CCK CONSOLIDATED HOLDINGS BERHAD

396692-T

ANNUAL REPORT

2018

VISION

The Food People of Choice

MISSION

The provision of quality food ensuring customer satisfaction, financial sustainability and responsible social and environment interaction. Achieved through integrated solutions involving innovative, integrous teams of committed people

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATUK TIONG SU KOUK
Non-Independent Non-Executive Chairman

CHONG SHAW FUI
Executive Vice Chairman

TIONG CHIONG HIIUNG
Group Managing Director

TIONG CHIONG SOON
Executive Director

KUEH CHUNG PENG
Executive Director

LAU LIONG KII
Executive Director

LING TING LEONG @ LING CHONG SENG
Non-Independent Non-Executive Director

DATUK PEMANCA JANGGU ANAK BANYANG
Independent Director

DATU HAJI PUTIT BIN MATZEN
Independent Director

BONG WEI LEONG
Independent Director

REGISTERED OFFICE

Lot 999, Section 66, Jalan Keluli
Bintawa Industrial Estate
93450 Kuching, Sarawak, Malaysia

Tel : 082-336520
Fax : 082-331479

COMPANY SECRETARIES

Voon Jan Moi
(MAICSA 7021367)

Yap Hui Yih
(MAICSA 7048748)

PRINCIPAL BANKERS

AmBank (M) Berhad
Hong Leong Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share Registrars Sdn. Bhd.)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : 03-7849 0777
Fax : 03-7841 8151 / 03-7841 8152

AUDITORS

Crowe Malaysia PLT
(converted from Crowe Malaysia AF1018 which was formerly known as Crowe Horwath)
Chartered Accountants
1st Floor, No.1, Lorong Pahlawan 7A2
Jalan Pahlawan
96000 Sibu, Sarawak, Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : CCK
Stock Code : 7035

WEBSITE

www.cck.com.my

CORPORATE STRUCTURE

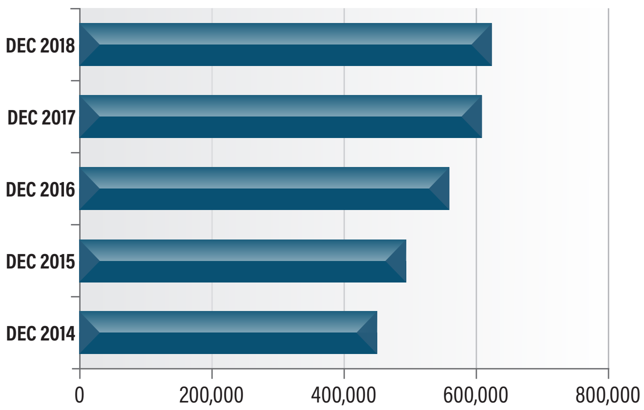
CCK CONSOLIDATED HOLDINGS BERHAD
(396692-T)

- 100% Ableway Sdn. Bhd. (92584-T)
  - 100% Angkutan Golden Plan Sdn. Bhd. (209869-T)
- 100% CCK Fresh Mart Sdn. Bhd. (237719-T)
  - 78.07% Mukah Seafoods Industries Sdn. Bhd. (34915-W)
- 100% CCK Sea Products Industries Sdn. Bhd. (540016-X)
- 100% C. S. Choice Food Industries Sdn. Bhd. (645333-X)
- 100% Kuok Sui Sea Products Industries (S) Sdn. Bhd. (158334-D)
- 100% Pt. Adilmart *(Foreign Company)* *(3.75% is held by **CCK Fresh Mart Sdn. Bhd.**)*
  - 90% Pt. Central Coldstorage Khatulistiwa *(Foreign Company)*
- 100% Ataskota Sdn. Bhd. (99524-K)
- 100% CCK Fresh Mart (West Malaysia) Sdn. Bhd. (432898-W)
- 100% CCK Properties Sdn. Bhd. (1297188-K)
- 100% Central Coldstorage Kuching Sdn. Bhd. (68650-V)
  - 100% Poultry Industry (S) Sdn. Bhd. (100247-X)
    - 100% Farm Land Supplies & Veterinary Services Sdn. Bhd. (406838-V)
  - 100% Zhang Agriculture Development Sdn. Bhd. (171859-A)
- 100% Hawker Time Food Hall Sdn. Bhd. (1277665-X)
- 100% Kin Eastern Frozen Food Sdn. Bhd. (87382-M)
- 100% Zhang Agriculture Development (Sabah) Sdn. Bhd. (907960-A)

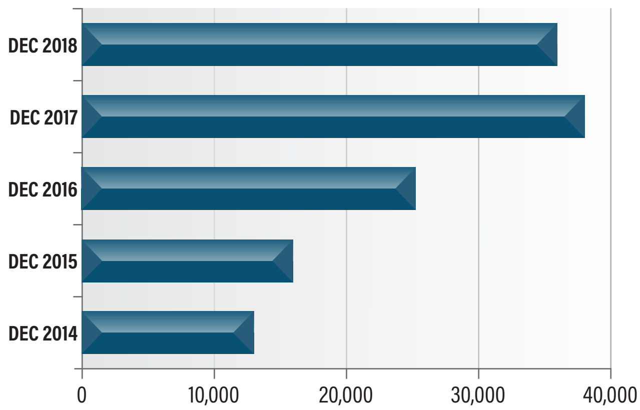
5 YEARS FINANCIAL SUMMARY

	2014 RM '000	2015 RM '000	2016 RM '000	2017 RM '000	2018 RM '000
Revenue	451,282	494,095	559,049	615,789	639,490
Profit before tax (PBT)	12,947	16,028	25,375	39,367	34,365
Earnings before interest, tax, depreciation and amortisation (EBITDA)	28,736	34,191	47,892	57,475	53,344
Profit attributable to owners of the company	8,281	13,510	18,854	29,063	25,817
Earnings per share (Basic)	5.33	4.32	6.01	4.61	4.09

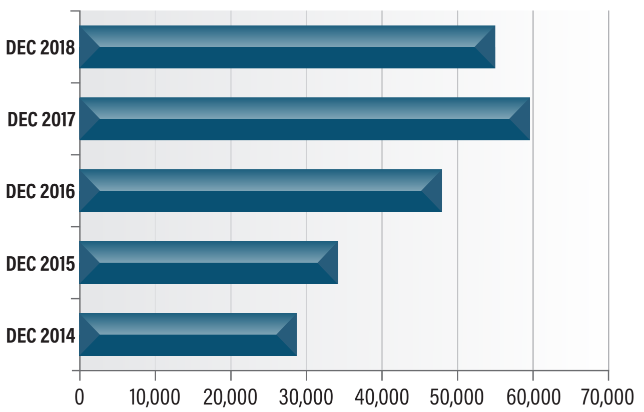
| Revenue (RM'000)



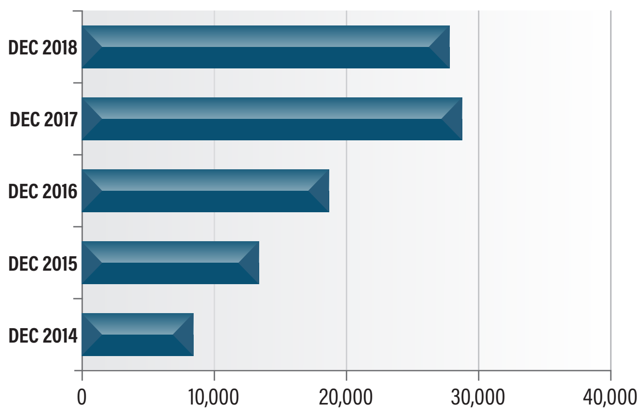
| Profit before tax (RM'000)



| EBITDA (RM'000)



| Profit attributable to owners of the company (RM'000)



Dear valued shareholders,

The Management Discussion and Analysis ("MD&A") is intended to provide the reader with operational and financial highlights of CCK Consolidated Holdings Berhad ("CCK" or "The Group") for the financial year ended 31st December 2018.

The MD&A should be read together with the audited financial statements of the Group and Company.

INTRODUCTION

CCK is principally involved in retailing and poultry farming. Our fully integrated supply chain consists of feed mill, breeder farms, hatchery, broiler farms, layer farm, abattoirs and retail stores. The businesses are carried out primarily in Sarawak, Sabah and Indonesia (Jakarta and Pontianak).

Since the opening of the first retail store in Sibu in 1970, our network of more than 50 retail stores now spans across Sarawak and Sabah. Fresh dressed chicken and chicken parts make up approximately 60% of our stores products. The remaining 40% of our stores' products comprise frozen products, table eggs and fresh fruits and vegetables.

As Sarawak's largest integrated poultry supplier, our retail network is strongly supported by the poultry segment. CCK's farm operations are also located in Sarawak and Sabah.

FINANCIAL REVIEW

Key Financial Indicators

	FY 2018 RM'000	FY 2017 RM'000	VARIANCE %
Revenue	639,490	615,789	3.85%
Indonesian operations revenue	124,819	110,641	12.81%
Cost of sales	530,599	500,126	6.09%
Gross profit	108,892	115,662	-5.85%
Other income	7,725	4,635	66.67%
Share of results in associate	4,100	4,632	-11.48%
Profit before tax	34,365	39,367	-12.71%
Property plant and equipment	173,431	163,373	6.16%
Inventories	55,221	58,850	-6.16%
Cash & cash equivalents	30,081	35,494	-15.25%

Financial Highlights

- For financial year ended 31st December 2018, the Group recorded a total revenue of RM639.490m, an increase of 3.85% when compared to financial year ended 31st December 2017. The revenue contribution from our Indonesian operations improved with increased production and sales of sausages in Jakarta and Pontianak. We ended the year with 57 outlets (2017 : 55 outlets).

- Despite the growth in revenue, the Group recorded a lower profit before taxation of RM34.365m, a decrease of 12.71% over 2017. This was mainly due to the weaker USD/MYR in 2018 which increased the price of feed and imported frozen products. This is also evidenced in our increasing cost of sales and lower gross profit.

- Other income increased by 66.67% over 2017 mainly due to insurance compensation received for a fire that occurred at one of our subsidiary's plant in 2017.

- Share of results in associate declined by 11.48% over 2017 as our associate company, Gold Coin Sarawak Sdn. Bhd. recorded a decline in performance in 2018.

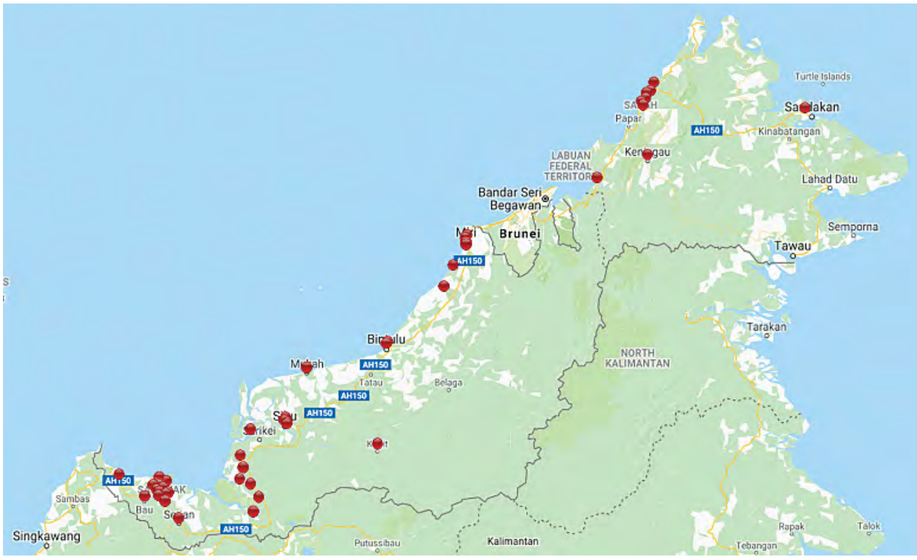
- The Group's property, plant and equipment increased in 2018 by 6.16% when compared to 2017. This was mainly due to –
  - Construction of one new breeder farm in Lundu, Sarawak
  - Installation of a nugget line in Jakarta
  - Extension of chicken abattoir line in Kuching

- Inventories decreased by 6.16% over 2017 mainly due to a decrease in stocks of frozen beef and lamb.

- Cash and cash equivalents declined by 15.25% over 2017. Additions to property, plant and equipment amounted to RM32.1m.

- A first and final single tier dividend of RM9.4m was paid out to shareholders on 29 June 2018.

OPERATIONS REVIEW



CCK strives to remain competitive and continuously seeks to improve its market share. Three new outlets were opened in 2018 – Malihah and Roban in Sarawak and Sandakan in Sabah. In order to improve operational and financial efficiencies, the Betong wholesale department was integrated with the retail outlet. The Group ended the year with 57 outlets (2017 : 55).

- In its continuing efforts to support the retail segment, the poultry segment constructed a new breeder farm in Lundu, Sarawak.

- The Jakarta operations installed a nugget producing line in our factory in Cikupa, Jakarta in September 2018. The addition of the nugget line will increase the range of items produced in our factory thereby offering a wider choice for our Indonesian customers.

In October 2018, CCK ventured into the food and beverage industry with the opening of its first F&B outlet, Hawker Times.

ANTICIPATED OR KNOWN RISKS

a. **Credit Risk**

CCK practises a policy of dealing with creditworthy customers based on careful evaluation of each credit customer's financial standing and credit history. This practice mitigates the risk of financial loss from possible default payments. The Group has also in place a credit monitoring process which regularly monitors the status and payments of our credit customers.

b. **Foreign Currencies Fluctuation Risk**

The Group imports frozen products for the network of retail stores where the purchases are denominated in US dollars. As such, the Group is exposed to currency fluctuation risk. Any adverse fluctuation in the MYR/USD rate may affect the profitability of the Group. In addition, fluctuations in the MYR/USD will likely affect the cost of feed for the poultry segment.

c. **Liquidity Risk**

The Group maintains an adequate level of cash and cash equivalents and banking facilities to ensure sufficient liquidity to meet its liabilities as and when they fall due. The Group's exposure to liquidity risk arises principally from trade payables, other payables and other bank borrowings (bankers' acceptances and a revolving credit).

d. **Competition Risk**

CCK retail stores face increasing risks from existing and new competitors who offer similar products and compete on the basis of pricing. To mitigate this, we are continuously looking at means to improve our competitive edge. The Management not only focuses on pricing of products but also in evolving business models which improve the customers' shopping experience.

e. **Biosecurity And Disease Risk**

Concerns regarding disease and biosecurity at our chicken farms are constantly high on the agenda. The economic impact of a disease outbreak in any farm can be catastrophic on CCK's bottom line. Constant monitoring is a compulsory standard operating procedure across all our operations even as we continuously innovate and update our biosecurity measures.

DIVIDENDS

CCK has a dividend policy of paying up to 30% of the profit after taxation and minority interests and also considering the level of available funds, the amount of retained earnings, capital expenditure commitments and other investment planning requirements.

In line with our continued focus on shareholder returns, the Board is pleased to announce a first and final single-tier dividend of 1.25 sen per share for the financial year ended 31 December 2018.

FORWARD LOOKING STATEMENT

The International Monetary Fund (IMF) estimated the global growth for 2018 was 3.7%, with weaker performances from European and Asian economies. Amidst trade tensions between the US and its trading partners, the global economy is showing signs of moderation. The global economy is projected to grow at 3.5% for 2019.

In 2018, the Malaysian economy grew at a moderate pace of 4.7%. Bank Negara Malaysia expects growth to be sustained in 2019 driven by domestic demand.

The Group intends to expand its retail network in Sarawak and Sabah by opening a maximum of 6 stores in 2019. We will continue re-vamping our existing outlets by providing comfortable shopping environments and increasing the variety of fruits, vegetables, small packs of meat and chicken for the convenience of our customers. The focus is to make the CCK outlets the choice shopping locations for households' daily meal requirements. To support the retail segment's plans, the poultry segment would also be expanding the broiler farms in both Sarawak and Sabah.

The Indonesian operations performed well in 2018 and is expected to continue its uptrend in 2019. The strength of our Indonesian subsidiary is in the production of value-added products ie sausages and nuggets.

In view of the above plans, the Board of Directors is cautiously optimistic about the prospects for the coming financial year.

APPRECIATION

I would like to record my profound appreciation to my fellow directors on the Board, the management teams and the staff of the CCK Group of Companies for all their hard work and dedication. Their commitment and their tieless work have made CCK the success it is today. I would also like to acknowledge the support of our shareholders, business partners, suppliers and customers and thank you for your continued belief in CCK.

TIONG CHIONG HIIUNG
GROUP MANAGING DIRECTOR

TAN SRI DATUK TIONG SU KOUK

Non-Independent Non-Executive Chairman

YBhg. Tan Sri Datuk Tiong Su Kouk (aged 77, Malaysian, male) is the founder of CCK Consolidated Holdings Berhad ("CCK") and its subsidiaries ("CCK Group" or "the Group"). He was appointed as Executive Chairman to the Board of CCK on 15 July 1997 and re-designated as Non-Independent Non-Executive Chairman on 20 March 2002. He is also a member of the Audit Committee and Nomination Committee of CCK and the Chairman of the Remuneration Committee of CCK. He also acts as Chairman of the other companies within CCK Group. Under his stewardship, CCK Group has progressed from a small family-run business to one of the Sarawak's largest integrated poultry producers and producers of frozen seafood.

YBhg. Tan Sri Datuk Tiong began his career as a seafood trader at the age of 14. He also involved in poultry industries for the past 34 years. YBhg. Tan Sri Datuk Tiong also sits on various school boards and is actively involved in the Foochow and Zhang Associations in Malaysia. He is the Honorary Life President of the Sibu Chinese Chamber of Commerce and Industry and the Honorary President of The Association Chinese Chambers of Commerce and Industry of Sarawak. He was appointed as the Honorary Life President of World Federation of Foochow Association in 2004 and the Permanent Honorary Life Chairman and Inaugurator of the World Zhang Clan Association in 2011.

YBhg. Tan Sri Datuk Tiong was appointed as Executive Chairman and Chief Executive Officer ("CEO") of Nam Cheong Limited ("NCL"), a public company listed on the Singapore Exchange since 28 April 2011. He has relinquished his position as the CEO of NCL on 21 May 2013 but remain as the Executive Chairman of NCL. NCL Group is one of the leading builders and suppliers of Offshore Support Vessel in Malaysia. He also sits on the boards of Hua Shang Economic Corporation (Sibu) Bhd. and other private limited companies in Malaysia.

YBhg. Tan Sri Datuk Tiong was conferred the "Panglima Jasa Negara" (PJN) which carries the title "Datuk" by Seri Paduka Baginda Yang Di-Pertuan Agong on the occasion of His Excellency's 75th Birthday on 2 June 2001. He was also awarded the "Pingat Bintang Sarawak" (PBS) and "Johan Setia Mahkota" (JSM) in 1987 and 2000 respectively by the Sarawak State Government and Seri Paduka Baginda Yang Di-Pertuan Agong respectively for his contributions to the community. On 4 June 2016, he was bestowed the "Panglima Setia Mahkota" (PSM) which carries the title "Tan Sri" by Seri Paduka Baginda Yang di-Pertuan Agong XIV on His Majesty's 88th Birthday. The Award is in recognition of Tan Sri Datuk Tiong's contribution as a leader of diverse and multi-business ventures, his contribution to national economic development and to the society and country. YBhg. Tan Sri Datuk Tiong was awarded with Consumer Goods Industry Entrepreneur of the Year at the Asia Pacific Entrepreneurship Awards 2016.

During the financial year ended 31 December 2018, YBhg. Tan Sri Datuk Tiong attended all the five (5) Board meetings held. His shareholdings in CCK as at 2 April 2019 are disclosed on page 129 of this annual report.

CHONG SHAW FUI
Executive Vice Chairman

TIONG CHIONG HIIUNG
Group Managing Director

Mr. Chong Shaw Fui (aged 74, Malaysian, male) was appointed as Executive Vice Chairman to the Board of CCK on 15 July 1997. He is a member of Risk Management Committee.

He has more than 47 years of experience in the field of poultry industry. He is responsible for the management of the poultry business unit of CCK, which ranges from breeding, hatchery, eggs to the production line accordingly.

Mr. Chong commenced his poultry breeding experience in Singapore in 1972. He was the founder of Sarawak Breeding farm, specialising in the hatching and breeding of commercial broiler day-old chicks. He then developed this business into Zhang Agriculture Development Sdn. Bhd., which is now a wholly-owned subsidiary of CCK.

In 1983, he incorporated Poultry Industry (S) Sdn. Bhd. ("Poultry Industry") and started contract farming. Poultry Industry supplies day-old chicks and feed to their Contract Farms and buy back the broilers which are then supplied to CCK's abattoir. Poultry Industry is now a wholly-owned subsidiary of CCK.

During the financial year ended 31 December 2018, Mr. Chong attended all the five (5) Board meetings held. His shareholdings in CCK as at 2 April 2019 are disclosed on page 129 of this annual report.

Mr. Tiong Chiong Hiiung (aged 52, Malaysian, male) was appointed to the Board of CCK on 15 July 1997. He is the Group Managing Director of CCK and a member of Remuneration Committee and the Chairman of Risk Management Committee.

He graduated with a Bachelor of Economics from Monash University in Australia in 1989. He joined the Group after his graduation. In 1994, he was appointed as Managing Director of Central Coldstorage Kuching Sdn. Bhd., and was responsible for the overall management and operations of the CCK Group. He has been actively involved in every aspect of the Group's operations, including breeding, broiler farming and processing of seafood. He is instrumental in transforming CCK Group's operations into one of the most modern in Sarawak.

He was appointed as Non-Executive Director and also members of the Audit Committee, Nomination Committee and Remuneration Committee of Nam Cheong Limited ("NCL"), a public company listed on the Singapore Exchange, on 28 April 2011. He was subsequently re-designated to Executive Director and was appointed as the Executive Vice Chairman of NCL on 1 July 2014. He then resigned as members of the Audit Committee and Remuneration Committee of NCL on 1 July 2014 and 1 October 2014 respectively. In 2017, he was appointed as the Financial Director for the Group to guide the Finance team in financial strategies and control towards a healthier financial performance for the Group.

