIAL REVIEW (CONT'D)

Financial Highlights And Insights

For the financial year 2020, the COVID-19 pandemic which has spread to almost every nation, causing unprecedented disruption and sending shockwaves to various industries, including the poultry sector, after Malaysia was forced into lockdown and movement controls. Although the Group's main business is in the production of broiler and other food related products which are listed as essential activities and are allowed to operate during the Movement Control Order ("MCO"), the declining bulk demand from the hospitality and tourism sectors, school closure and prohibition of mass gathering as well as the disruption to the global supply chain has caused negative impact on the industry. In an effort to mitigate the negative impact to the Group's business and to protect the Group's profitability and preserve cash, the Group embarked on various measures which included, among others, a reduction in the production of chicks and broilers, an increase in processed chicken inventory to cushion unwarranted losses which otherwise would be incurred if the Group was forced to sell live birds below cost. The Group also increased utilization of its short-term borrowings to support the daily operation costs and to pay fixed financial commitments.

These have resulted in the Group's total revenue dropping to RM1.68 billion in FY2020 which was 4.09% lower than the total revenue of RM1.75 billion reported in FY2019. In tandem with the decrease in revenue, the cost of sales also reduced by 4.05%. Despite the decrease in the revenue, the profit from operation of the Group increased slightly to RM25.14 million. In addition, the inventories and borrowings of the Group increased by 39.64% and 11.64% respectively.

Although the Group was able to maintain its profit from operation of RM25.14 million in FY2020 as compared to RM24.85 million in FY2019, the higher losses on the "other gain and losses" has resulted in the Group recording a loss before tax of RM3.64 million in FY2020.

The "other gain and loss" turned from a gain of RM11.84 million to a loss of RM6.98 million in FY2020 mainly due to a loss on fair value adjustment on biological assets of RM0.897 million as compared to a gain of RM6.67 million in FY2019 as well as a gain on partial disposal of an investment property of RM3.407 million recorded in FY2019. Adding to this loss was a decrease in fair value gain on investment properties by RM2.88 million.

The Group continues to record a high tax expense of RM7.49 million in FY2020 mainly due to the loss suffered by certain subsidiaries which could not be utilised to offset against the profit generated by other subsidiaries. Furthermore, no deferred tax asset was recognized for the unused tax losses of those loss making subsidiaries as there was no expected or probable taxable profit in the near future which would be available to utilize the tax credits.

In adopting MFRS 16 for the first time, the Group's has recognized leases which had previously been classified as operating leases to lease liabilities and right-of-use assets. Whereas for leases assets previously classified as prepaid lease payments on leasehold land as well as property, plant and equipment, all have been reclassified as right-of-use assets as at 1 October 2019.

A final single tier dividend of 0.25 sen per ordinary share amounting to RM1.725 million in respect of the FY2019 was paid on 07 July 2020.

GROUP BUSINESS OPERATIONS REVIEW

Integrated Poultry Division

The integrated poultry division remains the core and largest business segment of the Group and also the major contributor to the Group's performance in FY2020. Revenue for the division was RM1.56 billion in FY2020 which was RM82.76 million or 5.04% lower as compared to RM1.64 billion in FY2019.

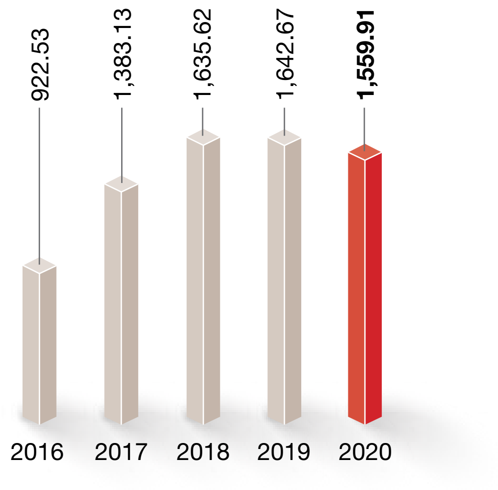
The lower revenue generated by this division was largely due to the decrease in revenue generated from processed chicken, lower sales of live birds and the low average price of broiler prevailing during the year. The excessive fluctuation in the price of broiler in Malaysia has caused volatility to the financial performance of the division especially during the initial stage of MCO. The price of broiler dropped drastically to a new historic low of RM2.00 per kg at the initial stage of MCO. This has caused the average selling price of broiler in FY2020 to drop to RM4.21 per kg as compared to RM4.50 per kg in FY2019. In view of the low selling price of broiler prevailing during the period under review, the Group has reduced its sales of live birds by 5.6%. Despite the fact that the revenue generated from processed chicken has also dropped resulted from the decline in demand, the revenue generated from the further processed products such as nuggets and frankfurters increased and mitigated the impact of the decrease in revenue of processed chicken.

GROUP BUSINESS OPERATIONS REVIEW (CONT'D)

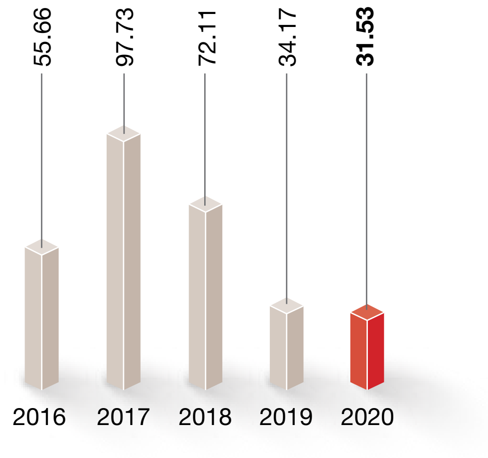
Integrated Poultry Division (Cont'd)

As a result, in tandem with the decrease in revenue and drop in average selling price of broiler during FY2020, the integrated poultry division recorded a lower segment profit of RM31.78 million which was a decrease of 7.73% over the previous year.

Gross Segment Revenue
(RM'000)



Segment Profit
(RM'000)



	2016 (RM'000)	2017 (RM'000)	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)
Gross Segment Revenue	922.53	1,383.13	1,635.62	1,642.67	1,559.91
Segment Profit	55.66	97.73	72.11	34.17	31.53

Presently, the Group operates more than 10 breeder farms, including the breeding of black chicken and coloured bird, which are located in Kedah, Penang, 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 RM49.75 million which was primarily incurred for the following :-

1) Acquisition of machinery to upgrade the slaughtering plant in Sungai Petani from the current capacity of 4,000 birds per hour to 10,000 birds per hour. The whole project has been delayed due to the pandemic as the ban on travelling has caused the technicians from overseas to postpone their trip here to install the new machinery. In addition, the approval from the authority for the factory building expansion is still in process.

2) Construction of new closed house farms and upgrading and moderning of existing open house farms to closed house farms in Melaka, Negeri Sembilan and Johor. In order to ensure sustainablility in the Group's poultry operation, the management have started to progressively upgrade and modernise its open house farms to closed house farms.

3) Acquisition of a piece of land in Penang by CAB Cakaran Sdn. Bhd. ("CABC"). CABC has rented this piece of land for almost twenty (20) years for its broiler farming business and has erected on this land 22 units of broiler farm house. When the landlord decided to sell this piece of land, CABC opted to purchase it at market value as it still wants to maintain its broiler faming business on the land.

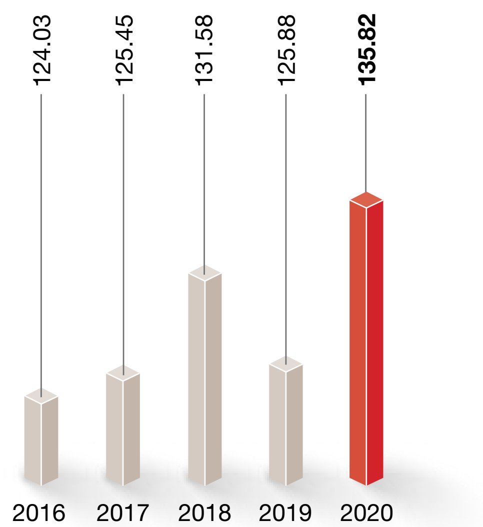
The Group will continue to deploy resources towards ensuring sustainable upsteam broiler supply in order to secure its internal supply chain for its midstream and downstream activities.

GROUP BUSINESS OPERATIONS REVIEW (CONT'D)

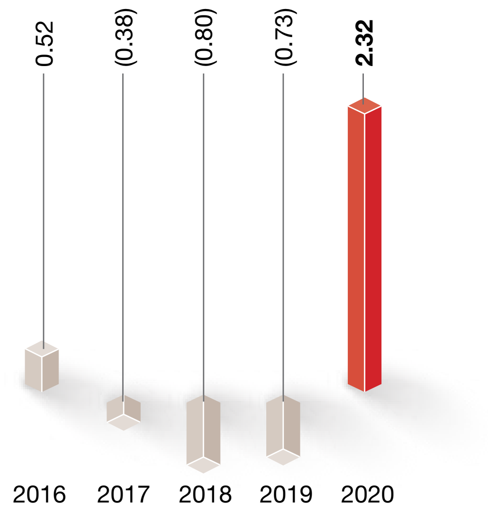
Supermarket Division

The total revenue for the supermarket division was RM135.82 million, with a segment profit of RM2.32 million as compared with the prior year's revenue of RM125.88 million and segment loss of RM0.73 million. The change in consumer behavior, which was deeply impacted by the pandemic, has contributed to the higher revenue generated by this division since the second quarter of 2020. The higher profit from operation was mainly due to the decrease in the cost of fresh food items. As there was strong demand for these products during the pandemic, the amount of wastages dropped substantially resulting in lower cost.

Gross Segment Revenue
(RM'000)



Segment Profit/(Loss)
(RM'000)



	2016 (RM'000)	2017 (RM'000)	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)
Gross Segment Revenue	124.03	125.45	131.58	125.88	135.82
Segment Profit/(Loss)	0.52	(0.38)	(0.80)	(0.73)	2.32

A new outlet was opened in June 2020 in Perak, whereas another outlet to be opened in Kedah this year has been delayed due to the COVID-19 pandemic.

During the financial year under review, a newly opened outlet in Selama, Perak where the building was rented from a third party has been temporary shut down due to fire which started and spread from the adjacent shophouse. The damaged inventory approximately RM513,000 has been written off. The premise is currently being assess by the relevant authority to determine whether the building is fit for occupation. At the present moment, we are unable to estimate when the outlet can be reopened for business. The company is in the process of claiming damages arising from the fire from the insurance company.

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 using closed house system in order to minimize the impact of disease transmission.

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 meats. The prices of these products are depended 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. 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 preserve quality and safety of the Group's products, the relevant operations are certified and accredited with the following recognized national and international food safety standards:

  (a) MyGAP (Malaysian Good Agriculture Practices) 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 the 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.

KEY BUSINESS RISK AND MITIGATION STRATEGIES (CONT'D)

- **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.

- **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 keep 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 utilize financial instruments to hedge our forex exposure.

- **COVID-19 Pandemic Risk**

  The on-going COVID-19 pandemic has created many operational challenges for many business. The Group has put in place strict Standard Operation Procedures ("SOP") which adhere to the Government's COVID-19 Regulations and SOP, including arranging for our foreign workers to undergo the COVID-19 screening. The Group has also implemented various measures to preserve its profit and cash holding.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FORWARD LOOKING STATEMENT

Although the Malaysian GDP rebounded in the third quarter from minus 17.1 percent in the second quarter to minus 2.70 percent, the overall economy in 2020 is expected to register a negative growth given the reinstatement of Recovery Movement Control Order ("RMCO") in most states until December. In line with the expected global economic recovery in 2021, the Malaysian economy is also expected to rebound strongly on the back of strengthening household consumption and foreign demand. However, given the unpredictable course of the pandemic and the elevated political tension and uncertainties in the country, the economic recovery may be derailed.

Brisk demand from China and dry weather conditions in Brazil have sent feed prices on a sharp rise since October 2020. Increase in the price of feed, which constitutes a significant portion of the cost of broiler production, could adversely affect the earnings of the Group. However, this factor could be offset by the higher price of broiler in the coming months with the expected contraction in supply. The recent increase in the price of feed and the unpredictable course of the pandemic have created uncertainties in the industry resulting in most players adopting a more conservative expansion strategy. This would avoid an oversupply situation and allows the price of broiler to trend higher.

The performance of the supermarket division showed an improvement in the current year due mainly to the imposition of Movement Control Order ("MCO") since March this year which resulted in higher demand for food stuff and groceries as many people started working from home. However, the supermarket division is expected to face stiff competition from the fast growing convenience stores which provides more convenient to shoppers with quicker checkout queues and nearer to home or work place.

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 Company will continue to closely monitor and remains committed to focus on its resource optimisation and competitiveness.

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 (the "Group" or "CAB Group"), and has always been entrenched in the core of the Group's business. In addressing this initiative, 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 – 2nd 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 2020. 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 focuses on the Group's integrated poultry farming division as it is the Group's core business segment and major revenue contributor. Unless otherwise stated, the scope of this Statement does not include CAB's contract farms.

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

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

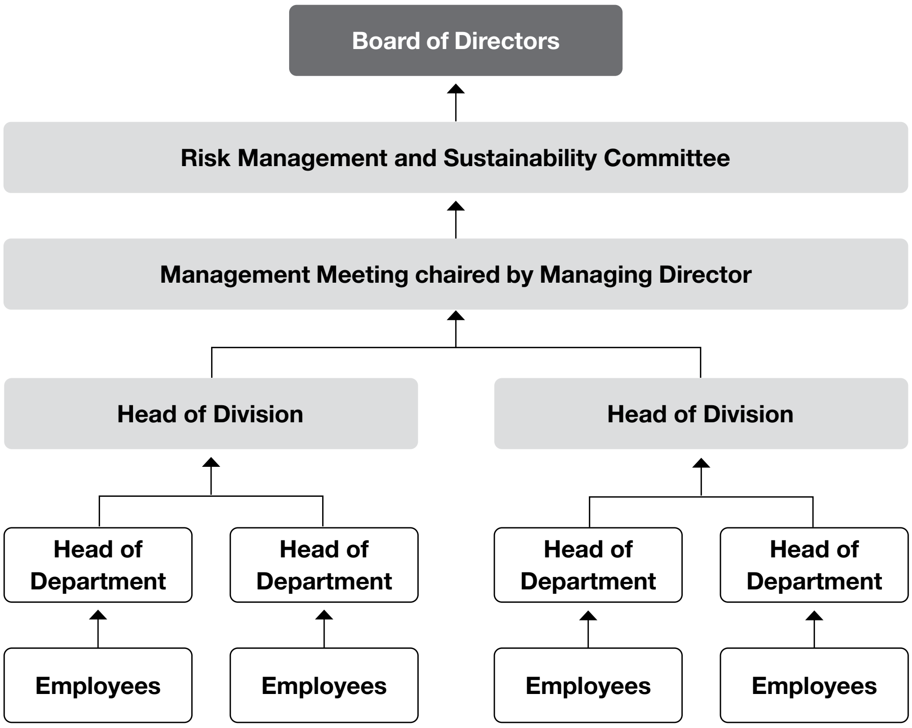
In integrating sustainability into its business, the Group's sustainability management and performance form an integral part of its risks management system where sustainability is treated as one of the key discussion points at its management meetings.

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.

APPROACH TO SUSTAINABILITY (CONT'D)

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.

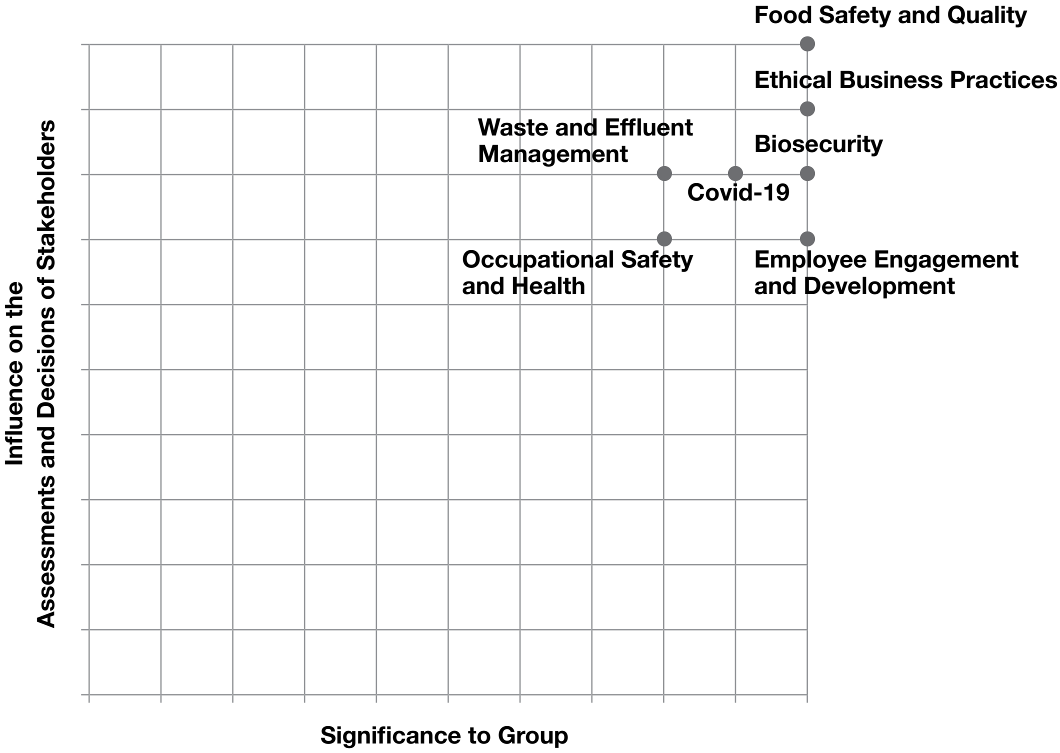
MATERIAL SUSTAINABILITY CORE FOCUS AREAS

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.

MATERIAL SUSTAINABILITY CORE FOCUS AREAS (CONT'D)

During the financial year, CAB has performed a materiality assessment via the management meeting, participated by the Heads of Departments of the Group's key operations as well as those who manages 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 or erode EES values.



CORE FOCUS AREAS

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.

CORE FOCUS AREAS (CONT'D)

Ethical Business Practices (Cont'd)

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/.

During the financial year under review, there were no whistle-blowing cases reported.

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. 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.

As breeder flocks play a crucial part in reproducing quality livestock, grandparent stocks are kept in a separate farm, where access is strictly controlled to minimise the risk of infection. Likewise, parent stock farms are managed in accordance with the standards required for CAB to be certified by the Department of Veterinary Services ("DVS") as Malaysian Good Agricultural Practices ("MyGAP") certification holder.

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.

Further, 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 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 all of its open house farms to Closed House System to enhance the effectiveness of the Group's effort in managing biosecurity risks.

During the financial year under review, there were no major disease outbreaks in CAB's poultry farms.

CORE FOCUS AREAS (CONT'D)

Food Safety and Quality

To preserve quality and safety of the Group's food products, our Group complies with all relevant laws and regulations and accredited with recognised national and international food safety standards:

- MyGAP (Malaysian Good Agreculture Practices) 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 futher processed product manufacturing facilities in Kuala Lumpur and Melaka;

- 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 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.

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, trainings conducted for CAB's employees include the following:

- ISO 9001:2015 Awareness;
- Food Handler Training;
- ISO 9001: 2015 Internal Audit;
- 5S Housekeeping Refresher Training;
- Kursus Pemerikasaan Halal;
- HACCP Implementation & Awareness;
- Acceptance Food Sampling;
- Pest Control;
- Spin Chiller Monitoring Training;
- FSSC 22000 version 4.1 Awareness Training;
- CCP Monitoring and Corrective Action;
- Live Bird Handling;
- Post Mortem and Poultry Disease;
- GMP Awareness Training; and
- Checklist and Record-Keeping.

CORE FOCUS AREAS (CONT'D)

Food Safety and Quality (Cont'd)

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.

During the financial year under review, there were no product recall cases.

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 be safely be discharged.

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 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 microorganism spray and gradual implementation of conversion of all the Group's farms into Closed House System.

Furthermore, 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, management committees have been established to undertake the responsibility to oversee and monitor the environmental compliance and performance of the operations.

During the financial year under review, there were no penalties levied by authorities for any non-compliance pertaining to environmental regulations except for our newly formed business unit, Ayam Kempas Food Industries Sdn Bhd. ("AKFI") which received summons from Department of Environment ("DOE") for some non-conformities. AKFI could not observe fully the environmental regulations, for enforcement, due to the facts that previous Management staff vacated office in a sudden manner and the newly appointed successor required time to learn up and familiarise.

The Management has taken swift action to appoint a qualified consultant to advice and oversee the environmental control matters and practices, in attempt to ensure fulfilment of the authorities' regulations. The Management of AKFI has established the Safety, Health and Environment Committee to work closely with the consultant in realizing required actions. The appointed consultant also conducts regular safety trainings and briefings to the Safety, Health and Environment Committee to keep them equipped and abreast with the required knowledge and skills.

Employee Engagement and Development

CAB Group is an equal opportunity employer and prides itself with its high level of employee engagement 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.

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.

CORE FOCUS AREAS (CONT'D)

Employee Engagement and Development (Cont'd)

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 financial year under review, 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, etc., such as on accounting, update to laws and regulations, safety and health, environmental management, halal requirements, etc.

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 diseases and biological hazards), occupational poisoning (such as from chemical gases, ammonia, pesticides, 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, 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.

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 compaigns are held to remind and refresh the staff on safety awareness and related issues to minimise injury and 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.

CORE FOCUS AREAS (CONT'D)

Occupational Safety and Health (Cont'd)

Despite the established governance oversight structure and the implementation of the Group Safety and Health Policy and Procedures ("SOP") guiding occupational safety and health practices, it is with regret that the Group experienced a fatality this year in our operation which was unprecedented in our history. Investagation reviewed that the incident was due to the non-compliance of the SOP. In this regard, the Group has put in more efforts by conducting reviews on safety and health controls at all work stations and consulting with departmental leaders and safety officers to indentify best practices and enhancement of safety measures to minimise the safety and health hazards. Production staff are given briefings regarding general issues and job-specific requirements. Monthly meetings conducted by respective department and attended by operating units' managers or assistants and respective safety officers to discuss topics pertaining to safety, health, job requirements, and welfare.

