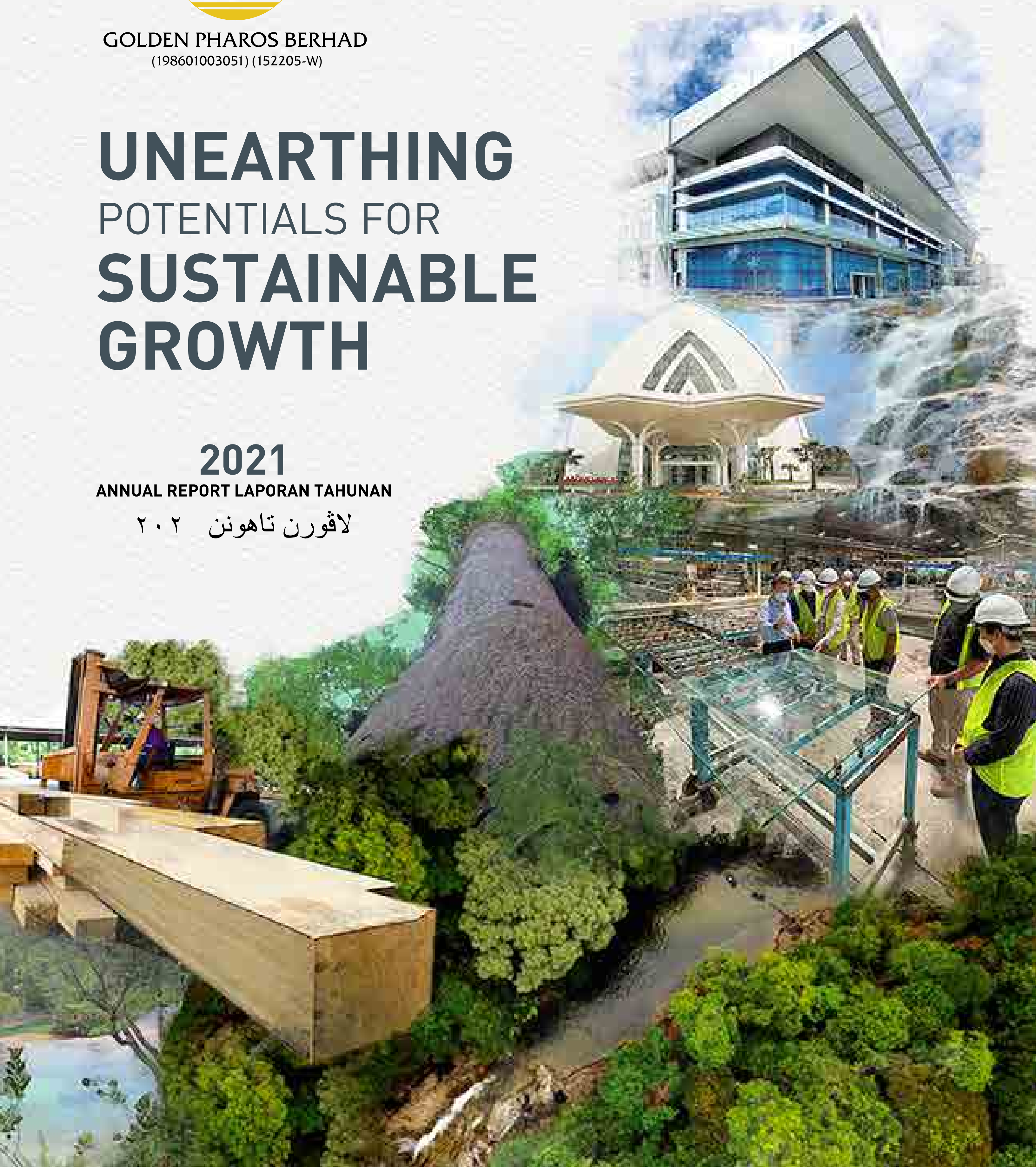
GOLDEN PHAROS BERHAD
(198601003051) (152205-W)

# UNEARTHING POTENTIALS FOR SUSTAINABLE GROWTH



## 2021

ANNUAL REPORT LAPORAN TAHUNAN

لاڤورن تاهونن ٢٠٢

# UNEARTHING POTENTIALS FOR SUSTAINABLE GROWTH

Financial year 2021 (FY2021) was highly challenging for Golden Pharos Berhad (GPB or the Group) as the COVID-19 pandemic continued to shackle business as usual until the later part of the year when rising vaccination rates prompted the gradual reopening of the economy.

Despite such constraints lasting over an extended period, GPB staged a successful recovery to achieve positive results for FY2021 and build a healthy posture to drive business growth in sync with the return of economic and social activities in Malaysia and many parts of the world.

We precipitated this turnaround by circumventing the same insoluble issues plaguing our operational and financial performance as the year before, and instead finding viable solutions to boost our top and bottom lines.

At the same time, we maintained our obligations towards preserving the natural environment as well as our responsibilities towards safeguarding the welfare and well-being of our stakeholders according to the principles of corporate sustainability and true spirit of compassionate Islam.

GPB is now poised to harness this upward momentum by **Unearthing Potentials for Sustainable Growth** to build business strength and financial resilience build value for all our stakeholders

## 35th

Annual General Meeting
**GOLDEN PHAROS BERHAD**

**Venue**

Gamelan 2, Primula Beach Hotel,
Jalan Persinggahan,
20400 Kuala Terengganu, Terengganu Darul Iman.