Mr. Tiong is a Licensed Company Secretary by the Companies Commission of Malaysia. He also sits on the boards of various private limited companies.

During the financial year ended 31 December 2018, Mr. Tiong attended all the five (5) Board meetings held. His shareholdings in CCK as at 2 April 2019 are disclosed on page 129 of this annual report.

TIONG CHIONG SOON
Executive Director

KUEH CHUNG PENG
Executive Director

Mr. Tiong Chiong Soon (aged 49, Malaysian, male) was appointed as Executive Director of CCK on 15 July 1997. He is a member of Risk Management Committee.

He graduated with a Bachelor of Business from University of Oklahoma in USA in 1994. He joined CCK Group after his graduation, and is principally responsible for the purchasing function and the retail division of the Group. He maintains an excellent rapport with the suppliers thus ensuring timely delivery of products of the highest quality for the Group.

He is a Group General Manager of Nam Cheong Limited ("NCL") Group since 2009, responsible for NCL Group's shipbuilding operation including vessel chartering, repairs, procurement and sourcing of equipment required for shipbuilding operation. NCL is a public company listed on the Singapore Exchange. He is also a Director of Nam Cheong Dockyard Sdn. Bhd. ("NCD") since 30 June 2010. NCD is a wholly-owned subsidiary of NCL. In addition, he also sits on the boards of various private limited companies.

During the financial year ended 31 December 2018, Mr. Tiong attended four (4) out of five (5) Board meetings held. His shareholdings in CCK as at 2 April 2019 are disclosed on page 129 of this annual report.

Mr. Kueh Chung Peng (aged 65, Malaysian, male) was appointed as Executive Director of CCK on 15 July 1997. He is a member of Risk Management Committee.

He has over 37 years' experience in aquaculture and coldstorage products industry, and he plays an advisory role for CCK in the field of coldstorage, aquaculture farming and poultry processing.

He joined Kin Eastern Frozen Food Sdn. Bhd. in 1982 as the Managing Director and is responsible for the aquaculture farming division of CCK Group. He was appointed to the Board of CCK Fresh Mart Sdn. Bhd. in 1993. He was then appointed as the Managing Director of Central Coldstorage Kuching Sdn. Bhd. on 27 August 2014 to oversee the businesses of coldstorage, poultry processing and retailing.

During the financial year ended 31 December 2018, Mr. Kueh attended all the five (5) Board meetings held. His shareholdings in CCK as at 2 April 2019 are disclosed on page 129 of this annual report.

DIRECTORS' PROFILE (CONT'D)

LAU LIONG KII
Executive Director

LING TING LEONG @ LING CHONG SENG
Non-Independent Non-Executive Director

Mr. Lau Liong Kii (aged 68, Malaysian, male) was appointed as Executive Director to the Board on 15 July 1997. Currently, he is also a member of the Remuneration Committee and Risk Management Committee.

He joined CCK Group in 1982 as the Managing Director of Ableway Sdn. Bhd., principally responsible for the operations of Ableway Sdn. Bhd. He also oversees the production and marketing functions of CCK's prawn division. Since then, he gained vast experience in domestic and international food markets, and brought to the Group an in-depth understanding of specialist trends of the food industry.

During the financial year ended 31 December 2018, Mr. Lau attended four (4) out of the five (5) Board meetings held. His shareholdings in CCK as at 2 April 2019 are disclosed on page 129 of this annual report.

Mr. Ling Ting Leong @ Ling Chong Seng (aged 67, Malaysian, male) is a businessman with a wealth of experience. He also sits on the boards of other private limited companies.

Currently, he is a Non-Independent Non-Executive Director of CCK. He is a member of Audit Committee. He joined CCK Group in 1983 and was responsible for the finance and corporate secretarial matters of CCK Group. He was appointed as Executive Director to the Board of CCK on 15 July 1997, and was re-designated as Non-Independent Non-Executive Director on 1 July 2013.

From 1971 to 1982, Mr. Ling gained his experience in accounting and auditing. He is a Certified Company Secretary and is a member of the Malaysian Association of Company Secretaries ("MACS") since 2001. He was appointed as Sarawak Liaison Co-Chairman of MACS since 11 October 2011. He was then appointed as Sarawak Region Committee Deputy Chairman of MACS since 29 December 2015. Mr. Ling retired as Sarawak Region Committee Deputy Chairman at mid of 2018, but remains as fellow member in MACS.

During the financial year ended 31 December 2018, Mr. Ling attended all the five (5) Board meetings held. His shareholdings in CCK as at 2 April 2019 are disclosed on page 129 of this annual report.

DATUK PEMANCA JANGGU ANAK BANYANG
Independent Director

DATU HAJI PUTIT BIN MATZEN
Independent Director

YBhg. Datuk Pemanca Janggu anak Banyang (aged 72, Malaysian, male) was appointed to the Board as an Independent Director of CCK on 15 July 1997. He is the Chairman of Audit Committee and Nomination Committee and a member of Remuneration Committee.

After completing his formal education, he worked for various companies and subsequently held directorship in those companies, which are principally involved in the activities of supply of rations, property development and timber contractor. He is also involves in Agro-base Nursery.

On 16 September 1990, YBhg. Datuk Pemanca Janggu was awarded "Pegawai Bintang Kenyalang" (PBK) by Tuan Yang Terutama Gabenor Sarawak on the occasion of his excellency birthday. He was also awarded the "Johan Mangku Negara" (JMN) by Yang Di-Pertuan Agong on the occasion of his Excellency's Birthday on 4 June 2011. He was conferred the "Panglima Jasa Negara" (PJN) which carries the title "Datuk" by Seri Paduka Baginda Yang Di-Pertuan Agong on the occasion of his Excellency's Birthday on 6 June 2015. He is a life member of Dayak Chamber of Commerce and Industry, Sarawak since 2003.

During the financial year ended 31 December 2018, YBhg. Datuk Pemanca Janggu attended all the five (5) Board meetings held. His shareholdings in CCK as at 2 April 2019 are disclosed on page 129 of this annual report.

YBhg. Datu Haji Putit bin Matzen (aged 74, Malaysian, male) was appointed to the Board as an Independent Director of CCK on 20 March 2002. He is a member of Audit Committee, Nomination Committee and Remuneration Committee.

He holds a Bachelor of Science Degree and obtained a professional post-graduate Diploma in Teaching. He started his career with the Sarawak Education Service in 1972 and held various senior positions including the Director in the State Education Department and Principal Assistant Director at the Ministry of Education in Kuala Lumpur. While in service, he pursued other professional courses, notably in educational management and administration, development, innovation, testing and examinations and also crisis management.

Currently, YBhg. Datu Haji Putit bin Matzen is a Deputy-Chairman of the Sarawak Branch of the Malaysian Red Crescent Society, the President of the Malaysian Historical Society (Sarawak Branch), Deputy Chairman of the Darul Falah Charitable Trust, Deputy Chairman of the Welfare Charitable Trust of Sadong Jaya, Chairman of Baitulmal and Waqaf Board of Trustees and Chief Executive of SEGI College Sarawak.

During the financial year ended 31 December 2018, YBhg. Datu Haji Putit attended all the five (5) Board meetings held. He holds no share in CCK.

BONG WEI LEONG
Independent Director

Mr. Bong Wei Leong (aged 52, Malaysian, male) was appointed to the Board as an Independent Director of CCK on 30 September 2009. He is a member of Audit Committee.

He was a Partner of a public accountants firm prior to starting his own practice in 2004. He has more than 23 years of experience in providing auditing, accounting and taxation services to various clients.

He graduated with a Bachelor of Business (Accountancy) and Bachelor of Law from Queensland University of Technology in Australia in 1993. He is a member of the Malaysian Institute of Accountants and the CPA Australia. He sits on the board of a public listed company, Rimbunan Sawit Berhad and he is also a member of its Risk Committee.

During the financial year ended 31 December 2018, Mr. Bong attended all the five (5) Board meetings held. He holds no share in CCK.

Other Information of Directors:

(i) All the five (5) Executive Directors, namely Mr. Tiong Chiong Hiiung, Mr. Tiong Chiong Soon, Mr. Chong Shaw Fui, Mr. Kueh Chung Peng and Mr. Lau Liong Kii, are also the Key Senior Management of CCK Group, who are primarily responsible for the business operations of CCK Group;

(ii) None of the Directors has been convicted of any offence within the past five (5) years and there has not been any public sanction and penalty imposed by the relevant regulatory bodies during the financial year under review;

(iii) None of the Directors has any conflict of interests with the Company; and

(iv) None of the Directors holds any directorship in other public companies, except for YBhg Tan Sri Datuk Tiong Su Kouk and Mr. Bong Wei Leong.

The Board of Directors ("Board") of CCK Consolidated Holdings Berhad ("the Company") presents this Statement to provide shareholders and investors with an overview of the corporate governance practices during the financial year 2018 in accordance with the Malaysian Code on Corporate Governance ("MCCG").

This Statement is to be read together with the Corporate Governance Report ("CG Report") which provides the details on how the Company has applied each Practice as set out in the MCCG. The CG Report is available on the Company's website at www.cck.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is always mindful of its responsibilities to the Company's shareholders and various stakeholders. The Board determines the strategic objectives and policies for the Company and ensure that long-term goals and short-term objectives are met with sufficient resources in place.

To ensure optimum decision-making, the positions of the Chairman and Group Managing Director are held by different individuals. Their responsibilities and accountability are clearly defined in the Board Charter. The Board Charter also sets out authority, roles and responsibilities of the Board, Board Committees and individual Directors. The Code of Conduct is in place to govern good business conduct and healthy corporate culture so as to support long-term sustainable success. Whistleblowing Policy is also in place to enable individuals to raise concerns of improper conduct and wrong doing.

The Board is supported by two (2) suitably qualified and competent Company Secretaries, who provide sound advice in relation to governance, regulatory requirements, policies and procedures. The Board members have full access to the Company Secretaries.

II. Board Composition

The Company is led and managed by an experienced Board comprising 10 members. The Non-Independent Non-Executive Chairman, the Executive Vice Chairman, the Group Managing Director, the Non-Independent Non-Executive Director, three (3) Executive Directors and three (3) Independent Directors. One-third (1/3) of the Board members consist of Independent Directors with necessary experience, skills, qualifications and other core competencies to bring balanced and objectivity to the decisions making of the Board.

The Board recognises the benefits of having a diverse Board and is satisfied that the current size and composition of the Board is considered adequate for decision making in terms of age and ethnicity, as well as skills, experience, expertise and perspectives.

The Board has in place a policy on gender diversity in the Nomination and Election Process of the Board members, to ensure that women candidates are sought in its recruitment exercise. The Board does not limit the tenure of the Independent Directors as the Board is of the view that long-serving Independent Directors have valuable experience, expertise and networking, and they can continue to provide unbiased and independent views.

The Board, through the Nomination Committee conducted an annual assessment of effectiveness of the Board, the Board Committees, and individual Directors during the financial year under review. The Board is satisfied that they had been effective in the discharge of their overall functions and duties.

III. Remuneration

The Board has established a Remuneration Policy for the Directors, which is reviewed periodically. The Remuneration Committee reviews the remuneration of Directors annually to ensure the remuneration packages remain appropriate, competitive and in alignment with the prevalent market rate so as to attract and retain individuals with high caliber.

During the financial year 2018, the Remuneration Committee met once with full attendance of its members. They reviewed and recommended to the Board the remuneration packages of Directors, taking into consideration commitment and responsibilities assumed, experience and skills required, performance of the members of the Board, as well as the performance of the Group.

The Terms of Reference of the Remuneration Committee is made available on the Company's website.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee ("AC") comprises three (3) Independent Directors and two (2) Non-Executive Non-Independent Directors. The AC is chaired by an Independent Director.

The composition of the AC is reviewed by the Nomination Committee ("NC") annually and recommended to the Board for approval. The NC ensures all AC members are financially literate, possess appropriate level of expertise and experience, and have strong understanding of the Group's business. The AC members keep abreast of relevant developments in accounting, auditing and governance. The Board is satisfied with the performance of the AC for the financial year under review.

The AC oversees the financial reporting, ensures the quarterly and annual financial statements are prepared in accordance with the provision of the Companies Act 2016, applicable approved accounting standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs, results and cash flows of the Group for the financial year under review.

The AC assesses suitability, objectivity and independence of the external auditors annually and is satisfied with the competency and independency of the external auditors for the financial year under review.

Further details on the AC are disclosed in the Audit Committee Report as outlined on pages 28 to 29 of this Annual Report.

II. Risk Management and Internal Control Framework

The Board reviews the adequacy and effectiveness of the Risk Management and Internal Control System ("System") of the Group through the Risk Management Committee ("RMC") and AC.

The RMC comprises all five (5) Executive Directors. The Risk Management Department works closely with RMC to ensure adequacy and effectiveness of the risk management practices. The Internal Audit Department ("IAD") assists the AC to ensure the internal control function is operated effectively and satisfactorily.

The Board is satisfied with the performance of the RMC and AC in relation to risk management and internal audit function under the financial year 2018, and is of the view that the Group has a sound System to safeguard the Group's assets, shareholders' investment, and interests of customers, employees and other stakeholders.

The details of the System are set out in the Statement of Risk Management and Internal Control on pages 25 to 27 of this Annual Report.

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

I. Communication with Stakeholders

The Board ensures that communication with the Company's shareholders and various stakeholders is transparent, timely and with quality disclosures. The Company communicates with its shareholders and other stakeholders through various platforms, including announcements made via Bursa Malaysia Securities Berhad ("Bursa Securities"), disclosures on the Company's website, meeting with institutional prospective investors and invite questions in general meetings.

The investor relations activities serve as an important communication channel with the Company's shareholders and investment community. Stakeholders are encouraged to channel their concerns to the email address at investor@cck.com.my.

II. Conduct of General Meetings

Annual General Meeting ("AGM") is the principal forum for communicating between the Company and its shareholders. Notice of AGM and annual report were dispatched to shareholders at least 28 days before the date of the AGM in 2018.

The Chairmen of the Board Committees together with the top management and external auditors were present to address queries during the meeting. The Chairman briefed the shareholders of their rights to raise questions and vote. Shareholders were also briefed on the voting procedures by the poll administrator prior to the poll voting. The vote cast and poll results were validated by the independent scrutineer. Poll results were announced to Bursa Securities on the same day of the AGM.

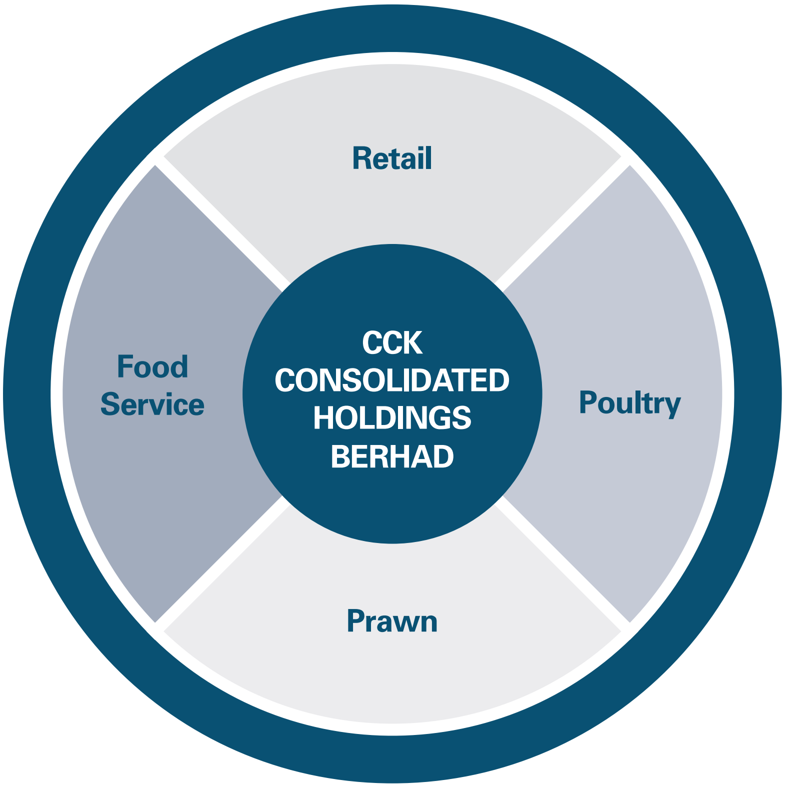
This Statement is made in accordance with the resolution of the Board of Directors dated 12 April 2019.

SUSTAINABILITY STATEMENT

This Sustainability Statement provides an overview of CCK Consolidated Holdings Berhad and its Group of Companies' (CCK) approach to sustainability-related areas pertaining to our shareholders and stakeholders. These areas cover Economic, Environmental and Social performances in our daily operations.

- Economic - Creation of long-term values for stakeholders and shareholders.
- Environment - Strive to reduce the environmental impact of our business activities in the environment we operate in.
- Social - Dealing with our customers, staff and the public in general, in accordance with industry best practices.

ABOUT CCK



CCK's business is divided into 4 segments namely retail, poultry, prawn and food service. The sustainability initiatives will focus on the retail and poultry segments, as these are our core business components and major revenue contributors.

As CCK has grown to become Sarawak's leading integrated poultry chain supporting a network of retail outlets spanning Sarawak and Sabah, the concept of sustainable development has been increasingly integrated into our business culture. By ensuring sustainability throughout our Group, we are establishing the platform for our businesses to strengthen operational efficiencies and deliver long-term growth for all stakeholders.

SUSTAINABILITY GOVERNANCE

CCK's approach to sustainability revolves around the Group's Vision and Mission Statements and governed by our Core Values –

VISION	**The Food People of Choice**
MISSION	The provision of quality food ensuring customer satisfaction, financial sustainability and responsible social and environment interaction. Achieved through integrated solutions involving innovative, integrous teams of committed people
CORE VALUES	Our Vision & Mission are achieved through the core values of continuous quality, financial sustainability, customer satisfaction and social and environmental responsibility

Our sustainability framework is led from the top. The roles and responsibilities of each level of our corporate structure are as follows –

Board of Directors	Management	Departments
• Formulates sustainable business strategies • Monitors business strategies	• Oversees implementation of sustainability strategies • Sets targets • Evaluates overall sustainability risks and opportunities • Oversees departments and their functions to ensure the viability of the sustainability framework • Considers and reviews inputs of all departments in the sustainability process	• Implement sustainability strategies • Ensures processes and controls are in place • Reviews and reports on the performance process and the respective controls • Reports on the targets sets by Management • Input to Management on sustainability options and opportunities

STAKEHOLDER ENGAGEMENT

Proactive stakeholder engagement ensures that our business operations remain relevant and viable. CCK engages with a diverse group of stakeholders –

Stakeholders	Key areas of focus	Methodology
Shareholders	• Profitability • Dividends • Return on investment	• Annual General Meetings • Annual reports • Quarterly reports • Press releases
Customers/Suppliers and Industry Partners	• Consistency in our quality of products and services • Affordability • Payment terms and timeliness of payments • Process and product innovations	• Site visits to suppliers premises • Supplier evaluation forms • Customer feedback • Customer satisfaction surveys
Employees	• Providing meaningful work • Career development • Training • Talent management • Recruitment selection • Health and safety	• Skills fit for roles • Leadership training • Career Advancement Programs • Coaching • Performance management
Government Authorities and Regulators	• Certifications • Industry best practises • Compliance with laws and regulations	• Periodic compliance audits • Compliance and certification exercises • Briefings and trainings
Community (non-government organisations, associations, academia)	• Branding and reputation • Healthy and sustainable communities • Environmental sustainability • Partnerships and joint ventures	• Educational site visits • Bursaries for children of staff • Waste water treatment • Sponsor meals for needy schools

MATERIALITY ASSESSMENT

We conducted materiality assessments to identify and prioritise the economic, environmental and social areas that will drive our sustainability development. The following was adopted as CCK's materiality assessment –

Identification	An internal sustainability group consisting of key senior management and heads of departments was created to identify material sustainability issues across the retail and poultry segments.
Prioritisation	In the process of prioritising material sustainability issues, the following matters were considered – • The economic, environmental and social impacts • Factors that may affect CCK's financial sustainability • The perspectives and interests of both internal and external stakeholders
Governance	Sustainability in any organisation is constantly evolving. The Board of Directors and management team will constantly and systemically review the current procedures in view of developing further the existing processes.

MATERIAL SUSTAINABILITY TOPICS & SUSTAINABLE DEVELOPMENT GOALS

People

The success of the Group is built on our people. As the nature of our work is evolving, we must continue focussing on attracting, retaining and developing skilled teams for today and for the future. This also includes continuing focus of maintaining a safe work environment and a safe shopping environment.

- Developing a values-based business based on a culture of good governance and ethical conduct which supports the effective functioning of core systems and processes.
- Our customers are at the heart of everything we do and customer satisfaction is a priority in our outlets.
- Playing a role in the local community where we operate our business.

Planet

Assessing and managing "responsible" and "ethical" issues within our retail and poultry operations, including both social and environmental issues.

MANAGING SUSTAINABILITY - ECONOMIC

Economic performance is the generation of sustainable financial and economic returns whilst creating long-term values for stakeholders to ensure sustainability of our business. Maintaining and building on our economic growth is crucial for CCK's business continuity.

A significant component of CCK's economic performance is derived from profitability. This is measured regularly against budgets and KPIs. A full breakdown and detailed report on the economic performance of the Group for the financial year ended 31st December 2018 is appended in this Annual Report.

The stakeholders impacted by our achievements are not limited to those who rely on our business directly through salaries, dividends and returns. The community in which we operate in also shares in our continued sustainable performance.

We are continuously finding ways to work together with our partners ie suppliers, customers and communities. The strong ties of these relationships build trust and enables us to maximise our positive impact.