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;
- first aid and cardiopulmonary resuscitation ("CPR");
- forklift operation and maintenance;
- 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;
- train the Trainer (NIOSH) for Safety and Health Personnel;
- safety audit training; and
- emergency response preparedness.

COVID-19 RESPONSE

Following the global outbreak of COVID-19, the Group has put in place various precautionary measures recommended by the Ministry of Health to ensure business continuity and to safeguard the health & safety of our employees and the various stakeholder groups.

The prevention measures introduced by the CAB Group includes strict site protocols for hygiene and social distancing; regular cleaning and disinfecting workplaces; temperature screening and contact tracing record at all entrances; providing face masks to employees as well as hand sanitisers to employees and visitors to our offices and premises. We have also reduced non-essential travel and meetings are conducted via video conferencing.

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 28 December 2020.

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") which took effect on 26 April 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 2020 of the Company which is available on the Company's website at 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 realizing 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 latest 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.

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 advisers 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.

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.

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 and 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.

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 send 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 Secretary.

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. The Board Charter was last reviewed on 28 December 2020.

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.

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 are available for reference at the Company's website at 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 behavior, 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.

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 2020, are as follows:

Name	Meetings attended
Chan Kim Keow	4/5
Chew Chee Khong	5/5
Chuah Ah Bee	4/5
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	4/5

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.

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

I Board Responsibilities (Cont'd)

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

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.

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

Name of Directors	Date	Programme
Chan Kim Keow	25 August 2020	Roles and responsibilities of directors in relation to financial statements
Chew Chee Khong	25 August 2020	Roles and responsibilities of directors in relation to financial statements
Chuah Ah Bee	25 August 2020	Roles and responsibilities of directors in relation to financial statements
Chuah Hoon Phong	25 August 2020	Roles and responsibilities of directors in relation to financial statements
Loo Choo Gee	25 August 2020	Roles and responsibilities of directors in relation to financial statements
Haji Ahmad Fazil Bin Haji Hashim	25 August 2020	Roles and responsibilities of directors in relation to financial statements
Goh Choon Aik	25 August 2020	Roles and responsibilities of directors in relation to financial statements
Lim Ghim Chai	25 August 2020	Roles and responsibilities of directors in relation to financial statements
Wijanti Tjendera	25 August 2020	Roles and responsibilities of directors in relation to financial statements

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 (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 in Practice 4.1 of 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, which does not accede to Practice 4.1 of the Code, 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 Group. Hence, they are able to provide an unfettered and unbiased independent judgment 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 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 safeguards 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.

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 had not ascertained a timeframe for achieving this target but will endeavour to appoint new Independent Non-Executive Director.

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

II Board Composition (Cont'd)

Tenure of Independent Directors

The MCCG 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.

Presently, Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik are the Independent Non-Executive Directors whose tenure has exceeded a cumulative term of twelve (12) years and nine (9) years respectively.

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 28 December 2020. 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 independency despite their long services extended to the Company and recommended to the Board to seek for shareholders' approval for their re-appointment at the forthcoming Nineteenth Annual General Meeting.

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. Meanwhile, as recommended by the MCCG 2017, the Board will be seeking shareholders' approval through a two-tier voting process to retain Tuan Haji Ahmad Fazil Bin Haji Hashim as an Independent Non-Executive Director as his tenure has exceeded twelve (12) years.

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. 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, character, time commitment, knowledge, expertise, professionalism, suitability and character of the person in meeting the needs of the Group, regardless of gender, ethnicity and age.

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 MCCG 2017.

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

II Board Composition (Cont'd)

Diversity of Board and Senior Management (Cont'd)

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

	40-49 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 board does not have any target or measure to meet the 30% women directors.

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 organization.

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
Haji Ahmad Fazil Bin Haji Hashim *(Independent Non-Executive Director)*	Chairman
Lim Ghim Chai *(Independent Non-Executive Director)*	Member
Goh Choon Aik *(Independent Non-Executive Director)*	Member

The NC held one (1) meeting during the financial year ended 30 September 2020. The details of the terms of reference of NC are available for reference at the Company's website at 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.

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.

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

II Board Composition (Cont'd)

Nomination Committee (Cont'd)

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 28 December 2020 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 MCCG 2017 as well as the latest developments of International Accounting Standards.

<u>Appointment</u>

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 summarized as follows:

(a) The candidate identified upon the recommendations from various sources, i.e. existing 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

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

<u>Re-election/re-appointment</u>

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.

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

II Board Composition (Cont'd)

Nomination Committee (Cont'd)

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

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. Chuah Ah Bee, Madam Chan Kim Keow and Y.B. Goh Choon Aik who are subject to retirement but shall be eligible for re-election pursuant to Clause 165 of the Company's Constitution;

(b) Re-appointment of Tuan Haji Ahmad Fazil Bin Haji Hashim whose tenure of service as an Independent Non-Executive Director that has exceeded a cumulative term of twelve (12) years, via a two (2) tier voting process by the shareholders based on the attributes necessary in discharging his role and functions as an Independent Director; and

(c) Re-appointment of Y.B. Goh Choon Aik whose tenure of service as an Independent Non-Executive Director has exceeded a cumulative term of nine (9) years.

The profiles of these Directors are set out on pages 5 to 9 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;

(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.

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

II Board Composition (Cont'd)

Independent Directors

The Board recognizes 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 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 formalized 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 28 December 2020. 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.

Halal Committee

The Halal Committee of the Company currently comprises of the following:

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

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 in accordance with the Syariah Law in ensuring that products produced are halal, clean and safe for consumption. Through the setting up of the Halal Committee, the Group has established and implemented a Halal Assurance Management System which provides clear guidelines on Halal standard for employees.

The details of the terms of reference of Halal Committee are available for reference at the Company's website at www.cab.com.my.

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

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
Lim Ghim Chai *(Independent Non-Executive Director)*	Chairman
Haji Ahmad Fazil Bin Haji Hashim *(Independent Non-Executive Director)*	Member
Goh Choon Aik *(Independent Non-Executive Director)*	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.

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 2020 are as follows:

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

III Remuneration (Cont'd)

Remuneration Committee (Cont'd)

Aggregate remuneration of Directors categorized 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
Executive Directors	-	-	-	-	-	-
Non-Independent Non-Executive Director						
Wijanti Tjendera	-	66	-	3	-	69
Independent Non-Executive Directors						
Haji Ahmad Fazil Bin Haji Hashim	-	64	-	3	-	67
Goh Choon Aik	-	54	-	3	-	57
Lim Ghim Chai	-	48	-	3	-	51
Total	**-**	**232**	**-**	**12**	**-**	**244**

The Group	Salaries RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits in-kind RM'000	Total RM'000
Executive Directors						
Chan Kim Keow	228	-	14	10	18	270
Chew Chee Khong	322	110	37	16	10	495
Chuah Ah Bee	1,188	132	77	55	31	1,483
Chuah Hoon Phong	806	133	43	108	36	1,126
Loo Choo Gee	396	-	28	53	9	486
Non-Independent Non-Executive Director						
Wijanti Tjendera	-	96	-	3	-	99
Independent Non-Executive Directors						
Haji Ahmad Fazil Bin Haji Hashim	-	64	-	3	-	67
Goh Choon Aik	-	54	-	3	-	57
Lim Ghim Chai	-	48	-	3	-	51
Total	**2,940**	**637**	**199**	**254**	**104**	**4,134**

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

III Remuneration (Cont'd)

Remuneration Committee (Cont'd)

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.

The aggregate remuneration paid to the staff including the senior management are disclosed in note 10 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.

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.

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

I Audit Committee (Cont'd)

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)
Audit Fees:		
Current Year	312	36
Prior Year	12	3
Non-Audit Fees	344	7

The non-audit fees were in respect of tax related services and reviewed of Statement on Risk Management and Internal Control amounting to RM341,550 and RM2,500 respectively 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.

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
Loo Choo Gee (Executive Director) *(Appointed on 27 November 2020)*	Chairman
Lim Ghim Chai (Independent Non-Executive Director)	Member
Goh Choon Aik (Independent Non-Executive Director)	Member

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

II Risk Management and Internal Control Framework (Cont'd)

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 on-going 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 49 to 52 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 49 to 52 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.

Anti-Bribery and Corruption Policy

During the financial year 2020, the Group continued to take steps to strengthen its anti-bribery and corruption compliance with the establishment of Anti-Bribery and Corruption Policy in line with the enforcement of the Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 with effect on 1 June 2020 ("ABC Policy"). This ABC Policy was enforced across the Group and among all business units. Briefings have been conducted to all employees within the Group to create awareness and understanding of the significance of ABC Policy which also includes process and procedure to prevent, detect and respond to the bribery and corruption risks.

The details of the ABC Policy are available for reference at the Company's website at www.cab.com.my.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

The Company recognizes 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.

As an initiative to promote environmental sustainability and efficiencies, the Company has stopped despatching hard copy of the Annual Report to shareholders since last financial year. However, the full version of the Annual Report is available online at the Company's website at 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.

The Company maintains a website, 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 28 December 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 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.

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, organizational, 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 control breakdowns, disease outbreaks, disruption in information systems, 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 and managing risks and internal control processes.

The members of the RMSC are as follows:

Name	Position
Loo Choo Gee (Executive Director) *(Appointed on 27 November 2020)*	Chairman
Lim Ghim Chai (Independent Non-Executive Director)	Member
Goh Choon Aik (Independent Non-Executive Director)	Member

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

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 Risk Management & Sustainability Committee, the Risk Management & Sustainability Working Committee and others in relation to risk management.

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

Identify	**:** Identify risk from internal/external sources, which may affect achievement of the Group's objectives, on on-going basis
Assess	**:** Risks are assessed on both inherent and residual basis considering its likelihood of occurrence and impact
Plan	**:** Mitigating action plan is to be availed for dealing on certain risks, to minimize/eliminate its foreseeable impact
Implement	**:** Mitigating action plan is realized into actions
Monitor and review	**:** Monitor the realization progress of mitigating action plan and review its effectiveness in minimizing/eliminating threat
Communicate	**:** 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, can be controllable or inherent. Each risk is graded. The business unit heads and/or risk owners are responsible for generating action plan to manage, minimize 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 realize 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:

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.

Corporate Exercise

The Board recognizes the importance of thorough assessment in investment activities, that due diligence test and/or feasibility study, whichever relevant, should be engaged in due course, to enhance success rate. During the financial year ended 30 September 2020, the Group entrusted the in-house Internal Audit team to conduct a corporate review for the proposed acquisition of an entity's controlling stake.

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 signaled 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 minimize 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 organizational structure is in place to define the function, reporting line and responsibility of the Management staff. This organization 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 authorization 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.

(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;

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):

(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 2020 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 28 December 2020.

AUDIT COMMITTEE REPORT

COMPOSITION

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

Name	Position
Lim Ghim Chai *(Independent Non-Executive Director)*	Chairman
Haji Ahmad Fazil Bin Haji Hashim *(Senior Independent Non-Executive Director)*	Member
Goh Choon Aik *(Independent Non-Executive Director)*	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 .

MEETINGS

The Committee met six (6) times during the financial year ended 30 September 2020.

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

	No. of Meetings Attended
Lim Ghim Chai	6/6
Haji Ahmad Fazil Bin Haji Hashim	6/6
Goh Choon Aik	5/6

In the financial year, the Audit Committee 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 Audit Committee's attention and actions.

The Audit Committee 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 Audit Committee Chairman reported to the Board the matters discussed and made recommendations for the Board's consideration and resolution.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

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

A. Financial Reporting

The Audit Committee reviewed the quarterly financial results during the quarterly Audit Committee meetings. During the review process, the Audit Committee 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 Audit Committee 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 Audit Committee held a meeting in December 2019 to review the audited financial statements and the Management Letter issued by the external auditors. The Audit Committee 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 Audit Committee 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 Audit Committee reviewed the internal audit reports, recommendations made by the internal auditors and Management's response to the audit issues. The Audit Committee also noted the 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 Audit Committee Meetings for review.

In November 2019, the Audit Committee 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 Audit Committee meetings, to give opinion and clarification on issues raised in internal audit reports, if relevant and when necessary.

C. External Audit

The Audit Committee 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 2019 with the external auditors.

The Audit Committee 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.

In December 2019, the Audit Committee 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 2019.

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

C. External Audit (Cont'd)

During the course of external audit of the Group's financial statements for the year ended 30 September 2019, the external auditors stated that:

- There was no material 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 Audit Committee on 20 December 2019, the Audit Committee 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 internal control issues at key business units 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 2020, the external auditors, Grant Thornton Malaysia PLT briefed the Audit Committee on their Audit Planning Memorandum for the financial year ended 30 September 2020, 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 Audit Committee had two (2) private sessions with the external auditors in the absence of Management staffs and executive Board members on 20 December 2019 and 27 August 2020. There was no area of concern raised by the external auditors, for which escalation to the Board was necessitated.

D. Related Party Transactions

The Audit Committee 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 Audit Committee meetings.

The Group Internal Audit Department has performed check 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.

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

E. Corporate Governance and Other Matters

The Audit Committee 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 Audit Committee reviewed the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for additional Recurrent Related Party Transactions.

The Audit Committee reviewed the Audit Committee 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 2019 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 2020.

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 Audit Committee.

The activities carried out by the internal auditors during the financial year ended 30 September 2020 were as follows:-

- Conducted internal audit sessions according to the approved internal audit plan and presented the reports to the Audit Committee at the quarterly meetings;

- Followed up on the implementation of audit recommendations and management action plans and reported to the Audit Committee on the status of their implementation of significant matters at the quarterly meetings of the Audit Committee;

- Performed various ad hoc reviews as requested by the Management;

- Carried out corporate review on proposed corporate exercise as assigned by the Management.

The total costs incurred for the internal audit function for the financial year under review were approximately RM268,851.72.

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 2020, 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)
Audit Fees:		
Current Year	312	36
Prior Year	12	3
Non-Audit Fees	344	7

The non-audit fees were in respect of tax related services and reviewed of Statement on Risk Management and Internal Control amounting to RM341,550 and RM2,500 respectively during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

At the Extraordinary General Meeting of the Company held on 14 January 2015, the shareholders of the Company had approved the Bonus issue of up to 65,889,550 warrants on the basis of one (1) warrant for every two (2) existing ordinary shares of RM0.50 each in the Company.

A total of 65,780,450 free warrants ("Warrants 2015/2020") were issued on 9 February 2015 and listed on the Main Market of Bursa Malaysia Securities Berhad on 13 February 2015 with a 5 years' exercise period from 9 February 2015 to 8 February 2020. Each warrant carries the entitlement to subscribe for one (1) new CAB Share at the exercise price of RM0.55 each for cash subject to adjustments in accordance with the provisions of the Deed Poll.

On 4 August 2017 ("Entitlement Date"), the exercise price for the Warrants 2015/2020 was revised from RM0.55 to RM0.17 per warrant, and an additional 56,131,731 Warrants 2015/2020 ("Additional Warrants") were issued pursuant to the adjustment in consequence to the following Share Split and Bonus Issue exercises, and in accordance with the provisions of the Deed poll governing the Warrants 2015/2020. The said adjustment to the exercise price and number of outstanding warrants took effect on 7 August 2017:

i. 195,423,411 ordinary shares in the Company had been subdivided into 488,558,518 subdivided ordinary shares ("Split Share(s)") pursuant to share split involving the subdivision of every 2 existing ordinary shares in the Company into every 5 ordinary shares in the Company held on the Entitlement Date ("Share Split"); and

ii. 122,003,016 new Split Shares ("Bonus Share(s)") had been issued on the basis of 1 Bonus Share for every 4 Split Shares held on the Entitlement Date ("Bonus Issue").

The abovementioned Split Shares, Bonus Shares and Additional Warrants had been listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 7 August 2017, being the next market day immediately after the Entitlement Date.

The Warrants 2015/2020 has expired on 7 February 2020 and removed from the Official List of Bursa Malaysia Securities Berhad with effect from 10 February 2020.

The total number of warrants exercised as at the expiry date of warrants were 119,312,605 and the remaining 2,599,576 unexercised warrants have became null and void.

Saved as disclosed above, there were no options, warrants or convertible securities exercised during the financial year ended 30 September 2020.

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 Postponed Annual General Meeting held on 9 June 2020. Details of such transactions during the financial year are disclosed in Note 40 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 27 January 2021.

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 2020.

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 18 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	The Company
	RM	RM
Loss for the year	(11,131,347)	(879,012)
Profit/(Loss) attributable to:		
Owners of the Company	2,759,912	(879,012)
Non-controlling interests	(13,891,259)	-
	(11,131,347)	(879,012)

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

A final single tier divided of RM0.0025 per ordinary share amounting to RM1,724,902 in respect of the financial year ended 30 September 2019 was approved by the shareholders during the Postponed Annual General Meeting held on 9 June 2020 and subsequently paid on 7 July 2020.

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

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	
Ho Kheng Chew	
Jozef Franciscus Maria Bonang	
Khor Yu Beng	
Leong Youk Leen	
Lim Chin Seng	
Ong Chuan Seng	
Ong Khoon Chuah	
Sia Hui Chen	
Shafiqurrahman Bin Haji Shamsuddin	
Syed Yussof Bin Syed Othman	
Tan Ah Baa @ Tan Chye Khoon	
Tan Chee Hee	
Tan Swee Seong	
Toh Chye Lam	
Too Siew Din	
Vincent Leong Weng Fai	
Winston Yap Eng Chin	
Yap Kim Hwah	
Zolkefli Bin Mohamad	
Dato' Dr Quaza Nizamuddin Bin A Hassan Nizam	(appointed on 24 August 2020)
Toh Eng Say	(appointed on 21 December 2020)
Goh Sing Ling	(removed on 21 January 2020)

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:

	Number of ordinary shares		
Shares in the Company	**Balance as of 1.10.2019**	**Bought**	**Balance as of 30.9.2020**
Direct interest:			
Chan Kim Keow	97,106,248	-	97,106,248
Chuah Ah Bee	183,837,832	8,740,732	192,578,564
Chuah Hoon Phong	12,809,204	1,534,857	14,344,061
Goh Choon Aik	1,718	859	2,577
Haji Ahmad Fazil Bin Haji Hashim	15,625	7,812	23,437
Loo Choo Gee	10,576,170	-	10,576,170
Indirect interest:			
Chan Kim Keow	221,899,467	10,832,533	232,732,000
Chuah Ah Bee	135,167,883	2,091,801	137,259,684
Chuah Hoon Phong	15,625	154,687	170,312

	Number of Warrants over ordinary shares		
Warrants in the Company	**Balance as of 1.10.2019**	**Exercised**	**Balance as of 30.9.2020**
Direct interest:			
Chuah Ah Bee	8,740,732	(8,740,732)	-
Chuah Hoon Phong	1,534,857	(1,534,857)	-
Goh Choon Aik	859	(859)	-
Haji Ahmad Fazil Bin Haji Hashim	7,812	(7,812)	-
Indirect interest:			
Chan Kim Keow	10,832,533	(10,832,533)	-
Chuah Ah Bee	2,091,801	(2,091,801)	-
Chuah Hoon Phong	154,687	(154,687)	-

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' 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 2020 RM	The Company 2020 RM
Directors of the Company:		
Executive Directors:		
Fee	375,814	-
Contribution to employees provident fund	229,852	-
Other emoluments	3,150,127	-
Non-executive Directors:		
Fee	261,765	231,765
Contribution to employees provident fund	912	912
Other emoluments	11,800	11,800
Directors of subsidiaries:		
Executive Directors:		
Fee	241,240	-
Contribution to employees provident fund	250,996	-
Other emoluments	2,297,984	-
	6,820,490	244,477
Benefits-in-kind (based on estimated monetary value) (Note 39)	188,562	-

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 RM38,250 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 RM33,097 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 RM7,056 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.

ISSUE OF SHARES AND DEBENTURES

The issued and paid-up ordinary share capital of the Company was increased from RM135,270,498 to RM140,679,293 during the financial year by way of issuance of 31,816,446 new ordinary shares at an exercise price of RM0.17 per ordinary share pursuant to the exercise of Warrants. The new shares rank pari passu with the existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any share or debenture.

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.

WARRANTS

On 9 February 2015, the Company issued a total of 65,780,450 free Warrants to the shareholders pursuant to the Bonus Issue of one (1) Warrant for every two (2) existing ordinary shares in the Company. The Warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 13 February 2015.

The Warrants are constituted by a Deed Poll dated 16 January 2015 ("Deed Poll").

The salient features of the Warrants are as follows:

(a) The issue date of the Warrants is 9 February 2015 and the expiry date is 8 February 2020. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share of RM0.50 in the Company at an exercise price of RM0.55 per ordinary share;

(c) The exercise price and the number of Warrants are subject to adjustments in the event of alteration to the share capital of the Company in accordance with the provisions of the Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company;

(d) The Warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new Warrants pursuant to adjustment as mentioned in item (c) above), until and unless such holders exercise the rights under the Warrants to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the Warrants shall, upon allotment and issue, rank pari passu with the then existing ordinary shares, including the entitlement to dividends, rights, allotments or other distributions except that they will not be entitled to the rights, allotments or other distributions declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

WARRANTS (CONT'D)

56,131,731 additional Warrants 2015/2020 arising from the adjustment consequential to the Share Split and the Bonus Issue approved by shareholders' approval at its Extraordinary General Meeting on 19 July 2017.

The exercise price for the Warrants 2015/2020 has been revised from RM0.55 to RM0.17 per Warrant, and additional Warrants 2015/2020 have been issued pursuant to the adjustment in consequence to the Share Split and Bonus Issue exercises, and in accordance with the Company's deed poll dated 16 January 2015 governing the Warrants.

The said adjustment to the exercise price and number of outstanding Warrants have taken effect on 7 August 2017, being the next market day immediately after the entitlement date of 4 August 2017 for the Share Split and Bonus Issue exercises.

On 14 February 2020, the warrant 2015/2020 had expired.

The movements in the Company's Warrants are as follows:

	Number of Warrants (Unit)			
	Balance as of 1.10.2019	Exercised	Expired	Balance as of 30.9.2020
Number of unexercised Warrants	34,416,022	(31,816,446)	(2,599,576)	-

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.

OTHER STATUTORY INFORMATION (CONT'D)

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.

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 EVENT

The significant event is disclosed in Note 42 to the financial statements.