**Date & Time**

Thursday - 16th June 2022 - 10.30 a.m

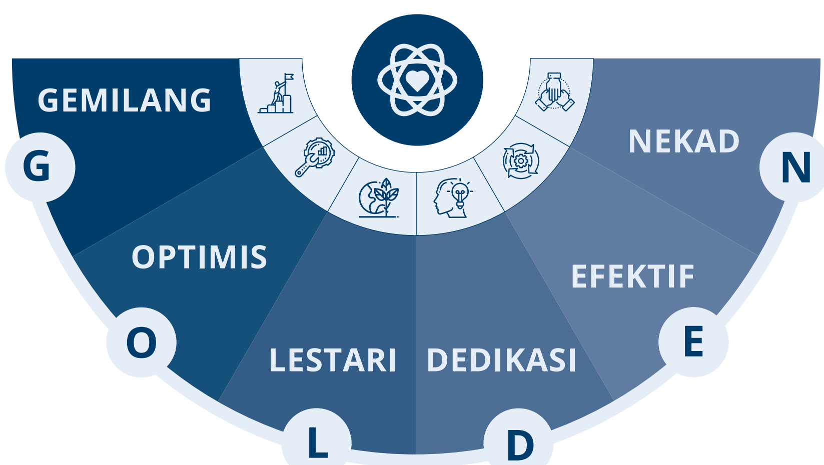
# Vision

To become a premier natural resources organisation

# Mission

- To improve our results
- To meet our customer expectations
- To maximise return to our shareholders
- To promote green and eco-friendly environment
- To provide workforce with rewarding employment
- To use our position as an integrated timber producer

# Core Values



# What's Inside

## OUR ACHIEVEMENTS



## SUSTAINABILITY



## GOVERNANCE



## PROPERTIES



## FINANCIAL REVIEW



## ADDITIONAL INFORMATION



## GOLDEN PHAROS BERHAD ANNUAL REPORT 2021 DIGITAL VERSION

Follow the steps below to scan the QR Code reader in 3 easy steps

Download the "QR Code Reader" on App store or Google Play.

Run the QR Code Reader app and point your camera to the QR Code.

Get access to the softcopy of the Annual Report.

The softcopy version of Golden Pharos Berhad's Annual Report 2021 is available from our website.
We also welcome your feedback.
Please email: **info@gpb.com.my**

Go to **http://www.goldenpharos.com.my** or scan the code with your smartphone.

# Key Highlights

**REVENUE**

**RM56.74million**

(FY2020: RM47.20 million)

**EARNINGS PER SHARE**

**0.48 sen**

(FY2020: -4.93 sen)

**SHAREHOLDERS' EQUITY**

**RM70.10million**

(FY2020: RM68.40 million)

**PROFIT BEFORE TAX**

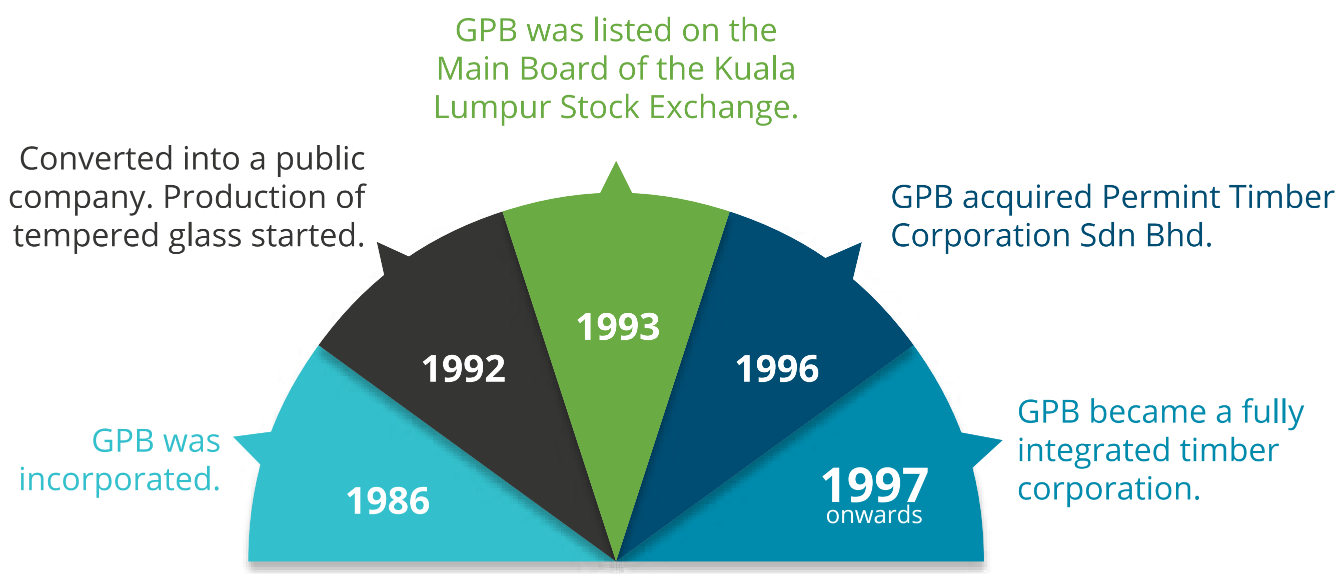
**RM2.67million**

(FY2020: -RM6.37 million)

# Who We Are

**Golden Pharos Berhad (GPB)** has been listed on the Main Board of Bursa Securities Malaysia Berhad (Bursa Securities) since 1993. GPB is also a Terengganu state Government-Linked Corporation (GLC) by virtue of 69.092% shareholding via the State's investment arms, Terengganu Incorporated Sdn Bhd and Lembaga Tabung Amanah Warisan Negeri Terengganu which hold 60.925% and 8.166% respectively.