Achieving Prosperity

Strategy	Commitment	Achievement
1. Strengthening the charitable meal system 2. Investing in communities 3. Incentive schemes	1. Feeding programmes for schools 2. Bursaries and incentives for school children 3. Donations in cash or kind to the disadvantaged	1. Sponsoring Sekolah Menengah Kampung Nangka Food Bank for the 2018 school year 2. Bursaries for 100 students from lower income families of CCK staff 3. Education incentives for 29 students 4. Donations to Breakthrough Network, Sibu Autistic Network, Sarawak Blood Donor Society etc

WE CARE ABOUT GIVING BACK TO THE COMMUNITY

MANAGING SUSTAINABILITY – ENVIRONMENTAL

We recognise the impact our operations have on our environment. CCK takes environmental issues seriously and we work closely with environmental regulators ensuring compliance with all standards at all times to reduce the impact on the environment.

Saving the planet

Strategy	Commitment	Achievement
1. Waste water management 2. Toxic waste management 3. Managing odour and noise pollution 4. Reducing emissions	1. Re-cycling waste water from our abattoir 2. Disposing of all toxic waste in a responsible manner 3. Enhance the waste management system 4. Minimise odour and noise pollution in the farms 5. Reducing emissions from our fleet of logistic trucks	1. Water output from abattoir meets parameters set by regulators 2. Scheduled toxic waste disposal arrangement with a licensed company 3. Collaboration between CCK and Centre for Water Research of University Malaysia Sarawak 4. Building closed-house farms 5. Scheduled deliveries that regulate the number and frequency of CCK vehicles on the road

Sampling Location	Test Parameter	Unit	Mean	Standard B (IER, 2009)
Final Discharge (CCK Abattoir)	COD	mg/L	**65.9**	<200
	BOD_5	mg/L	**5.5**	<50
	Oil & Grease	mg/L	**1.9**	<10
	pH		**6.7**	5.5-9.0
	Ammoniacal Nitrogen	mg/L	**0.5**	<20
	Total suspended solids	mg/L	**18.4**	<100
	Temperature	°C	**25.4**	<40°C
	COLOUR	ADMI	**19.5**	<200
	Effluent flowrate	m3/day	**301.1**	-

Safe for discharge back into the Sarawak River

MANAGING SUSTAINABILITY - SOCIAL

The success of our business relies on our employees. In a work environment which is evolving rapidly, the Group is continuing to concentrate on attracting, retaining and developing skilled teams. With a staff-strength of more than 2000 across the CCK Group, we are an established source of stable employment.

Our people

Strategy	Commitment	Achievement
1. Providing jobs 2. Career development 3. Training 4. Talent management 5. Recruitment selection 6. Safe workplace	1. Employee welfare 2. Team development 3. Leadership development 4. Skills fit for roles 5. Enhanced recruitment program 6. Coaching 7. Effective occupational health and safety measures	1. Internship placement for interns from local universities and colleges in the farms, factory and administrative departments 2. Long service awards for 15% of the total staff number working more than 10 years 3. In-house training for retail staff as part of Career Advancement Program 4. All new employees are required to attend mandatory orientation programs 5. Periodic briefing sessions to employees on topics of safety and health care issues 6. Adhering to Occupational, Safety and Health management system 7. Continuous assessment to training needs

Our employees work in a challenging environment that not only tests their skills and capabilities but also their fortitudes. Team building exercises are designed to strengthen trust and communication across the different teams and departments.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of the Company is committed to maintaining a sound risk management and internal control system ("System") in the Group to safeguard the Group's assets, shareholders' investments, as well as the interests of customers, employees and other stakeholders.

This Statement is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), taking into account the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines"), the Malaysian Code on Corporate Governance and Corporate Governance Guide.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the System of the Group and for reviewing the adequacy and effectiveness of the System.

The System covers strategy, operational, finance, information technology, compliance and external environment. The System is designed to manage, rather than eliminate, the risks and achieving the Group's strategies and objectives within the risk tolerance level established by the Board. The System provides reasonable, but not absolute, assurance against any material misstatement, loss or fraud.

The Board has received assurance from the Group Managing Director that the System of the Group is operating adequately and effectively, in all material aspects, based on the System adopted by the Group. Associated company has not been included as the management is not under the control of the Board. However, the Group's interest is served through representation on the board of the associated company.

The Board has reviewed the adequacy and effectiveness of the System through Audit Committee ("AC") and Risk Management Committee ("RMC") for the financial year 2018. Necessary actions have been and are being taken to remedy weaknesses identified from the review.

Risk-related matters and internal control issues which warranted the attention of the Board were recommended by the RMC and AC to the Board for its deliberation and approval, decisions made within the RMC's and AC's purview were escalated to the Board for its notation.

RISK MANAGEMENT FRAMEWORK

The principal responsibilities of the RMC is to establish and monitor the Group's risk management framework, develop process to identify, assess, monitor and report on all key business risks, and to provide guidance and strategic direction to the business units on the adequacy and effectiveness of the internal control system in order to achieve the Group's objectives and strategies within the acceptable risk appetite.

The risk management and internal control framework is embedded into the culture of the Group, which is responsive to changes in the business and market environment, and has been clearly communicated to all levels within the Group.

The RMC works closely with the staff of Risk Management Department ("RMD") to ensure effective and consistent adoption of risk management practices. The staff of RMD meets with the risk owners of the major divisional units and business units twice a year, to identify and evaluate risks concerned so as to establish risk profile of the Group.

The level of risk tolerance is expressed in the risk rating matrix, which is scaled in accordance to the likelihood of the risk and the impact on revenue, profit and cost. Risk parameter as a guide for determining the risk impact is updated annually in accordance with the plans and budgets of the Company and its major subsidiaries. Once the risk level is determined, risk owners will carry out mitigating actions within appropriate timeframe in accordance to the proposed action plans. Risk owners will update their existing risk profile on an on-going basis with regard to the progress, emerging risk, new strategies and the outcome.

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

The RMC reviews and deliberates the risk profile of the Group, with the assistance of the staff of RMD, in the RMC meetings held quarterly. RMC ensures that the overall risks are adequately identified and managed within an acceptable risk appetite. Critical risks, together with its impact, mitigating actions and improved results, are presented to the Board. The Group's significant risks for the financial year under review includes farm harvesting, factory performance, market competition and quality target.

INTERNAL CONTROL PROCESS

Audit

Internal Auditors undertake regular, independent and systematic approach to review and appraise the effectiveness of the internal control system within the Group so as to provide reasonable assurance that such system will continue to operate effectively, efficiently and economically in accordance with the Group's overall objectives and goals.

The Internal Auditors focus their functions on the major business units in accordance with the annual audit plan approved by the AC according to the International Standards for the Professional Practice of Internal Auditing and they uphold the principles of acting in integrity, objectivity, confidentiality and competency.

Management meetings and discussions were held with Heads of Departments and employees concerned to identify, discuss and resolve key management issues. Where any significant weakness has been identified, the Internal Auditors together with the management will recommend corrective measures to improve the internal control accordingly. The audit issues, findings and corrective measures were compiled into audit reports for deliberation in the AC meetings held quarterly. Follow up audits are also taken to assess the status of implementation thereof, and significant unresolved audit issues are escalated to the Board for deliberation.

Any cases of fraud, whether actual or suspected, are required to be reported to the Chairman of the AC and the Group Managing Director immediately upon discovered. Any significant incident concerning security and compliance are also required to be informed to the Head of Internal Audit Department upon discovered.

External Auditors' audit plans and reports are reviewed annually by the AC to ensure competencies and suitability of the External Auditors.

Compliance audits are conducted by auditors of relevant industry certification bodies on subsidiaries which are accredited with various quality, health and safety, and environment certificates. The results are reported to the management of the Group.

Authority and Responsibility

The Board delegates certain responsibilities to its committees with clearly defined authorities and responsibilities in respective committees' Terms of Reference.

Business performance is reviewed in monthly operation meetings and quarterly meetings of the Board. Results are compared against budgets and figures of corresponding period last year.

Policies and Procedures

The Group has put in place a set of standard operating procedures named Corporate Management System (CMS) to ensure the effectiveness of internal control, to mitigate risk, and to achieve the performance and targets of the Group, which are continuously reviewed, monitored, updated and improved by the steering committee.

Insurance

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure that the assets of the Group are adequately covered against any mishap that could result in material loss to the Group.

REVIEW OF THIS STATEMENT

The External Auditors have reviewed this Statement pursuant to Paragraph 15.23 of the Listing Requirements, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement, in all material aspects, is not prepared in accordance with the Guidelines nor is the Statement factually inaccurate.

CONCLUSION

For the financial year under review and up to the date of approval of this Statement, the Board is satisfied that the System is adequate and efficient to meet the Group's strategies and objectives. The Board will continue to take pertinent measures to sustain and to improve the System.

This Statement is made in accordance with the resolution of the Board dated 12 April 2019.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") presents the Audit Committee Report which provides insights into the manner in which the Audit Committee ("AC") discharged its functions for the Group during the financial year ended 2018.

COMPOSITION AND ATTENDANCE

The AC consists of the following five (5) members. Five (5) meetings were held during the financial year. Attendance of the AC members are as follows:

AC Members	Attendance
Chairman: Datuk Pemanca Janggu anak Banyang *(Independent Director)*	5/5
Members: Tan Sri Datuk Tiong Su Kouk *(Non-Independent Non-Executive Director)*	5/5
Bong Wei Leong *(Independent Director)*	5/5
Datu Haji Putit bin Matzen *(Independent Director)*	5/5
Ling Ting Leong @ Ling Chong Seng *(Non-Independent Non-Executive Director)*	5/5

The Board is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the Terms of Reference ("TOR") of the AC. The term of office and performance of AC and its members are reviewed by the Nomination Committee annually. Summary of the TOR of AC are available at the Company's website at www.cck.com.my.

The Heads of Finance and Internal Audit together with Company Secretaries attended the meetings held during the year. External auditors also attended meetings upon invitation of the AC.

All proceedings and deliberations in terms of the issues discussed, and recommendations and decisions made at the AC meetings are recorded in the minutes by the Company Secretaries and confirmed by the AC. Significant matters discussed at each meeting were reported to the Board by the AC Chairman.

SUMMARY OF ACTIVITIES

The AC carried out the following activities during the financial year:

(a) reviewed and deliberated the quarterly and annual audited financial statements to ensure that the financial reporting and disclosures presented a true and fair view of the financial positions of the Group and in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, prior to submission to the Board for consideration and approval;

(b) reviewed related party transactions and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity as well as the adequacy of the disclosure in the quarterly and annual audited financial statement, prior to the Board's consideration and approval;

(c) reviewed and approved the annual audit plans of the internal auditors and external auditors to ensure adequacy of resources, competencies and coverage of areas to be audited;

(d) reviewed and deliberated the audit reports of the internal auditors and external auditors, which includes the major findings, recommendations with respect to the system and control weaknesses, and management's responses thereto;

(e) met with the external auditors and internal auditors twice respectively without the presence of the other Directors and employees of the Group to review key issues;

(f) assessed the performance, suitability and independence of external auditors, and recommended re-appointment of external auditors and the proposed fees for the Board's approval;

(g) reviewed the adequacy of the scope, functions, competency and resources of the internal audit function;

(h) reviewed and deliberated the comparison of actual against budgeted results on a quarterly basis;

(i) reviewed the performance of the Group and made recommendation for appropriate corrective measures to the Board; and

(j) reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control prior to the Board's consideration and approval.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function is carried out by the Internal Audit Department ("IAD"), which principal responsibility is to assist the AC in discharging its duties and responsibilities by undertaking independent, objective, regular and systematic review of the internal control system so as to provide reasonable assurance that such system continues to operate effectively and satisfactorily within the Group. The IAD reports to the AC.

The IAD is headed by Ms. Catherine Kung Sie Ting, who was appointed as head of IAD in August 2018. The IAD is staffed by twelve (12) team members, including the Head of IAD. Four (4) of the staff have tertiary qualifications in the field of business management, accountancy, finance and chemistry. All the Internal Auditors are free from any relationships or conflict of interest, which could impair their objectivity and independence.

The IAD carried out the activities based on the risk-based approach annual audit plan which was approved by the AC. Ad-hoc audits and special investigative assignment will be performed when required. The audit conducted during the year covered factories, warehouses, trading, retail outlets, breeder and broiler farms, as well as retail outlet's image and hygiene.

The internal audit reports, submitted to the AC quarterly, incorporating findings, recommendations to rectify weaknesses and enhance controls, together with corrective measures taken within an agreed timeline, were presented to the AC. Follow-up audits on significant engagements were conducted to ensure that corrective and preventive measures have been implemented accordingly.

The total costs incurred by IAD in discharging its functions and responsibilities in 2018 amounted to RM417,420 (2017: RM462,474).

Further details of the Company's internal control function are set out in the Statement on Risk Management and Internal Control of this Annual Report.

This Report is made in accordance with the resolution of the Board of Directors dated 12 April 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITY
FOR PREPARING THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year then ended.

In preparing the annual audited financial statements, the Directors have adopted appropriate accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, and prepared the annual audited financial statements on a going concern basis.

In addition to ensuring that the Group and the Company maintain proper accounting records, the Directors are also responsible for safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of Directors dated 12 April 2019.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	25,848,262	16,353,509
Attributable to:-		
Owners of the Company	25,816,913	16,353,509
Non-controlling interests	31,349	-
	25,848,262	16,353,509

DIVIDENDS

A first and final single-tier dividend of 3.0 sen per ordinary share amounting to RM9,460,782 for the financial year ended 31 December 2017 was approved by the shareholders at the Annual General Meeting held on 28 May 2018 and paid on 29 June 2018.

At the forthcoming Annual General Meeting, a first and final single-tier dividend of 1.25 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2019.

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.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 2,316,600 of its issued ordinary shares from the open market at an average price of RM0.70 per share. The total consideration paid for the purchase was RM1,614,492 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 December 2018, the Company held as treasury shares a total of 2,316,600 of its issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM1,614,492. The details of the treasury shares are disclosed in Note 18 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 40 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities 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 or other liability of the Group and of the Company 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 when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Sri Datuk Tiong Su Kouk
Tiong Chiong Hiiung
Chong Shaw Fui
Tiong Chiong Soon
Lau Liong Kii
Ling Ting Leong @ Ling Chong Seng
Kueh Chung Peng
Datuk Pemanca Janggu Anak Banyang
Datu Haji Putit Bin Matzen
Bong Wei Leong

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Chai Min Diang
Chong Min Fui
Chong Pio
Chong Su Khiun
Chuo Hock Tieng
Ethan Tiong Ing Hung (Appointed on 1.7.2018)
Joseph Tang Chiod Sui
Kapitan Goh Sung Hien @ Goh Soon Hien
Kapitan Lau Hieng Wuong
Ko Chang Mui @ Robert Khu
Kueh Tiong Ching
Lau Pek Kii
Tiong Ing Huo
Ung Yiik Hieng
Wong Hua Tiing

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
The Company				
Direct Interests				
Tan Sri Datuk Tiong Su Kouk	20,360,644	20,360,644	-	40,721,288
Tiong Chiong Hiiung	849,812	849,812	-	1,699,624
Tiong Chiong Soon	757,680	757,680	-	1,515,360
Lau Liong Kii	14,340,276	6,340,276	(8,000,000)	12,680,552
Ling Ting Leong @ Ling Chong Seng	493,214	493,214	-	986,428
Kueh Chung Peng	7,226,682	7,226,682	(4,000,000)	10,453,364
Datuk Pemanca Janggu Anak Banyang	99,200	99,200	-	198,400
Indirect Interests				
Tan Sri Datuk Tiong Su Kouk	122,655,356	122,092,690	(562,666)	244,185,380
Tiong Chiong Hiiung	122,283,944	122,283,944	-	244,567,888
Chong Shaw Fui	22,696,536	19,196,536	(8,281,800)	33,611,272
Kueh Chung Peng	-	4,107,400	-	4,107,400
Tiong Chiong Soon	120,798,078	120,798,078	-	241,596,156
Lau Liong Kii	17,059,072	33,297,872	(6,627,792)	43,729,152
Ling Ting Leong @ Ling Chong Seng	2,159,640	2,159,640	(1,006,892)	3,312,388

By virtue of their shareholdings in the Company, Tan Sri Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Tiong Chiong Soon are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 28 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 28 to the financial statements.

Signed in accordance with a resolution of the directors dated 17 April 2019

Tan Sri Datuk Tiong Su Kouk
Director

Tiong Chiong Hiiung
Director

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Datuk Tiong Su Kouk and Tiong Chiong Hiiung, being two of the directors of CCK Consolidated Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 43 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 17 April 2019

Tan Sri Datuk Tiong Su Kouk
Director

Tiong Chiong Hiiung
Director

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Tiong Chiong Hiiung, I/C No. 670208-13-6277, being the director primarily responsible for the financial management of CCK Consolidated Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 124 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tiong Chiong Hiiung, I/C No. 670208-13-6277
at Sibu
in the State of Sarawak
on this 17 April 2019

Tiong Chiong Hiiung
Director

Before me

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CCK CONSOLIDATED HOLDINGS BERHAD

Crowe

Crowe Malaysia PLT LLP0018817-LCA
(Converted from Crowe Malaysia AF 1018 which was formerly known as Crowe Horwath)

Sibu Office
1st Floor, No. 1, Lorong Pahlawan 7A2
Jalan Pahlawan
96000 Sibu, Sarawak, Malaysia

Main +6 084 211 777
Fax +6 084 216 622
Email info.sbw@crowe.my

www.crowe.my

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CCK Consolidated Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysia 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Crowe

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

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Inventories Refer to Note 11 in the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group's inventories were stated at a carrying amount of RM55.2 million as of 31 December 2018. The assessment of impairment of inventories on hand due to obsolescence as at the end of the reporting period require management estimates and judgements. This, in combination with the significance of inventories in the financial statements, made us identify the impairment of inventories as a key audit matter of our audit.	Our procedures included, amongst others:- (a) Understanding management's process in determining impairment of inventories (b) Reviewing the ageing analysis of inventories (c) Understanding and testing the operating effectiveness of control over inventories; including observing the process of year-end inventory count (d) Inquiring of management action plans to slow-moving and obsolete inventories (e) Evaluating the adequacy of the disclosures in the financial statements

Cash Sales Transactions Refer to Note 26 in the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group's revenue is mainly contributed by the retail segment, which represents 75% of the total revenue as per financial year ended 31 December 2018. Majority of the Group's transactions are settled in cash. Cash sales transactions is a key audit matter due to voluminous transactions arising at multiple sales points. Revenue recognition is a key audit matter due to: • risk that revenue may be overstated because of the pressure from management to achieve the planned results as revenue recognition has a direct impact on the results of the Group. • Most of the retail revenue is settled in cash which is subjectable to misappropriation.	Our procedures included, amongst others: - (a) Inquiring, inspecting, observing and documenting cash sales cycle to obtain an understanding of the Group's design and implementation of policies and procedures of the cycle (b) Performing walkthrough tests, test of controls on cash sales cycle with samples documented on identified key controls and evaluation of the control processes for cash sales transactions cycle especially the cash receipts and payment processes (c) Examining and reviewing year end cut-off to ensure revenue are accounted for in the appropriate period

Crowe

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

Key Audit Matters (Cont'd)

Valuation of biological assets Refer to Note 12 in the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Upon adoption of the MFRS framework, the Group changed its measurement basis of biological assets from cost method to fair value method as required by MFRS 141 Agriculture. The biological assets of the Group mainly comprise broilers and layers. In determining the fair value of the biological assets, the Group uses the discounted cash flows model and significant judgement is involved in determining the key assumptions which will impact the amount of fair value of biological assets recognised. We focused on this area because there is key judgement involved in determining the expected number of eggs produced by each layer, the expected selling price of the eggs, mortality rate, feed consumption rate and feed costs over the remaining life of the layers, as well as the discount rates. The accounting policy for biological assets has been disclosed in Note 4.12 to the financial statements. The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 12 to the financial statements.	Our procedures included, amongst others: - (a) Evaluating the appropriateness of the methodology and key assumptions used by management in valuation of the biological assets. (b) Checking the mathematical accuracy of the valuation model prepared by management. (c) Corroborating the weekly number of eggs produced and weekly feed consumption volume to the historical data provided to us by management. (d) In respect of the projected selling prices and feed costs, we have back-tested by comparing the projected prices against historical prices and checked the reasonableness of the adjustments made for abnormal market movements. (e) Test checking the mortality rate assumption against historical actual mortality rate. (f) Assessing the appropriateness of the range used to test the sensitivity analysis performed by management as disclosed in Note 12. (g) Evaluating the adequacy of the disclosure in the financial statements.

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.

Crowe

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

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's 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 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.

- 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.