AUDITORS

Details of auditors' remuneration are set out in Note 10 to the financial statements.

The Company has agreed to indemnify the Auditors of the Company as permitted under Section 289 of the Companies Act, 2016 in Malaysia.

The Auditors, Grant Thornton Malaysia PLT (converted from a conventional partnership, Grant Thornton Malaysia on 1 January 2020), 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.

CHUAH AH BEE

CHUAH HOON PHONG

Penang
28 December 2020

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 2020, 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 71 to 190.

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 2020, 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
Goodwill on consolidation	
As at 30 September 2020, 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.

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
Fair value on biological assets	
The value of livestocks held as biological assets of the Group was RM93,062,635. The fair value of livestocks was subject to poultry fluctuation. In addition, there was a high volume of livestock held at year end. We have identified the valuation of livestocks as a key audit matter because of the significant judgement and estimates involved in applying the valuation method on the livestocks. 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.	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 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.
Investment in subsidiaries	
As disclosed in Note 18 to the financial statements, the Company holds RM138,840,236 in investment in subsidiaries, which comprises 94% 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.	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.

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.

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.

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 Directors, 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 18 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)

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

Kuala Lumpur
28 December 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 September 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Revenue	5	1,680,488,294	1,752,186,200	8,310,644	4,871,529
Cost of sales		(1,566,696,378)	(1,632,829,507)	-	-
Gross profit		113,791,916	119,356,693	8,310,644	4,871,529
Investment revenue	6	664,742	776,805	-	57,269
Other income		22,296,749	18,551,173	19,200	-
Other gains and losses	7	(6,974,777)	11,840,172	(7,513,562)	(18,871)
Distribution costs		(60,789,381)	(58,239,789)	-	-
Administrative expenses		(50,033,987)	(54,746,699)	(1,450,152)	(1,564,007)
Finance costs	8	(21,812,058)	(22,187,559)	(230,811)	(635,133)
Share of result in an associate		(921)	4,606	-	-
Share of result in a joint venture		(653,477)	(488,974)	-	-
Other expenses		(126,536)	(74,989)	-	-
(Loss)/Profit before tax		(3,637,730)	14,791,439	(864,681)	2,710,787
Tax expense	9	(7,493,617)	(10,757,255)	(14,331)	(30,300)
(Loss)/Profit for the year	10	(11,131,347)	4,034,184	(879,012)	2,680,487
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		104,069	36,929	-	-
Other comprehensive income for the year, net of tax		104,069	36,929	-	-
Total comprehensive (loss)/ income for the year		(11,027,278)	4,071,113	(879,012)	2,680,487

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

For the Financial Year Ended 30 September 2020

		The Group		The Company	
	Note	2020	2019	2020	2019
		RM	RM	RM	RM
Profit/(Loss) attributable to:					
Owners of the Company		2,759,912	12,160,297	(879,012)	2,680,487
Non-controlling interests		(13,891,259)	(8,126,113)	-	-
		(11,131,347)	4,034,184	(879,012)	2,680,487
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		2,806,110	12,176,563	(879,012)	2,680,487
Non-controlling interests		(13,833,388)	(8,105,450)	-	-
		(11,027,278)	4,071,113	(879,012)	2,680,487
Earnings per share:					
Basic (sen per share)	11	0.41	1.87		
Diluted (sen per share)	11	Not applicable	1.79		

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

STATEMENTS OF FINANCIAL POSITION

As of 30 September 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Assets					
Non-current assets					
Property, plant and equipment	12	693,310,481	758,502,829	2,707	4,594
Right-of-use assets	13	84,059,380	-	-	-
Investment properties	14	109,955,500	100,498,000	-	-
Prepaid lease payments on leasehold land	15	-	18,864,378	-	-
Other intangible assets	16	9,637,847	10,794,884	-	-
Goodwill	17	6,218,940	6,218,940	-	-
Interest in subsidiaries	18	-	-	138,840,236	146,353,798
Investment in an associate	19	263,775	264,696	-	-
Investment in a joint venture	20	1,290,222	1,937,186	-	-
Other financial assets	21	1,531,277	2,359,928	-	-
Deferred tax assets	22	23,000	38,000	-	-
Total non-current assets		906,290,422	899,478,841	138,842,943	146,358,392
Current assets					
Biological assets	23	93,062,635	86,657,104	-	-
Inventories	24	67,389,520	48,261,001	-	-
Trade and other receivables	25	189,443,498	190,368,108	8,213,820	4,387,399
Other assets	26	16,562,135	23,315,730	1,000	1,000
Current tax assets		2,799,062	3,308,889	97,625	120,513
Short-term deposits with licensed banks	27	28,860,926	24,521,601	-	-
Cash and bank balances	28	74,434,979	43,721,777	294,076	217,351
Total current assets		472,552,755	420,154,210	8,606,521	4,726,263
Total assets		1,378,843,177	1,319,633,051	147,449,464	151,084,655

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As of 30 September 2020

	Note	The Group		The Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
Equity and liabilities					
Capital and reserves					
Share capital	29	140,679,293	135,270,498	140,679,293	135,270,498
Treasury shares	29	(69,304)	(69,304)	(69,304)	(69,304)
Reserves	30	1,231,005	1,184,807	-	-
Retained earnings		318,519,176	317,484,166	6,277,128	8,881,042
Equity attributable to owners of the Company		460,360,170	453,870,167	146,887,117	144,082,236
Non-controlling interests	31	122,312,348	139,832,856	-	-
Total equity		582,672,518	593,703,023	146,887,117	144,082,236
Non-current liabilities					
Borrowings	32	268,603,869	255,940,002	-	-
Lease liabilities	33	7,860,557	-	-	-
Deferred tax liabilities	22	43,176,271	47,055,811	-	-
Deferred revenue	34	93,247	25,283	-	-
Total non-current liabilities		319,733,944	303,021,096	-	-
Current liabilities					
Trade and other payables	35	211,548,161	205,978,852	562,347	7,002,419
Borrowings	32	256,785,667	214,679,297	-	-
Lease liabilities	33	2,512,731	-	-	-
Other financial liability	21	1,052	1,261	-	-
Deferred revenue	34	1,018,835	12,348	-	-
Current tax liabilities		4,570,269	2,237,174	-	-
Total current liabilities		476,436,715	422,908,932	562,347	7,002,419
Total liabilities		796,170,659	725,930,028	562,347	7,002,419
Total equity and liabilities		1,378,843,177	1,319,633,051	147,449,464	151,084,655

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 September 2020

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
Balance as of 1 October 2018		133,015,343	(69,304)	1,086,601	81,940	308,492,046	442,606,626	147,546,265	590,152,891
Profit/(Loss) for the year		-	-	-	-	12,160,297	12,160,297	(8,126,113)	4,034,184
Other comprehensive income		-	-	16,266	-	-	16,266	20,663	36,929
Total comprehensive income/(loss) for the year		-	-	16,266	-	12,160,297	12,176,563	(8,105,450)	4,071,113
Transactions with owners of the Company:									
Issuance of ordinary shares pursuant to exercise of Warrants	29	2,255,155	-	-	-	-	2,255,155	-	2,255,155
Subscription of ordinary shares by non-controlling interests in subsidiaries		-	-	-	-	-	-	800,030	800,030
Dividend paid	36	-	-	-	-	(3,237,526)	(3,237,526)	-	(3,237,526)
Dividend paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	(338,640)	(338,640)
Arising from decrease in equity interest in a subsidiary		-	-	-	-	69,349	69,349	(69,349)	-
Balance as of 30 September 2019		135,270,498	(69,304)	1,102,867	81,940	317,484,166	453,870,167	139,832,856	593,703,023

The Group (Cont'd)

	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
Balance as of 30 September 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 year		-	-	-	-	2,759,912	2,759,912	(13,891,259)	(11,131,347)
Other comprehensive income		-	-	46,198	-	-	46,198	57,871	104,069
Total comprehensive income/(loss) for the year		-	-	46,198	-	2,759,912	2,806,110	(13,833,388)	(11,027,278)
Transactions with owners of the Company:									
Issuance of ordinary shares pursuant to exercise of Warrants	29	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	36	-	-	-	-	(1,724,902)	(1,724,902)	-	(1,724,902)
Balance as of 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

For the Financial Year Ended 30 September 2020

The Company

	Note	Share Capital RM	Treasury shares RM	Retained earnings RM	Total RM
Balance as of 1 October 2018		133,015,343	(69,304)	9,438,081	142,384,120
Profit for the year		-	-	2,680,487	2,680,487
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	2,680,487	2,680,487
Transactions with owners of the Company:					
Issuance of ordinary shares pursuant to exercise of Warrants	29	2,255,155	-	-	2,255,155
Dividend paid	36	-	-	(3,237,526)	(3,237,526)
Balance as of 30 September 2019		135,270,498	(69,304)	8,881,042	144,082,236
Loss for the year		-	-	(879,012)	(879,012)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(879,012)	(879,012)
Transactions with owners of the Company:					
Issuance of ordinary shares pursuant to exercise of Warrants	29	5,408,795	-	-	5,408,795
Dividend paid	36	-	-	(1,724,902)	(1,724,902)
Balance as of 30 September 2020		140,679,293	(69,304)	6,277,128	146,887,117

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 September 2020

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash flows from operating activities				
(Loss)/Profit before tax	(3,637,730)	14,791,439	(864,681)	2,710,787
Depreciation and amortisation of non-current assets	53,662,323	45,133,984	1,887	2,060
Interest expense	20,373,366	20,743,077	230,811	635,133
Impairment loss recognised on receivables	4,053,001	371,380	-	-
Property, plant and equipment written off	3,069,886	222,357	-	-
Amortisation of intangible assets	1,161,042	1,169,889	-	-
Loss on revaluation of properties	1,046,340	-	-	-
Loss/(Gain) on fair value adjustment of biological assets	897,130	(6,669,899)	-	-
Net fair value loss/(gain) on other financial asset/(liability)	792,073	(287,407)	-	-
Share of result in a joint venture	653,477	488,974	-	-
Inventories written off	513,449	266,686	-	-
Bad debts written off	349,490	314,641	-	-
Allowance/(Reversal) of inventories written down	54,805	(99,404)	-	-
Other financial assets written off	36,590	-	-	-
Deposit written off	1,800	-	-	-
Share of result in an associate	921	(4,606)	-	-
Gain on fair value adjustment of investment properties	(1,992,989)	(4,876,303)	-	-
Net remeasurement of allowance for expected credit loss	(1,552,393)	1,296,944	-	-
Unrealised (gain)/loss on foreign exchange	(665,990)	168,867	-	-
Reversal of impairment loss recognised on receivables	(636,070)	(359,504)	-	-
Interest income	(553,403)	(792,930)	-	(57,269)
Gain on forgiven lease payments	(79,633)	-	-	-
Amortisation of deferred revenue on government grant	(35,184)	(22,405)	-	-
Gain on disposal of property, plant and equipment	(11,219)	(36,118)	-	-
Realisation of deferred revenue on franchise fee income	(9,375)	(9,375)	-	-
Bad debts recovered	(5,448)	-	-	-
Impairment loss recognised on property, plant and equipment	-	318,949	-	-
Agricultural development expenditures written off	-	33,413	-	-
Gain on disposal of investment properties	-	(3,406,727)	-	-
Impairment loss recognised on investment in subsidiaries	-	-	7,513,562	18,799
Gross dividend received from subsidiaries	-	-	(7,945,949)	(4,500,000)
Operating profit/(loss) before changes in working capital	77,486,259	68,755,922	(1,064,370)	(1,190,490)

For the Financial Year Ended 30 September 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Cash flows from operating activities (cont'd)					
Movements in working capital:					
Increase in biological assets		(7,302,661)	(4,383,193)	-	-
(Increase)/Decrease in inventories		(19,690,267)	12,769,478	-	-
(Increase)/Decrease in trade and other receivables		(1,231,038)	9,527,512	-	-
Decrease in other assets		2,579,096	654,495	-	-
Increase/(Decrease) in trade and other payables		5,261,271	(32,578,678)	13,101	(16,443)
Increase in deferred revenue		1,123,253	-	-	-
Cash generated from/(used in) operations		58,225,913	54,745,536	(1,051,269)	(1,206,933)
Taxes refunded		851,090	2,664,145	134,769	135,100
Interest received		214,938	332,600	-	-
Taxes paid		(9,363,081)	(13,167,526)	(126,212)	(147,087)
Net cash from/(used in) operating activities		49,928,860	44,574,755	(1,042,712)	(1,218,920)
Cash flows from investing activities					
Decrease/(Increase) in other assets for acquisition of property, plant and equipment		4,387,178	(2,412,813)	-	-
Interest received		361,035	484,891	-	57,269
Proceeds from disposal of property, plant and equipment		62,080	99,263	-	-
Payments for property, plant and equipment	37(b)	(48,100,558)	(95,522,370)	-	(4,608)
Payments for right-of-use assets	13	(21,436)	-	-	-
Payments for investment properties	14	(19,511)	(45,481)	-	-
Proceeds from disposal of investment properties		-	4,350,511	-	-
Proceeds from disposal of non-current assets classified as held for sale		-	125,000	-	-
Advances granted to a joint venture		-	(435,478)	-	-
Payments for prepaid lease payments on leasehold land	15	-	(244,575)	-	-
Payments for investment in other financial assets		-	(36,305)	-	-
Payments for purchase of additional shares in an associate		-	(90)	-	-
Dividend received from subsidiaries		-	-	7,945,949	4,500,000
(Advances granted to)/Repayments from subsidiaries		-	-	(3,826,421)	3,533,961
Payments for purchase of additional shares in a subsidiary		-	-	-	(78)
Net cash (used in)/from investing activities		(43,331,212)	(93,637,447)	4,119,528	8,086,544

STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 30 September 2020

	Note	The Group		The Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
Cash flows from financing activities					
Proceeds from long-term loans		48,058,384	58,130,686	-	-
Proceeds from short-term borrowings		42,173,985	16,286,315	-	-
Proceeds from exercise of Warrants		5,408,795	2,255,155	5,408,795	2,255,155
Proceeds from hire-purchase		309,470	3,809,380	-	-
Advances granted from a joint venture		38,420	-	-	-
Advances granted from Directors		7,083	-	-	-
Repayment of long-term loans		(26,325,229)	(26,606,962)	-	-
Interest paid		(19,764,477)	(20,367,264)	(230,811)	(635,133)
Repayment of hire-purchase payables		(9,531,493)	(11,720,525)	-	-
Dividend paid to non-controlling interests of subsidiaries		(3,687,120)	(338,640)	-	-
Repayment of lease liabilities		(3,174,367)	-	-	-
Dividend paid		(1,724,902)	(3,237,526)	(1,724,902)	(3,237,526)
Short-term deposits pledged as securities		(35,460)	138,537	-	-
Proceeds from issuance of shares by subsidiaries to non-controlling interests		-	800,030	-	-
Repayment to subsidiaries		-	-	(6,453,173)	(5,474,202)
Net cash from/(used in) financing activities		31,753,089	19,149,186	(3,000,091)	(7,091,706)
Net increase/(decrease) in cash and cash equivalents		38,350,737	(29,913,506)	76,725	(224,082)
Cash and cash equivalents at the beginning of the year		53,530,507	83,419,754	217,351	441,433
Effects of exchange rates changes on the balances of cash held in foreign currencies		(57,239)	24,259	-	-
Cash and cash equivalents at the end of the year	37(a)	91,824,005	53,530,507	294,076	217,351

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

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 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 18 to the financial statements.

The registered office of the Company is located at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, Malaysia.

The principal place of business of the Company is located at Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the Directors on 28 December 2020.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs that are mandatory for the financial year beginning on or after 1 October 2019 as fully described in Note 2.5.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for investment properties, biological assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as indicated in the summary of significant accounting policies.

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

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.

A fair value measurement of a non-financial market 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.

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

2.2 Basis of measurement (Cont'd)

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available 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 their 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 determines 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.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Standards Issued But Not Yet Effective

At the date of the authorisation for issue of these financial statements, the new and revised Standards and Amendments 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:

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 16: Covid-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Proceeds before intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

2.4 Standards Issued But Not Yet Effective (Cont'd)

The Directors anticipate that the abovementioned Standards and Amendments 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 Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

2.5 Adoption of New MFRSs, Amendments to MFRSs and Issues Committee Interpretations ("IC Interpretations")

In the current financial year, the Group and the Company have adopted the new MFRSs, Amendments to MFRSs and IC interpretations issued by the MASB that are relevant to their operations as listed below:

Descriptions	Effective for annual periods beginning on or after
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

The adoption of these new MFRSs, Amendments to MFRSs and IC interpretations did not result in significant changes to the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company, except the adoption of MFRS 16 as disclosed in Note 44.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company applied the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation (Cont'd)

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 the 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

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 of.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 Share-based Payment at the acquisition date; 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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill (Cont'd)

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.

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 and associate or a joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5.

Under the equity method, an investment in and associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds 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 joint venture), the Group discontinues recognising its shares of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in and associate or a joint venture any excess of the costs of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognisd as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments in an Associate and a Joint Venture (Cont'd)

The requirements of MFRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustments) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interest.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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 contracts 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

(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.

(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 by bag packing 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 and interest 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).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 "profit before tax" as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(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 its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income 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 current or deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current or deferred tax arises from the initial accounting for a business combination, the tax effects are included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goods and Services Tax ("GST")

GST is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services. Input GST that the Company paid on purchases of business inputs can be deducted from output 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.

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

Accounting policies applied from 1 October 2019

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 October 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 October 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

Accounting policies applied from 1 October 2019 (Cont'd)

(a) Definition of a lease (Cont'd)

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.

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 entities use 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 and the Company have 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 and the Company recognise 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

Accounting policies applied from 1 October 2019 (Cont'd)

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

(ii) As a lessor (Cont'd)

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 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.

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.

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 it 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*.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

Accounting policies applied prior to 1 October 2019

Leases of property, plant and equipment where a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under such leases are charged to the profit or loss as rental charges. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

(i) The Group and the Company as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to archive a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's and the Company's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(ii) The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Prepaid lease Payments on Leasehold Land

Accounting policies applied from 1 October 2019

Following the adoption of MFRS 16 on 1 January 2019, the Group has reclassified the carrying amount of prepaid lease payments on leasehold land to right-of-use assets.

Accounting policies applied prior to 1 October 2019

Lease of land with title not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite economic life. The up-front payments made on entering into a lease or acquiring a leasehold land that is accounted for as an operating lease are accounted for as prepaid lease payments that are amortised over the lease term on a straight-line basis except for leasehold land classified as investment property.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies

The individual financial statements of each group entity are presented in Ringgit Malaysia, the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded in Ringgit Malaysia at the rates of exchange prevailing on the dates of the transactions.

When an entity pays or receives consideration in advance in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date of the advance consideration. When the prepayment or income received in advance, liability was recognised. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated into Ringgit Malaysia at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except for exchange differences arising on the retranslation on non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange dates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity and attributed to non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits

(a) Short-term Employee Benefits

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Retirement Benefit Costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

(c) Termination Benefits

Termination benefits are recognised as expenses in the income statement when the Group and the Company are demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement date.

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 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

Classification and initial recognition

Financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income ("OCI") with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(a) Financial assets (Cont'd)

Classification and initial recognition (Cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commits to purchase or sell the asset.

Subsequent measurement

(i) Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group and the Company's financial assets at amortised cost includes cash and cash equivalents, trade and other receivables.

(ii) Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

(iii) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group and the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets

The Group and the Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(a) Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(b) Financial liabilities

Classification and initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, lease liabilities and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Trade and other payables

These are subsequently measured at amortised cost using the EIR method.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(b) Financial liabilities (Cont'd)

Subsequent measurement (Cont'd)

(iii) Financial liabilities at amortised cost

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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, to realise the assets and settle the liabilities simultaneously.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and cross-currency interest rate swap, to hedge its foreign currency risks, interest rate risks and commodity price risks respectively. Such 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 are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Fair value hedges

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents

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.

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 Group and 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 Company 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; or
- (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the parent of the Group and of the Company.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty

The following are 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 amounts of assets and liabilities within the next financial year:

(i) Impairment of property, plant and equipments and intangible assets

The Group and the Company assesses whether there are any indicators of impairment for its property, plant and equipment at the end of each reporting period.

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 and intangible assets are allocated. Estimating the VIUs requires the Group 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) 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.

(iii) 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 Company engaged an independent professional qualified valuer to determine its fair value as at 30 September 2020. The relevant valuation bases, are disclosed in Note 14 to the financial statements.

(iv) 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.

(v) Impairment of receivables

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. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, an allowance is established and the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Where the expectation is different from the original estimate, such difference will impact the carrying values of the receivables in the period in which such estimate has been changed.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(vi) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and plantation sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(vii) MFRS 16 Leases

The Group and the Company 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 and the Company 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. Further details are disclosed in Note 33.

5. REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At point in time:				
Sale of goods	1,680,317,919	1,752,020,825	-	-
Rental of poultry farm	156,000	156,000	-	-
Franchise fee	14,375	9,375	-	-
Gross dividend income from subsidiaries	-	-	7,945,949	4,500,000
Management fee	-	-	341,200	341,200
Internal audit charges	-	-	23,495	30,329
	1,680,488,294	1,752,186,200	8,310,644	4,871,529

5. REVENUE (CONT'D)

Contract revenue from customers

The performance obligation satisfied upon delivery of the equipment and payment is generally due within 7 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.