Its principal activities cover forest concession management, harvesting and distribution, sawmilling and value-added processing of wood-based products, as well as manufacturing and sales of architectural panel glass.



# Milestones and Achievements

**1980**

GPB took over the manufacturing of timber doors from Golden Pharos Wood Industries Sdn Bhd.

**1992**

- **May** - Tempered glass plant was set up at Telok Panglima Garang Industrial Site, producing 20,000 square metres of tempered glass per month.
- **November** - The second phase of glass production was implemented to supply architectural glass and shower screens for domestic buildings and the construction industry.

**1996**

- **March** - GPB became a fully-integrated timber corporation with the acquisition of Permint Timber Corporation Sdn Bhd.

**2006**

- GPB was ranked 1st place in the consumer product industry sector and 2nd place overall under the Corporate Governance Survey Report for small capital public-listed companies, conducted by the Minority Shareholder Watchdog Group (MSWG) in collaboration with the Nottingham University Business School.

**2007**

- GPB was ranked 1st place in the consumer product industry sector and 1st place overall under the Corporate Governance Survey Report for small capital public-listed companies, conducted by the MSWG in collaboration with the Nottingham University Business School.

**2012**

- Golden Pharos Glass Sdn Bhd (GP Glass) was certified with ISO 14001:2004 International Standards.
- GP Glass was awarded ISO 9001:2006 certification.
- Pesama Timber Corporation Sdn Bhd (Pesama) obtained FSC® endorsed certification for Cherul Forest Concession.

**2014**

- GPB entered into a Memorandum of Understanding with Malaysian Timber Industry Board (MITB) and Pengusaha Kayu Kayan & Perabot Bumiputera Malaysia (PEKA).

**2015**

- GPB entered into a Memorandum of Understanding with Dongwha Malaysia Sdn Bhd.
- Permint Plywood Sdn Bhd (PPSB) entered into a Joint Venture Agreement with Cymao Plywood Sdn Bhd (CPSB) to revive PPSB's facility by establishing a JV company, GP Dynamic Venture Sdn Bhd (GPDV).

## Milestones and Achievements (Continued)

### 2016

- PPSB entered into a Shareholders' Agreement with CPSB.
- PPSB subscribed to RM0.96 million (60%) of GPDV's paid-up capital. GPDV's intended activities were to manufacture and sell veneer, plywood and decorative plywood.
- In June 2016, PPSB commenced the production of woodchips to maximise the value of the Group's wood waste.

### 2017

- GP Glass was awarded Company of The Year (Small Medium Enterprise) at Terengganu Inc Excellence Awards 2017.
- Pesama and Pesaka Trengganu Berhad (Pesaka) were awarded the Performance Award for Sawmill Category (Air Pollution Control) by the Department of Environment Terengganu.

### 2018

- PPSB restarted operations after closing down its business in 2005.
- PPSB was certified with Programme for the Endorsement of Forest Certification (PEFC) for veneer production.
- PPSB signed an agreement with BioBenua Teknologi to process agar wood oil.
- Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd (KPKKT) initiated commercial Forest Plantation for long-term timber supply.
- PPSB was awarded the PEFC 'Chain of Custody of Forest Based Products' certification at Majlis SIRIM Industri 2018 'Best Partner For Innovation'.

### 2019

- First dividend payment of 1.27 sen per share was declared and paid after 11 years.
- GP Glass was awarded Brand Leadership Award at the BrandLaureate BestBrands Awards 2018/2019.
- The then Minister of Human Resources, YB M Kulasegaran was appointed Chief Executive Officer, Dato' Nadza Abdul as Director of SOCSO.
- CEO Dato' Nadza Abdul received the Malaysia Business Awards (MEBA)- Masterclass Bumiputera CEO of The Year Award.
- GPB paid RM3.17 million as partial repayment of advances to Terengganu Inc after 10 years of debt.

### 2020

- **April** - GPB was finalist in 2019 Asia Sustainability Reporting Awards in Singapore.
- **August** - GPB settled RM12 million of Terengganu Inc's debt via issuance of redeemable preference shares.
- **October** - GPB was awarded Company of the Year (Logging & Sawmill) at the Sustainability & CSR Malaysia Awards 2020 by CSR Malaysia.