Crowe

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

As stated in Note 3.1 to the financial statements, CCK Consolidated Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, 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 ended 31 December 2017 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

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.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Morris Hii Su Ong
Approval No: 1682/04/21(J)
Chartered Accountant

Sibu, Sarawak
Date: 17 April 2019

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	Note	The Group 31.12.2018 RM	The Group 31.12.2017 RM	The Group 1.1.2017 RM	The Company 31.12.2018 RM	The Company 31.12.2017 RM	The Company 1.1.2017 RM
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries	5	-	-	-	80,948,102	80,848,101	80,848,101
Investment in an associate	6	21,234,139	20,670,011	21,073,115	19,930,171	19,930,171	19,930,171
Property, plant and equipment	7	173,431,122	163,373,145	180,786,992	8,996,791	7,586,046	7,722,880
Investment properties	8	17,211,580	17,338,326	1,447,632	-	-	-
Goodwill	9	380,224	380,224	380,224	-	-	-
Deferred tax assets	10	1,377,875	868,389	1,138,574	-	-	-
		213,634,940	202,630,095	204,826,537	109,875,064	108,364,318	108,501,152
CURRENT ASSETS							
Inventories	11	55,220,935	58,849,703	51,454,082	-	-	-
Biological assets	12	14,257,248	13,769,695	11,419,631	-	-	-
Trade receivables	13	39,095,170	32,655,052	36,254,446	-	-	-
Other receivables, deposits and prepayments	14	13,855,198	11,760,687	10,089,158	517,629	424,299	542,621
Amount owing by subsidiaries	15	-	-	-	112,715,665	118,418,585	120,113,856
Current tax assets		2,393,167	1,687,365	3,564,949	-	-	-
Deposits with licensed banks	16	7,968,850	8,913,630	6,042,615	-	-	-
Cash and bank balances		24,075,426	28,396,568	17,770,672	1,388,066	2,301,169	92,702
		156,865,994	156,032,700	136,595,553	114,621,360	121,144,053	120,749,179
TOTAL ASSETS		370,500,934	358,662,795	341,422,090	224,496,424	229,508,371	229,250,331

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AT 31 DECEMBER 2018

		The Group			The Company		
	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	17	158,968,786	158,968,786	157,679,700	158,968,786	158,968,786	157,679,700
Treasury shares	18	(1,614,492)	-	(1,171,068)	(1,614,492)	-	(1,171,068)
Reserves	19	92,763,943	77,665,854	57,615,205	30,708,008	23,815,281	17,172,339
Equity attributable to owners of the Company		250,118,237	236,634,640	214,123,837	188,062,302	182,784,067	173,680,971
Non-controlling interests		433,014	401,665	459,856	-	-	-
TOTAL EQUITY		250,551,251	237,036,305	214,583,693	188,062,302	182,784,067	173,680,971
NON-CURRENT LIABILITIES							
Other payables, deposits and accruals	20	6,608,612	10,038,443	12,333,316	6,608,612	10,038,443	12,333,316
Bank borrowings	21	3,878,957	2,271,209	2,596,812	-	-	-
Deferred income	23	18,815	18,815	18,815	-	-	-
Deferred tax liabilities	10	10,187,723	9,877,796	10,299,630	1,292,532	1,541,965	1,578,487
		20,694,107	22,206,263	25,248,573	7,901,144	11,580,408	13,911,803

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AT 31 DECEMBER 2018

	Note	The Group 31.12.2018 RM	The Group 31.12.2017 RM	The Group 1.1.2017 RM	The Company 31.12.2018 RM	The Company 31.12.2017 RM	The Company 1.1.2017 RM
EQUITY AND LIABILITIES (CONT'D)							
CURRENT LIABILITIES							
Trade payables	24	27,889,956	24,980,543	29,023,809	-	-	-
Other payables, deposits and accruals	20	15,805,446	18,816,079	14,530,004	2,879,875	2,376,541	3,769,998
Amount owing to subsidiaries	15	-	-	-	1,653,103	2,767,355	1,887,559
Bank borrowings:-	21						
- bank overdrafts		1,963,505	1,816,003	768,218	-	-	-
- other borrowings		50,015,225	50,572,494	55,353,239	24,000,000	30,000,000	36,000,000
Provision for employee benefits	25	675,718	613,152	468,350	-	-	-
Current tax liabilities		2,905,726	2,621,956	1,446,204	-	-	-
		99,255,576	99,420,227	101,589,824	28,532,978	35,143,896	41,657,557
TOTAL LIABILITIES		119,949,683	121,626,490	126,838,397	36,434,122	46,724,304	55,569,360
TOTAL EQUITY AND LIABILITIES		370,500,934	358,662,795	341,422,090	224,496,424	229,508,371	229,250,331

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
REVENUE	26	639,490,483	615,789,116	19,751,030	15,401,303
COST OF SALES		(530,598,675)	(500,126,803)	-	-
GROSS PROFIT		108,891,808	115,662,313	19,751,030	15,401,303
OTHER INCOME		7,724,898	4,634,866	1,624,286	2,091,103
SELLING AND DISTRIBUTION EXPENSES		(18,037,795)	(19,140,282)	-	-
ADMINISTRATIVE EXPENSES		(25,740,688)	(24,647,768)	(3,699,446)	(2,379,267)
OTHER OPERATING EXPENSES		(38,895,677)	(38,308,553)	-	-
FINANCE COSTS		(3,157,319)	(3,276,995)	(1,571,794)	(2,242,619)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	27	(520,557)	(188,319)	-	-
SHARE OF PROFITS OF AN EQUITY ACCOUNTED ASSOCIATE		4,100,128	4,632,199	-	-
PROFIT BEFORE TAXATION	28	34,364,798	39,367,461	16,104,076	12,870,520
INCOME TAX EXPENSE	29	(8,516,536)	(10,276,183)	249,433	36,522
PROFIT AFTER TAXATION		25,848,262	29,091,278	16,353,509	12,907,042
OTHER COMPREHENSIVE INCOME	30				
<u>Items that Will Not be Reclassified Subsequently to Profit or Loss</u>					
Remeasurement of defined benefits plan		65,948	(4,783)	-	-
<u>Items that Will be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(1,323,990)	(2,743,263)	-	-
TOTAL OTHER COMPREHENSIVE INCOME		(1,258,042)	(2,748,046)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		24,590,220	26,343,232	16,353,509	12,907,042

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		25,816,913	29,062,795	16,353,509	12,907,042
Non-controlling interests		31,349	28,483	-	-
		25,848,262	29,091,278	16,353,509	12,907,042
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		24,558,871	26,314,749	16,353,509	12,907,042
Non-controlling interests		31,349	28,483	-	-
		24,590,220	26,343,232	16,353,509	12,907,042
EARNINGS PER SHARE (SEN):-	31				
Basic		4.09	4.61		
Diluted		Not applicable	Not applicable		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital RM	Treasury Shares RM	Foreign Exchange Translation Reserve RM	Revaluation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
The Group									
Balance at 1.1.2017									
- as previously reported		157,679,700	(1,171,068)	(414,402)	49,143,407	28,502,736	233,740,373	459,856	234,200,229
- effects on transition to the MFRS framework	42	-	-	-	(49,143,407)	29,526,871	(19,616,536)	-	(19,616,536)
Balance at 1.1.2017 (restated)		157,679,700	(1,171,068)	(414,402)	-	58,029,607	214,123,837	459,856	214,583,693
Profit after taxation for the financial year		-	-	-	-	29,062,795	29,062,795	28,483	29,091,278
Other comprehensive income for the financial year:-	30								
- Remeasurement of defined benefit plans		-	-	-	-	(4,783)	(4,783)	-	(4,783)
- Foreign currency translation differences		-	-	(2,743,263)	-	-	(2,743,263)	-	(2,743,263)
Total comprehensive income for the financial year		-	-	(2,743,263)	-	29,058,012	26,314,749	28,483	26,343,232
Contributions by and distributions to owners of the Company:-									
- Purchase of treasury shares	18	-	(279,094)	-	-	-	(279,094)	-	(279,094)
- Disposal of a subsidiary	33	-	-	-	-	-	-	(86,674)	(86,674)
- Treasury shares sold	18	1,289,086	1,450,162	-	-	-	2,739,248	-	2,739,248
- Dividends:-									
- by the Company	34	-	-	-	-	(6,264,100)	(6,264,100)	-	(6,264,100)
Total transactions with owners		1,289,086	1,171,068	-	-	(6,264,100)	(3,803,946)	(86,674)	(3,890,620)
Balance as at 31.12.2017		158,968,786	-	(3,157,665)	-	80,823,519	236,634,640	401,665	237,036,305

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital RM	Treasury Shares RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
The Group								
Balance at 31.12.2017/1.1.2018		158,968,786	-	(3,157,665)	80,823,519	236,634,640	401,665	237,036,305
Profit after taxation for the financial year		-	-	-	25,816,913	25,816,913	31,349	25,848,262
Other comprehensive income for the financial year:-	30							
- Remeasurement of defined benefit plans		-	-	-	65,948	65,948	-	65,948
- Foreign currency translation differences		-	-	(1,323,990)	-	(1,323,990)	-	(1,323,990)
Total comprehensive income for the financial year		-	-	(1,323,990)	25,882,861	24,558,871	31,349	24,590,220
Contributions by and distributions to owners of the Company:-								
- Purchase of treasury shares	18	-	(1,614,492)	-	-	(1,614,492)	-	(1,614,492)
- Dividends:-								
- by the Company	34	-	-	-	(9,460,782)	(9,460,782)	-	(9,460,782)
Total transactions with owners		-	(1,614,492)	-	(9,460,782)	(11,075,274)	-	(11,075,274)
Balance as at 31.12.2018		158,968,786	(1,614,492)	(4,481,655)	97,245,598	250,118,237	433,014	250,551,251

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital RM	Treasury Shares RM	Revaluation Reserve RM	Retained Profits RM	Total Equity RM
The Company						
Balance at 1.1.2017						
- as previously reported		157,679,700	(1,171,068)	5,435,622	11,736,717	173,680,971
- effects on transition to the MFRS framework	42	-	-	(5,435,622)	5,435,622	-
Balance at 1.1.2017 (restated)		157,679,700	(1,171,068)	-	17,172,339	173,680,971
Profit after taxation/Total comprehensive income for the financial year		-	-	-	12,907,042	12,907,042
Contributions by and distributions to owners of the Company:-						
- Purchase of treasury shares	18	-	(279,094)	-	-	(279,094)
- Treasury shares sold	18	1,289,086	1,450,162	-	-	2,739,248
- Dividends	34	-	-	-	(6,264,100)	(6,264,100)
Total transactions with owners		1,289,086	1,171,068	-	(6,264,100)	(3,803,946)
Balance as at 31.12.2017/ 1.1.2018		158,968,786	-	-	23,815,281	182,784,067
Profit after taxation/Total comprehensive income for the financial year		-	-	-	16,353,509	16,353,509
Contributions by and distributions to owners of the Company:-						
- Purchase of treasury shares	18	-	(1,614,492)	-	-	(1,614,492)
- Dividends	34	-	-	-	(9,460,782)	(9,460,782)
		-	(1,614,492)	-	(9,460,782)	(11,075,274)
		158,968,786	(1,614,492)	-	30,708,008	188,062,302

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	34,364,798	39,367,461	16,104,076	12,870,520
Adjustments for:-				
Allowance for impairment losses on receivables	574,879	220,867	-	-
Allowance for impairment losses on receivables no longer required	(54,322)	(32,548)	-	-
Bad debts written off	142,572	8,078	-	302
Changes in fair value of biological assets	(487,553)	(2,350,064)	-	-
Depreciation of investment properties	126,746	126,746	-	-
Depreciation of property, plant and equipment	18,852,806	17,981,532	148,720	143,662
Dividend income	-	-	(19,385,030)	(15,035,303)
Gain on disposal of property, plant and equipment	(30,299)	(281,638)	-	-
Loss on disposal of a subsidiary	-	6,629	-	-
Interest expense	3,157,319	3,276,995	1,571,794	2,242,619
Interest income	(459,500)	(442,856)	(1,519,627)	(1,981,325)
Property, plant and equipment written off	57,320	846,435	-	-
Provision for employee benefits	93,412	197,008	-	-
Share of profits of an equity accounted associate	(4,100,128)	(4,632,199)	-	-
Unrealised (gain)/loss on foreign exchange	(4,303)	10,522	-	-
Operating profit/(loss) before working capital changes	52,233,747	54,302,968	(3,080,067)	(1,759,525)
Decrease/(increase) in inventories	3,236,506	(8,271,263)	-	-
(Increase)/decrease in trade and other receivables	(9,580,381)	874,915	(93,330)	118,277
(Decrease)/increase in trade and other payables	(2,291,928)	534,311	(2,926,497)	(4,163,106)
Employee benefits paid	87,931	-	-	-
CASH FROM/(FOR) OPERATIONS/ BALANCE CARRIED FORWARD	43,685,875	47,440,931	(6,099,894)	(5,804,354)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
BALANCE BROUGHT FORWARD		43,685,875	47,440,931	(6,099,894)	(5,804,354)
Income tax paid		(10,773,570)	(7,598,546)	-	-
Income tax refunded		1,597,903	361,348	-	-
Interest paid		(3,157,319)	(3,276,995)	(1,571,794)	(1,767,843)
Interest received		459,500	442,856	1,519,627	1,981,325
NET CASH FROM/(FOR) OPERATING ACTIVITIES		31,812,389	37,369,594	(6,152,061)	(5,590,872)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	32	-	-	(100,001)	-
Repayment from subsidiaries		-	-	5,702,920	1,695,014
Dividend received		3,536,000	5,035,303	19,385,030	15,035,303
Disposal of a subsidiary, net of cash and cash equivalents disposed of	33	-	(81,503)	-	-
Proceeds from disposal of property, plant and equipment		1,997,897	2,664,722	-	-
Purchase of property, plant and equipment	35(a)	(32,119,074)	(23,153,183)	(1,559,465)	(6,828)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(26,585,177)	(15,534,661)	23,428,484	16,723,489
BALANCE CARRIED FORWARD		5,227,212	21,834,933	17,276,423	11,132,617

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
BALANCE BROUGHT FORWARD		5,227,212	21,834,933	17,276,423	11,132,617
CASH FLOWS FOR FINANCING ACTIVITIES					
(Repayment to)/advance from subsidiaries		-	-	(1,114,252)	879,796
Dividend paid	34	(9,460,782)	(6,264,100)	(9,460,782)	(6,264,100)
Drawdown of term loans	35(c)	1,960,000	265,000	-	-
Net of drawdown/(repayment) of bankers' acceptance	35(c)	5,501,000	2,181,000	-	-
Net of drawdown/(repayment) of revolving credit	35(c)	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Purchase of treasury shares		(1,614,492)	(279,094)	(1,614,492)	(279,094)
Proceeds from disposal of treasury shares		-	2,739,248	-	2,739,248
Repayment of hire purchase payables	35(c)	(68,226)	-	-	-
Repayment of term loans	35(c)	(643,072)	(1,499,460)	-	-
NET CASH FOR FINANCING ACTIVITIES		(10,325,572)	(8,857,406)	(18,189,526)	(8,924,150)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,098,360)	12,977,527	(913,103)	2,208,467
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(315,064)	(528,401)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		35,494,195	23,045,069	2,301,169	92,702
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35(b)	30,080,771	35,494,195	1,388,066	2,301,169

The annexed notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is Lot 999, Section 66, Jalan Keluli, Bintawa Industrial Estate, 93450 Kuching, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 April 2019

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards,* with 1 January 2017 as the date of transition. An opening statements of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 4 to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. The financial impacts on the transition from FRSs to MFRSs are disclosed in Note 42 to the financial statements.

3.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015-2017 Cycles	1 January 2019

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- (cont'd)

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset). The amendments will be applied prospectively of which the possible impacts upon its initial application cannot be reasonably determined at the moment.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(b) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying amount of trade receivables. The carrying amount of trade receivables as at the reporting date are disclosed in Note 13 to the financial statements.

(d) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Note 14 and 15 to the financial statements.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

(f) Biological Assets

In measuring the fair value of biological assets, management estimates and judgements are required which include the expected number of eggs produced, the expected selling prices, mortality rate, consumption rate, feed costs and other estimated costs over the remaining life of the live birds, as well as the discount rates. Changes to any of these assumptions would affect the fair value of the biological assets.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below: -

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(b) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. 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 is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments 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 9 (2017: FRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition (1 January 2017). Such business combinations and the related goodwill and fair value adjustments have been carried forward from the previous accounting framework (Financial Reporting Standards) as at the date of transition.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in 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 foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that relates to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS15 – *Revenue from Contracts with Customers* at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Investments in Equity Instruments

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has made an irrevocable election to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognise in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all risk and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

Accounting Policies Applied Until 31 December 2017

As disclosed in Note 42 to the financial statements, the Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with the their previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives were also classified as held for trading unless they were designated as hedges. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.

- Non-derivative financial assets with fixed or determinable payments and fixed maturities that the management had the positive intention and ability to hold to maturity were classified as held-to-maturity. The held-to-maturity investments were measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

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

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENTS IN ASSOCIATES (CONT'D)

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2018. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2017 - FRS 139). Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment, are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease periods of 14 to 906 years
Buildings	2% - 5%
Furniture, fittings and equipment	10% - 20%
Coldroom, plant and machinery	10% - 20%
Motor vehicles	20%
Renovation	10% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.9 INVESTMENT PROPERTIES

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

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 59 years to 99 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4.10 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

<u>Accounting Policy Applied Until 31 December 2017</u>

As disclosed in Note 42 to the financial statements, the Group has applied MFRS 1 retrospectively but has elected not to restate comparative information of its financial instruments as permitted by the short-term exemption under Appendix E of MFRS 1. As a result, the comparative information on the impairment of Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - *Impairment of Assets* does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 LEASED ASSETS

(a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase obligations.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which is substance is a finance lease is classified as property, plant and equipment.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.12 BIOLOGICAL ASSETS

Biological assets of the Group comprise poultry livestock and prawn. These biological assets are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell with change in fair value less costs to sell recognised in the profit or loss for the period in which it arises.

Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market but excludes finance costs and income taxes.

Agricultural produce is the harvested product of the Group's biological assets and is measured at its fair value less cost to sell at the point of harvest. Such measurement is the cost at that date when transferring the harvested product to inventory. Agricultural produce of the Group includes eggs from laying hen.

4.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs is determined on the weighted average cost method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

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

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Defined Benefit Plans

The Group makes contributions to the Company's retirement benefit plan, an unfunded defined benefit plan.

The liability or asset recognised in the statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

The present value of the defined benefit obligation is calculated using the projected unit credit method by independent actuaries annually, determined by discounting the estimated future benefits that employees have earned in the current and prior periods, using market yields of private corporate debt securities which have currency and terms to maturity approximating the terms of the related obligation.

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period to the then net defined liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The net interest expense or income is recognised in profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and will not reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits 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. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.18 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.19 OPERATING SEGMENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 EARNINGS PER ORDINARY SHARES

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.21 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

4.22 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

4.23 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Sale of Goods (Credit Sales)

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risk of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Sales of Goods (Cash Sales)

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being at the point the customer purchases the goods at the retail outlets. Payment for the transaction is due immediately at the point the customer purchases the goods and takes delivery in outlet.

(c) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

4.24 OTHER INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Dividend Income

Dividend income from investments is recognised when the right to receive dividend payment is established.

(c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(d) Government Grant

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for the cost of an asset are recognised as deferred grant income in the statements of financial position and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2018 RM	The Company 2017 RM
Unquoted shares, at cost		
- in Malaysia	62,839,150	62,739,149
- outside Malaysia	18,108,952	18,108,952
	80,948,102	80,848,101

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	Percentage of Issued Share Capital Held by Parent 2017 %	Principal Activities
Ableway Sdn. Bhd.	Malaysia	100	100	General trading
Ataskota Sdn. Bhd.	Malaysia	100	100	Selling, spawning and culturing of prawns
CCK Fresh Mart Sdn. Bhd.	Malaysia	100	100	Retailing in coldstorage products
CCK Fresh Mart (West Malaysia) Sdn. Bhd.	Malaysia	100	100	Retailing in coldstorage products
CCK Sea Products Industries (S) Sdn. Bhd.	Malaysia	100	100	Culturing, processing and trading of prawns
Central Coldstorage Kuching Sdn. Bhd.	Malaysia	100	100	Retailing in coldstorage products and poultry processing
C.S. Choice Food Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing, processing, packing and distribution of meat and other food products
Kin Eastern Frozen Food Sdn. Bhd.	Malaysia	100	100	Processing and selling of frozen seafood
Kuok Sui Sea Products Industries (S) Sdn. Bhd.	Malaysia	100	100	Processing and exporting of prawns
Pt. Adilmart^	Indonesia	100	100	Retailing in coldstorage products
Zhang Agriculture Development (Sabah) Sdn. Bhd.	Malaysia	100	100	Poultry breeding and trading
Hawker Time Food Hall Sdn. Bhd. #	Malaysia	100	-	Food and beverage
CCK Properties Sdn. Bhd. #	Malaysia	100	-	Real property

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	2017 %	Principal Activities
Subsidiary of Ableway Sdn. Bhd.:-				
Angkutan Golden Plan Sdn. Bhd.	Malaysia	100	100	Provision of transportation services
Subsidiary of CCK Fresh Mart Sdn. Bhd.:-				
Mukah Seafoods Industries Sdn. Bhd.	Malaysia	78.1	78.1	Trading of seafood and coldstorage products
Subsidiaries of Central Coldstorage Kuching Sdn. Bhd.:-				
Poultry Industry (S) Sdn. Bhd.	Malaysia	100	100	Livestock breeding and trading
Zhang Agriculture Development Sdn. Bhd.	Malaysia	100	100	Poultry breeding and trading
Subsidiary of Poultry Industry (S) Sdn. Bhd.:-				
Farm Land Supplies & Veterinary Services Sdn. Bhd.	Malaysia	100	100	Provision of veterinary supplies and related services
Subsidiary of Pt. Adilmart:-				
Pt. Central Coldstorage Khatulistiwa^	Indonesia	90	90	Dormant

^ *These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.*

The auditors' report on the financial statements of the subsidiary includes an a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary.

(a) During the current financial year, the Company has acquired 100% equity interests in Hawker Time Food Hall Sdn. Bhd. and CCK Properties Sdn. Bhd. The details of the acquisition are disclosed in Note 32 to the financial statements.