6. INVESTMENT REVENUE

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Interest revenue on:				
Short-term deposits	289,527	428,139	-	-
Bank balances	48,182	31,197	-	-
Amount owing by a subsidiary	-	-	-	57,269
Rental revenue from:				
Premises	279,033	269,469	-	-
Vegetable farm	48,000	48,000	-	-
	664,742	776,805	-	57,269

The following is an analysis of investment revenue earned by category of assets:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Interest revenue for financial assets not designated as at fair value through profit or loss:				
Amortised cost	337,709	459,336	-	57,269
Rental revenue on investment properties	327,033	317,469	-	-
	664,742	776,805	-	57,269

7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Gain on fair value adjustment of investment properties (Note 14)	1,992,989	4,876,303	-	-
Net remeasurement of allowance for expected credit loss	1,552,393	(1,296,944)	-	-
Unrealised gain/(loss) on foreign exchange	665,990	(168,867)	-	-
Reversal of impairment loss recognised on receivables	636,070	359,504	-	-
Gain on forgiven of lease liabilities	79,633	-	-	-
Amortisation of deferred revenue on government grant	35,184	22,405	-	-
Realised gain/(loss) on foreign exchange	21,903	(21,155)	-	(72)
Gain on disposal of property, plant and equipment	11,219	36,118	-	-
Bad debts recovered	5,448	-	-	-
Impairment loss recognised on receivables	(4,053,001)	(371,380)	-	-
Property, plant and equipment written off	(3,069,886)	(222,357)	-	-
Amortisation of other intangible assets (Note 16)	(1,161,042)	(1,169,889)	-	-
Loss on revaluation of properties (Note 14)	(1,046,340)	-	-	-
(Loss)/Gain on fair value adjustment of biological assets (Note 23)	(897,130)	6,669,899	-	-
Net fair value (loss)/gain on other financial assets/(liability)	(792,073)	287,407	-	-
Inventories written off	(513,449)	-	-	-
Bad debt written off	(349,490)	(314,641)	-	-
(Allowance)/Reversal of inventories written down	(54,805)	99,404	-	-
Other financial assets written off	(36,590)	-	-	-
Deposit written off	(1,800)	-	-	-
Gain on disposal of investment properties	-	3,406,727	-	-
Impairment loss recognised on property, plant and equipment	-	(318,949)	-	-
Agricultural development expenditure written off	-	(33,413)	-	-
Impairment loss recognised on investment in subsidiaries	-	-	(7,513,562)	(18,799)
	(6,974,777)	11,840,172	(7,513,562)	(18,871)

8. FINANCE COSTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expenses for financial liabilities not classified as fair value through profit or loss:				
Long-terms loans	11,835,173	12,527,885	-	-
Short-term borrowings	5,756,391	6,406,127	-	-
Hire-purchase	2,010,178	1,809,065	-	-
Lease liabilities	771,624	-	-	-
Amount owing to subsidiaries	-	-	230,811	635,133
Bank commission	1,306,876	1,333,421	-	-
Bank charges	131,816	111,061	-	-
	21,812,058	22,187,559	230,811	635,133

9. TAX EXPENSE

Tax expense recognised in profit or loss

Tax expense comprises:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current year:				
Current tax expense:				
Malaysian	8,788,872	9,440,084	16,500	12,400
Foreign	2,455,052	962,765	-	-
Deferred tax expense/(income):				
Relating to the origination and reversal of temporary differences:				
Recognition of deferred real property gains tax on fair value adjustment of investment properties	105,079	199,855	-	-
Other temporary differences	(3,556,701)	274,751	-	-
	7,792,302	10,877,455	16,500	12,400
Adjustments recognised in the current year in relation to prior years:				
Current tax:				
Malaysian	189,367	(8,497)	(2,169)	17,900
Foreign	(73,788)	(105,800)	-	-
Deferred tax:				
Malaysian	(399,741)	(27,449)	-	-
Foreign	(14,523)	21,546	-	-
Total tax expense	7,493,617	10,757,255	14,331	30,300

9. TAX EXPENSE (CONT'D)

Tax expense recognised in profit or loss (Cont'd)

The estimated amounts of tax benefits arising from previously unused tax losses is used to reduce current tax expense of the Group is as follows:

	The Group	
	2020 RM	2019 RM
Unused tax losses	45,000	44,000

The total tax expense for the year can be reconciled to the accounting (loss)/profit as follows:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	(3,637,730)	14,791,439	(864,681)	2,710,787
Tax (income)/expense calculated using the Malaysian income tax rate of 24% (2019: 24%)	(873,000)	3,550,000	(208,000)	651,000
Effect of expenses that are not deductible in determining taxable profit	7,175,223	8,788,600	2,136,500	441,400
Effect of revenue that is not taxable	(4,938,000)	(4,328,000)	(1,912,000)	(1,080,000)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	8,123,000	3,245,000	-	-
Deferred real property gains tax on fair value adjustment of investment properties	105,079	199,855	-	-
Effect of different tax rate of subsidiaries operating in other jurisdiction	(1,001,000)	(419,000)	-	-
Effect of previously unrecognised deductible temporary differences now recognised as deferred tax assets	(799,000)	(159,000)	-	-
	7,792,302	10,877,455	16,500	12,400
Adjustments recognised in the current year in relation to prior years:				
Current tax	115,579	(114,297)	(2,169)	17,900
Deferred tax	(414,264)	(5,903)	-	-
Tax expense recognised in profit or loss	7,493,617	10,757,255	14,331	30,300

The Group is operating in the jurisdictions of Malaysia and Republic of Singapore. The applicable domestic statutory income tax rates are 24% (2019: 24%) for Malaysia and 17% (2019: 17%) for Republic of Singapore. The applicable tax rate of 24% (2019: 24%) used in the above numerical reconciliation of tax of the Group and of the Company is determined based on the statutory income tax rate prevailing for the Company.

9. TAX EXPENSE (CONT'D)

As of 30 September 2020, 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	
	2020 RM	2019 RM
Unused tax losses:		
Expired by 30 September 2025	43,329,000	43,388,000
Expired by 30 September 2026	7,532,000	2,756,000
Expired by 30 September 2027	21,944,000	-
With no expiry period	896,000	-
Unused tax capital allowances	62,201,000	44,267,000
Unused allowance for increased export	1,155,000	1,155,000
Unused reinvestment allowances	368,000	368,000
Unused agricultural allowances	-	35,000

Pursuant to guidelines issued by the Malaysia tax authorities in 2018, the Ministry of Finance has allowed companies to carry forward their unabsorbed capital allowances indefinitely until it is fully absorbed. With effect from year of assessment 2019, any unused business losses in a year of assessment can only be carried forward for a maximum period of seven consecutive years of assessment. This can be utilised against income from any business source for unused losses.

10. (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit for the year has been arrived at:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
After charging:				
Auditors' remuneration:				
Grant Thornton Malaysia PLT:				
Non-audit fee	344,050	175,600	6,600	9,500
Statutory audit fee:				
Current year	311,500	297,500	36,000	33,500
Prior years	12,140	-	2,500	-
Other Auditors:				
Statutory audit fee:				
Current year	157,954	154,083	-	-
Prior years	3,049	(4,853)	-	-
Late payment charges paid to Competition Consumer Commission of Singapore	457,380	417,038	-	-

10. (LOSS)/PROFIT FOR THE YEAR (CONT'D)

(Loss)/Profit for the year has been arrived at (Cont'd):

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
After charging (cont'd):				
Rental of:				
Premises	-	4,468,990	-	-
Fowl house and equipment	-	2,270,278	-	-
Stall	-	1,520,370	-	-
Cold Room and storage	-	1,416,117	-	-
Room	-	351,221	-	-
Machinery and equipment	-	132,305	-	-
Office and office equipment	-	23,553	-	24,000
Motor vehicles	-	22,019	-	-
And crediting:				
Late payment claims on Competition Consumer Commission of Singapore	457,380	417,038	-	-
Interest revenue on:				
Bank balances	180,552	333,594	-	-
Trade receivables	35,142	-	-	-

Employee benefits recognised as expenses during the financial year are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Contribution to employees provident fund	8,714,825	8,360,961	70,059	65,869
Other emoluments	132,561,970	126,462,300	832,286	800,642
	141,276,795	134,823,261	902,345	866,511

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.

10. (LOSS)/PROFIT FOR THE YEAR (CONT'D)

Details of remuneration of Executive Directors, who are also the only key management personnel of the Group, included in (loss)/profit for the year are as follows:

	The Group	
	2020	2019
	RM	RM
Directors of the Company:		
Fee	375,814	373,817
Contribution to employees provident fund	229,852	244,513
Other emoluments	3,150,127	3,153,087
Directors of subsidiaries:		
Fee	241,240	187,584
Contribution to employees provident fund	250,996	261,778
Other emoluments	2,297,984	2,411,983
	6,546,013	6,632,762

Details of remuneration of Non-Executive Directors included in (loss)/profit for the year are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors of the Company:				
Fee	261,765	255,267	231,765	225,267
Contribution to employees provident fund	912	1,094	912	1,094
Other emoluments	11,800	14,400	11,800	14,400
	274,477	270,761	244,477	240,761

11. EARNINGS PER SHARE

Basic earnings per share

The net profit and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	The Group	
	2020	**2019**
Profit for the year attributable to owners of the Company (RM)	2,759,912	12,160,297
Weighted average number of ordinary shares for the purpose of basic earnings per share	680,322,591	650,871,342
Basic earnings per share (sen)	0.41	1.87

Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares that would have been in issue assuming exercise of the remaining warrants, adjusted for the number of such ordinary shares that would have been issued at fair value:

	The Group	
	2020	**2019**
Profit for the year attributable to owners of the Company (RM)	2,759,912	12,160,297
Weighted average number of ordinary shares for the purpose of basic earnings per share	680,322,591	650,871,342
Warrant shares deemed to be issued for no consideration	-	28,941,326
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	680,322,591	679,812,668
Diluted earnings per share (sen)	Not applicable	1.79

Diluted earnings per share

The Group has no dilutive potential ordinary shares as at 30 September 2020. As such, there is no dilutive effect on the share of the Company.

12. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost unless stated otherwise	Beginning of year RM	Effect of adoption of MFRS 16 RM	Beginning of year, restated RM	Additions RM	Disposals/ Write-off RM	Transfers RM	Transfer to investment properties (Note 14) RM	Currency translation differences RM	End of year RM
2020:									
Freehold land	44,000,000	-	44,000,000	-	-	-	-	-	44,000,000
Freehold land and buildings	443,058,075	(2,800,000)	440,258,075	5,937,301	(2,865,412)	8,454,589	(4,850,000)	-	446,934,553
Buildings	75,643,698	(2,050,000)	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	-	-	-	-	-	4,850,000
Plant, machinery and equipment	224,550,019	(34,433,037)	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	34,433,037	225,000	(447,800)	(5,277,723)	-	-	28,932,514
Electrical installation	2,776,387	(83,460)	2,692,927	139,135	-	-	-	-	2,832,062
Electrical installation under hire purchase	-	83,460	83,460	-	-	-	-	-	83,460
Office equipment	6,892,760	(209,000)	6,683,760	783,725	(74,725)	-	-	(446)	7,392,314
Office equipment under hire purchase	-	209,000	209,000	-	-	-	-	-	209,000
Furniture, fixtures and fittings	9,225,995	-	9,225,995	972,731	(577,019)	969,417	-	4,588	10,595,712
Motor vehicles	52,218,156	(18,984,477)	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	18,984,477	3,102,896	-	(6,456,230)	-	8,602	15,639,745
Renovation	7,258,839	(155,352)	7,103,487	591,568	-	858,880	-	(2,149)	8,551,786
Renovation under hire purchase	-	155,352	155,352	-	-	-	-	-	155,352
Supermarket equipment	6,376,807	(213,140)	6,163,667	421,355	(57,799)	-	-	-	6,527,223
Supermarket equipment under hire purchase	-	213,140	213,140	-	-	-	-	-	213,140
Warehouse	96,540	-	96,540	1,050	-	-	-	-	97,590
Workshop	58,000	-	58,000	-	-	-	-	-	58,000
Construction-in-progress	72,593,294	(55,923,860)	16,669,434	30,730,750	-	(14,249,276)	-	22,745	33,173,653
	944,748,570	(55,923,860)	888,824,710	51,439,357	(6,571,893)	-	(8,649,659)	66,522	925,109,037

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

The Group (Cont'd)

Cost unless stated otherwise (Cont'd)	Beginning of year RM	Additions RM	Disposals/ Write-off RM	Transfers RM	Currency translation differences RM	End of year RM
2019:						
Freehold land	44,000,000	-	-	-	-	44,000,000
Freehold land and buildings	415,766,854	23,946,020	-	3,345,201	-	443,058,075
Buildings	75,015,788	541,945	-	81,127	4,838	75,643,698
Plant, machinery and equipment	189,142,975	31,165,350	(871,432)	5,105,928	7,198	224,550,019
Electrical installation	2,599,925	167,677	-	8,785	-	2,776,387
Office equipment	6,066,313	749,817	(64,746)	141,311	65	6,892,760
Furniture, fixtures and fittings	8,135,271	1,107,726	(36,365)	16,472	2,891	9,225,995
Motor vehicles	45,729,199	6,990,005	(507,406)	-	6,358	52,218,156
Renovation	6,799,234	477,688	(299,027)	280,512	432	7,258,839
Supermarket equipment	6,382,142	385,809	(337,258)	(53,886)	-	6,376,807
Warehouse	96,540	-	-	-	-	96,540
Workshop	58,000	-	-	-	-	58,000
Construction-in-progress	30,748,776	50,785,175	(3,496)	(8,925,450)	(11,711)	72,593,294
	830,541,017	116,317,212	(2,119,730)	-	10,071	944,748,570

12. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group (Cont'd)

Accumulated depreciation	Beginning of year RM	Effect of adoption of MFRS 16 RM	Beginning of year, restated RM	Charge for the year RM	Disposals/ Write-off RM	Transfers RM	Transfer to investment properties (Note 14) RM	Currency translation differences RM	End of year RM
2020:									
Freehold land	-	-	-	-	-	-	-	-	-
Freehold land and buildings	24,326,822	(140,000)	24,186,822	14,156,373	(525,020)	62,750	-	-	37,880,925
Buildings	8,957,885	(205,000)	8,752,885	4,683,944	-	(62,750)	(158,319)	11,405	13,227,165
Farm houses under hire purchase	-	345,000	345,000	382,500	-	-	-	-	727,500
Plant, machinery and equipment	102,607,128	(5,021,284)	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	5,021,284	2,960,068	(52,243)	(2,560,782)	-	-	5,368,327
Electrical installation	1,693,810	(19,485)	1,674,325	185,507	-	-	-	-	1,859,832
Electrical installation under hire purchase	-	19,485	19,485	8,346	-	-	-	-	27,831
Office equipment	4,652,747	(6,967)	4,645,780	690,434	(66,871)	-	-	(183)	5,269,160
Office equipment under hire purchase	-	6,967	6,967	20,900	-	-	-	-	27,867
Furniture, fixtures and fittings	5,661,368	-	5,661,368	934,573	(576,637)	-	-	4,017	6,023,321
Motor vehicles	28,365,508	(5,198,607)	23,166,901	3,834,467	(778,054)	3,346,030	-	3,442	29,572,786
Motor vehicles under hire purchase	-	5,198,607	5,198,607	2,253,671	-	(3,346,030)	-	1,996	4,108,244
Renovation	3,225,212	(11,981)	3,213,231	757,282	-	-	-	236	3,970,749
Renovation under hire purchase	-	11,981	11,981	9,792	-	-	-	-	21,773
Supermarket equipment	4,232,383	(45,359)	4,187,024	439,732	(57,554)	-	-	-	4,569,202
Supermarket equipment under hire purchase	-	45,359	45,359	21,314	-	-	-	-	66,673
Warehouse	82,528	-	82,528	4,045	-	-	-	-	86,573
Workshop	4,640	-	4,640	1,740	-	-	-	-	6,380
Construction-in-progress	-	-	-	-	-	-	-	-	-
	183,810,031	-	183,810,031	49,127,883	(3,095,236)	-	(158,319)	34,397	229,718,756

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

The Group (Cont'd)

Accumulated depreciation (Cont'd)	Beginning of year RM	Charge for the year RM	Disposals/ Write-off RM	Currency translation differences RM	End of year RM
2019:					
Freehold land	-	-	-	-	-
Freehold land and buildings	10,796,283	13,530,539	-	-	24,326,822
Buildings	4,228,761	4,725,167	-	3,957	8,957,885
Plant, machinery and equipment	85,447,788	17,965,601	(811,716)	5,455	102,607,128
Electrical installation	1,483,823	209,987	-	-	1,693,810
Office equipment	4,067,205	650,238	(64,731)	35	4,652,747
Furniture, fixtures and fittings	4,974,535	717,535	(32,456)	1,754	5,661,368
Motor vehicles	23,215,919	5,632,174	(484,971)	2,386	28,365,508
Renovation	2,786,316	604,860	(166,255)	291	3,225,212
Supermarket equipment	4,001,119	500,522	(269,258)	-	4,232,383
Warehouse	72,863	9,665	-	-	82,528
Workshop	2,900	1,740	-	-	4,640
Construction-in-progress	-	-	-	-	-
	141,077,512	44,548,028	(1,829,387)	13,878	183,810,031

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

The Group (Cont'd)

Accumulated impairment losses	Beginning of year RM	Charge for the year RM	Disposal/ Write-off RM	End of year RM
2020:				
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
	2,435,710	-	(355,910)	2,079,800
2019:				
Freehold land and buildings	-	318,949	-	318,949
Plant, machinery and equipment	2,099,226	-	(4,841)	2,094,385
Office equipment	18,307	-	-	18,307
Furniture, fixtures and fittings	4,069	-	-	4,069
	2,121,602	318,949	(4,841)	2,435,710

The Company

Cost	Beginning of year RM	Additions RM	Disposal/ Write-off RM	End of year RM
2020:				
Office equipment	13,344	-	-	13,344
2019:				
Office equipment	8,736	4,608	-	13,344

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposal/ Write-off RM	End of year RM
2020:				
Office equipment	8,750	1,887	-	10,637
2019:				
Office equipment	6,690	2,060	-	8,750

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

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Net book value:				
Freehold land	44,000,000	44,000,000	-	-
Freehold land and buildings	409,053,628	418,412,304	-	-
Buildings	58,597,723	66,685,813	-	-
Farm houses under hire purchase	4,122,500	-	-	-
Plant, machinery and equipment	84,722,767	119,848,506	-	-
Plant, machinery and equipment under hire purchase	23,564,187	-	-	-
Electrical installation	972,230	1,082,577	-	-
Electrical installation under hire purchase	55,629	-	-	-
Office equipment	2,112,702	2,221,706	2,707	4,594
Office equipment under hire purchase	181,133	-	-	-
Furniture, fixtures and fittings	4,568,704	3,560,558	-	-
Motor vehicles	9,772,383	23,852,648	-	-
Motor vehicles under hire purchase	11,531,501	-	-	-
Renovation	4,581,037	4,033,627	-	-
Renovation under hire purchase	133,579	-	-	-
Supermarket equipment	1,958,021	2,144,424	-	-
Supermarket equipment under hire purchase	146,467	-	-	-
Warehouse	11,017	14,012	-	-
Workshop	51,620	53,360	-	-
Construction-in-progress	33,173,653	72,593,294	-	-
	693,310,481	758,502,829	2,707	4,594

As of 30 September 2020, certain property, plant and equipment of the Group with a total carrying value of RM424,260,374 (2019: RM462,244,215) are charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 32.

Additional impairment losses recognised in respect of property, plant and equipment in the year amounted to Nil (2019: RM318,949). These losses 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.

13. RIGHT-OF-USE ASSETS

The Group

Carrying value	Beginning of year RM	Effect of adoption of MFRS 16 RM	Addition RM	Transfers RM	Depreciation during the year RM	Currency translation differences RM	End of year RM
2020:							
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

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 - 13 years
Market stalls	2 - 3 years
Lands	1 - 13 years
Outlets	2 years

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

The Group and the Company have certain leases with lease terms of twelve 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 flowing means:

	The Group	
	2020	2019
	RM	RM
Future lease payment included in lease liabilities	1,203,917	-
Cash payments	21,436	-
Addition of right-of-use assets	1,225,353	-

As of 30 September 2020, certain right-of-use assets of the Group with a total carrying value of RM69,459,582 (2019: Nil) are charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 32.

14. INVESTMENT PROPERTIES

	The Group	
	2020	2019
	RM	RM
At fair value:		
At beginning of year	100,498,000	96,520,000
Additions during the year	19,511	45,481
Disposal during the year	-	(943,784)
Transfer from property, plant and equipment during the year (Note 12)	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 year (Note 7)	1,992,989	4,876,303
At end of year	109,955,500	100,498,000

The investment properties are as follows:

	The Group	
	2020	2019
	RM	RM
Freehold land	56,630,000	54,499,000
Freehold land and buildings	51,865,500	44,539,000
Long leasehold land and buildings	1,110,000	1,110,000
Short leasehold land	350,000	350,000
	109,955,500	100,498,000

14. INVESTMENT PROPERTIES (CONT'D)

The investment properties are as follows (Cont'd):

	The Group	
	2020	**2019**
	RM	**RM**
Leased out under operating lease	45,855,500	44,742,000
Vacant	64,100,000	55,756,000
	109,955,500	100,498,000

The fair values of certain buildings included under investment properties of the Group as of 30 September 2020 with a total carrying value of RM43,500 (2019: RM72,000) 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 2020 have been arrived at on the basis of valuation carried out by Intra Harta Consultant Sdn. Bhd. and Intra Harta Consultant (North) Sdn. Bhd., which are 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.

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 RM346 per square meter (2019: RM346 per square meter) for a farm house and worker quarter, RM255 per square meter to RM564 per square meter (2019: 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 90% (2019: 20% to 80%) after taking into consideration the building condition and other relevant factors.

14. INVESTMENT PROPERTIES (CONT'D)

Detail of the Group's investment properties and information about their categorisation in the fair value hierarchy are as follows:

	Fair value as of 30 September 2020			
The Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
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

	Fair value as of 30 September 2019			
The Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
Freehold land	-	54,499,000	-	54,499,000
Freehold land and buildings	-	-	44,539,000	44,539,000
Long leasehold land and buildings	-	-	1,110,000	1,110,000
Short leasehold land	-	-	350,000	350,000
	-	54,499,000	45,999,000	100,498,000

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 RM483,033 (2019: RM473,469). Direct operating expenses incurred by the Group on the investment properties during the financial year are as follows:

	The Group	
	2020	**2019**
	RM	**RM**
Leased out under operating lease	14,979	6,474
Vacant	30,778	6,419
	45,757	12,893

As of 30 September 2020, the unexpired lease periods of the leasehold land of the Group which are included under investment properties are 26,79 and 873 years (2019: 27, 80 and 874 years).

As of 30 September 2020, certain investment properties of the Group with a total carrying value of RM88,994,500 (2019: RM81,475,000) are charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 32.

15. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2020	2019
	RM	RM
At beginning of year	18,864,378	19,205,759
Effect of adoption of MFRS 16	(18,864,378)	-
Balance as of 1 October 2019, restated	-	19,205,759
Additions during the year	-	244,575
Amortisation during the year	-	(585,956)
At end of year	-	18,864,378

The prepaid lease payments on leasehold land are as follows:

	The Group	
	2020	2019
	RM	RM
Long leasehold land	-	11,453,279
Short leasehold land	-	7,411,099
	-	18,864,378

As of 30 September 2019, the unexpired lease periods of the leasehold land of the Group which are included under prepaid lease payments on leasehold land were 11, 17, 31, 32, 35, 47, 48, 65, 79, 82, 87 and 94 years.

As of 30 September 2019, certain leasehold land of the Group with a total carrying value of RM14,560,955 were charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 32.

16. OTHER INTANGIBLE ASSETS

The Group

Cost	Beginning of year RM	Write-off RM	Currency translation differences RM	End of year RM
2020:				
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
2019:				
Distribution network	13,183,956	-	-	13,183,956
Customer lists	2,258,015	-	29,426	2,287,441
	15,441,971	-	29,426	15,471,397

16. OTHER INTANGIBLE ASSETS (CONT'D)

The Group (Cont'd)

Accumulated amortisation	Beginning of year RM	Amortisation during the year (Note 7) RM	Write-off RM	Currency translation differences RM	End of year RM
2020:					
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
2019:					
Distribution network	2,929,767	878,930	-	-	3,808,697
Customer lists	548,855	290,959	-	28,002	867,816
	3,478,622	1,169,889	-	28,002	4,676,513

	The Group 2020 RM	2019 RM
Net book value:		
Distribution network	8,496,329	9,375,259
Customer lists	1,141,518	1,419,625
	9,637,847	10,794,884

17. GOODWILL

	The Group 2020 RM	2019 RM
At beginning and at end of year	6,218,940	6,218,940

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 2020 RM	2019 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.	1,670,128	1,670,128
	6,218,940	6,218,940

17. GOODWILL (CONT'D)

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 are based on the discounted net cash projections based on financial budgets approved by management covering a period of 1 to 3 years with an estimated growth rate range between -2% to 5% (2019: 5%) and a weighted average cost of capital of 4.5% (2019: discount rate of 8%, reflecting the effective interest rate on borrowings).

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.

18. INTEREST IN SUBSIDIARIES

The subsidiaries are as follows:

Direct subsidiaries	Principal place of business/ Country of incorporation	Effective percentage of ownership		Principal activities
		2020	2019	
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.*	Republic of Singapore	51%	51%	Investment holding and operating of poultry slaughter house and supplier of slaughtered poultry and provision of marinating and other services.

18. 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 2020	Effective percentage of ownership 2019	Principal activities
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, trading of poultry feed and other farm consumables.
Ban Hong Poultry Pte. Ltd.*	Republic of 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 chickens 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.*	Republic of Singapore	45.90%	45.90%	Dormant
Cabin Premier GPS Farm Sdn. Bhd.	Malaysia	67.94%	67.94%	Breeding of grand parent stocks to produce breeder chicks.
Gourmet Chefs Pte. Ltd.*	Republic of 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.*	Republic of Singapore	30.60%	30.60%	Supply and distribution of all kinds of sauces and foodstuffs.
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.*	Republic of 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.*	Republic of Singapore	51%	51%	Wholesaler of food products.

* The financial statements of these subsidiaries were audited by auditors other than Grant Thornton Malaysia PLT.

18. INTEREST IN SUBSIDIARIES (CONT'D)

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.

2019:

On 3 April 2019, Tong Huat Poultry Processing Factory Pte. Ltd., a 51% owned subsidiary of the Company had incorporated a new subsidiary, namely CAB International Trade Pte. Ltd. in Republic of Singapore. The initial issued and paid up capital of CAB International Trade Pte. Ltd. is SGD100 divided into 100 ordinary shares, of which 90% is held by Tong Huat Poultry Processing Factory Pte. Ltd.. Consequently, CAB International Trade Pte. Ltd. became a 45.90% subsidiary of the Group.

On 29 May 2019, Likes Marketing Sdn. Bhd., a wholly-owned subsidiary of the Company disposed of its 10% equity interest in TH Likes Pte. Ltd. for a cash consideration of SGD10 to Tong Huat Poultry Processing Factory Pte. Ltd., a 51% owned subsidiary of the Company. Accordingly, TH Likes Pte. Ltd. became a 51% owned subsidiary of the Group.

	The Company	
	2020	2019
	RM	RM
Unquoted shares, at cost	167,128,462	167,128,462
Less: Impairment losses	(28,288,226)	(20,774,664)
	138,840,236	146,353,798

Movement of in the allowance for impairment losses on interest in subsidiaries are as follow:

	The Company	
	2020	2019
	RM	RM
At beginning of the year	20,774,664	20,755,865
Impairment loss recognised during the financial year	7,513,562	18,799
At end of the year	28,288,226	20,774,664

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.

18. INTEREST IN SUBSIDIARIES (CONT'D)

Composition of the Group

Information about composition of the Group at the end of the reporting period is as follows:

	Number of wholly-owned subsidiaries	
Principal Activities	**2020**	**2019**
Integrated poultry	12	11
Operator of fast food restaurants	2	2
Processing and distribution of marine products	-	1
Supermarket	1	1
	15	15

	Number of non wholly-owned subsidiaries	
Principal Activities	**2020**	**2019**
Integrated poultry	16	16
Supermarket	1	1
	17	17

18. INTEREST IN SUBSIDIARIES (CONT'D)

Composition of the Group (Cont'd)

Details on non-wholly-owned subsidiaries that have material non-controlling interests to the Group are as disclosed below:

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests (Note 31)	
	2020	2019	2020	2019	2020	2019
			RM	RM	RM	RM
Direct subsidiaries:						
Farm's Best Food Industries Sdn. Bhd.	46.96%	46.96%	(9,054,495)	(6,915,242)	25,794,658	34,849,153
Tong Huat Poultry Processing Factory Pte. Ltd.	49%	49%	1,792,001	(190,183)	24,506,863	26,106,498
Indirect subsidiaries:						
CAB Cakaran Southern Sdn. Bhd.	49%	49%	(6,405,996)	(2,887,322)	19,265,127	25,671,123
Shin Hong Breeding Farm Sdn. Bhd.	50%	50%	(180,590)	1,057,176	28,622,362	28,897,952
			(13,849,080)	(8,935,571)	98,189,010	115,524,726
Others			(42,179)	809,458	24,123,338	24,308,130
			(13,891,259)	(8,126,113)	122,312,348	139,832,856

18. INTEREST IN SUBSIDIARIES (CONT'D)

Composition of the Group (Cont'd)

Summarised financial information in respect of non-wholly-owned subsidiaries that have material non-controlling interests to the Group are set out below. The summarised financial information below represents amounts before intragroup eliminations.

Farm's Best Food Industries Sdn. Bhd.	2020 RM	2019 RM
Current assets	117,828,057	96,387,435
Non-current assets	204,094,372	211,547,843
Current liabilities	(166,015,698)	(126,683,123)
Non-current liabilities	(97,638,718)	(103,702,850)
Equity attributable to owners of the Company	(32,473,355)	(42,700,152)
Non-controlling interests	(25,794,658)	(34,849,153)
Revenue	460,411,772	467,219,982
Other income	5,886,268	5,289,715
Other gains and losses	1,821,069	98,186
Expenses (including tax expense)	(487,400,401)	(487,333,696)
Total loss and comprehensive loss for the year	(19,281,292)	(14,725,813)
Total loss and comprehensive loss attributable to:		
Owners of the Company	(10,226,797)	(7,810,571)
Non-controlling interests	(9,054,495)	(6,915,242)
Total loss and comprehensive loss for the year	(19,281,292)	(14,725,813)
Net cash inflow from operating activities	22,714,906	14,624,490
Net cash outflow from investing activities	(9,129,678)	(10,472,603)
Net cash outflow from financing activities	(5,283,057)	(9,170,298)
Net cash inflow/(outflow)	8,302,171	(5,018,411)

18. INTEREST IN SUBSIDIARIES (CONT'D)

Composition of the Group (Cont'd)

Summarised financial information in respect of non-wholly-owned subsidiaries that have material non-controlling interests to the Group are set out below. The summarised financial information below represents amounts before intragroup eliminations (Cont'd).

Tong Huat Poultry Processing Factory Pte. Ltd.	2020 RM	2019 RM
Current assets	52,236,874	33,558,632
Non-current assets	84,611,186	86,402,806
Current liabilities	(27,955,435)	(20,690,344)
Non-current liabilities	(58,878,618)	(45,992,526)
Equity attributable to owners of the Company	(25,507,144)	(27,172,070)
Non-controlling interests	(24,506,863)	(26,106,498)
Revenue	147,732,807	132,517,420
Other income	4,171,248	1,414,904
Other gains and losses	(916,304)	(1,167,769)
Share of result of a joint venture	(653,477)	(488,974)
Expenses (including tax expense)	(146,677,130)	(132,663,710)
Profit/(Loss) for the year	3,657,144	(388,129)
Other comprehensive income for the year, net of tax	91,454	28,531
Total comprehensive income/(loss) for the year	3,748,598	(359,598)
Profit/(Loss) attributable to:		
Owners of the Company	1,865,143	(197,946)
Non-controlling interests	1,792,001	(190,183)
Profit/(Loss) for the year	3,657,144	(388,129)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	1,911,785	(183,395)
Non-controlling interests	1,836,813	(176,203)
Total comprehensive income/(loss) for the year	3,748,598	(359,598)
Dividend paid to non-controlling interest	(3,436,448)	-
Net cash inflow from operating activities	10,338,230	1,312,809
Net cash outflow from investing activities	(1,331,625)	(40,104,288)
Net cash inflow from financing activities	10,641,842	30,139,312
Net cash inflow/(outflow)	19,648,447	(8,652,167)

18. INTEREST IN SUBSIDIARIES (CONT'D)

Composition of the Group (Cont'd)

Summarised financial information in respect of non-wholly-owned subsidiaries that have material non-controlling interests to the Group are set out below. The summarised financial information below represents amounts before intragroup eliminations (Cont'd).

CAB Cakaran Southern Sdn. Bhd.	2020 RM	2019 RM
Current assets	67,997,743	62,842,419
Non-current assets	92,820,969	98,254,288
Current liabilities	(100,513,649)	(81,543,893)
Non-current liabilities	(20,988,478)	(27,162,768)
Equity attributable to owners of the Company	(20,051,458)	(26,718,923)
Non-controlling interests	(19,265,127)	(25,671,123)
Revenue	351,843,675	413,297,845
Other income	2,748,833	3,297,668
Investment revenue	183,000	-
Other gains and losses	(4,507,402)	(1,265,680)
Expenses (including tax expense)	(363,341,567)	(421,222,328)
Total loss and comprehensive loss for the year	(13,073,461)	(5,892,495)
Total loss and comprehensive loss attributable to:		
Owners of the Company	(6,667,465)	(3,005,173)
Non-controlling interests	(6,405,996)	(2,887,322)
Total loss and comprehensive loss for the year	(13,073,461)	(5,892,495)
Net cash inflow from operating activities	8,141,574	6,467,168
Net cash outflow from investing activities	(6,366,090)	(2,209,470)
Net cash inflow/(outflow) from financing activities	422,033	(3,156,980)
Net cash inflow	2,197,517	1,100,718

18. INTEREST IN SUBSIDIARIES (CONT'D)

Composition of the Group (Cont'd)

Summarised financial information in respect of non-wholly-owned subsidiaries that have material non-controlling interests to the Group are set out below. The summarised financial information below represents amounts before intragroup eliminations (Cont'd).

Shin Hong Breeding Farm Sdn. Bhd.	2020 RM	2019 RM
Current assets	1,635,560	1,552,775
Non-current assets	60,264,614	61,975,580
Current liabilities	(50,664)	(34,630)
Non-current liabilities	(4,604,787)	(5,697,821)
Equity attributable to owners of the Company	(28,622,361)	(28,897,952)
Non-controlling interests	(28,622,362)	(28,897,952)
Revenue	468,000	468,000
Investment revenue	37,893	41,102
Other income	10,373	-
Other gains and losses	730,000	3,086,550
Expenses (including tax expense)	(1,607,447)	(1,481,300)
Total (loss)/profit and comprehensive (loss)/income for the year	(361,181)	2,114,352
Total (loss)/profit and comprehensive (loss)/income attributable to:		
Owners of the Company	(180,591)	1,057,176
Non-controlling interests	(180,590)	1,057,176
Total (loss)/profit and comprehensive (loss)/income for the year	(361,181)	2,114,352
Dividend paid to non-controlling interests	(95,000)	(150,000)
Net cash inflow from operating activities	234,864	165,420
Net cash inflow from investing activities	41,873	40,046
Net cash outflow from financing activities	(190,000)	(301,110)
Net cash inflow/(outflow)	86,737	(95,644)

19. INVESTMENT IN AN ASSOCIATE

	The Group	
	2020	2019
	RM	RM
At beginning of the year	264,696	260,090
Share of results during the year	(921)	4,606
At end of the year	263,775	264,696

Details of the associate are as follows:

Associate	Principal place of business/ Country of incorporation	Effective percentage of ownership		Principal activities
		2020	2019	
		%	%	
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.

Jaya Gading Farm Sdn. Bhd., a 58.02% owned subsidiary, has significant influence, as defined in MFRS 128: Investment in Associate, over Fah Leong Sdn. Bhd. on 9 July 2019. Consequently, Fah Leong Sdn. Bhd. is treated as an associate of the Group.

None of the Group's associate is material to the Group. Therefore, the summarised financial information is not presented.

20. INVESTMENT IN A JOINT VENTURE

	The Group	
	2020	2019
	RM	RM
At beginning of the year	1,937,186	2,424,092
Share of results during the year	(653,477)	(488,974)
Currency translation differences	6,513	2,068
At end of the year	1,290,222	1,937,186

20. 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
		2020	2019	
		%	%	
Singapore Poultry Hub Pte. Ltd. *	Republic of Singapore	12.75	12.75	Dormant.

* The financial statements of this joint venture was audited by auditors other than Grant Thornton Malaysia PLT.

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes):

	2020 RM	2019 RM
Non-current assets	84,953,463	56,669,894
Current assets	30,913,621	13,422,854
Non-current liabilities	(90,408,666)	(48,261,046)
Current liabilities	(20,297,530)	(14,082,960)
Revenue	1,723,972	-
Expenses (including tax expense)	(4,311,826)	(1,955,897)
Total loss and comprehensive loss for the year	(2,587,854)	(1,955,897)

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in the consolidated financial statements:

	2020	2019
Net assets of the joint venture (RM)	5,160,888	7,748,742
Proportion of the Group's ownership interest (%)	25	25
Carrying amount of the Group's interest (RM)	1,290,222	1,937,186

21. OTHER FINANCIAL ASSETS/(LIABILITY)

	The Group	
	2020	2019
	RM	RM
At fair value:		
Unquoted shares	-	36,369
Financial asset carried at fair value through profit or loss:		
Derivative financial instrument:		
Cross-currency interest rate swap	1,531,277	2,323,559
Total other financial assets	1,531,277	2,359,928
Financial liability carried at fair value through profit or loss:		
Derivative financial instrument:		
Foreign currency forward contracts	(1,052)	(1,261)

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 RM39,745,669 (2019: RM39,314,198). This interest rate swap receives a floating rate of interest at 1.25% (2019: 1.25%) per annum above the London Interbank Offered Rate, pays a floating rate of interest at 1.44% (2019: 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 2020 is USD9,563,673 (2019: USD9,389,205).

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.

22. DEFERRED TAX ASSETS/(LIABILITIES)

The Group

	Beginning of year RM	Recognised in profit or loss (Note 9) RM	Currency translation RM	End of year RM
2020:				
Deferred tax assets				
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
	19,353,609	(354,531)	(280)	18,998,798
Deferred tax liabilities				
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)
	(66,371,420)	4,220,417	(1,066)	(62,152,069)
Net	(47,017,811)	3,865,886	(1,346)	(43,153,271)

22. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The Group (Cont'd)

	Beginning of year RM	Recognised in profit or loss (Note 9) RM	Currency translation RM	End of year RM
2019:				
Deferred tax assets				
Unused tax capital allowances	4,121,300	4,809,300	-	8,930,600
Unused tax losses	7,000	5,967,000	-	5,974,000
Receivables	2,503,511	536,289	-	3,039,800
Biological assets	167,003	9,760	-	176,763
Unused tax agriculture allowances	9,000	-	-	9,000
Others	564,994	658,438	14	1,223,446
	7,372,808	11,980,787	14	19,353,609
Deferred tax liabilities				
Property, plant and equipment	(22,746,530)	(9,846,509)	(355)	(32,593,394)
Gain on revaluation of properties	(16,791,103)	1,334,211	-	(15,456,892)
Biological assets	(8,334,000)	(3,956,280)	-	(12,290,280)
Real property gains tax on investment property	(3,580,936)	(199,855)	-	(3,780,791)
Intangible assets	(2,461,006)	210,943	-	(2,250,063)
Others	(8,000)	8,000	-	-
	(53,921,575)	(12,449,490)	(355)	(66,371,420)
Net	(46,548,767)	(468,703)	(341)	(47,017,811)

22. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax balances are presented in the statement of financial position after appropriate offsetting as follows:

	The Group	
	2020 RM	2019 RM
Deferred tax assets	23,000	38,000
Deferred tax liabilities	(43,176,271)	(47,055,811)
	(43,153,271)	(47,017,811)

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 2020, deferred tax assets have not been recognised in respect of the following gross amounts of temporary differences:

	The Group	
	2020 RM	2019 RM
Unused tax losses	57,537,000	21,546,000
Unused tax capital allowances	10,659,000	10,427,000
Allowance for increased export	1,155,000	1,155,000
Temporary differences arising from:		
Receivables	4,982,000	396,000
Others	30,000	5,000
	74,363,000	33,529,000

23. BIOLOGICAL ASSETS

	The Group	
	2020 RM	2019 RM
Breeders (grandparent and parent stock)	69,945,298	68,128,192
Hatching eggs	11,775,933	11,442,412
Breeder of colour birds and colour birds	5,895,000	5,007,300
Broilers	5,446,404	2,079,200
	93,062,635	86,657,104

23. BIOLOGICAL ASSETS (CONT'D)

The movement of biological assets can be analysed as follows:

The Group

	Beginning of 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 year RM
2020:					
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
2019:					
Breeders (grandparent and parent stock)	56,631,568	103,061,158	(100,792,441)	9,227,907	68,128,192
Hatching eggs	8,838,109	87,234,512	(84,928,390)	298,181	11,442,412
Breeder of colour birds and colour birds	8,076,641	26,342,982	(25,924,801)	(3,487,522)	5,007,300
Broilers	2,057,694	33,224,828	(33,834,655)	631,333	2,079,200
	75,604,012	249,863,480	(245,480,287)	6,669,899	86,657,104

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.

23. 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.

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.	• Projected selling prices of day-old-chick based on management's estimate by reference to historical selling price adjusted for abnormal market movements;	The higher the projected selling price, the higher the fair value.
	• Management's estimate of feed and other variable cost expected to incur throughout the life cycle.	The higher the costs, the lower the fair value.
Hatching eggs		
Discounted cash flows: The valuation method considers price of day-old-chick, taking into account of expected hatchery cost and the hatching eggs' hatchability.	• Projected selling prices of day-old-chick based on management's estimate by reference to historical selling price adjusted for abnormal market movements;	The higher the projected selling price, the higher the fair value.
	• Management's estimate of hatchery and other variable cost expected to incur throughout the hatching process.	The higher the costs, the lower the fair value.
Broilers and colour birds		
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.	• Projected selling prices of broilers and colour birds based on management's estimate by reference to historical selling price adjusted for abnormal market movements;	The higher the projected selling price, the higher the fair value.
	• Management's estimate of feed and other variable cost expected to incur throughout the life cycle.	The higher the costs, the lower the fair value.

23. BIOLOGICAL ASSETS (CONT'D)

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

	The Group	
	2020	2019
	RM	RM
Breeders and hatching eggs:		
Projected selling price of		
- Day-old-chick (parent stocks)	13.60 - 22.50	13.60 - 21.00
- Day-old-chick (colour birds)	1.60 - 2.00	1.60 - 2.00
- Day-old-chick (broilers)	1.33 - 1.50	1.39 - 1.50
Feed cost per kg for		
- Grandparent stocks	1.44 - 1.47	1.39 - 1.47
- Parent stocks (colour birds)	1.56 - 1.90	1.48 - 1.88
- Parent stocks (broilers)	1.41 - 1.62	1.37 - 1.76
Colour birds and broilers		
Projected selling price per kg for		
- Colour birds	6.77 - 8.38	6.71 - 8.27
- Broilers	4.35	4.13
Feed cost per kg for		
- Colour birds	1.72 - 1.75	1.62 - 1.92
- Broilers	1.62 - 1.71	1.51

Sensitivity analysis of biological assets fair value to be possible changes in the key assumptions are disclosed in the table below:

	The Group	
	2020	2019
	RM	RM
Projected selling price of		
Day-old-chick/hatching eggs/broilers		
- Increased by 10%	25,716,000	27,254,000
- Decreased by 10%	(25,716,000)	(27,254,000)
Number of hatching eggs/day-old-chick/being produced		
- Increased by 10%	23,855,000	22,865,000
- Decreased by 10%	(23,855,000)	(22,865,000)
Feed cost per kg		
- Increased by 10%	(10,280,000)	(11,051,000)
- Decreased by 10%	10,280,000	11,051,000

24. INVENTORIES

	The Group	
	2020	2019
	RM	RM
At costs:		
Raw materials:		
Meats and dressings	5,903,960	4,855,453
Feeds and consumables	3,602,700	3,547,171
Packing materials	1,652,736	1,313,840
Medicine and chemicals	1,151,781	1,288,768
Ingredient	2,064,912	1,212,927
Others	8,485	28,140
	14,384,574	12,246,299
Work-in-progress:		
Frozen food	170,437	142,205
Farm equipment	1,590	10,721
	172,027	152,926
Finished goods:		
Processed chicken	35,362,561	20,719,756
Supermarket products	8,993,419	9,266,660
Trading products	4,020,597	2,594,197
Frozen food	3,881,077	2,566,065
Farm equipment	45,397	116,551
	52,303,051	35,263,229
Goods-in-transit	529,868	598,547
	67,389,520	48,261,001

	The Group	
	2020	2019
	RM	RM
Recognised in profit and loss:		
Inventories recognised as cost of sales	1,566,696,378	1,632,892,507
Inventories written-off	513,449	266,686
Allowance/(Reversal) of inventories written down	54,805	(99,404)

The reversal of inventories written down was made during the previous financial year when the related inventories were written off.

25. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade receivables	199,048,253	194,402,710	-	-
Less: Allowance for impairment losses	(21,290,572)	(19,585,210)	-	-
	177,757,681	174,817,500	-	-
Amount owing by subsidiaries	-	-	8,213,820	4,387,399
Amount owing by a joint venture	455,595	454,665	-	-
Goods and Services Tax receivable	510,783	1,484,924	-	-
Other receivables	11,534,726	14,424,642	-	-
Less: Allowance for impairment losses	(815,287)	(813,623)	-	-
	10,719,439	13,611,019	-	-
	189,443,498	190,368,108	8,213,820	4,387,399

The foreign currency exposure profile of trade and other receivables are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Ringgit Malaysia	156,997,657	156,573,597	8,213,820	4,387,399
Singapore Dollar	31,262,626	33,458,885	-	-
United States Dollar	1,183,215	335,626	-	-
	189,443,498	190,368,108	8,213,820	4,387,399

25. TRADE AND OTHER RECEIVABLES (CONT'D)

Included in trade receivables of the Group are amounts owing by related parties as follows:

	The Group	
	2020	2019
	RM	RM
YWT Contract Farming [(a)]	2,721,395	2,211,812
Sinmah Poultry Processing (S) Pte. Ltd. [(b)]	1,134,337	245,598
Aqina Farming Sdn. Bhd. [(c)]	623,358	825,560
Maju Jaya Farm [(d)]	535,234	1,558,483
Shin Salim Japan Co. Ltd. [(e)]	346,951	-
Sinmah Food Services (S) Pte. Ltd. [(b)]	138,214	126,444
Jaya Gading Marketing [(f)]	62,329	96,040
Chyuan Heng Farming Sdn. Bhd. [(a)]	45,585	571,454
OTO Agriculture Marketing Sdn. Bhd. [(b)]	41,017	34,441
Toh York Mue [(g)]	36,393	39,817
Chuah Ah Chui [(h)]	25,856	20,374
Unisetali Sdn. Bhd. [(b)]	9,432	-
DS Poultry Sdn. Bhd. [(b)]	1,350	-
Ayam Kempas Sdn. Bhd. [(b)]	-	92,140
Hoang Dung Pte. Ltd. [(i)]	-	27,804
Wei Heng Maju Farm Sdn. Bhd. [(d)]	-	2,769

[(a)] A company/an entity which is owned by the son of a Director of a subsidiary.
[(b)] A company in which a Director of a subsidiary is also a Director and has interest.
[(c)] A company in which the parent of a Director of a subsidiary is Directors and has interests.
[(d)] A company/an entity which is owned by the son-in-law of a Director of a subsidiary.
[(e)] A company in which a Director of a subsidiary is also a Director and a non-controlling interest of a subsidiary has interest.
[(f)] An entity in which is owned by the brother-in-law of certain Directors of a subsidiary.
[(g)] Sister of a Director of a subsidiary.
[(h)] Brother of a Director of the Company.
[(i)] A company in which the wife of a shareholder of a subsidiary is also a Director. The shareholder is a brother of a Director of a subsidiary.

The average credit periods granted to trade receivables of the Group range from 7 to 90 days (2019: 7 to 90 days). No interest is charged on outstanding trade receivables. Allowance for doubtful debts are recognised against trade receivables on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The allowance for impairment loss on trade receivables are made for individually impaired receivables, relating to entities that are in significant financial difficulties and have defaulted on payments. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

25. TRADE AND OTHER RECEIVABLES (CONT'D)

Ageing of trade receivables:

The Group

	Gross amount RM	Loss allowance RM	Carrying value RM
2020:			
Not past due	137,172,250	(176,987)	136,995,263
Number of days past due:			
1 - 30 days	25,163,354	(96,906)	25,066,448
31 - 60 days	8,209,608	(176,799)	8,032,809
61 - 90 days	2,309,348	(250,887)	2,058,461
Over 90 days	10,303,779	(6,519,603)	3,784,176
	183,158,339	(7,221,182)	175,937,157
Credit impaired			
Individually impaired	15,889,914	(14,069,390)	1,820,524
Total	199,048,253	(21,290,572)	177,757,681
2019:			
Not past due	125,103,834	(286,119)	124,817,715
Number of days past due:			
1 - 30 days	31,153,396	(116,427)	31,036,969
31 - 60 days	10,002,616	(253,199)	9,749,417
61 - 90 days	2,073,271	(184,422)	1,888,849
Over 90 days	12,772,147	(7,931,241)	4,840,906
	181,105,264	(8,771,408)	172,333,856
Credit impaired			
Individually impaired	13,297,446	(10,813,802)	2,483,644
Total	194,402,710	(19,585,210)	174,817,500

25. TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowance for impairment loss on trade receivables are as follows:

The Group

	Credit impaired RM	Lifetime expected credit loss RM	Total RM
2020:			
Balance at beginning of the year	10,813,802	8,771,408	19,585,210
Impairment loss recognised during the year	4,053,001	-	4,053,001
Impairment loss reversed during the year	(636,070)	(1,552,393)	(2,188,463)
Amount written off during the year as uncollectible	(160,650)	-	(160,650)
Currency translation differences	(693)	2,167	1,474
Balance at end of the year	14,069,390	7,221,182	21,290,572
2019:			
Balance at beginning of the year	11,375,980	7,474,065	18,850,045
Impairment loss recognised during the year	371,380	1,296,944	1,668,324
Amount written off during the year as uncollectible	(575,815)	-	(575,815)
Impairment loss reversed during the year	(357,743)	-	(357,743)
Currency translation differences	-	399	399
Balance at end of the year	10,813,802	8,771,408	19,585,210

The amount owing by subsidiaries are as follows:

	The Company 2020 RM	2019 RM
CAB Amesist Biomass Generation Sdn. Bhd.	7,189,115	3,388,046
Farm's Best Food Industries Sdn. Bhd.	927,878	927,878
CAB Econation Renewable Energy Sdn. Bhd.	40,000	22,000
CABINDO Poultry Sdn. Bhd.	26,764	14,953
Pasaraya Jaya Gading Sdn. Bhd.	10,627	9,192
Tong Huat Poultry Processing Factory Pte. Ltd.	7,500	4,479
Ban Hong Poultry Pte. Ltd.	3,600	3,600
Jaya Gading Farm Sdn. Bhd.	3,200	6,389
Jimat Jaya Sdn. Bhd.	2,800	-
Home Mart Fresh & Frozen Sdn. Bhd.	1,875	120
OTK Farm Equipment Sdn. Bhd.	261	261
Ayam Kempas Food Industries Sdn. Bhd.	200	5,349
Kyros Kebab Sdn. Bhd.	-	3,168
Kyros Food Industries Sdn. Bhd.	-	724
Likes Marketing Sdn. Bhd.	-	606
CAB Cakaran (Timur) Sdn. Bhd.	-	501
Kyros International Sdn. Bhd.	-	131
C&B Poultry Sdn. Bhd.	-	2
	8,213,820	4,387,399

25. TRADE AND OTHER RECEIVABLES (CONT'D)

As of 30 September 2019, the amount owing by a subsidiary, Farm's Best Food Industries Sdn. Bhd. arose mainly from unsecured advances which bore interest at a rate of 8.04% per annum and were repayable on demand.

The amount owing by other subsidiaries arose mainly from unsecured advances and management fee receivables which are interest free and are repayable on demand.

The Company does not hold any collateral over the above balances.

The amount owing by a joint venture arose mainly from unsecured advances which are interest free and are repayable on demand.

Other receivables of the Group comprise mainly amounts receivable for management of outlet, display income receivable, and payment of expenses made on behalf by the Group which are repayable on demand.

Included in other receivables are an amount of RM1,098,935 (2019: Nil) government grant receivables related to 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.

Included also in other receivables are an amount of RM6,501,113 (2019: RM9,768,575) 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.

Included in other receivables of the Group are amounts owing by other related parties as follows:

	The Group	
	2020	**2019**
	RM	**RM**
Unisetali Sdn. Bhd. [a]	16,602	20,570
Maju Jaya Farm [b]	2,800	-
Asiawe Resources Sdn. Bhd. [c]	626	-
OTO Agriculture Marketing Sdn. Bhd. [a]	-	1,740

[a] A company in which a Director of a subsidiary is also a Director and has interest.
[b] An entity which is owned by the son-in-law of a Director of a subsidiary.
[c] A company in which a Director of the Company is also a Director and has interest.

The amount owing by other related parties arose mainly from transport charges receivable, scrap sales receivable and payment of expenses made on behalf by the Group which are repayable on demand.

25. TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowance for impairment loss on other receivables are as follows:

	The Group	
	2020	2019
	RM	RM
Balance at beginning of the year	813,623	814,793
Impairment loss reversed during the year	-	(1,761)
Currency translation differences	1,664	591
Balance at end of the year	815,287	813,623

The allowance for impairment loss on other receivables are made for individually impaired receivables, relating to entities that are in significant financial difficulties and have defaulted on payments. The Group does not hold any collateral over these balances.

26. OTHER ASSETS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Prepayments	7,980,783	10,698,838	-	-
Deposits	5,340,745	4,992,035	1,000	1,000
Deposits for acquisition of property, plant and equipment	2,531,365	6,769,953	-	-
Advance payment for acquisition of property, plant and equipment	709,242	854,904	-	-
	16,562,135	23,315,730	1,000	1,000

27. SHORT-TERM DEPOSITS WITH LICENSED BANKS

As of 30 September 2020, the short-term deposits with licensed banks of the Group carry interests at rates ranging from 0.5% to 3.5% (2019: 1% to 4.05%) per annum and are maturing within October 2020 to September 2021 (2019: October 2019 to September 2020).

As of 30 September 2020, the short-term deposits with licensed banks of the Group with a total carrying value of RM9,615,120 (2019: RM9,579,660) are pledged to the banks as securities for credit facilities granted to the Group as mentioned in Note 32.

28. CASH AND BANK BALANCES

The foreign currency exposure profile of cash and bank balances are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Ringgit Malaysia	38,876,314	29,957,994	294,076	217,351
Singapore Dollar	33,809,548	13,763,783	-	-
United States Dollar	1,749,117	-	-	-
	74,434,979	43,721,777	294,076	217,351

29. SHARE CAPITAL

	The Company			
	2020		2019	
	No. of shares	RM	No. of shares	RM
Issued and fully paid with no par value:				
Ordinary shares:				
At beginning of the year	658,692,296	135,270,498	645,426,679	133,015,343
Exercise of Warrants	31,816,446	5,408,795	13,265,617	2,255,155
At end of the year	690,508,742	140,679,293	658,692,296	135,270,498

The issued and paid-up ordinary share capital of the Company was increased from RM135,270,498 to RM140,679,293 during the financial year by way of issuance of 31,816,446 new ordinary shares at an exercise price of RM0.17 per ordinary share pursuant to the exercise of Warrants.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

As of 30 September 2020, out of the total number of 690,508,742 (2019: 658,692,296) ordinary shares issued and paid-up, 545,500 shares (2019: 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 (2019: 658,146,796) shares.

29. SHARE CAPITAL (CONT'D)

WARRANTS

On 9 February 2015, the Company issued a total of 65,780,450 free Warrants to the shareholders pursuant to the Bonus Issue of one (1) Warrant for every two (2) existing ordinary shares in the Company. The Warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 13 February 2015.

The Warrants are constituted by a Deed Poll dated 16 January 2015 ("Deed Poll").

The salient features of the Warrants are as follows:

(a) The issue date of the Warrants is 9 February 2016 and the expiry date is 8 February 2020. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share of RM0.50 in the Company at an exercise price of RM0.55 per ordinary share;

(c) The exercise price and the number of Warrants are subject to adjustments in the event of alteration to the share capital of the Company in accordance with the provisions of the Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company;

(d) The Warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), until and unless such holders exercise the rights under the Warrants to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the Warrants shall, upon allotment and issue, rank pari passu with the then existing ordinary shares, including the entitlement to dividends, rights, allotments or other distributions except that they will not be entitled to the rights, allotments or other distributions declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

56,131,731 additional Warrants 2015/2020 arising from the adjustment consequential to the Share Split and the Bonus Issue approved by shareholders' approval at its Extraordinary General Meeting on 19 July 2017.

The exercise price for the Warrants 2015/2020 has been revised from RM0.55 to RM0.17 per Warrant, and additional Warrants 2015/2020 have been issued pursuant to the adjustment in consequence to the Share Split and Bonus Issue exercises, and in accordance with the Company's Deed Poll dated 16 January 2015 governing the Warrants.

The said adjustment to the exercise price and number of outstanding Warrants have taken effect on 7 August 2017, being the next market day immediately after the entitlement date of 4 August 2017 for the Share Split and Bonus Issue exercises.

On 14 February 2020, the warrant 2015/2020 had expired.

29. SHARE CAPITAL (CONT'D)

WARRANTS (CONT'D)

The movements in the Company's Warrants are as follows:

	Number of Warrants (Unit)			
The Company	**Balance at beginning of the year**	**Exercised**	**Expired**	**Balance at end of the year**
2020				
Number of unexercised Warrants	34,416,022	(31,816,446)	(2,599,576)	-
2019				
Number of unexercised Warrants	47,681,639	(13,265,617)	-	34,416,022

30. RESERVES

	The Group	
	2020	**2019**
	RM	**RM**
Non-distributable:		
Translation reserve	1,149,065	1,102,867
Property revaluation reserve	81,940	81,940
Total reserves	1,231,005	1,184,807

The movement in foreign currency translation reserve is as follows:

	The Group	
	2020	**2019**
	RM	**RM**
Balance at beginning of the year	1,102,867	1,086,601
Exchange differences arising on translating the net assets of foreign operations	45,644	16,195
Exchange differences arising from share of result in a joint venture	554	71
Balance at end of the year	1,149,065	1,102,867

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 Ringgit Malaysia are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

30. RESERVES (CONT'D)

The movement in property revaluation reserve is as follows:

	The Group	
	2020	2019
	RM	RM
Balance at beginning and at end of the 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 are sold, the portion of the property revaluation reserve that relates to that asset is effectively realised and is transferred directly to retained earnings.

31. NON-CONTROLLING INTERESTS

	The Group	
	2020	2019
	RM	RM
At beginning of the year	139,832,856	147,546,265
Share of total comprehensive loss for the year	(13,833,388)	(8,105,450)
Dividend paid to non-controlling interests of subsidiaries	(3,687,120)	(338,640)
Subscription of ordinary shares by non-controlling interests in subsidiaries	-	800,030
Arising from decrease in equity interest in a subsidiary	-	(69,349)
At end of the year	122,312,348	139,832,856

32. BORROWINGS

	The Group	
	2020	2019
	RM	RM
Secured:		
Long-term loans	274,707,862	259,403,154
Bankers' acceptances	122,035,115	105,784,004
Hire-purchase payables	27,656,205	35,643,826
Bank overdrafts	1,856,780	3,100,165
Trust receipt	1,266,000	-
Revolving credit	1,000,000	-
Unsecured:		
Bankers' acceptances	55,865,303	64,655,104
Long-term loans	22,652,271	-
Revolving credit	18,350,000	-
Bank overdrafts	-	2,033,046
Total borrowings	525,389,536	470,619,299
Less: Current portion	(256,785,667)	(214,679,297)
Non-current portion	268,603,869	255,940,002

32. BORROWINGS (CONT'D)

The foreign currency exposure profile of borrowings are as follows:

	The Group	
	2020	2019
	RM	RM
Ringgit Malaysia	426,487,340	385,444,194
Singapore Dollar	59,156,527	45,860,907
United States Dollar	39,745,669	39,314,198
	525,389,536	470,619,299

The long-term loans are as follows:

	The Group	
	2020	2019
	RM	RM
Amount outstanding	297,360,133	259,403,154
Less: Current portion	(46,673,367)	(28,060,652)
Non-current portion	250,686,766	231,342,502

The non-current portion of long-term loans are repayable as follows:

	The Group	
	2020	2019
	RM	RM
Later than one year and not later than two years	36,179,745	27,330,638
Later than two years and not later than five years	116,225,571	98,826,955
Later than five years	98,281,450	105,184,909
	250,686,766	231,342,502

The hire-purchase payables are as follows:

	The Group	
	2020	2019
	RM	RM
Total outstanding	30,384,037	39,924,791
Less: Interest-in-suspense outstanding	(2,727,832)	(4,280,965)
Principal outstanding	27,656,205	35,643,826
Less: Current portion	(9,739,102)	(11,046,326)
Non-current portion	17,917,103	24,597,500

32. BORROWINGS (CONT'D)

The non-current portion of hire-purchase payables are repayable as follows:

	The Group	
	2020	**2019**
	RM	**RM**
Later than one year and not later than two years	8,422,736	8,887,135
Later than two years and not later than five years	9,494,367	15,710,365
	17,917,103	24,597,500

The long-term loans of the Group bear interests at rates ranging from 2.3% (2019: 2.2%) per annum below the lending banks' base lending rates to 1% (2019: 1.25%) per annum above the lending banks' base lending rates; 1.25% and 2.3% (2019: 1.25% and 2.3%) per annum below the lending banks' base financing rates; 1% to 2.5% (2019: 1.5% to 2.5%) per annum above the lending banks' cost of funds; 1.25% and 1.6% (2019: 1.25% and 1.6%) per annum above the lending banks' effective cost of funds; 1.44% (2019: 1.44%) per annum above the Kuala Lumpur interbank offered rate; 1.35% (2019: 1.35%) per annum above the Islamic cost of funds rate; Nil (2019: 0.85%) per annum over the prevailing three months Singapore inter bank offer rate for the first two years and thereafter at the bank's commercial financing rate; 1.68% (2019: Nil) for the first two years, 3.25% (2019: Nil) below the bank's commercial financing rate and thereafter at the bank's commercial financing rate; 2.28% (2019: 2.28%) for the first two years, 2.48% (2019: 2.48%) for third year and thereafter 3% (2019: 3%) per annum over the prevailing three months Singapore inter bank offer rate and a fixed rate of 2% (2019: Nil).

The bankers' acceptances of the Group bear interests at rates ranging from 0.5% to 1% (2019: 0.50% to 1.50%) per annum above the lending banks' cost of funds.

The bank overdrafts of the Group bear interests at rates of 1% and 1.25% (2019: 1.00% to 1.25%) per annum above the lending banks' base lending rates.

The trust receipt of the Group bear interest at a rate of 1% (2019: Nil) per annum above the lending banks' cost of funds.

The effective interest rates per annum for the financial year ended 30 September 2020 are as follows:

	The Group	
	2020	**2019**
	%	**%**
Long-term loans	1.68 - 6.64	2.28 - 7.90
Bankers' acceptances	2.55 - 3.90	3.13 - 4.62
Hire-purchase payables	4.34 - 6.98	4.34 - 7.77
Bank overdrafts	6.60 - 6.65	7.85 - 7.90
Trust receipt	3.55	Not applicable
Revolving credit	2.80 & 2.90	Not applicable

32. BORROWINGS (CONT'D)

The bankers' acceptances of the Group are repayable within October 2020 to January 2021 (2019: October 2019 to January 2020).

The terms for hire-purchase of the Group range from two to five years (2019: two to five years).

The trust receipt of the Group are repayable in October 2020.

The revolving credit of the Group are repayable within October 2020 to January 2021.

The short-term borrowings together with the long-term loans of the Group are secured, either singly or collectively as follows:

a. legal charges over certain landed properties of the Group as disclosed in Notes 12, 13, 14 and 15;
b. pledge of short-term deposits of the Group as disclosed in Note 27;
c. specific debentures on certain equipment of the Group;
d. negative pledges over certain assets of the Group;
e. corporate guarantees by the Company for RM470,561,809 (2019: RM452,519,784);
f. corporate guarantees by corporate shareholders of the Company for RM122,117,000 (2019: RM91,962,000);
g. corporate guarantees by certain subsidiaries for RM52,738,400 (2019: RM25,548,400);
h. a joint guarantee by certain Directors of the Group and certain former Directors of a subsidiary for RM33,128,000 (2019: RM9,793,000);
i. joint guarantees by the Company and non-controlling interests of a subsidiary for RM29,160,000 (2019: RM29,160,000);
j. joint guarantees by certain Directors of the Group for RM12,185,000 (2019: RM16,185,000);
k. a joint guarantee by the Company, a subsidiary and non-controlling interests of a subsidiary for RM11,992,000 (2019: RM11,992,000);
l. joint corporate guarantees by the company and subsidiaries for RM6,200,000 (2019: RM7,200,000);
m. joint guarantees by certain Directors of the Group, former Directors of a subsidiary and a subsidiary for RM2,613,200 (2019: RM1,500,000);
n. a joint guarantee by certain Directors of the Company and certain Director of a subsidiary for RM275,000 (2019: RM275,000); and
o. joint guarantees by certain Directors of subsidiaries for Nil (2019: RM23,356,000).

The unsecured short-term borrowings of the Group are covered by:

a. negative pledge over certain assets of the Group;
b. corporate guarantees by the Company for RM116,000,000 (2019: RM106,000,000);
c. guaranteed by Enterprise Singapore for RM15,186,500 (2019: Nil); and
d. corporate guarantee by a subsidiary for Nil (2019: RM6,700,000).

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase. Certain of the Group's hire-purchase payables are guaranteed by the Company for RM37,634,967 (2019: RM44,262,193), a subsidiary for RM732,600 (2019: Nil) and certain Directors of a subsidiary and the Company for RM232,709 (2019: RM232,709).

33. LEASE LIABILITIES

	The Group 2020 RM	2019 RM
At beginning of the year	-	-
Effect of adoption of MFRS 16	12,427,081	-
At 1 October, restated	12,427,081	-
Additions	1,188,916	-
Accretion of interest	771,624	-
Payments	(3,945,991)	-
Gain on forgiven lease payments	(79,633)	-
Currency translation differences	11,291	-
	10,373,288	-
Less: Current portion	(2,512,731)	-
Non-current portion	7,860,557	-

The non-current portion of lease liabilities are repayable as follows:

	The Group 2020 RM	2019 RM
Later than one year and not later than two years	927,487	-
Later than two years and not later than five years	1,443,334	-
Later than five years	5,489,736	-
	7,860,557	-

The Group discounted the lease liabilities by using the Group's incremental borrowings rates which range from 4.5% to 6.89% (2019: Nil).