### 2021

**Permint Plywood Sdn Bhd signed a Memorandum of Understanding with Terengganu Timber Industry Training Centre (TTITC) to manufacture timber-based products from timber waste supplied by PPSB.**

# Corporate Information

## BOARD OF DIRECTORS

**YBM DATO' HAJI TENGKU HASSAN BIN TENGKU OMAR**
Non-Independent Non-Executive Chairman

**HAJI BURHANUDDIN HILMI BIN MOHAMED @ HARUN**
Non-Independent Non-Executive Director

**DATO' BENTARA DALAM DATO' HAJI A. RAHMAN BIN YAHYA**
Non-Independent Non-Executive Director

**MUHAMMAD RAMIZU BIN MUSTAFFA**
Non-Independent Non-Executive Director

**MOHD BADARUDDIN BIN ISMAIL**
Independent Non-Executive Director

**HAJI SAIFFUDDIN BIN OTHMAN**
Independent Non-Executive Director

## CHIEF EXECUTIVE OFFICER

**DR MOHD ZAKI BIN HAMZAH**

## COMPANY SECRETARY

**SURAYA BINTI MOHD HAIRON**
(LS 0007314) (SSM PC No. 202008000100)

## REGISTERED OFFICE

66-2, Taman Sri Intan
Jalan Sultan Omar
20300 Kuala Terengganu
Terengganu Darul Iman
Tel : +609 630 1330
Fax : +609 631 0617

## SHARE REGISTRAR

**Tricor Investor & Issuing House Services Sdn Bhd**
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2783 9299
Fax : +603 2783 9222

## AUDITORS

**Ernst & Young PLT**
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : +603 2087 7000
Fax : +603 2095 5332

## PRINCIPAL BANKERS

Maybank Islamic Berhad

Bank Islam Malaysia Berhad

## STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

# Group Structure

**GOLDEN PHAROS BERHAD**
(198601003051) (152205-W)

- 100% Permint Timber Corporation Sdn Bhd
  - 100% Permint Plywood Sdn Bhd
    - 100% GP Dynamic Venture Sdn Bhd
  - 100% Pesaka Trengganu Berhad
  - 100% Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd
    - 19.54% GP Tropical Furniture Sdn Bhd
      - 14.10% Kemaman Furniture Industries Sdn Bhd
  - 100% Pesama Timber Corporation Sdn Bhd
    - 30.85% GP Tropical Furniture Sdn Bhd
      - 29.49% Kemaman Furniture Industries Sdn Bhd
        - 35% Konsortium Perumahan Rakyat Terengganu Sdn Bhd
          - 25% Pesama Renors (M) Sdn Bhd
- 100% Golden Pharos Glass Sdn Bhd
- 100% GP Forest Plantation Sdn Bhd
- 100% Golden Pharos Overseas Sdn Bhd
- 100% Golden Pharos Biomass Sdn Bhd
- 100% Golden Pharos Fiber Sdn Bhd

Wholly-owned by Golden Pharos Berhad

Wholly-owned by Golden Pharos Berhad via Permint Timber Corporation Sdn Bhd

Subsidiary

Minority interest

# Chairman's Message

**YBM DATO' HAJI TENGKU HASSAN BIN TENGKU OMAR**
*Chairman*

*Assalamualaikum Warahmatullahi Wabarakatuh dan Salam Sejahtera.*

**Dear Valued Shareholders,**

**It is my pleasure and privilege to present on behalf of the Board of Directors (the Board) the Annual Report and audited financial statements of Golden Pharos Berhad (GPB or the Group) for the year ended 31 December 2021 (FY2021).**

I am pleased to report that GPB performed commendably in FY2021 despite operating in similar conditions and facing similar issues that suppressed our results in the financial year before. The Group was able to return to profitability as we concentrated on resolving previous shortcomings and improved our capabilities to better cope with the volatile COVID-19 environment.

During the year in review, we grew Revenue by 20.1% to RM56.7 million in a year when we were faced with COVID-19 related business disruptions, extreme weather conditions during the timber harvesting season, and manpower shortage in manufacturing due to the continued closure of Malaysia's borders to foreign workers.

Based on the revenue increase complemented by higher margins and better cost control, we successfully reversed the previous year's losses to gain a Profit Before Tax (PBT) of RM2.7 million and a Profit After Tax (PAT) of RM659,000.

*Details of the Group's financial performance is featured in the Management Discussion and Analysis on pages 14 to 31 of this Annual Report 2021.*

## Financial Performance 2021

Revenue
**RM56.743**
million

Profit Before Tax
**RM2.674**
million

Shareholders' Equity
**RM70.100**
million

## Chairman's Message (Continued)

Although our profits may be modest, nevertheless, they represent a significant milestone given the unfavourable circumstances outlined earlier. More importantly, we are now in a stronger posture to drive growth and achieve healthy returns at a time when Malaysia and the rest of the world are beginning to ease out of the two-year pandemic.

At the very least, our experience in prevailing against such daunting challenges has renewed confidence in our capability to overcome future shocks and obstacles to operate effectively in volatile environments.

On this note, the Board is proposing a single-tier dividend of 0.90 sen per share amounting to a dividend payout of RM1.4 million for the financial year ended 31 December 2021. The proposal is subject to the shareholders' approval at the 35th Annual General Meeting which will be held on 16 June 2022.

Going forward, GPB will continue to cultivate improvements in human capital and sustainability, two key areas that proved to be the defining factors in overcoming or circumventing issues affecting our performance.

### HUMAN CAPITAL

Despite a reduction in workforce, we managed to increase glass production in a year beset by shutdowns.