(b) In the previous financial year, the Company disposed of its entire equity interest in CCK-BME Sdn. Bhd. The details of the disposal are disclosed in Note 33 to the financial statements.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2018	2017	**2018**	**2017**
	%	%	RM	RM
Mukah Seafoods Industries Sdn. Bhd.	21.9	21.9	340,774	303,153
Pt. Central Coldstorage Khatulistiwa	10.0	10.0	92,240	98,512
			433,014	401,665

(d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is as follows (cont'd):-

	Mukah Seafoods Industries Sdn. Bhd.	
	2018	**2017**
	RM	RM
<u>At 31 December</u>		
Non-current assets	88,189	105,663
Current assets	1,550,419	1,374,190
Non-current liabilities	(5,675)	(7,864)
Current liabilities	(78,793)	(89,401)
Net assets	1,554,140	1,382,588
<u>Financial Year Ended 31 December</u>		
Revenue	3,850,375	3,259,572
Profit for the financial year	171,552	138,273
Total comprehensive income	171,552	138,273
Total comprehensive income attributable to non-controlling interests	37,621	30,282
Dividends paid to non-controlling interests	-	-
Net cash flows for operating activities	(483,891)	(175,599)
Net cash flows for investing activities	(11,130)	(1,992)
Net cash flows for financing activities	-	(742)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is as follows (cont'd):-

	Pt. Central Coldstorage Khatulistiwa	
	2018	**2017**
	RM	RM
At 31 December		
Non-current assets	33	395
Current assets	1,111,762	1,294,170
Non-current liabilities	-	-
Current liabilities	(265,985)	(345,066)
Net assets	845,810	949,499
Financial Year Ended 31 December		
Revenue	255,521	1,020,815
Profit for the financial year	(60,825)	(20,433)
Total comprehensive income	(60,825)	(20,433)
Total comprehensive income attributable to non-controlling interests	(6,083)	(2,044)
Dividends paid to non-controlling interests	-	-
Net cash flows (for)/from operating activities	(480,234)	650,310
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Unquoted shares, at cost	19,930,171	19,930,171	19,930,171	19,930,171
Share of post-acquisition profits, net of dividend received	1,303,968	739,840	-	-
	21,234,139	20,670,011	19,930,171	19,930,171

The details of the associate is as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Gold Coin Sarawak Sdn. Bhd.#	Malaysia	27.20	27.20	Manufacture and sale of animal feeds and trading in feed grains

The associate was audited by another firm of chartered accountants.

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

(a) The summarised financial information (after any fair value adjustment at acquisition date) for each associate that is material to the Group is as follows:-

	Gold Coin Sarawak Sdn. Bhd. 2018 RM	Gold Coin Sarawak Sdn. Bhd. 2017 RM
At 31 December		
Non-current assets	11,716,000	10,290,000
Current assets	108,215,000	112,113,000
Non-current liabilities	(841,000)	(605,000)
Current liabilities	(53,594,000)	(58,423,000)
Net assets	65,496,000	63,375,000
Non-controlling interest	(423,000)	(376,000)
	65,073,000	62,999,000
Financial Year Ended 31 December		
Revenue	301,538,000	262,156,000
Profit for the financial year	15,074,000	17,030,000
Total comprehensive income	15,074,000	17,030,000
Group's share of profit for the financial year	4,100,128	4,632,199
Group's share of other comprehensive income	-	-
Dividend received	3,536,000	5,035,303
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	17,699,856	17,135,728
Goodwill	3,534,283	3,534,283
Carrying amount of the Group's interest in this associate	21,234,139	20,670,011

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2018 RM	Additions RM	Disposals RM	Write-offs RM	Reclassifi-cations RM	Depreciation Charges RM	Exchange Differences RM	At 31.12.2018 RM
2018								
Carrying Amount								
Freehold land	936,000	-	-	-	-	-	-	936,000
Leasehold land	57,150,708	1,554,000	(1,552,200)	-	-	(1,530,628)	(490,196)	55,131,684
Buildings	48,737,552	4,836,715	(95,419)	-	2,588,001	(4,987,812)	(156,242)	50,922,795
Furniture, fittings and equipment	6,228,790	1,960,616	(47,713)	(45,686)	727,037	(1,868,943)	(10,001)	6,944,100
Coldroom, plant and machinery	38,733,349	9,922,142	(15,901)	(10,853)	5,611,631	(8,215,166)	(654,739)	45,370,463
Motor vehicles	2,156,903	2,333,664	(256,365)	-	356,562	(1,302,837)	(18,304)	3,269,623
Renovation	2,274,922	1,707,163	-	-	459,180	(947,420)	-	3,493,845
Capital work-in-progress	7,154,921	10,111,774	-	(781)	(9,742,610)	-	(160,692)	7,362,612
	163,373,145	32,426,074	(1,967,598)	(57,320)	(199)	(18,852,806)	(1,490,174)	173,431,122

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

The Group	At 1.1.2017 RM	Additions RM	Disposals RM	Write-offs RM	Reclassifi-cations RM	Transferred to Investment Properties (Note 8) RM	Depreciation Charges RM	Exchange Differences RM	At 31.12.2017 RM
2017									
Carrying Amount									
Freehold land	12,502,300	-	-	-	(491,300)	(11,075,000)	-	-	936,000
Leasehold land	62,237,445	559,821	-	-	491,300	(3,186,559)	(1,760,823)	(1,190,476)	57,150,708
Buildings	50,064,739	6,802,918	(1,770,050)	-	644,789	(1,755,881)	(4,837,094)	(411,869)	48,737,552
Furniture, fittings and equipment	7,127,823	1,219,066	(78,483)	(22,009)	-	-	(1,979,281)	(38,326)	6,228,790
Coldroom, plant and machinery	41,277,502	6,320,711	(534,551)	(663,130)	1,101,280	-	(7,192,028)	(1,576,435)	38,733,349
Motor vehicles	2,000,705	1,456,080	-	(67,200)	-	-	(1,189,134)	(43,548)	2,156,903
Renovation	3,042,272	349,918	-	(94,096)	-	-	(1,023,172)	-	2,274,922
Capital work-in-progress	2,534,206	6,444,669	-	-	(1,746,069)	-	-	(77,885)	7,154,921
	180,786,992	23,153,183	(2,383,084)	(846,435)	-	(16,017,440)	(17,981,532)	(3,338,539)	163,373,145

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

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
2018				
Freehold land	1,130,091	-	(194,091)	936,000
Leasehold land	61,570,801	(6,011,456)	(427,661)	55,131,684
Buildings	88,581,232	(37,658,437)	-	50,922,795
Furniture, fittings and equipment	26,428,225	(19,484,125)	-	6,944,100
Coldroom, plant and machinery	116,850,613	(71,480,150)	-	45,370,463
Motor vehicles	18,510,852	(15,241,229)	-	3,269,623
Renovation	14,134,522	(10,640,677)	-	3,493,845
Capital work-in-progress	7,362,612	-	-	7,362,612
	334,568,948	(160,516,074)	(621,752)	173,431,122
2017				
Freehold land	1,130,091	-	(194,091)	936,000
Leasehold land	62,059,198	(4,201,314)	(707,176)	57,150,708
Buildings	81,445,461	(32,707,909)	-	48,737,552
Furniture, fittings and equipment	25,686,076	(19,457,286)	-	6,228,790
Coldroom, plant and machinery	103,558,699	(64,825,350)	-	38,733,349
Motor vehicles	16,453,852	(14,296,949)	-	2,156,903
Renovation	12,230,064	(9,955,142)	-	2,274,922
Capital work-in-progress	7,154,921	-	-	7,154,921
	309,718,362	(145,443,950)	(901,267)	163,373,145

The Company	At 1.1.2018 RM	Additions RM	Depreciation Charges RM	At 31.12.2018 RM
2018				
Carrying Amount				
Leasehold land	7,567,694	1,554,000	(144,107)	8,977,587
Equipment	13,649	5,465	(4,081)	15,033
Renovation	4,703	-	(532)	4,171
	7,586,046	1,559,465	(148,720)	8,996,791

The Company	At 1.1.2017 RM	Additions RM	Depreciation Charges RM	At 31.12.2017 RM
2017				
Carrying Amount				
Leasehold land	7,707,837	-	(140,143)	7,567,694
Equipment	9,808	6,828	(2,987)	13,649
Renovation	5,235	-	(532)	4,703
	7,722,880	6,828	(143,662)	7,586,046

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

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Leasehold land	9,401,979	(424,392)	8,977,587
Equipment	55,808	(40,775)	15,033
Renovation	5,324	(1,153)	4,171
	9,463,111	(466,320)	8,996,791
2017			
Leasehold land	7,847,979	(280,285)	7,567,694
Equipment	50,343	(36,694)	13,649
Renovation	5,324	(621)	4,703
	7,903,646	(317,600)	7,586,046

(a) The carrying amount of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements is as follows:-

	The Group	
	2018 RM	**2017** RM
Leasehold land	15,503,656	16,017,032
Buildings	6,102,957	6,331,976
	21,606,613	22,349,008

(b) Included in the assets of the Group at the end of the reporting period were freehold lands with a total carrying amount of RM936,000 (2017 – RM936,000) which were held in trust by a third party.

(c) Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicles with a total carrying amount of RM313,978 (2017 – RM Nil), which were acquired under hire purchase terms. These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 22 to the financial statements.

8. INVESTMENT PROPERTIES

	The Group	
	2018	2017
	RM	RM
Cost:-		
At 1 January	18,591,414	1,694,180
Transfer from property, plant and equipment (Note 7)	-	16,897,234
At 31 December	18,591,414	18,591,414
Accumulated depreciation:-		
At 1 January	1,253,088	246,548
Depreciation during the financial year	126,746	126,746
Transfer from property, plant and equipment (Note 7)	-	879,794
A t 31 December	1,379,834	1,253,088
	17,211,580	17,338,326
Represented by:-		
Freehold land	11,075,000	11,075,000
Leasehold land	3,454,882	3,506,254
Buildings	2,681,698	2,757,072
At 31 December	17,211,580	17,338,326
Fair value	18,475,000	18,475,000

(a) The leasehold land and buildings have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

(b) The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

9. GOODWILL

	The Group	
	2018	2017
	RM	RM
Cost:-		
At 1 January/31 December	380,224	380,224

Goodwill acquired through business combination has been allocated to the Group's trading and retailing cash-generating units.

10. DEFERRED TAX

The Group	At 1.1.2018 RM	Recognised in Profit or Loss (Note 29) RM	Recognised in Other Comprehensive Income (Note 30) RM	Exchange Differences RM	At 31.12.2018 RM
2018					
Deferred Tax Liabilities					
Property, plant and equipment	10,512,474	569,570	-	-	11,082,044
Unrealised gain on foreign exchange	-	-	-	552	552
	10,512,474	569,570	-	552	11,082,596
Deferred Tax Assets					
Inventory	-	(6,258)	-	-	(6,258)
Provision for employee benefits	(153,288)	(22,011)	21,983	(15,614)	(168,930)
Receivables	(2,526)	(17,588)	-	-	(20,114)
Unused tax losses and unabsorbed capital allowance	(1,347,253)	(730,193)	-	-	(2,077,446)
	(1,503,067)	(776,050)	21,983	(15,614)	(2,272,748)
	9,009,407	(206,480)	21,983	(15,062)	8,809,848

The Group	At 1.1.2017 RM	Recognised in Profit or Loss (Note 29) RM	Recognised in Other Comprehensive Income (Note 30) RM	Exchange Differences RM	At 31.12.2017 RM
2017					
Deferred Tax Liabilities					
Property, plant and equipment	10,892,701	(380,227)	-	-	10,512,474
Receivables	2,242	(2,242)	-	-	-
Unrealised gain on foreign exchange	1,390	-	-	(1,390)	-
	10,896,333	(382,469)	-	(1,390)	10,512,474
Deferred Tax Assets					
Provision for employee benefits	(117,087)	(7,701)	(1,594)	(26,906)	(153,288)
Receivables	-	(2,526)	-	-	(2,526)
Unused tax losses and unabsorbed capital allowance	(1,618,190)	270,937	-	-	(1,347,253)
	(1,735,277)	260,710	(1,594)	(26,906)	(1,503,067)
	9,161,056	(121,759)	(1,594)	(28,296)	9,009,407

10. DEFERRED TAX (CONT'D)

The Company	At 1.1.2018 RM	Recognised in Profit or Loss (Note 29) RM	At 31.12.2018 RM
2018			
Deferred Tax Liabilities			
Property, plant and equipment	1,685,355	(29,037)	1,656,318
Deferred Tax Assets			
Unused tax losses	(143,390)	(220,396)	(363,786)
	1,541,965	(249,433)	1,292,532

The Company	At 1.1.2017 RM	Recognised in Profit or Loss (Note 29) RM	At 31.12.2017 RM
2017			
Deferred Tax Liabilities			
Property, plant and equipment	1,716,512	(31,157)	1,685,355
Deferred Tax Assets			
Unused tax losses	(138,025)	(5,365)	(143,390)
	1,578,487	(36,522)	1,541,965

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same taxable entity and the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:-

	The Group		The Company	
	2018 RM	**2017** RM	**2018** RM	**2017** RM
Deferred tax liabilities	10,187,723	9,877,796	1,292,532	1,541,965
Deferred tax assets	(1,377,875)	(868,389)	-	-
	8,809,848	9,009,407	1,292,532	1,541,965

10. DEFERRED TAX (CONT'D)

No deferred tax assets are recognised in respect of the following items as it is not probable that taxable profits of the subsidiaries will be available against which the carryforward tax losses and tax credits can be utilised:-

	The Group	
	2018	**2017**
	RM	RM
Unused tax losses and unabsorbed capital allowance	880,233	1,486,604

The unused tax losses expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

11. INVENTORIES

	The Group	
	2018	**2017**
	RM	RM
At cost:-		
Trading goods	45,545,109	48,574,532
Raw materials	4,446,710	4,428,985
Consumable stores	5,229,116	5,846,186
	55,220,935	58,849,703

12. BIOLOGICAL ASSETS

	The Group	
	2018	**2017**
	RM	RM
At 1 January	13,769,695	11,419,631
Changes in fair value less costs to sell	487,553	2,350,064
At 31 December	14,257,248	13,769,695

The Group's biological assets comprise poultry (broiler and layer) livestock and prawns. Broiler stock include breeders, day-old chicks, broilers and hatching eggs. Layer stock include breeders, point-of-lay hen, day-old chicks and hatching eggs. The Group classified these biological assets as current biological assets as their production cycle is less than 1 year. The estimates of the physical quantities of each current biological assets and their carrying amounts are as follows:-

	The Group			
	2018	**2018**	**2017**	**2017**
	Units	RM	Units	RM
Breeders	185,063	8,341,451	158,977	7,548,060
Broilers	303,875	1,508,264	336,835	1,584,196
Hatching eggs	916,901	682,623	872,051	119,320
Layers	365,917	3,460,590	342,448	4,217,025
Prawns	15,500	264,320	16,299	301,094
	1,787,256	14,257,248	1,726,610	13,769,695

12. BIOLOGICAL ASSETS (CONT'D)

The key assumptions used in the determination of the fair value less costs to sell of the current biological assets are as follows:-

(i) price in active market for eggs, day-old chicks, live birds at slaughter age, and spent hen;

(ii) quantity of birds on hand, age of birds, estimated numbers of eggs produced and mortality rates;

(iii) projected production costs and estimated selling costs based on past practices and experience;

(iv) pre-tax discount rate of 13.16% (2017: 13.16%)

The fair value measurement of the Group's current biological assets is categorised within level 3 of the fair value hierarchy.

Should the estimated selling prices have been RM1 lower, with all other variables held constant, the fair value of the biological assets of the Group would have decreased by RM288,500.

13. TRADE RECEIVABLES

	The Group	
	2018	**2017**
	RM	RM
Trade receivables:-		
- related parties	38,856,401	32,307,445
- third parties	2,484,094	2,351,573
	41,340,495	34,659,018
Less: Allowance for impairment losses	(2,245,325)	(2,003,966)
	39,095,170	32,655,052
Allowance for impairment losses:-		
At 1 January	2,003,966	1,815,647
Addition during the financial year	574,879	220,867
Reversal during the financial year	(41,546)	-
Write-off during the financial year	(291,974)	(32,548)
At 31 December	2,245,325	2,003,966

The Group's normal trade credit terms range from 30 to 90 (2017 – 30 to 90) days.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Other receivables:-				
- related parties	1,654,843	1,152,439	371,046	182,131
- third parties	76,559	73,358	10,290	11,774
- goods and services tax recoverable	2,045,552	1,871,806	27,974	4,711
	3,776,954	3,097,603	409,310	198,616
Deposits	2,838,492	2,797,985	2,900	120,376
Prepayments	7,286,328	5,924,451	105,419	105,307
Less: Allowance for impairment losses	(46,576)	(59,352)	-	-
	13,855,198	11,760,687	517,629	424,299
Allowance for impairment losses:-				
At 1 January	59,352	59,352	-	-
Reversal during the financial year	(12,776)	-	-	-
At 31 December	46,576	59,352	-	-

The amount owing by related parties is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

Included in the amount owing by subsidiaries is a sum of RM26,268,000 (2017 - RM31,600,000), which is unsecured advances granted to subsidiaries. The advances carry interest at rate ranging from 5.70% to 5.77% (2017 – 5.49%) per annum and are repayable on demand.

All other amounts are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

16. DEPOSITS WITH LICENSED BANKS

The deposits which represent overnight placements with licensed banks of the Group at the end of the reporting period bore effective interest at rates ranging from 2.30% to 6.25% (2017 – 2.30% to 5.75%) per annum.

17. SHARE CAPITAL

	The Group/The Company			
	2018	2017	2018	2017
	Number of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	315,359,400	315,359,400	158,968,786	157,679,700
Transfer from treasury share account	-	-	-	1,289,086
Share spilt - subdivision of 1 into 2 ordinary shares	315,359,400	-	-	-
At 31 December	630,718,800	315,359,400	158,968,786	158,968,786

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

18. TREASURY SHARES

During the financial year, the Company has purchased 2,316,600 (2017 – 330,000) of its issued ordinary shares from the open market at an average price of RM0.70 (2017 – RM0.84) per share. The total consideration paid for the purchase was RM1,614,492 (2017 – RM279,094) including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

During the financial year, the Company resold nil (2017 – 2,474,400) of its issued ordinary shares at a price of RM nil (2017: RM1.11) per share. The total consideration received for the sale was RM nil (2017 – RM2,739,248) including transaction costs.

Of the total 630,718,800 (2017: 315,359,400) issued and fully paid-up ordinary shares at the end of the reporting period, 2,316,600 (2017 – nil) ordinary shares are held as treasury shares by the Company.

19. RESERVES

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Non-distributable:-				
- foreign exchange translation reserve	(4,481,655)	(3,157,665)	-	-
Distributable:-				
- retained profits	97,245,598	80,823,519	30,708,008	23,815,281
	92,763,943	77,665,854	30,708,008	23,815,281

Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

20. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-current				
Other payables:-				
- third parties	6,608,612	10,038,443	6,608,612	10,038,443
Current				
Other payables:-				
- third parties	3,930,146	7,074,852	2,401,910	1,875,176
- goods and services tax payables	58,466	25,409	-	-
Deposits	1,774,748	2,003,107	-	-
Accruals	10,042,086	9,712,711	477,965	501,365
	15,805,446	18,816,079	2,879,875	2,376,541
	22,414,058	28,854,522	9,488,487	12,414,984

Included in other payables is an amount of RM9,010,352 (2017 – RM11,913,450), which represents purchase consideration of an investment in an associate. The amount is repayable within 7 (2017 – 8) years and is subject to a late payment penalty fee of 6% (2017 – 6%) per annum.

21. BANK BORROWINGS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Long-term borrowings:-				
- hire purchase obligations (Note 22)	136,536	-	-	-
- term loans, secured	3,742,421	2,271,209	-	-
	3,878,957	2,271,209	-	-
Short-term borrowings:-				
- bank overdrafts, secured	1,963,505	1,816,003	-	-
- bankers' acceptance, secured	25,493,000	19,992,000	-	-
- hire purchase obligations (Note 22)	102,238	-	-	-
- revolving credit, unsecured	24,000,000	30,000,000	24,000,000	30,000,000
- term loans, secured	419,987	580,494	-	-
	51,978,730	52,388,497	24,000,000	30,000,000
Total borrowings	55,857,687	54,659,706	24,000,000	30,000,000

The bank borrowings of the Group are secured by:-

(a) a fixed charge over certain subsidiaries' landed properties;

(b) a corporate guarantee provided by the Company; and

(c) a joint and several guarantee provided by certain directors of the Company.

21. BANK BORROWINGS (CONT'D)

The repayment terms of the term loans are as follows:-

Term loan 1 at COF + 1.50% per annum	Repayable in 83 monthly instalments of RM5,250 each with a final instalment of RM194,250, effective from July 2014.
Term loan 2 at BLR - 0.70% per annum	Repayable in 180 monthly instalments of RM16,218 each, effective from March 2017.
Term loan 3 at CFR + 1.75% per annum	Repayable in 120 monthly instalments of RM10,519 each, effective from July 2018.
Term loan 4 at CFR + 1.75% per annum	Repayable in 120 monthly instalment of RM10,519 each effective from August 2018.

The bankers' acceptance of the Group at the end of the reporting period bore effective interest at rate ranging from 4.08% to 4.70% (2017 – 4.18%) per annum respectively.

The bank overdrafts of the Group at the end of the reporting period bore floating interest rates ranging from 7.70% to 8.93% (2017 – 7.70% to 8.97%) per annum.

The revolving credit of the Group and of the Company at the end of the reporting period bore effective interest at rate of 5.77% (2017 – 5.49%) per annum respectively.

The term loans of the Group at the end of the reporting period bore effective interest at rate of 4.80% (2017 – 5.47%)per annum.

22. HIRE PURCHASE OBLIGATIONS

	The Group	
	2018 RM	**2017** RM
Minimum hire purchase payments:-		
- not later than 1 year	107,496	-
- later than 1 year and not later than 2 years	107,496	-
- later than 2 years and not later than 5 years	35,817	-
	250,809	-
Less: future finance charges	(12,035)	-
Present value of hire purchase obligations	238,774	-
Current		
- not later than 1 year	102,238	-
Non-current		
- later than 1 year and not later than 2 years	102,238	-
- later than 2 years and not later than 5 years	34,298	-
	136,536	-
	238,774	-

(a) The hire purchase obligations of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 7 to the financial statements. The hire purchase arrangements are expiring in 3 (2017 - Nil) years.

(b) The hire purchase obligations of the Group at the end of the reporting period bore effective interest rates of 3.22% (2017 - Nil). The interest rate is fixed at the inception of the hire purchase arrangements.

23. DEFERRED INCOME

	The Group	
	2018	**2017**
	RM	RM
Government grant	65,850	65,850
Less: Accumulated amortisation	(47,035)	(47,035)
	18,815	18,815

24. TRADE PAYABLES

	The Group	
	2018	**2017**
	RM	RM
Trade payables:-		
- third parties	19,563,344	16,704,490
- related parties	8,326,612	8,276,053
	27,889,956	24,980,543

The normal trade credit terms granted to the Group range from 60 to 90 (2017 – 60 to 90) days.