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.

33. LEASE LIABILITIES (CONT'D)

The following are cash outflows for leases as a lessee:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Included in net cash from operating activities:				
Payment relating to short-term leases	4,398,386	-	24,000	-
Payment relating to leases of low-value assets	471,901	-	-	-
Included in net cash from financing activities:				
Repayment of lease liabilties	3,174,367	-	-	-
Interest paid in relation to lease liabilities	771,624	-	-	-
	8,816,278	-	24,000	-

34. DEFERRED REVENUE

	The Group	
	2020 RM	2019 RM
Income related government grants (i)	953,941	-
Asset related government grants (ii)	133,401	3,516
Franchise fee (iii)	24,740	34,115
	1,112,082	37,631
Less: current portion	(1,018,835)	(12,348)
Non-current portion	93,247	25,283

(i) 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.

(ii) The deferred revenue arose from government grant received which is amortised over periods from 3 to 8 years.

(iii) 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.

35. TRADE AND OTHER PAYABLES

The foreign currency exposure profile of trade and other payables are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade payables:				
Ringgit Malaysia	160,687,503	149,357,459	-	-
Singapore Dollar	4,503,748	4,073,129	-	-
United States Dollar	218,825	746,940	-	-
	165,410,076	154,177,528	-	-
Amount owing to subsidiaries:				
Ringgit Malaysia	-	-	409,977	6,863,150
Amount owing to a joint venture:				
Singapore Dollar	38,270	-	-	-
Amount owing to Directors:				
Ringgit Malaysia	7,083	-	-	-
Amount owing to non-controlling interests of a subsidiary:				
Ringgit Malaysia	816,510	816,510	-	-
Sales and Services Tax payables:				
Ringgit Malaysia	1,320,588	1,263,789	-	-
Goods and Services Tax payables:				
Singapore Dollar	742,340	548,347	-	-
Other payables:				
Ringgit Malaysia	25,125,503	28,861,624	11,770	131
Singapore Dollar	2,173,299	1,799,766	-	-
	27,298,802	30,661,390	11,770	131
Accrued expenses:				
Ringgit Malaysia	11,937,592	10,179,468	140,600	139,138
Singapore Dollar	3,976,900	8,331,820	-	-
	15,914,492	18,511,288	140,600	139,138
	211,548,161	205,978,852	562,347	7,002,419

35. TRADE AND OTHER PAYABLES (CONT'D)

Trade payables of the Group comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 7 to 180 days (2019: 7 to 180 days). No interest is charged on outstanding trade payables.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Certain of the Group's trade payables are guaranteed by the Company for RM112,680,000 (2019: RM97,680,000). 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 (2019: RM33,000,000).

Included in trade payables of the Group are amounts owing to related parties as follows:

	The Group	
	2020	2019
	RM	RM
YWT Contract Farming [a]	965,338	191,129
OTO Agriculture Marketing Sdn. Bhd. [b]	297,714	352,921
Maju Jaya Farm [c]	134,414	736,929
Unisetali Sdn. Bhd. [b]	119,917	103,303

[a] An entity which is owned by the son of a Director of a subsidiary.
[b] A company in which a Director of a subsidiary is also a Director and has interest.
[c] An entity which is owned by the son-in-law of a Director of a subsidiary.

The amount owing to subsidiaries are as follows:

	The Company	
	2020	2019
	RM	RM
CAB Marine Resources Sdn. Bhd.	400,523	401,019
Tong Huat Poultry Processing Factory Pte. Ltd.	5,477	-
CAB Cakaran Southern Sdn. Bhd.	3,068	-
CAB Cakaran Sdn. Bhd.	909	2,869,022
CAB Cakaran Breeding Farm Sdn. Bhd.	-	3,593,109
	409,977	6,863,150

The amount owing to subsidiaries arose mainly from unsecured advances which bear interest at rates range from 1.85% to 7.9% (2019: 3.1% to 7.9%) per annum and are repayable on demand.

The amount owing to a joint venture arose mainly from management fee payable which is interest free and is repayable on demand.

The amount owing to Directors arose mainly from Director fee payable to the Directors of a subsidiary.

35. TRADE AND OTHER PAYABLES (CONT'D)

The amount owing to non-controlling interests of a subsidiary arose mainly from unsecured advances which interest free and repayable on demand.

Other payables of the Group and of the Company comprised mainly amounts outstanding for ongoing costs and deposits received.

Included in other payables of the Group are amounts owing to related parties as follows:

	The Group	
	2020	**2019**
	RM	**RM**
OTO Agriculture Marketing Sdn. Bhd. [a]	152,400	198,364
Intelmatrix Sdn. Bhd. [a]	102,465	2,100
Chuah Ah Bee Sdn. Bhd. [b]	200	23,700

[a] A company in which a Director of a subsidiary is also a Director and has interests.
[b] A company in which certain Directors of the Company are also Directors and have interests.

Included in accrued expenses are an amount of RM417,629 (2019: RM5,418,091) 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.

36. DIVIDEND

	The Group and the Company	
	2020	**2019**
	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	-
Final single tier dividend of RM0.005 per ordinary share for the financial year ended 30 September 2018	-	3,237,526
	1,724,902	3,237,526

37. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash and cash equivalents at end of the year comprise the following:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Short-term deposits with licensed banks	28,860,926	24,521,601	-	-
Cash and bank balances (Note 28)	74,434,979	43,721,777	294,076	217,351
Bank overdrafts (Note 32)	(1,856,780)	(5,133,211)	-	-
	101,439,125	63,110,167	294,076	217,351
Less: Short-term deposits pledged as security (Note 27)	(9,615,120)	(9,579,660)	-	-
	91,824,005	53,530,507	294,076	217,351

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM51,439,357 (2019: RM116,317,212) of which RM3,338,799 (2019: RM20,794,842) was financed by means of hire-purchase and the balance of RM48,100,558 (2019: RM95,522,370) by cash payment.

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of Nil (2019: RM4,608) by cash payment.

38. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment and buy back issued shares. Management monitors capital based on ability of the Group and the Company to generate sustainable profits and availability of retained earnings for dividend payments to shareholders. The Group's and the Company's overall strategy remains unchanged from 2019.

The capital structure of the Group and of the Company consist of equity (consist issued capital, reserve and retained earnings) and borrowings.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

38. FINANCIAL INSTRUMENTS (CONT'D)

a. Capital risk management (Cont'd)

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	The Group	
	2020	2019
	RM	RM
Debts [i]	525,389,536	470,619,299
Equity [ii]	582,672,518	593,703,023
Debts to equity ratio (%)	90	79

[i] Debts are defined as long and short-term borrowings as disclosed in Note 32.
[ii] Equity includes all capital and reserves of the Group and of the Company that are managed as capital as disclosed in Notes 29, 30 and 31.

b. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

The Group

2020	Carrying amount RM	Amortised cost RM	At fair value through profit or loss RM
Financial assets			
Trade and other receivables	188,932,715	188,932,715	-
Refundable deposits	7,872,110	7,872,110	-
Short-term deposits	28,860,926	28,860,926	-
Cash and bank balances	74,434,979	74,434,979	-
Derivative other financial asset			
Cross-currency interest rate swap	1,531,277	-	1,531,277
	301,632,007	300,100,730	1,531,277
Financial liabilities			
Trade and other payables	209,485,233	209,485,233	-
Borrowings	525,389,536	525,389,536	-
Lease liabilities	10,373,288	10,373,288	-
Derivative other financial asset			
Foreign currency forward contracts	1,052	-	1,052
	745,249,109	745,248,057	1,052

38. FINANCIAL INSTRUMENTS (CONT'D)

b. Categories of financial instruments (Cont'd)

The Group (Cont'd)

2019	Carrying amount RM	Amortised cost RM	At fair value through other comprehensive income RM	At fair value through profit or loss RM
Financial assets				
Trade and other receivables	188,883,184	188,883,184	-	-
Refundable deposits	11,761,988	11,761,988	-	-
Short-term deposits	24,521,601	24,521,601	-	-
Cash and bank balances	43,721,777	43,721,777	-	-
Unquoted shares	36,369	-	36,369	-
Derivative other financial asset				
Cross-currency interest rate swap	2,323,559	-	-	2,323,559
	271,248,478	268,888,550	36,369	2,323,559
Financial liabilities				
Trade and other payables	204,166,716	204,166,716	-	-
Borrowings	470,619,299	470,619,299	-	-
Derivative other financial asset				
Foreign currency forward contracts	1,261	-	-	1,261
	674,787,276	674,786,015	-	1,261

The Company

2020	Carrying amount RM	Amortised cost RM
Financial assets		
Trade and other receivables	8,213,820	8,213,820
Refundable deposits	1,000	1,000
Cash and bank balances	294,076	294,076
	8,508,896	8,508,896
Financial liabilities		
Trade and other payables	562,347	562,347

38. FINANCIAL INSTRUMENTS (CONT'D)

b. Categories of financial instruments (Cont'd)

The Company (Cont'd)

2019	Carrying amount RM	Amortised cost RM
Financial assets		
Trade and other receivables	4,387,399	4,387,399
Refundable deposits	1,000	1,000
Cash and bank balances	217,351	217,351
	4,605,750	4,605,750
Financial liabilities		
Trade and other payables	7,002,419	7,002,419

c. Financial risk management objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including market risk, foreign currency risk, credit risk, interest rate risk, liquidity risk and cash flow risk. The Group and the Company has formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

The Group and the Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's and the Company's policies approved by the Board of Directors. The Group and the Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

i. Market risk management

The Group and the Company has in place policies to manage the Group's and the Company's exposures to fluctuation in the prices of the raw materials used in the operations.

There has been no change to the Group's and the Company's exposure to market risks or the manner in which these risks are managed and measured.

38. FINANCIAL INSTRUMENTS (CONT'D)

c. Financial risk management objectives (Cont'd)

ii. Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The following table details the Group's sensitivity to a 7% (2019: 3%) increase and decrease in Ringgit Malaysia against the relevant foreign currencies. 7% (2019: 3%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 7% (2019: 3%) change in foreign currency rates. A positive number below indicates a decrease in profit net of tax and a negative number below indicates an increase in profit net of tax where the Ringgit Malaysia strengthens 7% (2019: 3%) against the relevant currency. For a 7% (2019: 3%) weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable reverse impact on the profit net of tax.

	The Group	
	2020	**2019**
	RM	**RM**
Impact on profit or loss		
United States Dollar	2,592,000	1,192,000
Singapore Dollar	386,000	402,000

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses its own trading records to rate its major customers. The exposure of the Group and of the Company to credit risk arises principally from their receivables, amount due from subsidiaries and other financial assets. The credit risk exposure of the Company arises from financial guarantees given to licensed banks and credit and leasing company for credit and hire-purchase facilities granted to subsidiary companies. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

38. FINANCIAL INSTRUMENTS (CONT'D)

c. Financial risk management objectives (Cont'd)

iii. Credit risk management (Cont'd)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position except as follows:

	The Company	
	2020	2019
	RM	RM
Financial guarantee contracts		
Corporate guarantees provided to banks and third parties in respect of credit facilities granted to certain subsidiaries	817,461,485	778,769,148

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

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

The Group's maximum exposure credit risk is represented by the carrying amount of trade and other receivables in the statements of financial position.

The Company's maximum exposure credit risk is represented by the carrying amount of trade and other receivables including amount due from subsidiaries in the statements of financial position.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the management.

Following are the areas where the Group and the Company are exposed to credit risk:

Receivables

The Group's exposure to credit risk are influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

38. FINANCIAL INSTRUMENTS (CONT'D)

c. Financial risk management objectives (Cont'd)

iii. Credit risk management (Cont'd)

Receivables (Cont'd)

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the respective Director of the subsidiary.

At the end of the reporting period, the Group does not have significant credit risk exposure to any single counterparty or of any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 6% of gross trade receivables of the Group at the end of the reporting period.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are reputable banks.

The carrying amounts of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

iv. Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

At the end of the reporting period, if interest rates increase/decrease by 100 (2019: 100) basis points with all other variables held constant, the Group's profit net of tax would have been RM3,542,000 (2019: RM3,113,000) lower/higher arising mainly as a result of higher/lower interest expenses on floating rate borrowings. The assumed movement in the interest rates for interest rate sensitivity analysis is based on the currently observable market environment.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up using the undiscounted cash flows of financial liabilities based on the earliest date of which the Group and the Company are required to pay. The table includes cash flows for both interest and principal. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

38. **FINANCIAL INSTRUMENTS (CONT'D)**

c. **Financial risk management objectives (Cont'd)**

v. **Liquidity risk management (Cont'd)**

The Group

	Carrying value	Contractual interest rates per annum	Contractual cash flows	On demand or within one year	Two to five years	More than five years	Total
	RM	%	RM	RM	RM	RM	RM
2020:							
Financial liabilities							
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
2019:							
Financial liabilities							
Borrowings	470,619,299	2.28 - 7.90	542,762,451	228,207,765	186,137,065	128,417,621	542,762,451
Trade and other payables	205,978,852	-	205,978,852	205,978,852	-	-	205,978,852
Other financial liability	1,261	-	1,261	1,261	-	-	1,261
	676,599,412		748,742,564	434,187,878	186,137,065	128,417,621	748,742,564

38. FINANCIAL INSTRUMENTS (CONT'D)

c. Financial risk management objectives (Cont'd)

v. Liquidity risk management (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	
	2020	**2019**
	RM	**RM**
Secured	111,109,000	105,311,000
Unsecured	32,962,000	25,385,000
	144,071,000	130,696,000

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 amounts included above for 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 management

The Group reviews its cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

38. FINANCIAL INSTRUMENTS (CONT'D)

d. 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.

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
2020:				
Purchase United States Dollar				
More than one year	4.1559	9,563,673	42,712,768	1,531,277
2019:				
Purchase United States Dollar				
More than one year	4.1872	9,389,205	41,295,571	2,323,559

e. Forward foreign currency contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into forward foreign exchange 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
2020:				
Sell United States Dollar				
Less than three months	4.1220	31,748	130,867	1,052
2019:				
Sell United States Dollar				
Less than three months	4.1869	11,264	45,900	1,261

38. FINANCIAL INSTRUMENTS (CONT'D)

f. Fair value measurements

This note provides financial information about how the Group determines fair values of various financial assets and financial liabilities.

i. Fair value of financial asset/(liability) that is measured at fair value on a recurring basis

	The Group	
	2020	**2019**
	RM	**RM**
Derivatives other financial asset:		
Fair value:		
Cross-currency interest rate swap contracts	1,531,277	2,323,559
Fair value hierarchy	Level 2	
Valuation technique and key input	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.	
Significant unobservable input	Bankers' interest rate	
Relationship of unobservable input to fair value	The higher the interest rate, the higher the fair value.	
Derivatives other financial liability:		
Fair value:		
Foreign currency forward contracts	(1,052)	(1,261)
Fair value hierarchy	Level 2	
Valuation technique and key input	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.	
Significant unobservable input	Bankers' exchange rate	
Relationship of unobservable input to fair value	The lower the exchange rate, the higher the fair value.	

There was no transfer between Levels 1 and 2 in the period.

38. FINANCIAL INSTRUMENTS (CONT'D)

f. Fair value measurements (Cont'd)

ii. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of the available-for-sale investment on unquoted shares are not established as it cannot be measured reliably without incurring excessive cost. Investments in unquoted shares are measured at cost. The Group intends to hold the unquoted investments on a long-term basis and the Directors of the Group believe that the carrying amount of the investment approximate its recoverable value.

The Directors consider that the carrying amounts of short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values due to the relatively short-term maturity of these financial instruments.

The fair values of hire-purchase payables and term loans are included in Level 2 category of the fair value hierarchy and have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase and term loans arrangements and approximate their carrying amounts.

g. 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 year	Effect of adoption of MFRS 16	Financing cash flows (i)	Other non-cash changes (ii)	End of year
	RM	RM	RM	RM	RM
2020					
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	465,486,088	12,427,081	51,556,253	4,481,975	533,951,397
2019					
Borrowings (excluding bank overdrafts)	404,616,389	-	39,898,894	20,970,805	465,486,088

(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 foreign currency exchange differences.

38. FINANCIAL INSTRUMENTS (CONT'D)

g. 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 year RM	Financing cash flows RM	End of year RM
2020			
Amount owing to subsidiaries	6,863,150	(6,453,173)	409,977
2019			
Amount owing to subsidiaries	12,337,352	(5,474,202)	6,863,150

39. DIRECTORS' BENEFITS-IN-KIND

	The Group	
	2020 RM	2019 RM
Estimated cash value of benefits-in-kind provided to Directors	188,562	229,369

40. RELATED PARTY TRANSACTIONS

Transactions between the Group and its related parties during the financial year were as follows:

	The Group	
	2020 RM	2019 RM
With an associate:		
Fah Leong Sdn. Bhd.		
Short-term leases paid/Rental paid	228,000	228,000
With a joint venture:		
Singapore Poultry Hub Pte. Ltd.		
Management fee paid	396,731	-
Service charges received	-	13,649
With Directors of the Company:		
Chuah Ah Bee		
Short-term leases paid/Rental paid	93,000	93,000
Chan Kim Keow		
Short-term leases paid/Rental paid	12,000	11,800

40. RELATED PARTY TRANSACTIONS (CONT'D)

Transactions between the Group and its related parties during the financial year were as follows (Cont'd):

	The Group	
	2020	2019
	RM	RM
With a Director of a subsidiary:		
Ching Chin Huat		
Short-term leases paid/Rental paid	128,066	127,386
With other related parties:		
YWT Contract Farming [a]		
Purchases	39,603,765	41,347,247
Sales	33,773,774	33,456,510
Rental received	1,170,793	1,169,574
Transportation charges received	3,223	3,268
Maju Jaya Farm [b]		
Purchases	9,785,260	7,310,332
Sales	7,696,822	7,050,894
Rental received	383,299	336,612
Transportation charges received	230	799
Chyuan Heng Farming Sdn. Bhd. [a]		
Purchases	4,965,138	4,252,394
Sales	3,551,989	3,941,098
Sinmah Poultry Processing (S) Pte. Ltd. [c]		
Sales	5,119,782	1,789,749
Aqina Farming Sdn. Bhd. [d]		
Sales	3,355,554	2,102,097
Unisetali Sdn. Bhd. [c]		
Purchases	1,732,078	1,575,095
Rental received	48,000	48,000
Scrap sales	36,000	36,000
Transportation charges paid	30,200	30,200
Sales	2,876	1,211
Transportation charges received	1,723	8,668
Toh York Mue [e]		
Sales	1,490,464	1,683,251
OTO Agriculture Marketing Sdn. Bhd. [c]		
Sales	1,127,730	148,863
Purchases	178,906	345,578
Labour charges received	14,803	6,199
Labour charges paid	6,213	5,613
Transportation charges received	6,140	-
Transportation charges paid	2,990	4,633
Upkeep of machinery paid	-	3,631
Sinmah Food Services (S) Pte. Ltd. [c]		
Sales	603,596	375,406
Intelmatrix Sdn. Bhd. [c]		
Transport charges paid	429,747	-
Sales	98,805	2,100
Shin Salim Japan Co. Ltd. [f]		
Sales	433,236	-

40. RELATED PARTY TRANSACTIONS (CONT'D)

Transactions between the Group and its related parties during the financial year were as follows (Cont'd):

	The Group	
	2020 RM	2019 RM
With other related parties (cont'd):		
Chuah Ah Bee Sdn. Bhd. [g]		
Short-term leases paid/Rental paid	342,200	199,300
Syarikat Sin Long Heng Breeding Farm Sdn. Bhd.[i]		
Rental received	156,000	156,000
NI-On Marketing Sdn. Bhd.[c]		
Sales	39,752	620
Jaya Gading Marketing [j]		
Sales	16,427	287,469
Yi Da Agricultural Farming Sdn. Bhd. [c]		
Short-term leases paid/Rental paid	10,000	60,000
Chuah Ah Chui [h]		
Sales	296,497	308,587
Aqinajaya Sdn. Bhd. [d]		
Sales	2,623	-
Kebun Ngohock (P.W.) Sdn. Bhd. [g]		
Sundry purchases	2,613	-
DS Poultry Sdn. Bhd. [c]		
Transportation charges received	1,350	-
Wei Heng Maju Farm Sdn. Bhd. [b]		
Sales	-	954,516
Purchases	-	795,020
Rental received	-	35,350
Hoang Dung Pte. Ltd. [k]		
Sales	-	1,160,071
Ayam Kempas Sdn. Bhd. [c]		
Purchases	-	467,546

[a] A company/an entity which is owned by the son of a Director of a subsidiary.
[b] A company/an entity which is owned by the son-in-law of a Director of a subsidiary.
[c] A company/an entity in which a Director of a subsidiary is also a Director and has interest.
[d] A company in which the parent of a Director of a subsidiary is Directors and has interests.
[e] Sister of a Director of a subsidiary.
[f] A company in which a Director of a subsidiary is also a Director and a non-controlling interest of a subsidiary has interest.
[g] Brother of a Director of the Company.
[h] A company in which certain Directors of a subsidiary are also Directors and have interests.
[i] An entity in which is owned by the brother-in-law of certain Directors of a subsidiary.
[j] A company in which certain Directors of the Company are also Directors and have interests.
[k] A company in which the wife of a shareholder of a subsidiary is also a Director. The shareholder is a brother of a Director of a subsidiary.