Our glass manufacturing operations faced labour shortages resulting from the departure of foreign workers and the lack of replacements following the closure of the country's borders due to COVID-19.

We addressed these labour issues by focusing on recruiting locals, which was challenging as our businesses are categorised as 3D (dangerous, dirty and demanding). Despite the reduction in our foreign workers, we managed to increase productivity, particularly in Q4 2021 when our glass business faced an upswing in demand following the restarting of construction activities after the protracted stoppage during the year.

The Group will continue to leverage on the talent of our human resources to drive performance in all other areas of operations.

## Chairman's Message (Continued)

### CORPORATE SUSTAINABILITY

GPB continued in FY2021 on its commitment to practicing sustainable business activities with consideration towards our environmental, social and governance (ESG) responsibilities.

Processes and procedures that were strengthened to drive sustainability across all our operations and activities served as a guide to solve problems, find solutions and manage risks.

We have placed matters of integrity and anti-corruption high on our agenda, with the establishment of our Integrity Governance Unit (IGU) and our Organisational Anti-Corruption Plan (OACP) committee, respectively. We have actively addressed our workers' and sub-contractors' safety and health and at the same time increased our focus on environmental matters pertaining to climate change.

In turn, our experience for the year has highlighted the value of maintaining focus on improving sustainability performance in every aspect and at every level of our organisation. In FY2021, we started on a Group-wide initiative to gauge our carbon footprint with the aim of reducing our greenhouse gas emissions (GHG) and contribute towards efforts against climate change, which is considered humankind's pre-eminent challenge in present times.

In the meantime, we will continue to monitor our sustainability issues according to priority areas highlighted by the United Nations Sustainable Development Goals (UNSDG), the Global Reporting Initiative for Sustainability (GRI) and FTSE4Good Bursa Malaysia (F4GBM).

*Further details on our sustainability performance are available on pages 66 to 157 in the Sustainability Statement of this Annual Report 2021.*

### APPRECIATION

On behalf of the Board, let me express GPB's appreciation to Dato' Nadza Abdul, who had served as the Chief Executive Officer (CEO) with a high degree of duty and distinction. We thank him for his immense contribution and wish him all the best in his future endeavours.

Let me also welcome Dr Mohd Zaki Hamzah, who was initially appointed as the Executive Director on 3 September 2021 and subsequently redesignated as the Chief Executive Officer on 1 February 2022. We are confident that Dr Zaki's long service on our Board and together with his experience and knowledge in forestry, will be invaluable in propelling GPB to new heights. We look forward to his leadership in the years to come.

I would like to pay tribute to our employees, who have been instrumental in returning GPB to profitability. Your agility in overcoming challenges has made all the difference and inspires us all.

Our deepest gratitude go out to you, our valued shareholders, for your unwavering loyalty and continued support. Your trust lends us the confidence to face whatever challenges that lie ahead. Our appreciation also goes out to our partners, associates, various authorities, bankers, suppliers and the media fraternity for your support of the Group.

Lastly, I would like to acknowledge the wise counsel and stewardship of my fellow Board members. Let us together build a new, prosperous and sustainable future.

Thank you and wassalam.

**YBM DATO' HAJI TENGKU HASSAN BIN TENGKU OMAR**

# Management Discussion and Analysis



*The following Management Discussion and Analysis (MD&A) is intended to convey the Management's perspective on the operating performance and financial review of Golden Pharos Berhad (GPB or the Group) for the year ended 31 December 2021. We recommend that you read the MD&A in conjunction with the Financial Statements, notes thereto and other information included elsewhere in the Annual Report 2021.*

*The MD&A is presented in accordance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) and the Malaysian Financial Reporting Standards (MFRS), and in relation to the disclosure requirements as per the Malaysian Code on Corporate Governance (MCCG). Significant details on the Group's business operations, performance and strategy, as well as financial review and position, governance, risks and capital management, are covered in the MD&A.*

*This MD&A contains forward-looking statements that are provided to enable investors to gauge GPB's business prospects and make informed investment decisions. However, they involve inherent risks and uncertainties and other factors that are in many cases beyond our control. The forward-looking statements include, but are not limited to, for instance, our 2021 business prospects and outlook, as well as our expectations with regards to the macroeconomic and socio-geographic conditions, and their anticipated impact on the Group's business operations.*

*We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'expect', 'intend', 'plan', 'believe', and words of similar substance in connection with any discussion of future performance. Although GPB believes that the expectations of its Management as reflected by such forward-looking statements are reasonable based on current information, no assurance can be given that such expectations will prove to be correct. Should one or more of the risks and uncertainties materialise, actual results may vary materially from those anticipated or projected.*

**DR MOHD ZAKI BIN HAMZAH**
*Chief Executive Officer*

## BUSINESS OVERVIEW

Financial Year 2021 (FY2021) was an unprecedented year for businesses everywhere, and Golden Pharos Berhad (GPB or the Group) continued to face challenges throughout the year, brought on by the Government-imposed restrictions of the Movement Control Order (MCO). Despite the devastating impact of the pandemic on economies and lives worldwide, GPB managed to operate productively and profitably in the face of adversity. The Group achieved a commendable financial turnaround via proactive approaches to refine our strategy and operations. In the long run, we are confident that this approach will unearth potentials for sustainable growth.