25. PROVISION FOR EMPLOYEE BENEFITS

(a) The provision for employee benefits consist of the followings:-

	The Group	
	2018	**2017**
	RM	RM
Defined benefit plans	675,718	613,152

The Group provides benefits for its employees who has reached the retirement age of 55 based in the provision of Labour Law 13/2003 in Indonesia. The defined benefit plan is unfunded.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and investment risk.

The most recent actuarial valuation of the present value of the defined benefit plans were carried out at 21 February 2018 by PT Jasa Aktuaria Praptasentosa Gunajasa, a member of Institute of Actuaries Indonesia.

25. PROVISION FOR EMPLOYEE BENEFITS (CONT'D)

(a) The following table shows a reconciliation from the opening balance to the closing balance for defined benefit plans and its components:-

	The Group	
	2018	**2017**
	RM	RM
At 1 January	613,152	468,350
Recognised in Profit or Loss		
- current service cost	126,333	168,828
- past service cost	-	3,549
- interest cost	33,027	26,225
	159,360	198,602
Recognised in Other Comprehensive Income		
Remeasurement of defined benefit plans:-		
- effect of changes in financial assumptions	(65,948)	4,783
	(65,948)	4,783
Other		
Exchange differences	(30,846)	(58,583)
At 31 December	675,718	613,152

(b) Principal actuarial assumptions at the end of the reporting period:-

	The Group	
	2018	**2017**
	RM	RM
Discount rate	8%	7%
Salary growth rate	10%	10%
Normal retirement age	55	55

Assumptions regarding future mortality have been based on published statistics and mortality tables.

(c) Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit plans by the amounts shown below:-

	The Group	
	2018	**2017**
	RM	RM
Discount rate		
Increase of 1%	(26,822)	(52,372)
Decrease of 1%	31,654	62,398
Salary growth rate		
Increase of 1%	29,479	57,729
Decrease of 1%	(25,574)	(49,717)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

At 31 December 2018, the weighted-average duration of the defined benefit plans was 20.08 (2017 – 20.83) years.

26. REVENUE

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Dividend income	-	-	19,385,030	15,035,303
Management fee	-	-	366,000	366,000
Trading sales	639,101,724	615,425,529	-	-
Transportation income	388,759	363,587	-	-
	639,490,483	615,789,116	19,751,030	15,401,303

The information on the disaggregation of revenue is disclosed in Note 38 to the financial statements.

27. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group	
	2018	2017
	RM	RM
Impairment losses for the financial year	574,879	220,867
Reversal of impairment losses for the financial year	(54,322)	(32,548)
	520,557	188,319

28. PROFIT BEFORE TAXATION

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on receivables	574,879	220,867	-	-
Allowance for impairment losses on receivables no longer required	(54,322)	(32,548)	-	-
Auditor's remuneration:-				
- current financial year	425,443	468,287	80,000	80,000
- overprovision in the previous financial year	-	(1,000)	-	-
Bad debts written off	142,572	8,078	-	302
Depreciation of investment properties	126,746	126,746	-	-
Depreciation of property, plant and equipment	18,852,806	17,981,532	148,720	143,662
Directors' remuneration (Note 36)	3,833,833	2,928,093	337,000	350,104
Dividend income:-				
- subsidiaries	-	-	(15,849,030)	(10,000,000)
- associates	-	-	(3,536,000)	(5,035,303)
Fair value gain on biological assets	(487,553)	(2,350,064)	-	-
Gain on disposal of property, plant and equipment	(30,299)	(281,638)	-	-

28. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation is arrived at after charging/(crediting):- (cont'd)				
Interest expense on financial liabilities not at fair value through profit or loss:-				
- bank overdrafts	556,953	39,629	-	-
- bankers' acceptance	919,315	774,949	-	-
- hire purchase obligations	3,438	-	-	-
- revolving credit	1,571,794	1,767,824	1,571,794	1,767,824
- term loans	105,819	219,798	-	-
- imputed interest on a long-term payable	-	474,776	-	474,776
- others	-	19	-	19
Interest income				
- subsidiaries	-	-	(1,516,219)	(1,979,006)
- others	(459,500)	(442,856)	(3,408)	(2,319)
Loss on disposal of investment in a subsidiary (Note 33)	-	6,629	-	-
(Gain)/loss on foreign exchange:-				
- realised	(87,907)	3,042	-	-
- unrealised	(4,303)	10,522	-	-
Hiring of plant and equipment	8,880	10,010	-	-
Management fee	-	-	(366,000)	(366,000)
Property, plant and equipment written off	57,320	846,435	-	-
Provision for obsolescence and losses on inventories	25,647	-	-	-
Rental income	(1,108,362)	(754,796)	-	-
Rental expense	5,549,770	5,468,533	-	-
Share of profits in an equity accounted associate	(4,100,128)	(4,632,199)	-	-
Staff cost:-				
- short-term employee benefits	43,395,682	47,526,427	334,609	374,699
- defined contribution plan	3,849,405	3,567,743	45,201	32,458

29. INCOME TAX EXPENSE

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Income tax:-				
- Malaysian tax	7,024,259	9,125,381	-	-
- Foreign tax	1,677,913	1,336,379	-	-
	8,702,172	10,461,760	-	-
Under/(over) provision in previous financial year:-				
- Malaysian tax	19,566	(74,026)	-	-
- Foreign tax	1,278	10,208	-	-
	20,844	(63,818)	-	-
Deferred tax (Note 10):-				
- origination and reversal of temporary differences	(229,022)	(8,250)	(258,544)	(33,429)
- under/(over) provision in previous financial year	22,542	(113,509)	9,111	(3,093)
	(206,480)	(121,759)	(249,433)	(36,522)
	8,516,536	10,276,183	(249,433)	(36,522)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit before taxation	34,364,798	39,367,461	16,104,076	12,870,520
Tax at statutory tax rate of 24%	8,247,552	9,448,191	3,864,978	3,088,925
Tax effects of:-				
Deferred tax recognised at different tax rates	56,956	61,322	-	-
Non-taxable income	(1,181,835)	(70,131)	(4,830,072)	(3,608,473)
Non-deductible expenses	1,963,008	1,080,217	706,550	486,119
Deferred tax assets not recognised during the financial year	-	9,710	-	-
Utilisation of deferred tax assets previously not recognised	(606,371)	-	-	-
Under/(over) provision in the previous financial year:-				
- current tax	20,844	(63,818)	-	-
- deferred tax	22,542	(113,509)	9,111	(3,093)
Others	(6,160)	(75,799)	-	-
Income tax expense for the financial year	8,516,536	10,276,183	(249,433)	(36,522)

30. OTHER COMPREHENSIVE INCOME

	The Group	
	2018	2017
	RM	RM
Items that Will Not be Reclassified Subsequently to Profit or Loss		
Remeasurement of defined benefit plans (Note 25)	65,948	(4,783)
Items that Will be Reclassified Subsequently to Profit or Loss		
Foreign exchange translation:-		
- changes during the financial year	(1,323,990)	(2,743,263)
	(1,258,042)	(2,748,046)

31. EARNINGS PER SHARE

	The Group	
	2018	2017
Profit attributable to the owners of the Company (RM)	25,816,913	29,062,795
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	315,359,400	315,359,400
Effect of treasury shares held	(49,011)	(358,605)
Effect of share split - subdivision of 1 into 2 ordinary shares*	315,359,400	315,359,400
Weighted average number of ordinary shares at 31 December	630,669,789	630,360,195
Basic earnings per share (sen)	4.09	4.61

* Comparative figures for the weighted average number of ordinary shares in issue for the basic earnings per ordinary share computations have been restated to reflect the adjustments arising from the share split/ subdivision of shares, which were completed on 13 June 2018.

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

32. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group acquired 100% equity interests in Hawker Time Food Hall Sdn. Bhd. and CCK Properties Sdn. Bhd.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition: -

	The Group/ The Company 2018 RM
Cash and bank balances	100,001
Net identifiable assets acquired/Total purchase considerations, to be settled by cash	100,001
Less: cash and bank balances of subsidiaries acquired	(100,001)
Net cash outflows for the acquisition of subsidiaries	-

The subsidiaries has contributed revenue of RM435,101 and loss after taxation of RM321,620 to the Group since the date of acquisition.

There were no acquisitions of new subsidiaries in the previous financial year.

33. DISPOSAL OF A SUBSIDIARY

On 12 January 2017, the Group disposed of its entire interests in CCK-BME Sdn. Bhd. for RM123,382 in cash.

The financial effects of the disposal at the date of disposal are summarised below:-

	The Group	
	2018 RM	2017 RM
Cash and bank balances	-	58,943
Current tax assets	-	15,400
Other payables, deposits and accruals	-	(3,600)
Non-controlling interests	-	(86,674)
Carrying amount of net assets disposed of	-	(15,931)
Less: Loss on disposal of subsidiary (Note 28)	-	(6,629)
Consideration received, satisfied in cash	-	(22,560)
Less: Cash and bank balances of a subsidiary disposed of	-	(58,943)
Net cash outflow from the disposal of a subsidiary	-	(81,503)

34. DIVIDENDS

	The Company			
	2018		2017	
	Dividend per Share Sen	Amount of Dividend RM	Dividend per Share Sen	Amount of Dividend RM
Dividend paid in respect of the financial year ended 31 December 2017:-				
- first and final single-tier dividend	3.00	9,460,782	-	-
Dividend paid in respect of the financial period ended 31 December 2016:-				
- first and final single-tier dividend	-	-	2.00	6,264,100
	3.00	9,460,782	2.00	6,264,100

At the forthcoming Annual General Meeting, a final single-tier dividend of 1.25 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2019.

35. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cost of property, plant and equipment purchased	32,426,074	23,153,183	1,559,465	6,828
Amount financed through hire purchase (Note(c) below)	(307,000)	-	-	-
Cash disbursed for purchase of property, plant and equipment	32,119,074	23,153,183	1,559,465	6,828

(b) The cash and cash equivalents comprise the followings:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	24,075,426	28,396,568	1,388,066	2,301,169
Deposits with licensed banks	7,968,850	8,913,630	-	-
Bank overdrafts	(1,963,505)	(1,816,003)	-	-
	30,080,771	35,494,195	1,388,066	2,301,169

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. CASH FLOW INFORMATION (CONT'D)

(c) The reconciliations of liabilities arising from financing activities are as follows: -

The Group	Bankers' Acceptance RM	Hire Purchase RM	Revolving Credit RM	Term Loans RM	Total RM
2018					
At 1 January 2018	19,992,000	-	30,000,000	2,851,703	52,843,703
<u>Changes in Financing Cash Flows</u>					
Drawdown of borrowing principal	-	-	-	1,960,000	1,960,000
Net drawdown/(repayment) of borrowing principal	5,501,000	-	(6,000,000)	-	(499,000)
Repayment of borrowing principal	-	(68,226)	-	(643,072)	(711,298)
	5,501,000	(68,226)	(6,000,000)	1,316,928	749,702
<u>Non-cash Changes</u>					
New hire purchase (Note (a) above)	-	307,000	-	-	307,000
Foreign exchange adjustments	-	-	-	(6,223)	(6,223)
	-	307,000	-	(6,223)	300,777
At 31 December 2018	25,493,000	238,774	24,000,000	4,162,408	53,894,182

35. CASH FLOW INFORMATION (CONT'D)

(c) The reconciliations of liabilities arising from financing activities are as follows (cont'd): -

The Group	Bankers' Acceptance RM	Revolving Credit RM	Term Loans RM	Total RM
2017				
At 1 January 2017	17,811,000	36,000,000	4,139,051	57,950,051
Changes in Financing Cash Flows				
Drawdown of borrowing principal	-	-	265,000	265,000
Net drawdown/(repayment) of borrowing principal	2,181,000	(6,000,000)	-	(3,819,000)
Repayment of borrowing principal	-	-	(1,499,460)	(1,499,460)
	2,181,000	(6,000,000)	(1,234,460)	(5,053,460)
Non-cash Changes				
Foreign exchange adjustments	-	-	(52,888)	(52,888)
At 31 December 2017	19,992,000	30,000,000	2,851,703	52,843,703

The Company	Amount Owing To Subsidiaries RM	Revolving Credit RM	Total RM
2018			
At 1 January 2018	2,767,355	30,000,000	32,767,355
Changes in Financing Cash Flows			
Advance from/(repayment to) subsidiaries	(1,114,252)	-	(1,114,252)
Net drawdown/(repayment) of borrowing principal	-	(6,000,000)	(6,000,000)
	(1,114,252)	(6,000,000)	(7,114,252)
At 31 December 2018	1,653,103	24,000,000	25,653,103

The Company	Amount Owing To Subsidiaries RM	Revolving Credit RM	Total RM
2017			
At 1 January 2017	1,887,559	36,000,000	37,887,559
Changes in Financing Cash Flows			
Advance from/(repayment to) subsidiaries	879,796	-	879,796
Net drawdown/(repayment) of borrowing principal	-	(6,000,000)	(6,000,000)
	879,796	(6,000,000)	(5,120,204)
At 31 December 2017	2,767,355	30,000,000	32,767,355

36. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

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

(a) Directors

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
<u>Directors of the Company</u>				
Executive Directors				
Short-term employee benefits:-				
- fees	65,980	66,080	55,900	59,300
- salaries, bonuses and other benefits	2,424,682	1,554,654	-	-
	2,490,662	1,620,734	55,900	59,300
Defined contribution plan	228,204	168,673	-	-
	2,718,866	1,789,407	55,900	59,300
Non-executive Directors				
Short-term employee benefits:-				
- fees	299,820	299,360	281,100	281,300
Defined contribution plan	-	9,504	-	9,504
	299,820	308,864	281,100	290,804
	3,018,686	2,098,271	337,000	350,104
<u>Directors of the Subsidiaries</u>				
Executive Directors				
Short-term employee benefits:-				
- fees	1,200	1,200	-	-
- salaries, bonuses and other benefits	739,944	748,955	-	-
	741,144	750,155	-	-
Defined contribution plan	74,003	79,667	-	-
	815,147	829,822	-	-
Total directors' remuneration (Note 28)	3,833,833	2,928,093	337,000	350,104

37. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Subsidiaries:-				
- accounting fee	-	-	24,000	24,000
- advisory fee	-	-	53,400	54,000
- dividend income	-	-	-	10,000,000
- interest income	-	-	1,516,219	1,979,006
- management income	-	-	366,000	366,000
- service income	-	-	42,260	45,979
Associate:-				
- dividend income	-	-	3,536,000	5,035,303
- purchase of products	120,110,280	106,037,566	-	-
- freight charges	-	1,480,615	-	-
Companies in which the directors and their close family members have substantial financial interests:-				
- advisory fee	9,000	9,800	9,000	9,800
- purchase of products	365,167	386,693	-	-
- sale of products	911,922	601,003	-	-
- service income	-	1,528	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

No expense was recognised during the financial year for bad or doubtful debts in respect of the amounts owned by the related parties.

38. OPERATING SEGMENTS

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

The Group is organised into 5 main reportable segments as follows:-

- Poultry Segment – involved in the rearing and production of poultry products.
- Prawn Segment – involved in the rearing and production of prawn and seafood products.
- Food Service Segment – involved in the supply and trading of food products and related services.
- Retail Segment – involved in the trading of coldstorage products.
- Corporate Segment – involved in the provision of management services.

(a) The Group Managing Director assesses the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

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

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

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

2018	Poultry RM	Prawn RM	Food Service RM	Retail RM	Corporate RM	**Group** RM
Revenue						
External revenue	119,403,198	22,992,110	14,396,136	482,699,039	-	639,490,483
Inter-segment revenue	171,973,274	23,816,367	14,203	94,330,061	19,751,030	309,884,935
	291,376,472	46,808,477	14,410,339	577,029,100	19,751,030	949,375,418
Consolidation adjustments						(309,884,935)
Consolidated revenue						639,490,483
Results						
Segment profit before interest and taxation	8,783,497	4,515,473	1,162,224	22,619,375	17,800,806	54,881,375
Finance costs						(3,157,319)
Share of results in an associate						4,100,128
Consolidation adjustments						(21,459,386)
Consolidated profit before taxation						34,364,798
Segment profit before interest and taxation includes the followings:-						
Interest expense	363,734	18,695	-	1,203,096	1,571,794	3,157,319
Interest income	(8,984)	(38,089)	(19,635)	(389,384)	(3,408)	(459,500)
Depreciation of investment properties	-	-	-	126,746	-	126,746
Depreciation of property, plant and equipment	6,720,684	1,136,318	81,652	11,145,179	148,720	19,232,553
Other material non-cash items	330,084	(92,879)	(18,868)	467,408	-	685,745
Share of results in an associate	-	-	-	-	4,100,128	4,100,128

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2018	Poultry RM	Prawn RM	Food Service RM	Retail RM	Corporate RM	**Group** RM
Assets						
Segment assets	82,044,887	30,054,028	10,802,193	217,499,431	4,714,990	345,115,529
Unallocated assets:-						
- investment in an associate						21,234,139
- goodwill						380,224
- deferred tax assets						1,377,875
- current tax assets						2,393,167
Consolidated total assets						370,500,934
Additions to non-current assets other than financial instruments and deferred tax assets are:-						
Property, plant and equipment	7,902,544	2,600,743	847,947	19,515,375	1,559,465	32,426,074
Liabilities						
Segment liabilities	25,280,483	4,928,605	1,441,902	46,269,319	33,490,487	111,410,796
Unallocated liabilities:-						
- deferred tax liabilities						10,187,723
- current tax liabilities						2,905,726
- consolidated adjustments						(4,554,562)
Consolidated total liabilities						119,949,683

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2017	Poultry RM	Prawn RM	Food Service RM	Retail RM	Corporate RM	**Group** RM
Revenue						
External revenue	104,480,410	24,876,096	12,015,923	474,416,687	-	615,789,116
Inter-segment revenue	161,411,019	22,948,210	13,686	90,961,157	10,366,000	285,700,072
	265,891,429	47,824,306	12,029,609	565,377,844	10,366,000	901,489,188
Consolidation adjustments						(285,700,072)
Consolidated revenue						615,789,116
Results						
Segment profit before interest and taxation	10,961,702	762,270	1,231,237	27,193,350	15,242,958	55,391,517
Finance costs						(3,276,995)
Share of results in an associate						4,632,199
Consolidation adjustments						(17,379,260)
Consolidated profit before taxation						39,367,461
Segment profit before interest and taxation includes the followings:-						
Interest expense	267,421	17,177	-	749,778	2,242,619	3,276,995
Interest income	23,570	35,655	5,275	376,037	2,319	442,856
Depreciation of investment properties	-	-	-	126,746	-	126,746
Depreciation of property, plant and equipment	6,413,944	947,755	23,320	10,582,670	13,843	17,981,532
Other material non-cash items	(208,752)	709,960	(14,151)	284,349	-	771,406
Share of results in an associate	-	-	-	-	4,632,199	4,632,199

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2017	Poultry RM	Prawn RM	Food Service RM	Retail RM	Corporate RM	**Group** RM
Assets						
Segment assets	84,182,936	23,577,655	8,325,342	215,811,493	3,159,380	335,056,806
Unallocated assets:-						
- investment in an associate						20,670,011
- goodwill						380,224
- deferred tax assets						868,389
- current tax assets						1,687,365
Consolidated total assets						358,662,795
Additions to non-current assets other than financial instruments and deferred tax assets are:-						
Property, plant and equipment	6,140,534	2,552,622	4,033	14,449,166	6,828	23,153,183
Liabilities						
Segment liabilities	22,731,341	2,358,358	811,450	45,016,384	42,414,984	113,332,517
Unallocated liabilities:-						
- deferred tax liabilities						9,877,796
- current tax liabilities						2,621,956
- consolidated adjustments						(4,205,779)
Consolidated total liabilities						121,626,490

38. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

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

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

	Revenue		Non-current Assets	
	2018	2017	2018	2017
Group	RM	RM	RM	RM
Australia	653,654	19,347	-	-
Indonesia	124,819,185	110,641,365	27,712,061	29,762,067
Hong Kong	2,066,829	77,839	-	-
Japan	5,752,832	11,058,328	-	-
Korea	-	199,419	-	-
Middle East	530,087	576,332	-	-
People's Republic of China	649,796	147,530	-	-
Malaysia	505,018,100	493,068,956	184,545,004	189,446,804
	639,490,483	615,789,116	212,257,065	219,208,871

MAJOR CUSTOMERS

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

39. CAPITAL COMMITMENTS

	The Group	
	2018	2017
	RM	RM
Purchase of property, plant and equipment	6,345,000	2,362,295

40. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	-	-	31,971,901	27,616,063
Performance guarantee extended by a subsidiary to third parties	4,556,401	4,183,465	-	-

The performance guarantee is supported by a corporate guarantee provided by the Company.