40. RELATED PARTY TRANSACTIONS (CONT'D)

Transactions between the Company and its related parties during the financial year were as follows (Cont'd):

	The Company	
	2020	2019
	RM	RM
With subsidiaries:		
Tong Huat Poultry Processing Factory Pte. Ltd.		
Dividend received	3,545,949	-
Management fee received	15,000	15,000
CAB Cakaran Sdn. Bhd.		
Dividend received	3,000,000	4,500,000
Management fee received	151,200	151,200
Interest paid	61,450	505,808
Management fee paid	24,000	24,000
Rental paid	24,000	24,000
Interest revenue received	-	57,269
Internal audit charges received	-	2,418
Kyros Food Industries Sdn. Bhd.		
Dividend received	1,000,000	-
Management fee received	8,400	8,400
Sundry purchases	-	2,160
Likes Marketing Sdn. Bhd.		
Dividend received	400,000	-
Management fee received	7,200	7,200
Internal audit charges received	2,540	-
CAB Cakaran Breeding Farm Sdn. Bhd.		
Interest paid	159,437	125,180
Management fee received	7,800	7,800
Farm's Best Food Industries Sdn. Bhd.		
Management fee received	30,000	30,000
Internal audit charges received	7,785	4,837
Interest revenue received	-	57,269
Jimat Jaya Sdn. Bhd.		
Management fee received	33,600	33,600
CAB Cakaran Southern Sdn. Bhd.		
Management fee received	26,400	26,400
Internal audit charges received	4,002	-
Pasaraya Jaya Gading Sdn. Bhd.		
Management fee received	24,000	24,000
Jaya Gading Farm Sdn. Bhd.		
Management fee received	19,200	19,200
Internal audit charges received	-	3,168
CAB Marine Resources Sdn. Bhd.		
Interest paid	9,924	4,145
Management fee received	600	600
Ban Hong Poultry Pte. Ltd.		
Management fee received	7,200	7,200

40. RELATED PARTY TRANSACTIONS (CONT'D)

Transactions between the Company and its related parties during the financial year were as follows (Cont'd):

	The Company	
	2020	2019
	RM	RM
With subsidiaries (cont'd):		
Ayam Kempas Food Industries Sdn. Bhd.		
Internal audit charges received	5,716	8,256
Management fee received	1,200	1,200
Home Mart Fresh & Frozen Sdn. Bhd.		
Internal audit charges received	3,452	-
Management fee received	600	600
Sundry purchases	-	600
CAB Cakaran (Timur) Sdn. Bhd.		
Management fee received	3,000	3,000
CAB Cakaran (Langkawi) Sdn. Bhd.		
Management fee received	1,200	1,200
Internal audit charges received	-	2,418
Cabin Premier GPS Farm Sdn. Bhd.		
Management fee received	1,200	1,200
Antik Kualiti Sdn. Bhd.		
Management fee received	600	600
Sundry purchases	197	176
Kyros Kebab Sdn. Bhd.		
Management fee received	600	600
Internal audit charges received	-	3,168
HK Foods (M) Sdn. Bhd.		
Management fee received	600	600
Kyros International Sdn. Bhd.		
Management fee received	600	600
Shin Hong Breeding Farm Sdn. Bhd.		
Management fee received	600	600
OTK Farm Equipment Sdn. Bhd.		
Management fee received	400	400
Kim Fa Foodstuffs Pte. Ltd.		
Internal audit charges received	-	2,819
C&B Poultry Sdn. Bhd.		
Internal audit charges received	-	2,540
TH Likes Pte. Ltd.		
Internal audit charges received	-	705

41. CAPITAL COMMITMENTS

The Group has the following commitments in respect of capital expenditure on property, plant and equipment:

	The Group	
	2020	2019
	RM	RM
Approved and contracted for	18,839,859	19,175,229
Approved but not contracted for	56,501,278	50,564,886

42. SIGNIFICANT EVENT

<u>Significant event during and after the financial year</u>

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 declared a Movement Control Order ("MCO") starting from 18 March 2020 which encompasses restriction of movement and closure of premises, except for those involved in essential services. During this period, the Group has been granted approval by the Malaysian Government to continue its operation as the Group is in the essential industry to ensure the continuous supply of food to the people of Malaysia.

In developing the disclosures, the Group has performed a preliminary assessment of the overall impact of the situation on the Group's operations, including the measurements of assets and liabilities of the Group and concluded that there are no material adverse effects on the financial statements for the financial year ended 30 September 2020.

The Group unable to reasonably estimate the financial impact of this event on its financial position, results of operation or cash flows in the next financial year due to the uncertainty of the future outcome of the current event. The Group will continuously take a number of measures to monitor and mitigate the effects of Covid-19, such as safety and health measures for the employee of the Group and securing the supply of materials that are essential to the Group's production process and will be taking appropriate and timely measures to minimise the impact of the Covid-19 outbreak on the Group's operations.

43. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under MFRS 8 Operating Segments are therefore as follows:

a. investment holding;
b. integrated poultry (including breeding of grandparent stocks and parent stocks to produce chicks, breeding of broilers, black chickens and colour birds, processing and marketing of chicken, trading of poultry feeds and other farm consumables, processing, exporting, wholesaling, distributing and marketing of value-added products, chicken products, and other food products and trading);
c. marine products manufacturing (including processing of fresh and frozen fishes, prawns and other marine products) which the subsidiary has become a dormant company during the previous financial year;
d. fast food business (including fast food restaurants operator, master franchisees and restaurants operators, and retailing of fast food); and
e. supermarket.

43. SEGMENT INFORMATION (CONT'D)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

The Group

	Investment holding RM	Integrated poultry RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
2020:						
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)	-
Total revenue	8,310,644	1,559,913,311	1,800,809	135,816,175	(25,352,645)	1,680,488,294
Results						
Segment profit/(loss)	6,867,139	31,528,343	(378,596)	2,317,209	(15,195,334)	25,138,761
Investment revenue						664,742
Other gains and losses						(6,974,777)
Finance costs						(21,812,058)
Share of result of an associate						(921)
Share of result of a joint venture						(653,477)
Loss before tax						(3,637,730)
Tax expense						(7,493,617)
Loss for the year						(11,131,347)

43. SEGMENT INFORMATION (CONT'D)

Segment revenue and results (Cont'd)

The following is an analysis of the Group's revenue and results by reportable segments (Cont'd):

The Group (Cont'd)

	Investment holding RM	Integrated poultry RM	Marine products manufacturing RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
2019:							
Revenue							
External revenue	-	1,624,061,947	18,317	2,291,980	125,813,956	-	1,752,186,200
Inter-segment revenue	4,871,529	18,604,397	3,260	521,945	69,373	(24,070,504)	-
Total revenue	4,871,529	1,642,666,344	21,577	2,813,925	125,883,329	(24,070,504)	1,752,186,200
Results							
Segment profit/(loss)	3,300,418	34,170,282	(166,506)	(330,033)	(731,233)	(11,396,539)	24,846,389
Investment revenue							776,805
Other gains and losses							11,840,172
Finance costs							(22,187,559)
Share of result of an associate							4,606
Share of result of a joint venture							(488,974)
Profit before tax							14,791,439
Tax expense							(10,757,255)
Profit for the year							4,034,184

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.

43. SEGMENT INFORMATION (CONT'D)

Segment assets and liabilities

The Group (Cont'd)

	Investment holding RM	Integrated poultry RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
2020:						
Assets						
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
Consolidated total assets						1,378,843,177
Liabilities						
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
Consolidated total liabilities						796,170,659

43. SEGMENT INFORMATION (CONT'D)

Segment assets and liabilities (Cont'd)

The Group (Cont'd)

	Investment holding RM	Integrated poultry RM	Marine products manufacturing RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
2019:							
Assets							
Segment assets	146,576,745	1,210,703,322	12,765	7,827,586	28,181,655	(101,537,512)	1,291,764,561
Interest revenue producing assets							24,521,601
Tax assets							3,346,889
Consolidated total assets							1,319,633,051
Liabilities							
Segment liabilities	141,269	191,625,711	8,570	168,008	14,079,686	(5,500)	206,017,744
Borrowings							470,619,299
Tax liabilities							49,292,985
Consolidated total liabilities							725,930,028

For the purposes of monitoring segment performance and allocating resources between segments:

a. All assets are allocated to reportable segments other than short-term deposits, and current and deferred tax assets. Goodwill is allocated to reportable segments.
b. 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.

43. 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
2020:						
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

	Investment holding RM	Integrated poultry RM	Marine products manufacturing RM	Fast food business RM	Supermarket RM	Eliminations RM	Consolidated RM
2019:							
Other information							
Additions to non-current assets	4,608	114,439,821	-	127,625	3,344,522	(1,309,308)	116,607,268
Depreciation and amortisation expenses	2,060	35,440,021	21,435	180,378	1,951,743	8,708,236	46,303,873
Allowance for expected credit loss recognised on receivables	-	1,296,944	-	-	-	-	1,296,944
Impairment loss recognised on receivables	-	371,380	-	-	-	-	371,380
Impairment loss recognised on property, plant and equipment	-	318,949	-	-	-	-	318,949
Net impairment loss recognised on investment in subsidiaries	18,799	-	-	-	-	(18,799)	-
Other non-cash expenses	-	835,498	143,481	101,720	75,541	(150,276)	1,005,964

43. SEGMENT INFORMATION (CONT'D)

Revenue from major products and services

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.

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	
	2020	2019
	RM	RM
Malaysia	1,483,119,239	1,570,684,795
Republic of Singapore	197,369,055	181,501,405
	1,680,488,294	1,752,186,200

The Group's revenue from external customers attributed to countries from which the Company and its subsidiaries derive revenue are detailed below:

	The Group	
	2020	2019
	RM	RM
Malaysia	1,448,239,660	1,525,466,860
Republic of Singapore	218,124,802	214,821,089
Bangladesh	4,418,095	5,684,354
Hong Kong	4,128,720	-
Myanmar	1,720,171	1,866,333
Brunei	1,374,518	2,682,518
Others	2,482,328	1,665,046
	1,680,488,294	1,752,186,200

Information about the Group's non-current assets by locations are detailed below:

	The Group	
	2020	2019
	RM	RM
Malaysia	818,740,373	812,657,363
Republic of Singapore	85,995,772	84,423,550
	904,736,145	897,080,913

Non-current assets exclude other financial assets and deferred tax assets.

43. SEGMENT INFORMATION (CONT'D)

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 2020 and 2019.

44. EFFECTS OF ADOPTION OF MFRS 16 LEASES

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 October 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Upon adoption of MFRS 16, the Group, as a lessee, applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 3 for the accounting policy beginning 1 October 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 October 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

As a lessor, the Group is not required to make any adjustment on transition, except for the reassessment of existing operating subleases at the date of the initial application.

Group as a lessee

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Applied the leases of low-value assets exemptions;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

44. EFFECTS OF ADOPTION OF MFRS 16 LEASES (CONT'D)

Leases previously classified as finance lease

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117).

The Group's farm houses, plant, machinery and equipment, electrical installation, office equipment, motor vehicles, renovation, and supermarket equipment which in substance were a finance lease previously classified as property, plant and equipment meets the definition of rights-of-use assets separately. Instead, they are included in the same item when the corresponding underlying assets would be presented if they were owned.

The effect of adoption MFRS 16 as at 1 October 2019 is, as follows:

The Group	Audited 30 September 2019	MFRS 16 adjustments	After adoption of MFRS 16
	RM	RM	RM
Non-current assets			
Property, plant and equipment	758,502,829	(55,923,860)	702,578,969
Right-of-use assets	-	87,240,318	87,240,318
Prepaid lease payments on leasehold land	18,864,378	(18,864,378)	-
Non-current liability			
Lease liabilities	-	9,469,444	9,469,444
Current liabilities			
Trade and other payables	205,978,852	24,999	206,003,851
Lease liabilities	-	2,957,637	2,957,637

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments as at 30 September 2019, as follows:

	RM
Operating lease commitments disclosed as at 30 September 2019	9,361,316
Less: Commitments relating to short-term leases	(3,709,813)
Less: Commitments relating to leases of low-value assets	(393,474)
	5,258,079
Weighted average incremental borrowing rate as at 1 October 2019	4.5% - 6.89%
Discounted operating lease commitments as at 1 October 2019	4,556,545
Add: Adjustments as a result of a different treatment of extension and termination options	7,838,075
Add: Contracts reassessed as lease contracts	32,461
	12,427,081

STATEMENT BY DIRECTORS

The Directors of **CAB CAKARAN CORPORATION BERHAD** state that, in their opinion, the financial statements set out on pages 71 to 190 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 2020 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.

CHUAH AH BEE

CHUAH HOON PHONG

Penang
28 December 2020

DECLARATION BY THE DIRECTOR

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 71 to 190 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 28 December 2020

Before me,

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 2020 (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	30 - 35	Grant in perpetuity	39,037,614	30.09.2017
JTC Space known as Pte Lot A3007536 at JTC Poultry Processing Hub @ Buroh, #03-04, 3 Buroh Lane Singapore 618285	Three (3) units of factories at JTC Poultry Processing Hub	3,964.93	2	Leasehold 30 years commencing 1 June 2019	35,877,599	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	18 - 25	Grant in perpetuity	29,846,727	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	28	Grant in perpetuity	23,130,967	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	8	Grant in perpetuity	21,800,635	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 2020 (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	30 - 35	Grant in perpetuity	21,227,000	30.09.2020
24, Senoko Crescent, Singapore 758276	A JTC "Type T6" 2-storey intermediate terrace factory/ food factory	1,470.3/ 1,983.6	29	Leasehold 30 years + 30 years commencing 1 March 1991	19,395,967	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	5 - 6	Sub-lease for 30 years expiring on 29 August 2040	16,598,711	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	2 - 34	Grant in perpetuity	16,311,250	25.11.2016 & 01.04.2019

ANALYSIS OF SHAREHOLDINGS

As at 31 December 2020

SHARE CAPITAL AS AT 31 DECEMBER 2020

Issued Share Capital	:	RM140,679,293.31 comprising 690,508,742 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	309	7.99	12,231	0.00
100 - 1,000	307	7.94	166,044	0.02
1,001 - 10,000	1,504	38.90	8,968,088	1.30
10,001 - 100,000	1,411	36.50	49,728,578	7.21
100,001 - 34,498,161 (*)	332	8.59	234,043,002	33.92
34,498,162 and above (**)	3	0.08	397,045,299	57.55
Total	3,866	100.00	689,963,242	100.00

* 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 *Exempt AN for OCBC Securities Private Limited (Client A/C-NR)*	107,360,487	15.56
2	Chuah Ah Bee	96,539,425	13.99
3	Chuah Ah Bee	96,039,139	13.92
4	Chan Kim Keow	94,621,405	13.71
5	Chuah Hoon Hong	12,996,875	1.88
6	Chuah Hoon Teng	12,812,500	1.86
7	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Loo Choo Gee*	10,576,170	1.53
8	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Soon Hui (E-SJA)*	10,437,875	1.51
9	Chuah Hoon Phong	7,814,609	1.13
10	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	6,632,527	0.96
11	Chuah Hoon Phong	6,529,452	0.95
12	Chuah Teh Chai	5,253,515	0.76

LIST OF TOP THIRTY (30) HOLDERS (CONT'D)

(Without aggregating securities from different securities accounts belonging to the same registered holder)

	Name	Shareholdings	%
13	Tan Chin Tee	4,959,075	0.72
14	Lee Yew Aun	4,867,075	0.71
15	Lim Gaik Bway @ Lim Chiew Ah	4,824,000	0.70
16	Dhayalini A/P P.G. Doraisamy	4,254,687	0.62
17	Tan Wai Heng	4,000,075	0.58
18	Kenanga Nominees (Asing) Sdn Bhd *Exempt AN For Phillip Securities Pte Ltd (Client Account)*	3,925,887	0.57
19	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Chooi Ho*	3,848,262	0.56
20	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lee Lee Kong (LEE4763C)*	3,805,275	0.55
21	Chu Kum Weng	3,653,300	0.53
22	Cheng Mooh Tat	3,387,175	0.49
23	Cheah Bok Chuan	3,194,200	0.46
24	Ng Yee Xin	2,740,000	0.40
25	Chan Kim Keow	2,484,843	0.36
26	Maybank Nominees (Tempatan) Sdn Bhd *Lee Lep Kiong*	2,305,900	0.33
27	MERCSEC Nominees (Tempatan) Sdn Bhd *Pledged securities account for Siow Wong Yen @ Siow Kwang Hwa*	2,127,500	0.31
28	Goh Chye Heang	2,084,375	0.30
29	Ong Chuan Seng	2,035,000	0.29
30	Tang Kuang Heng	1,763,100	0.26

SUBSTANTIAL SHAREHOLDERS

		Shareholdings			
	Name	Direct	%	Indirect	%
1	Chuah Ah Bee	192,578,564	27.91	25,809,375#	3.74
2	Chan Kim Keow	97,106,248	14.07	25,809,375#	3.74
3	Plant Wealth Holdings Limited	106,595,625	15.45	-	-
4	KMP Private Ltd	-	-	106,595,625##	15.45
5	KMP Investments Pte Ltd	-	-	106,595,625##	15.45
6	Mariton International Limited	-	-	106,595,625##	15.45
7	Anthoni Salim	-	-	106,595,625##	15.45
8	Tan Hang Huat	-	-	106,595,625##	15.45

As at 31 December 2020

DIRECTORS' SHAREHOLDINGS

	Name	Direct No. of ordinary shares held	%	Indirect No. of ordinary shares held	%
1	Chuah Ah Bee	192,578,564	27.91	25,809,375#	3.74
2	Chan Kim Keow	97,106,248	14.07	25,809,375#	3.74
3	Chuah Hoon Phong	14,344,061	2.08	170,312**	0.02
4	Loo Choo Gee	10,576,170	1.53	-	-
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

Other interest of their children by virtue of Section 59(11)(c) of the Companies Act 2016

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 Nineteenth 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, 25 March 2021 at 10.30 a.m.

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 September 2020 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 Chuah Ah Bee **Ordinary Resolution 1**

   b) Madam Chan Kim Keow **Ordinary Resolution 2**

   c) Y.B. Goh Choon Aik **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 RM736,850 and the payment of such fees to the Directors of the Company for the financial year ending 30 September 2021. **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 26 March 2021 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 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**

AS SPECIAL BUSINESS (CONT'D)

7. **Authority to Issue Shares**

"THAT subject always to the Companies Act 2016, the Company's Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the approvals from Bursa Securities and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and is hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and THAT the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities." **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.

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 and Proposed New Shareholders' Mandate for Additional 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 27 January 2021 ("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.

AS SPECIAL BUSINESS (CONT'D)

9. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional 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: 27 January 2021

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 18 March 2021. 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://tiih.online (applicable to individual shareholders only) 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.

11. Last date and time for lodging the proxy form is Tuesday, 23 March 2021 at 10.30 a.m.

Note A (Cont'd)

NOTES: (Cont'd)

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 RM736,850 for the financial year ending 30 September 2021.

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 26 March 2021 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 challenges 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.

Meanwhile, as recommended by the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), the Board will be seeking shareholders' approval through a two-tier voting process at the Nineteenth Annual General Meeting to retain Tuan Haji Ahmad Fazil Bin Haji Hashim as an Independent Non-Executive Director as his tenure has exceeded Twelve (12) years.

EXPLANATORY NOTES (Cont'd)

4. Authority to Issue Shares

This general mandate for issuance of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the last Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. As the Mandate will expire on 25 March 2021, the Board is desirous of seeking a fresh general mandate at the Nineteenth AGM.

This proposed Ordinary Resolution 9, if passed, will provide flexibility for the Company and empower the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of 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. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next AGM of the Company.

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 27 January 2021 for more information.

6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional 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 27 January 2021 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 Nineteenth Annual General Meeting.

GENERAL MANDATE FOR ISSUES OF SECURITIES (Pursuant to Paragraph 6.03(3) of the 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 25 March 2021. A renewal of this authority is being sought at the Nineteenth 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 2020 AND DETAILS OF DIRECTORS' ATTENDANCE

Details of attendance of Directors at the Board Meetings held during the financial year ended 30 September 2020 are as follows:-

Name	Meetings attended
Chan Kim Keow	4/5
Chew Chee Khong	5/5
Chuah Ah Bee	4/5
Chuah Hoon Phong	5/5
Goh Choon Aik	5/5
Haji Ahmad Fazil Bin Haji Hashim	5/5
Lim Ghim Chai	5/5
Loo Choo Gee	5/5
Wijanti Tjendera	4/5

CAB CAKARAN CORPORATION BERHAD
(200201015998) (583661-W)
(Incorporated in Malaysia)

PROXY FORM

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 Nineteenth 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, 25 March 2021** 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 Chuah Ah Bee	Ordinary Resolution 1		
Re-election of Madam Chan Kim Keow	Ordinary Resolution 2		
Re-election of Y.B. Goh Choon Aik	Ordinary Resolution 3		
Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company	Ordinary Resolution 4		
Approval of Directors' fees up to an amount of RM736,850 for financial year ending 30 September 2021	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 and additional 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 2021

____
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 18 March 2021. 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

Then fold here

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://tiih.online (applicable to individual shareholders only) 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, 23 March 2021 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.*

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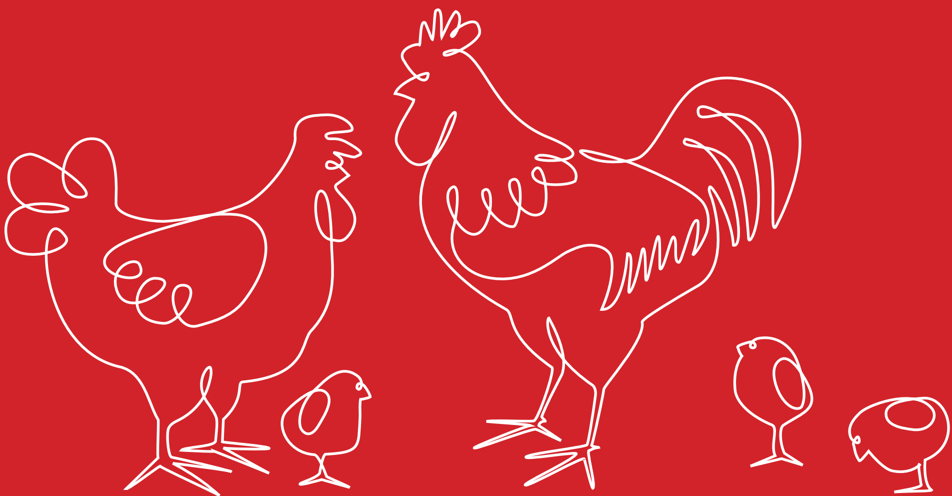

CAB CAKARAN CORPORATION BERHAD (200201015998) (583661 W)

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

Tel : 604-398 2233
Fax : 604-398 0137 / 398 0370
E-mail : cab@cab.com.my