The Group's improved performance during the reporting period, when pandemic conditions and restrictions were similar to that of FY2020, was a result of the implementation of new measures based on the lessons learnt from the previous year. Internal and external controls were strategically applied to achieve this turnaround.

A key strategy of our recovery can be attributed to efforts in strengthening the tendering process, thus raising the premium of our logging compartments to third parties. The average price received per tendered hectare increased by over 50% in FY2021 following our efforts at tree-marking and surveying, with one compartment containing higher valued trees tendered at over 110% of its equivalent value in FY2020.

GPB's Annual Allowable Cut (AAC) under the timber concession from the Terengganu State Government covers a lower total of 1,900 hectares for FY2021 (FY2020: 2,600 hectares) due to Malaysia's commitment to maintain at least 50% forest cover, which was first brought up in the wake of the Langkawi Declaration on the Environment during the 1989 Commonwealth Heads of Government Meeting (CHOGM) and later reaffirmed at the 1992 United Nations Conference on Environment and Development (UNCED) In Rio de Janeiro, Brazil.

The lower allocation was further compounded by challenges in obtaining compartment logging licences on time, resulting in the under-utilisation of our sawmills.

The rebound in FY2021 was remarkable despite challenges posed by enforced shutdowns and abnormal weather to logging operations. Our glass manufacturing business experienced an outflow of foreign workers throughout the pandemic, which when paired with the restricted inflow of replacements, led to labour shortages that needed to be closely monitored and carefully mitigated. Local workers were especially difficult to employ due to their aversion to 3D (dangerous, dirty and difficult) work.

GPB expects to further enhance output of glass products in line with the construction sector's recovery and the national economy's revival as Malaysia eases into the endemic phase of COVID-19 in 2022.

### Business Objectives

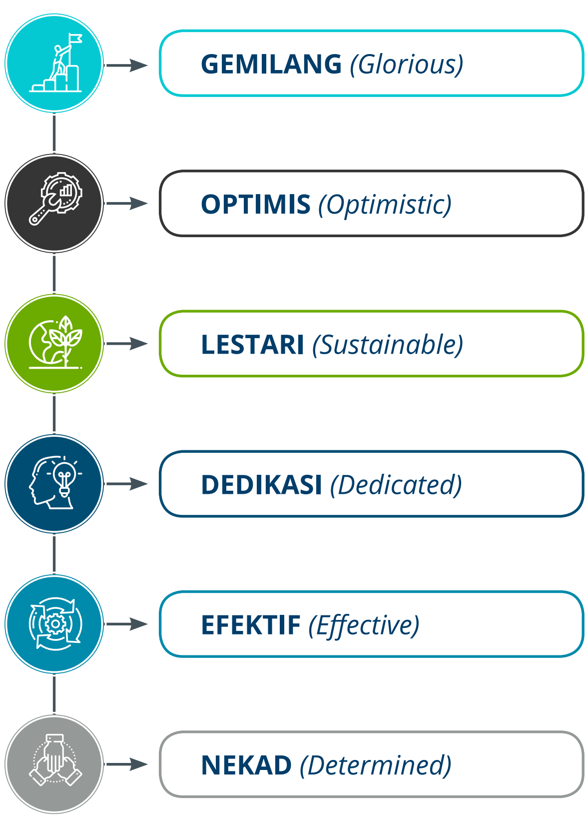
GPB is a Terengganu Government-Linked Corporation (GLC) whose mandate includes the stimulation of economic activities and generation of business, as well as job opportunities primarily in the State but also beyond state boundaries.

## Management Discussion and Analysis

The Group forms a key component in the value chain of the construction sector with business activities in the logging, sawmilling and wood-based product processing, and manufacturing of architectural glass panels.

As a forest management concessionaire, we are also responsible for the sustainable cultivation and harvesting of timber while at the same time preserving the ecology and protecting the environment pertaining to our areas of operation.

Listed on the Main Board of Bursa Malaysia since 1993, GPB is committed towards driving consistent growth and generating healthy returns for our shareholders and other stakeholders in line with Islamic principles and GPB Golden Values of:




The Group's intent in the short to medium terms are to focus on strengthening our core business by maximising timber production and increasing sawmilling output. This will involve increasing the yield from harvesting and processing for higher immediate returns as well as tree marking to enhance the harvest over the long run.

In parallel, we intend to dive deeper into downstream activities to further enhance our recovery, which include exploring the export market where there are higher margins for our wood-based products. Currently, our output caters almost exclusively to the local marketplace.

### Business Strategies

The uncertain operating environment of the past two pandemic years (FY2020 and FY2021) has forced GPB to review, refocus and replan its strategies to ensure daily accountabilities, responsibilities, tasks, systems, and processes are in order to accelerate the Group's migration out of the pandemic.

We envision that this approach will drive the top and bottom lines while continuing to build the foundation for sustainable growth. Essentially, the Group will focus on tapping the potential of dormant assets and reinvesting in downstream businesses.

## Action Plans

The Group has outlined immediate and intermediate Action Plans to meet revised key performance indicators (KPIs) going forward. The plan comprises initiatives and intentions across our entire value chain, as follows:

**Upstream**

- Strengthen the tree marking process for higher harvesting yield;
- Identify compartments with high value species through the deployment of survey/mapping teams. We are currently negotiating with a prospective service and system provider;
- Improving tree felling techniques to increase logging yield;
- Implementing a data collection initiative on timber inventory and quality of logs; and
- Executing new forest plantation initiatives via our subsidiary GP Forest Plantation Sdn Bhd (GPFP).