41. FINANCIAL INSTRUMENTS

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

41.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Indonesian Rupiah ("IDR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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

Foreign Currency Exposure

The Group	Indonesian Rupiah RM	United States Dollar RM	Ringgit Malaysia RM	**Total** RM
2018				
Financial Assets				
Trade receivables	5,735,881	1,104,387	32,254,902	39,095,170
Other receivables and deposits	268,173	-	4,255,145	4,523,318
Deposits with licensed banks	2,860,000	-	5,108,850	7,968,850
Cash and bank balances	2,847,572	531,470	20,696,384	24,075,426
	11,711,626	1,635,857	62,315,281	75,662,764
Financial Liabilities				
Trade payables	7,351,003	-	20,538,953	27,889,956
Other payables, deposits and accruals	2,549,083	-	19,806,509	22,355,592
Bank borrowings:-				
- bank overdrafts	-	-	1,963,505	1,963,505
- other borrowings	-	-	53,894,182	53,894,182
	9,900,086	-	96,203,149	106,103,235
Net financial assets/(liabilities)	1,811,540	1,635,857	(33,887,868)	(30,440,471)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(1,811,540)	-	33,887,868	32,076,328
Currency exposure	-	1,635,857	-	1,635,857

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Indonesian Rupiah RM	United States Dollar RM	Ringgit Malaysia RM	**Total** RM
2017				
Financial Assets				
Trade receivables	5,993,083	820,700	25,841,269	32,655,052
Other receivables and deposits	256,402	-	3,708,028	3,964,430
Deposits with licensed banks	3,000,000	-	5,913,630	8,913,630
Cash and bank balances	4,515,747	4,114	23,876,707	28,396,568
	13,765,232	824,814	59,339,634	73,929,680
Financial Liabilities				
Trade payables	6,418,725	-	18,561,818	24,980,543
Other payables, deposits and accruals	270,921	-	28,558,192	28,829,113
Bank borrowings:-				
- bank overdrafts	-	-	1,816,003	1,816,003
- other borrowings	266,667	-	52,577,036	52,843,703
	6,956,313	-	101,513,049	108,469,362
Net financial assets/(liabilities)	6,808,919	824,814	(42,173,415)	(34,539,682)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(6,808,919)	-	42,173,415	35,364,496
Currency exposure	-	824,814	-	824,814

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

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

		The Group	
		2018	**2017**
		RM	RM
Effects on Profit after Taxation			
USD/RM	– strengthened by 10%	+ 124,000	+ 63,000
	– weakened by 10%	- 124,000	- 63,000
Effects on Equity			
IDR/RM	– strengthened by 10%	+ 138,000	+ 517,000
	– weakened by 10%	- 138,000	- 517,000
USD/RM	– strengthened by 10%	+ 124,000	+ 63,000
	– weakened by 10%	- 124,000	- 63,000

(ii) Interest Rate Risk

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

The Group's deposits with licensed banks and hire purchase obligations are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 21 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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

	The Group	
	2018	**2017**
	RM	RM
Effects on Profit after Taxation		
Increase of 25 basis points	- 8,000	- 5,000
Decrease of 25 basis points	+ 8,000	+ 5,000
Effects on Equity		
Increase of 25 basis points	- 8,000	- 5,000
Decrease of 25 basis points	+ 8,000	+ 5,000

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including deposits with licensed banks and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (ie. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables

` The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 180 days, are deemed credit impaired.

The expected loss rates are based on the historical credit losses experienced, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowance calculated under MFRS 9 for trade receivables is summarised below: -

The Group	Gross amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2018			
Current (not past due)	23,339,028	-	23,339,028
1 to 30 days past due	5,206,223	-	5,206,223
31 to 60 days past due	2,981,543	-	2,981,543
61 to 90 days past due	2,417,429	(21,727)	2,395,702
More than 90 days past due	7,396,272	(2,223,598)	5,172,674
	41,340,495	(2,245,325)	39,095,170

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables (including amount owing by related parties) is as follows: -

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2017				
Not past due	19,572,261	-	-	19,572,261
Past due:-				
- less than 3 months	6,296,599	-	-	6,296,599
- 3 to 6 months	3,252,471	-	(86,293)	3,166,178
- over 6 months	5,537,687	(1,604,970)	(312,703)	3,620,014
	34,659,018	(1,604,970)	(398,996)	32,655,052

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence is not provided for.

Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount owing by Subsidiaries

The Company applies the general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The identified impairment loss was immaterial and hence, it is not provided for.

Financial Guarantees Contract

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
2018							
Trade and other payables							
- interest bearing	6.00	9,010,352	11,337,395	4,083,609	3,552,950	3,700,836	-
- non-interest bearing	-	41,235,196	41,235,196	41,235,196	-	-	-
Borrowings:-							
- bank overdrafts	8.06	1,963,505	1,963,505	1,963,505	-	-	-
- bankers' acceptance	4.11	25,493,000	25,493,000	25,493,000	-	-	-
- hire purchase obligation	3.22	238,774	250,809	107,496	107,496	35,817	-
- revolving credit	5.77	24,000,000	24,000,000	24,000,000	-	-	-
- term loans	5.39	4,162,408	4,784,000	526,000	523,000	2,162,000	1,573,000
		106,103,235	109,063,905	97,408,806	4,183,446	5,898,653	1,573,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
2017							
Trade and other payables							
- interest bearing	6.00	11,913,450	16,997,000	5,855,000	4,947,000	6,195,000	-
- non-interest bearing	-	41,896,206	41,896,206	41,896,206	-	-	-
Borrowings:-							
- bank overdrafts	7.89	1,816,003	1,816,003	1,816,003	-	-	-
- bankers' acceptance	4.18	19,992,000	19,992,000	19,992,000	-	-	-
- revolving credit	5.49	30,000,000	30,000,000	30,000,000	-	-	-
- term loans	5.47	2,851,703	3,654,000	727,000	274,000	885,000	1,768,000
		108,469,362	114,355,209	100,286,209	5,221,000	7,080,000	1,768,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
2018							
Trade and other payables							
- interest bearing	6.00	9,010,352	11,337,395	4,083,609	3,552,950	3,700,836	-
- non-interest bearing	-	478,135	478,135	478,135	-	-	-
Amount owing by subsidiaries	-	1,653,103	1,653,103	1,653,103	-	-	-
Borrowings:-							
- revolving credit	5.49	24,000,000	24,000,000	24,000,000	-	-	-
Financial guarantee contract *	-	-	31,971,901	31,971,901	-	-	-
		35,141,590	69,440,534	62,186,748	3,552,950	3,700,836	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
2017							
Trade and other payables							
- interest bearing	6.00	11,913,450	16,997,000	5,855,000	4,947,000	6,195,000	-
- non-interest bearing	-	501,534	501,534	501,534	-	-	-
Amount owing by subsidiaries	-	2,767,355	2,767,355	2,767,355	-	-	-
Borrowings:-							
- revolving credit	5.49	30,000,000	30,000,000	30,000,000	-	-	-
Financial guarantee contract *	-	-	27,616,063	27,616,063	-	-	-
		45,182,339	77,881,952	66,739,952	4,947,000	6,195,000	-

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interests. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2018	**2017**
	RM	RM
Bank borrowings:-		
- bank overdrafts	1,963,505	1,816,003
- other borrowings	53,894,182	52,843,703
	55,857,687	54,659,706
Less: Deposits with licensed banks	(7,968,850)	(8,913,630)
Less: Cash and bank balances	(24,075,426)	(28,396,568)
Net debt	23,813,411	17,349,508
Total equity	250,551,251	237,036,305
Debt-to-equity ratio	0.09	0.07

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

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2018	
	The Group	**The Company**
	RM	RM
Financial Assets		
<u>Amortised Cost</u>		
Trade receivables	39,095,170	-
Other receivables and deposits	4,523,318	384,236
Amount owing by subsidiaries	-	112,715,665
Deposits with licensed banks	7,968,850	-
Cash and bank balances	24,075,426	1,388,066
	75,662,764	114,487,967

41. FINANCIAL INSTRUMENTS (CONT'D)

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2018 The Group RM	2018 The Company RM
Financial Liabilities		
Amortised Cost		
Trade payables	27,889,956	-
Other payables, deposits and accruals	22,355,592	9,488,487
Amount owing to subsidiaries	-	1,653,103
Bank borrowings:-		
- bank overdrafts	1,963,505	-
- other borrowings	53,894,182	24,000,000
	106,103,235	35,141,590

	2017 The Group RM	2017 The Company RM
Financial Assets		
Loans and receivables		
Trade receivables	32,655,052	-
Other receivables and deposits	3,964,430	314,281
Amount owing by subsidiaries	-	118,418,585
Deposits with licensed banks	8,913,630	-
Cash and bank balances	28,396,568	2,301,169
	73,929,680	121,034,035
Financial Liabilities		
Other financial liabilities		
Trade payables	24,980,543	-
Other payables, deposits and accruals	28,829,113	12,414,984
Amount owing to subsidiaries	-	2,767,355
Bank borrowings:-		
- bank overdrafts	1,816,003	-
- other borrowings	52,843,703	30,000,000
	108,469,362	45,182,339

41.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2018 The Group RM
Financial Assets	
Amortised Cost	
Net loss recognised in profit or loss	520,557

41. FINANCIAL INSTRUMENTS (CONT'D)

41.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

	2017 **The Group** RM
Financial Assets	
Loans and receivables	
Net loss recognised in profit or loss	188,319

41.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period.

	Fair Value of Financial Instruments not Carried at Fair Value			**Total Fair Value**	**Carrying Amount**
The Group	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2018					
Financial Liabilities					
Hire purchase obligations	-	238,000	-	-	238,774

The fair value of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for instruments at the end of the reporting period. The interest rate used to discount the estimated cash flows is 3.22%

The fair values of the term loans approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

42. TRANSITION TO MFRS FRAMEWORK

As stated in Note 3.1 to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs. The accounting policies in Note 5 to the financial statements have been applied to all financial information covered under this set of financial statements.

In preparing the opening MFRS statements of financial position at 1 January 2017 (date of transition), the Group and the Company have adjusted amounts reported previously in financial statements prepared in accordance with FRSs. The financial impacts on the transition are as below:-

		31.12.2017			1.1.2017		
The Group	Note	**FRSs** RM	**Transition Effects** RM	**MFRSs** RM	**FRSs** RM	**Transition Effects** RM	**MFRSs** RM
Consolidated Statement of Financial Position (Extracted)							
Property, plant and equipment	(a)	180,820,310	(17,447,165)	163,373,145	198,656,343	(17,869,351)	180,786,992
Inventory	(b)	77,195,169	(18,345,466)	58,849,703	67,757,776	(16,303,694)	51,454,082
Biological assets	(b)	-	13,769,695	13,769,695	-	11,419,631	11,419,631
Reserves	(a)	96,653,237	(18,987,383)	77,665,854	77,231,741	(19,616,536)	57,615,205
Deferred tax liabilities	(a)	12,913,349	(3,035,553)	9,877,796	13,436,508	(3,136,878)	10,299,630
Consolidated Statement of Changes in Equity (Extracted)							
Retained profits	(a)	52,420,770	28,402,749	80,823,519	28,502,736	29,526,871	58,029,607
Revaluation reserve	(a)	47,390,132	(47,390,132)	-	49,143,407	(49,143,407)	-
The Company							
Statement of Changes in Equity (Extracted)							
Retained profits	(a)	18,478,321	5,336,960	23,815,281	85,078,338	(67,905,999)	17,172,339
Revaluation reserve	(a)	5,336,960	(5,336,960)	-	5,534,284	(5,534,284)	-

42. TRANSITION TO MFRS FRAMEWORK (CONT'D)

The Group	Note	FRSs RM	31.12.2017 Transition Effects RM	MFRSs RM
Consolidated Statement of Profit or Loss (Extracted)				
Cost of sales	(b)	(498,085,031)	(2,041,772)	(500,126,803)
Other income	(b)	2,284,802	2,350,064	4,634,866
Administrative expenses	(c)	(25,258,273)	610,505	(24,647,768)
Net impairment losses on financial assets	(c)	-	(188,319)	(188,319)
Income tax expense	(a)	(10,174,858)	(101,325)	(10,276,183)

The transition from FRSs to MFRSs does not have material financial impacts on the financial statements of the Company other than those disclosed in Note 42 (a) to the financial statements.

NOTES TO RECONCILIATIONS

(a) Property, plant and equipment – Deemed Cost Exemption

Under FRSs, the Group measured its land at valuation. Upon transition to MFRSs, the Group elected to use the previous revaluation as deemed cost under MFRSs. Accordingly, the revaluation reserves at 1 January 2017 and 31 December 2017 were transferred to retained profits. There was no impact to the carrying amount of the asset and its related deferred taxation.

(b) Effect of MFRS 141

Prior to the adoption of MFRS 141, Agriculture, biological assets were stated at the lower of amortised cost and net realisable value and is included in inventories. Upon transition to MFRSs, biological assets and agricultural produce are stated at fair value less costs to sell with changes in fair value less costs to sell recognised in profit or loss in the period in which they arise.

The financial impacts arising from the change are summarised as follows:-

(i) an increase in biological assets at 1 January 2017 and 31 December 2017 of RM11,419,631 and RM13,769,695 respectively with a corresponding decrease in inventories which were adjusted against reserves at 1 January 2017 and 31 December 2017; and

(ii) a net increase in other income of RM308,292 for the financial year ended 31 December 2017.

(c) Classification and Measurement of Financial Assets and Financial Liabilities

Under FRSs, financial assets and financial liabilities were accounted for under FRS 139 *Financial Instrument: Recognition and Measurement.* Upon transition to MFRSs, the Group adopted MFRS 9 *Financial Instruments,* requiring the Group to review the classification and measurement of its financial instruments at the date of transition.

42. TRANSITION TO MFRS FRAMEWORK (CONT'D)

(c) Classification and Measurement of Financial Assets and Financial Liabilities (Cont'd)

The Group elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of the initial application of MFRS 9. Hence, the Group applied FRS 139 and FRS 7 *Financial Instruments:* Disclosures for the comparative information. The adjustments to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 were recognised in retained profits as at 1 January 2018, as summarised below:-

- The Group changed its impairment loss methodology from the "incurred loss" approach to the "expected credit loss" approach upon the adoption of MFRS 9. Under this new approach, the Group accounted for the expected credit losses of its financial assets measured at amortised cost to reflect their changes in credit risk since initial recognition. As permitted by MFRS 9, the Group used a simplified approach to measure the loss allowance of its trade receivables.

- In addition, the Group presented its net impairment losses on financial assets as a separate line item on the statements of profit or loss and other comprehensive income pursuant to the new requirement of MFRS 101 *Presentation of Financial Statements.*

No material financial impacts arising from the adoption of MFRS 9 are as follows except for a reclassification of RM188,319 from administrative and other expenses to net impairment losses on financial assets for the financial year ended 31 December 2017.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 11 April 2018, the Company had proposed the following proposals which subsequently approved by Bursa Securities and members on 26 April 2018 and 28 May 2018 respectively:-

(i) Proposed Subdivision

Subdivision of every 1 existing shares held by the entitled shareholders (shareholders of CCK whose names appear in the Record of Depositors of the Company as at the close of business on the entitlement date) on the entitlement date (13 June 2018), into 2 subdivided shares; and

(ii) Proposed Bonus Issue of Warrants

Bonus issue of warrants involves the issuance of 315,359,400 warrants on the basis of 1 warrant for every 2 subdivided shares held by the entitled shareholders on the entitlement date. The proposed bonus issue of warrants shall be implemented after the completion of the proposed subdivision.

The subdivided shares and the new CCK shares arising from the exercise of the warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing CCK shares, save and except that the subdivided shares and new CCK shares shall not be entitled to any dividend, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the subdivided shares and the new CCK shares arising from the exercise of the warrants.

The Warrants will be issued at no cost to the shareholders of CCK on a pro rata basis and will be issued in registered form and constituted by deed poll to be executed by the Company. The Company had resolved to fix the exercise price of the warrants at RM0.90 each on 30 May 2018.

The Company had on 17 July 2018 acquired 100% equity interests in Hawker Time Food Hall Sdn. Bhd. ("Hawker"), for a cash consideration of RM100,000. Hawker is a private limited liability company incorporated under the Companies Act 2016 and it is principally engaged in food and beverage business. The details of the acquisition are included in Note 32 to the financial statements.

The Company had on 28 September 2018 incorporated a wholly owned subsidiary under the Companies Act 2016, namely CCK Properties Sdn. Bhd. ("CCK Properties"). with an issued share capital of RM1.00 comprising 1 ordinary shares. The intended principal activity of CCK Properties is dealing in real property. The details of the acquisition are included in Note 32 to the financial statements.

CCK Properties Sdn. Bhd., a wholly owned subsidiary of CCK, has on 28 November 2018 entered into Sale and Purchase Agreements with a related party, Fabulous Enterprise Sdn. Bhd. for the acquisition of 5 units of buildings located at Lot 1122 Block 1, Sungai Merah Town District, Sibu, Sarawak at a total purchase consideration of RM7,050,000 for the purpose of setting up a CCK freshmart flagship store. Barring any unforeseen circumstances, the acquisition is estimated to be completed by fourth quarter of year 2021.

ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

AUDIT AND NON-AUDIT FEES

The amount of audit fees payable to the Company's external auditors, Messrs Crowe Malaysia PLT ("CM") for the financial year ended 31 December 2018 by the Company and the Group are RM80,000 and RM323,400 respectively. The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2018 by CM and a firm or company affiliated to CM amounted to RM68,600 and RM 57,669 respectively.

MATERIAL CONTRACTS

There was no material contract entered into by the Group involving interests of directors and major shareholders, either subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year.

UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

There was no proceeds raised from any corporate proposals during the financial year under review.

LIST OF TOP 10 PROPERTIES
AS AT 31 DECEMBER 2018

Location	Description/ Existing Use	Tenure	Date of Acquisition/ Last Revaluation	Age of Building (Year)	Land Area (Acres)	Net Book Value (RM)
Jl. Bhumimas I No. 9, Kawasan Industrial Cikupamas Cikupa Tangerang 15710 Banten, Indonesia	Factory, Office and Warehouse	Leasehold Expiring on 17.06.2028	16.02.2015	18	2.802	13,151,705
Lot 4147, Block 19 Seduan Land District Upper Lanang Road 96000 Sibu, Sarawak	Corporate Office, Coldroom and Warehouse	Leasehold Expiring on 10.01.2071	20.01.2015	12	3.571	11,965,600
H.S.(D.) No. 19776 P.T. No. 22244 Mukim of Batu Daerah Gombak State of Selangor	3 Storey Detached Industrial Factory	Freehold	20.01.2015	18	0.518	11,075,000
Lot 999, Section 66 Jalan Keluli Bintawa Industrial Estate 93450 Kuching, Sarawak	Industrial Land, Corporate Office, Coldroom and Abbattoir	Leasehold Expiring on 24.09.2117	20.01.2015	23	5.671	9,932,530
Lot 511, Block 9 Senggi-Poak Land District Bau, Sarawak	Layer Farm	Leasehold Expiring on 17.04.2116	20.01.2015	6	17.295	8,274,861
Bau Occupation Ticket No. 3574, Bau Land District, Sarawak	Layer Farm	Leasehold Expiring on 17.04.2116	20.01.2015	6	30.999	
Lot 16, Block 9, Senggi-Poak Land District Bau, Sarawak	Layer Farm	Leasehold Expiring on 17.04.2116	20.01.2015	6	10.459	
Lot 604, Block 9 Senggi-Poak Land District Bau, Sarawak	Breeder Farm	Leasehold Expiring on 19.04.2116	20.01.2015	28	15.250	8,027,072
Lot 650, Block 9 Senggi-Poak Land District Bau, Sarawak	Vacant land	Leasehold Expiring on 11.05.2116	20.01.2015	-	5.501	
Lot 1097, Block 9 Senggi-Poak Land District Bau, Sarawak	Breeder Farm	Leasehold Expiring on 18.04.2116	20.01.2015	28	14.443	
Bau Occupation Ticket No. 2596 of 1934, Bau Land District, Sarawak	Breeder Farm	Leasehold Expiring on 21.11.2116	20.01.2015	28	8.520	
Country Lease No. 025092602 Papar District of Papar, Sabah	Broiler Farm	Leasehold Expiring on 02.07.2929	20.01.2015	7	12.320	7,088,350

LIST OF TOP 10 PROPERTIES (CONT'D)
AS AT 31 DECEMBER 2018

Location	Description/ Existing Use	Tenure	Date of Acquisition/ Last Revaluation	Age of Building (Year)	Land Area (Acres)	Net Book Value (RM)
Lot 123, Senggi-Poak Land District Bau, Sarawak	Broiler Farm	Leasehold Expiring on 19.04.2116	20.01.2015	16	12.390	6,256,395
Lot 124, Senggi-Poak Land District Bau, Sarawak	Broiler Farm	Leasehold Expiring on 09.02.2116	20.01.2015	16	33.169	
Lot 202, Senggi-Poak Land District Bau, Sarawak	Broiler Farm	Leasehold Expiring on 10.04.2077	20.01.2015	16	2.720	
Lot 203, Senggi-Poak Land District Bau, Sarawak	Broiler Farm	Leasehold Expiring on 17.04.2077	20.01.2015	16	4.960	
Country Lease No. 025339753 & 025339762 Lok Kawi, District of Papar Sabah	Factory, Office and Warehouse	Leasehold Expiring on 31.12.2042	20.01.2015	21	2.679	5,956,825
Lot 2704, Block 24 Muara Tuang Land District Sarawak	Vegetable Farm	Leasehold Expiring on 16.05.2073	20.01.2015	1	12.531	5,753,907

ANALYSIS OF SHAREHOLDINGS
AS AT 02 APRIL 2019

SHARE CAPITAL

Total number of issued shares	:	630,718,800
Issued share capital	:	RM158,968,786
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

No. of holders	Size of shareholdings	% of holders	No. of shares	% of issued capital#
86	less than 100 shares	1.95	3,577	0.00
606	100 - 1,000 shares	13.76	311,879	0.05
1,999	1,001 - 10,000 shares	45.40	10,333,728	1.64
1,472	10,001 - 100,000 shares	33.43	44,633,412	7.10
237	100,001 - less than 5% of issued shares	5.38	297,832,176	47.40
3	5% and above of issued shares	0.07	275,187,428	43.80
4,403	**-**	**100.00**	**628,302,200**	**100.00**

Note:

: *excluding 2,416,600 ordinary shares bought back and retained as treasury shares based on the Record of Depositors as at 02 April 2019.*

SUBSTANTIAL SHAREHOLDERS
(As per the Register of Substantial Shareholders as at 02 April 2019)

No.	Name	No. of shares held			
		Direct Interest	%#	Indirect Interest	%#
1.	Central Coldstorage Sarawak Sdn. Bhd.	138,170,076	21.99	-	-
2.	S.K. Tiong Enterprise Sdn. Bhd.	103,426,080	16.46	138,170,076[(a)]	21.99
3.	Chong Nyuk Kiong Enterprise Sdn. Bhd.	33,591,272	5.35	-	-
4.	Tan Sri Datuk Tiong Su Kouk	40,721,288	6.48	241,596,156[(b)]	38.45
5.	Lau Liong Kii	12,680,552[(c)]	2.02	27,043,084[(d)]	4.30
6.	Puan Sri Datin Wong Bak Hee	2,589,224	0.41	241,596,156[(b)]	38.45
7.	Tiong Chiong Hiiung	1,699,624	0.27	241,596,156[(e)]	38.45
8.	Tiong Chiong Soon	1,515,360	0.24	241,596,156[(e)]	38.45
9.	Chong Shaw Fui	-	-	33,591,272[(f)]	5.35

Notes:

: *excluding 2,416,600 ordinary shares bought back and retained as treasury shares as at 02 April 2019.*

(a) *Deemed interested through its wholly-owned subsidiary, Central Coldstorage Sarawak Sdn. Bhd.*

(b) *Deemed interested by virtue of their substantial shareholdings in S.K. Tiong Enterprise Sdn. Bhd. and Central Coldstorage Sarawak Sdn. Bhd.*

(c) *3,204,096 shares are held through Maybank Nominees (Tempatan) Sdn. Bhd. and 1,822,696 shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd.*

(d) *Deemed interested by virtue of his substantial shareholding in Unione Enterprise (S) Sdn. Bhd.*

(e) *Deemed interested by virtue of their directorships in S.K. Tiong Enterprise Sdn. Bhd. and Central Coldstorage Sarawak Sdn. Bhd.*

(f) *Deemed interested by virtue of his substantial shareholdings in Chong Nyuk Kiong Enterprise Sdn. Bhd.*

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 02 APRIL 2019

DIRECTORS' INTERESTS
(As per the Register of Directors' Shareholdings as at 02 April 2019)

No.	Name	No. of shares held			
		Direct Interest	%#	Indirect Interest	%#
1.	Tan Sri Datuk Tiong Su Kouk	40,721,288	6.48	244,185,380[(a)]	38.86
2.	Chong Shaw Fui	-	-	33,611,272[(b)]	5.35
3.	Tiong Chiong Hiiung	1,699,624	0.27	244,567,888[(c)]	38.93
4.	Tiong Chiong Soon	1,515,360	0.24	241,596,156[(d)]	38.45
5.	Kueh Chung Peng	10,453,364[(e)]	1.66	4,107,400[(f)]	0.65
6.	Lau Liong Kii	12,680,552[(g)]	2.02	43,729,152[(h)]	6.96
7.	Ling Ting Leong @ Ling Chong Seng	986,428[(i)]	0.16	3,312,388[(j)]	0.53
8.	Datuk Pemanca Janggu anak Banyang	198,400	0.03	-	-
9.	Datu Haji Putit bin Matzen	-	-	-	-
10.	Bong Wei Leong	-	-	-	-

The Directors by virtue of their interests in shares in the Company are also deemed to have interests in shares in all of its related corporations to the extent the Company has an interest, pursuant to Section 8 of the Companies Act 2016.