**Midstream**

- Improve the sawmill at Pesaka Trengganu Berhad (Pesaka) with the acquisition of a new automated pony saw/rig that can increase high value grades and quality of sawn timber produced, improve recovery and reduce manpower.

**Downstream**

- Fast track the reactivation of the plywood production line at Permint Plywood Sdn Bhd (PPSB) by upgrading existing facilities and installing new machines;
- Reactivate the moulding and finger joint production line at Pesama Timber Corporation Sdn Bhd (Pesama) by refurbishing existing and acquiring new machinery; and
- Install a new set of double edger machine and giant washer to expedite glass processing at Golden Pharos Glass Sdn Bhd (GP Glass).

Management Discussion and Analysis

## FINANCIAL RESULTS

GPB returned to profitability for the year ended 31 December 2021, with the balance sheet showing positive financial indicators across the board in stark contrast with the previous year's results.

This improvement in profits was driven by a surge in demand during Q4 2021, which coincided with the progressive reopening of the economic and social sectors as Malaysia prepares to transition into the endemic phase. Production activities have also been more stable as COVID-19 vaccination numbers increase in the country.

The robust performance in Q4 2021 was sufficient to cover the loss of revenue of the nine previous months caused by the imposed restrictions of the Movement Control Order (MCO) on log extraction and glass production.

## KEY FINANCIALS AT A GLANCE

### Income Statement

Revenue
**RM56.743** million
2020: RM47.200 million

Profit/(Loss) Before Tax
**RM2.674** million
2020: (RM6.374) million

Profit/(Loss) After Tax
**RM0.659** million
2020: (RM6.693) million

Earnings/(Loss) Per Share (sen)
**0.48** sen
2020: (4.93 sen)

### Financial Position

Shareholders' Equity
**RM70.100** million
2020: RM68.392 million

Total Assets
**RM105.917** million
2020: RM101.545 million

Net Assets Per Share (sen)
**50** sen
2020: 50 sen

### Financial Indicators

Current Ratio (times)
**2.13**
2020: 2.29

Quick or Acid Test (times)
**1.79**
2020: 1.86

Total Assets Turnover (times)
**0.54**
2020: 0.46

Gearing Ratio (times)
**0.18**
2020: 0.18

Net Profit Margin
**1%**
2020: (14%)

Return on Total Assets
**0.6%**
2020: (6.6%)

Return on Equity
**1%**
2020: (10%)

# Management Discussion and Analysis

## REVENUE

Group Revenue increased by 20.1% to RM56.7 million in FY2021 against RM47.2 million in FY2020. In comparison, the revenue in FY2021 is almost back to the same numbers achieved in pre-pandemic FY2019 at RM57.5 million.

The higher Revenue was achieved on the back of a strong Q4 2021 performance that contributed RM26.1 million or 46.0% to the year's total, offsetting an especially challenging Q2 2021 when Revenue only reached RM6.5 million. Revenue was also augmented by higher contract values for logging tenders.

Both business segments of Logging & Sawmilling, and Manufacturing returned better figures despite extended periods when operations were halted due to the imposition of the MCO from 1 June 2021, which then led to shutdowns lasting 6 to 10 weeks.

The Logging & Sawmilling Division, which includes the activities of timber harvesting, sawmilling and kiln drying, increased its revenue contribution by 18.9% to RM36.5 million (FY2020: RM30.7 million), while segmental revenue from the Manufacturing business amounted to RM20.1 million, which was 22.6% higher than RM16.4 million in the previous year.

The Logging & Sawmilling segment accounted for 64.4% of Group business (FY2020: 65.1%) while the proportion for the Manufacturing Division increased to 35.4% as compared with 34.6% in the previous financial year.

## PROFITS

GPB logged a Profit Before Tax (PBT) of RM2.7 million, which was a vast improvement from a Loss Before Tax (LBT) of RM6.4 million previously.

Although Profit After Tax (PAT) for the reporting period was marginal at RM659,000, this was a significant rebound from a Loss After Tax (LAT) of RM6.7 million in FY2020. Similarly, Earnings Per Share (EPS) increased substantially to 0.48 sen compared to -4.93 sen the year before; with EPS increasing by 5.41 sen.

### Dividend

Having held back in FY2020 after two consecutive years of losses, the Board of Directors (the Board) has recommended a single-tier dividend of 0.90 sen per share amounting to a total payout of RM1.4 million for FY2021. The proposed dividend represents 212% of our PAT and is in line with our dividend policy of sharing either 30% of Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) or 40% of PAT.

In making this decision, the Board has assessed that GPB is profitable and poised for growth. Further, the payout satisfies the policy stipulation that dividends are subject to the cashflow and financial position of GPB.

## SHAREHOLDERS' EQUITY & ASSETS

The closing of the financial year saw Shareholders' Equity at RM70.1 million, an increase of 2.5% over RM68.4 million in FY2020. Total Assets amounted to RM105.9 million from RM101.5 million previously for a year-on-year gain of 4.3% with Net Assets Per Share remaining at RM0.50.