Notes:

: *excluding 2,416,600 ordinary shares bought back and retained as treasury shares as at 02 April 2019.*

(a) *Deemed interested by virtue of his substantial shareholdings in Central Coldstorage Sarawak Sdn. Bhd. and S.K. Tiong Enterprise Sdn. Bhd., and the interest of his spouse in the Company.*

(b) *Deemed interested by virtue of his substantial shareholdings in Chong Nyuk Kiong Enterprise Sdn. Bhd. and the interest of his child in the Company.*

(c) *Deemed interested by virtue of his directorship in Central Coldstorage Sarawak Sdn. Bhd. and S.K. Tiong Enterprise Sdn. Bhd., and the interests of his spouse in the Company.*

(d) *Deemed interested by virtue of his directorship in Central Coldstorage Sarawak Sdn. Bhd. and S.K. Tiong Enterprise Sdn. Bhd.*

(e) *8,928,592 shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd. and 1,524,772 shares are held through RHB Nominees (Tempatan) Sdn. Bhd.*

(f) *Deemed interested by virtue of the interest of his children in the Company.*

(g) *3,204,096 shares are held through Maybank Nominees (Tempatan) Sdn. Bhd. and 1,822,696 shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd.*

(h) *Deemed interested by virtue of his substantial shareholdings in Unione Enterprise (S) Sdn. Bhd., and the interests of his spouse and children in the Company.*

(i) *858,132 shares are held through AMSEC Nominees (Tempatan) Sdn. Bhd.*

(j) *Deemed interested by virtue of his substantial shareholdings in Tseng Tseng Enterprise Sdn. Bhd. and De Supreme Sdn. Bhd.*

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 02 APRIL 2019

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	No. of shares	%#
1.	Central Coldstorage Sarawak Sdn. Bhd.	138,170,076	21.99
2.	S.K. Tiong Enterprise Sdn. Bhd.	103,426,080	16.46
3.	Chong Nyuk Kiong Enterprise Sdn. Bhd.	33,591,272	5.35
4.	Unione Enterprise (S) Sdn. Bhd.	27,043,084	4.30
5.	Tan Sri Datuk Tiong Su Kouk	24,115,664	3.84
6.	Tan Sri Datuk Tiong Su Kouk	16,605,624	2.64
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan)(Kenanga)	12,306,500	1.96
8.	Amanahraya Trustees Berhad - PB Islamic Smallcap Fund	10,606,600	1.69
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Kueh Chung Peng (MQ0352)	8,928,592	1.42
10.	CIMB Group Nominees (Tempatan) Sdn. Bhd. - CIMB Commerce Trustee Berhad - Kenanga Growth Fund	8,444,300	1.34
11.	Lau Liong Kii	7,653,760	1.22
12.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Yii Ching Yii	7,125,876	1.13
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Exempt An for AIA Bhd	6,815,800	1.08
14.	Annie Lau Ting Ting	6,466,772	1.03
15.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	5,603,700	0.89
16.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Goh Sung Hien @ Goh Soon Hien (MQ0136)	5,441,432	0.87
17.	Wong See Khong	5,136,268	0.82
18.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. - CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	4,955,500	0.79
19.	Betty Lau Mei Mei	4,800,932	0.76
20.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Kueh Tiong Ching (E-SRK)	4,735,964	0.75
21.	Maybank Nominees (Tempatan) Sdn. Bhd. - National Trust Fund (IFM Kenanga)	4,296,600	0.68
22.	Wong Poh Hwa	3,843,788	0.61
23.	Tiong Su Sing	3,426,000	0.55
24.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lau Liong Kii	3,204,096	0.51
25.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Ting Yong Ding	3,109,200	0.49
26.	UOBM Nominees (Tempatan) Sdn. Bhd. - UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Aggressive Fund	2,941,000	0.47
27.	Wong Kee Hung	2,907,040	0.46
28.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Sie Mew	2,800,000	0.45
29.	Yong Hua Tang	2,773,332	0.44
30.	Hou, Hsin-Min	2,769,100	0.44

Note:

\# : *excluding 2,416,600 ordinary shares bought back and retained as treasury shares based on the Record of Depositors as at 02 April 2019.*

ANALYSIS OF WARRANT HOLDINGS
AS AT 02 APRIL 2019

WARRANT

Total number of warrants issued	:	315,359,400
Exercise price of the warrants	:	RM0.90 each
Expiry date of the warrants	:	18 June 2023

No. of holders	Size of holdings	% of holders	No. of warrants	% of issued warrants
168	less than 100 warrants	5.19	6,792	0.00
613	100 - 1,000 warrants	18.93	325,862	0.10
1,128	1,001 - 10,000 warrants	34.84	7,362,962	2.34
1,118	10,001 - 100,000 warrants	34.53	40,848,246	12.96
209	100,001 - less than 5% of issued warrants	6.45	146,017,460	46.30
2	5% and above of issued warrants	0.06	120,798,078	38.30
3,238	**-**	**100.00**	**315,359,400**	**100.00**

DIRECTORS' INTERESTS
(As per the Register of Directors' Warrant Holdings as at 02 April 2019)

No.	Name	No. of warrants held			
		Direct Interest	%	Indirect Interest	%
1.	Tan Sri Datuk Tiong Su Kouk	20,360,644	6.46	122,092,690[(a)]	38.72
2.	Chong Shaw Fui	-	-	9,306,736[(b)]	2.95
3.	Tiong Chiong Hiiung	849,812	0.27	122,283,944[(c)]	38.78
4.	Tiong Chiong Soon	757,680	0.24	120,798,078[(d)]	38.31
5.	Kueh Chung Peng	7,226,682[(e)]	2.29	53,700[(f)]	0.02
6.	Lau Liong Kii	6,340,276[(g)]	2.01	25,059,072[(h)]	7.95
7.	Ling Ting Leong @ Ling Chong Seng	64,148	0.02	-	-
8.	Datuk Pemanca Janggu anak Banyang	99,200	0.03	-	-
9.	Datu Haji Putit bin Matzen	-	-	-	-
10.	Bong Wei Leong	-	-	-	-

Notes:

(a) *Deemed interested by virtue of his substantial holdings in Central Coldstorage Sarawak Sdn. Bhd. and S.K. Tiong Enterprise Sdn. Bhd., and the interest of his spouse in the Company.*

(b) *Deemed interested by virtue of his substantial holdings in Chong Nyuk Kiong Enterprise Sdn. Bhd. and the interest of his child in the Company.*

(c) *Deemed interested by virtue of his directorship in Central Coldstorage Sarawak Sdn. Bhd. and S.K. Tiong Enterprise Sdn. Bhd., and the interests of his spouse in the Company.*

(d) *Deemed interested by virtue of his directorship in Central Coldstorage Sarawak Sdn. Bhd. and S.K. Tiong Enterprise Sdn. Bhd.*

(e) *6,464,296 warrants are held through CIMSEC Nominees (Tempatan) Sdn. Bhd. and 762,386 warrants are held through RHB Nominees (Tempatan) Sdn. Bhd.*

(f) *Deemed interested by virtue of the interest of his children in the Company.*

(g) *1,602,048 warrants are held through Maybank Nominees (Tempatan) Sdn. Bhd. and 911,348 warrants are held through CIMSEC Nominees (Tempatan) Sdn. Bhd.*

(h) *Deemed interested by virtue of his substantial holdings in Unione Enterprise (S) Sdn. Bhd., and the interests of his spouse and children in the Company.*

ANALYSIS OF WARRANT HOLDINGS (CONT'D)
AS AT 02 APRIL 2019

THIRTY LARGEST WARRANTS ACCOUNTS HOLDERS

No.	Name	No. of warrants	%
1.	Central Coldstorage Sarawak Sdn. Bhd.	69,085,038	21.91
2.	S.K. Tiong Enterprise Sdn. Bhd.	51,713,040	16.40
3.	Unione Enterprise (S) Sdn. Bhd.	13,521,542	4.29
4.	Tan Sri Datuk Tiong Su Kouk	12,057,832	3.82
5.	Chong Nyuk Kiong Enterprise Sdn. Bhd.	9,296,736	2.95
6.	Tan Sri Datuk Tiong Su Kouk	8,302,812	2.63
7.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Kueh Chung Peng (MQ0352)	6,464,296	2.05
8.	James Lau Hing Wei	4,000,000	1.27
9.	Lau Liong Kii	3,826,880	1.21
10.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Yii Ching Yii	3,562,938	1.13
11.	Annie Lau Ting Ting	3,233,386	1.03
12.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Cheng Szi Chion (E-BTL)	3,200,000	1.01
13.	Wong See Khong	2,568,134	0.81
14.	Betty Lau Mei Mei	2,561,066	0.81
15.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Goh Sung Hien @ Goh Soon Hien (MQ0136)	2,442,416	0.77
16.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Kueh Tiong Ching (E-SRK)	2,367,982	0.75
17.	Chiang Siong Chiew @ Chiong Siong Chiew	1,885,000	0.60
18.	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for David Ling Howe Kim	1,716,700	0.54
19.	Chai Ming Fatt	1,680,000	0.53
20.	Lim Mong Seng	1,632,000	0.52
21.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lau Liong Kii	1,602,048	0.51
22.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Ting Yong Ding	1,554,600	0.49
23.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Ng Ai Choo (MQ0359)	1,443,780	0.46
24.	Wong Kee Hung	1,423,520	0.45
25.	UOBM Nominees (Tempatan) Sdn. Bhd. - UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Aggressive Fund	1,414,000	0.45
26.	Yong Hua Tang	1,386,666	0.44
27.	Goh Choun Mooi	1,350,000	0.43
28.	Puan Sri Datin Wong Bak Hee	1,294,612	0.41
29.	AmanahRaya Trustees Berhad - PB Islamic Smallcap Fund	1,190,700	0.38
30.	Tiong Su Sing	1,113,000	0.35

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of CCK Consolidated Holdings Berhad ("the Company") will be held at Conference Room, CCK Fresh Mart Sdn. Bhd., Lot 4147, Block 19, Seduan Land District, Upper Lanang Road, 96000 Sibu, Sarawak on Tuesday, 28 May 2019 at 12.00 noon to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note 1)*

2. To declare and approve the payment of a first and final single-tier dividend of 1.25 sen per share in respect of the financial year ended 31 December 2018. Resolution 1

3. To approve the payment of Directors' fees for the financial year ended 31 December 2018. Resolution 2

4. To approve the meeting allowance up to RM33,100 payable to the Directors for the year ending 31 December 2019 until the next annual general meeting of the Company to be held in 2020. Resolution 3

5. To re-elect the following Directors retiring pursuant to Article 81 of the Company's Articles of Association and being eligible, have offered themselves for re-election:

   (i) Chong Shaw Fui Resolution 4

   (ii) Tiong Chiong Hiiung Resolution 5

   (iii) Datuk Pemanca Janggu anak Banyang Resolution 6

6. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. Resolution 7

AS SPECIAL BUSINESS:

7. To consider and, if thought fit, pass the following ordinary resolutions pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017:

   Continuation in office as Independent Non-Executive Directors

   (i) "THAT, subject to the passing of Resolution 6, approval be and is hereby given to Datuk Pemanca Janggu anak Banyang who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company." Resolution 8

   (ii) "THAT, approval be and is hereby given to Datu Haji Putit bin Matzen who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company." Resolution 9

   (iii) "THAT, approval be and is hereby given to Bong Wei Leong who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an independent Non-Executive Director of the Company." Resolution 10

8. To consider and if thought fit, pass the following ordinary resolution:

Proposed renewal of authority for the Company to purchase its own shares Resolution 11

"THAT, subject always to the Companies Act 2016 (as may be amended, modified or re-enacted from time to time) ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, where applicable, the Company be hereby unconditionally and generally authorised to purchase and/or hold such an amount of ordinary shares ("Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of shares purchased and/or held or to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued share of the Company for the time being and an amount of funds not exceeding the Company's total retained profits reserve at the time of purchase be allocated by the Company for the Proposed Share Buy-Back AND THAT such shares purchased are to be retained as treasury shares and distributed as dividends and/or resold on the market of Bursa Securities, or subsequently may be cancelled;

AND THAT the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authorities;

AND FURTHER THAT the authority hereby given will commence immediately upon the passing of this resolution and will continue to be in force until:

(a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting.

whichever occurs first, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities."

9. To consider and if thought fit, pass the following special resolution:

Proposed adoption of new Constitution of the Company Resolution 12

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company by the replacement thereof with a new Constitution of the Company as set out in the Part B of the Circular to Shareholders dated 30 April 2019 with immediate effect.

AND THAT the Directors be and are hereby authorised to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a first and final single-tier dividend of 1.25 sen per share in respect of the financial year ended 31 December 2018, if approved at the Twenty-Third Annual General Meeting, will be payable on 28 June 2019 to depositors whose names appear in the Record of Depositors on 31 May 2019.

A depositor shall qualify for entitlement only in respect of:

(a) shares transferred into the depositor's securities account before 4.00 p.m. on 31 May 2019 in respect of transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board of Directors

Voon Jan Moi *(MAICSA 7021367)*
Yap Hui Yih *(MAICSA 7048748)*
Joint Company Secretaries

Dated: 30 April 2019
Kuching, Sarawak

NOTES:

1. This agenda item is meant for discussion only as under the provision of Section 340 of the Companies Act 2016 and the Company's Articles of Association, the Audited Financial Statements do not require the formal approval of shareholders and hence, this matter will not be put forward for voting.

2. Continuation in office as Independent Non-Executive Directors pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017

The Nomination Committee and the Board of Directors have assessed the independence of Datuk Pemanca Janggu anak Banyang, Datu Haji Putit bin Matzen and Bong Wei Leong. All of them have served as Independent Non-Executive Directors of the Company for a consecutive term of more than nine (9) years. The Board recommended them to continue to act as Independent Non-Executive Directors of the Company, based on the following justifications:

(a) their experience, expertise, and networking have significant contribution to the operation and performance of the Group;

(b) they participating in deliberations at Board meetings actively by providing unbiased and independent views, expressing disagreements, and stand up for their independent points of view for the best interest of the Group, shareholders, employees and other stakeholders as a whole; and

(c) they fulfill the criteria as independent director stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore can be entrusted to discharge their duties impartially and constructively.

3. Proposed renewal of authority for purchase of own shares by the Company

The proposed Resolution 11 if passed, will renew the authority for the Company to purchase and/or hold its own shares up to ten per cent (10%) of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad. This authority will expire at the conclusion of the next annual general meeting, unless revoked or varied by ordinary resolution passed by shareholders at general meeting.

Please refer to Part A of the Statement to Shareholders dated 30 April 2019 for further information.

4. Proposed adoption of new Constitution of the Company

The proposed Resolution 12, if passed, will align the Constitution with the Companies Act 2016 which came into force on 31 January 2017, and the updated provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the prevailing laws, guidelines or requirements of the relevant authorities, to enhance administrative efficiency and provide greater clarity.

In view of the substantial amount of the proposed amendments to the Constitution, the Board proposed that the existing Memorandum and Articles of Association of the Company be revoked in its entirety by the replacement thereof with a new Constitution which incorporated all the proposed amendments.

The proposed new Constitution shall take effect once the proposed Resolution 12 has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy or by corporate representative at the 23^{rd} Annual General Meeting.

Please refer to Part B of the Circular to Shareholders dated 30 April 2019 for further information.

5. Proxy

(a) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

(b) To be valid, the duly completed proxy form must be deposited at the registered office of the Company at Lot 999, Section 66, Jalan Keluli, Bintawa Industrial Estate, 93450 Kuching, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(c) If the appointor is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.

(d) A Member shall be entitled to appoint more than one (1) proxy to attend and vote at a meeting of the Company. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(e) Where a Member 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 the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(f) Depositors whose names appear in the Record of Depositors as at 21 May 2019 shall be regarded as members of the Company entitled to attend this Annual General Meeting or appoint proxy to attend, speak and vote on their behalf.

CCK CONSOLIDATED HOLDINGS BERHAD
(396692-T)

Number of shares held	
CDS Account No.	

FORM OF PROXY

*I/We, ______________________________ *(full name)*______________________*(IC/Passport/Company No.)*

of ____ *(full address)*

being a member of CCK Consolidated Holdings Berhad ("the Company") hereby appoint ______________________

______________________________ *(full name)* ______________________ *(IC/passport No.)*

of ____ *(full address)*

or failing *him/her, ______________________________ *(full name)* ______________________ *(IC/passport No.)*

of ____ *(full address)*

or failing *him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at Conference Room, CCK Fresh Mart Sdn. Bhd., Lot 4147, Block 19, Seduan Land District, Upper Lanang Road, 96000 Sibu, Sarawak on Tuesday, 28 May 2019 at 12.00 noon and any adjournment thereof.

*My/our proxy shall vote as indicated with an "X" below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion:

	Resolutions	For	Against
1.	Declaration and payment of a first and final single-tier dividend for the financial year ended 31 December 2018.		
2.	Payment of Directors' fees for the financial year ended 31 December 2018.		
3.	Payment of meeting allowance to the Directors.		
4.	Re-election of Chong Shaw Fui as Director.		
5.	Re-election of Tiong Chiong Hiiung as Director.		
6.	Re-election of Datuk Pemanca Janggu anak Banyang as Director.		
7.	Re-appointment of Messrs. Crowe Malaysia PLT as auditors.		
8.	Retention of Datuk Pemanca Janggu anak Banyang as Independent Non-Executive Director.		
9.	Retention of Datu Haji Putit bin Matzen as Independent Non-Executive Director.		
10.	Retention of Bong Wei Leong as Independent Non-Executive Director.		
11.	Proposed renewal of authority for purchase of own shares by the Company.		
12.	Proposed adoption of new Constitution of the Company.		

The proportions of *my/our holdings to be presented by *my/our proxy are as follows:

First named proxy %
Second named proxy %
____
____

In case of a vote taken by a show of hands, the first named proxy shall vote on *my/our behalf.

Dated this ________ day of ________________ 2019

____
*Signature / common seal of shareholder(s)

**: Strike out whichever is not applicable*

Notes:

1. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. To be valid, the duly completed proxy form must be deposited at the registered office of the Company at Lot 999, Section 66, Jalan Keluli, Bintawa Industrial Estate, 93450 Kuching, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. If the appointor is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. A Member shall be entitled to appoint more than one (1) proxy to attend and vote at a meeting of the Company. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. Where a Member 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 the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. Depositors whose names appear in the Record of Depositors as at 21 May 2019 shall be regarded as members of the Company entitled to attend this Annual General Meeting or appoint proxy to attend, speak and vote on their behalf.

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PLEASE
AFFIX STAMP
HERE

The Company Secretaries
CCK CONSOLIDATED HOLDINGS BERHAD (396692-T)
Lot 999, Section 66, Jalan Keluli
Bintawa Industrial Estate
93450 Kuching
Sarawak, Malaysia

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CCK CONSOLIDATED HOLDINGS BERHAD (396692-T)
(Incorporated in Malaysia)

Lot 999, Section 66, Jalan Keluli, Bintawa Industrial Estate
93450 Kuching, Sarawak, Malaysia
Tel : 082-336520 Fax : 082-331479