## OTHER FINANCIAL INDICATORS

**Return on Equity (ROE) and Return on Total Assets (RTA)**
The turnaround in financial results was reflected by the Group's ROE and RTA, which crossed over to 1% and 0.6% respectively during the year in review from -10% and -6.6% previously.

**Taxation**
The Group incurred higher taxes of RM2.0 million for the reporting period against RM319,000 in FY2020 in line with the increased profits.

**Gearing and Finance Costs**
GPB maintained gearing at 0.18x with total borrowings amounting to RM12.5 million (FY2020: RM12.1 million). This low gearing ratio is characteristic of companies in the timber industry in which cash terms remain the preferred mode and where there is generally lower intensity in capital expenditure (CAPEX). Further, we have adopted an asset-light approach by outsourcing logging activities.

The Group has sufficient cash reserves to finance any proposed expansion into downstream activities. Finance costs for the reporting period amounted to RM487,000.

**Cash and Capital Management**
We have replenished our cash reserves following a positive financial year with our cash and cash equivalent increasing to RM14.6 million from RM6.3 million in FY2020. We have allocated a CAPEX of RM2.9 million to automate part of our sawmilling operations, purchase new machinery for glass production and reactivate our plywood production line.

# OVERVIEW OF OPERATIONS

## Known Factors Impacting Group Operations

**Weather**

Our timber harvesting activities are typically restricted to the months of April to October to circumvent the monsoon season which starts from November and ends in March for the north-eastern region of Peninsular Malaysia. For the second year running, we were unable to fully exploit this seven-month period as logging and all other site activities were halted during the MCO from the start of June until mid-July 2021. Compounding this situation was the occurrence of unexpected heavy rains throughout April and May 2021, which impacted harvesting.

**Second Rotation**

We are currently carrying out a less-productive second rotation of logging at the Dungun Timber Complex (DTC) and Cherul Forest Concession (CFC). Yields from the second cycle are on average lower by an estimated 25% than the first cycle.

## Main Factors Affecting Operating Activities

The pandemic continued to be a major impediment with the imposition of shutdowns to operations compounded by sluggish demand from a construction sector which faced similar operating and movement restrictions.

As required by the Government, we ceased timber-related activities in Terengganu for an estimated six to seven weeks and closed our glass manufacturing facility in Selangor for an even longer 10 weeks.

Over and above the temporary halt to such physical work, the need to operate virtually for sales, marketing and customer engagement reduced our capacity to cultivate and capitalise on new opportunities. At the other end, the various restrictions also disrupted our supply chain, particularly for intermediate glass products.

**Logging & Sawmilling**

Disruption to our logging operations extended beyond the six to seven week shutdown mandated by the MCO. We faced a further 16 weeks operating under a capacity restriction order from the Terengganu State Government in line with Phase two of the National Recovery Plan (NRP). Another constraint was the delay in licence issuance to our forest management subsidiary company, Kumpulan Pengurusan Kayu Kayan Terengganu Sdn Bhd (KPKKT). This resulted in a lower harvest and depressed sawn timber production.

**Manufacturing**

Apart from the MCO-related interruption to manufacturing activities, production of architectural glass panels by our subsidiary GP Glass was hampered by weak demand from the construction sector. Like most other industries, construction activities were shut down and only critical projects were allowed to resume partway into the total lockdown. Our operations were also affected by manpower shortage due to restrictions on foreign worker inflow following the closure of Malaysia's borders to mitigate COVID-19 infection.

## REVIEW OF BUSINESS SEGMENTS

The near full swing of economic activities in Q4 2021 led to a steep rise in demand for our wood-based products and glass panels. Both our business segments of Logging & Sawmilling and Manufacturing significantly improved their financial returns during this period, which more than compensated for a repressed performance in the first three quarters of the financial year.

### FINANCIAL PERFORMANCE OF BUSINESS SEGMENTS

**Logging & Sawmilling**

Revenue
**RM48.665** million
2020: RM51.962 million

Profit/(Loss) Before Tax
**RM8.153** million
2020: (RM0.111) million

Segmental Assets
**RM83.969** million
2020: RM86.409 million

Segmental Liabilities
**RM39.696** million
2020: RM105.511 million

**Manufacturing**

Revenue
**RM20.319** million
2020: RM16.355 million

Loss Before Tax
**(RM3.718)** million
2020: (RM4.414) million

Segmental Assets
**RM42.643** million
2020: RM41.350 million

Segmental Liabilities
**RM26.425** million
2020: RM23.830 million

**Others (Rental & Investment Income)**

Revenue
**RM9.770** million
2020: 22.354 million

Profit Before Tax
**RM6.893** million
2020: RM19.341 million

Segmental Assets
**RM124.408** million
2020: RM120.310 million

Segmental Liabilities
**RM42.681** million
2020: RM63.339 million

# Management Discussion and Analysis

## Logging & Sawmilling

Segmental revenue for this business segment dropped by 6.3% to RM48.7 million against RM52.0 million previously due to a lower harvest that was partially offset by higher contract values for our logging tenders to third party contractors. However, the Division recorded a PBT of RM8.2 million, returning to the black after posting an LBT of RM0.1 million in FY2020.

This higher premium for logging contracts can be attributed to the diligent work by our forest management teams whose detailed tree marking produced such useful information as types of tree species and potential harvesting volume.

The healthy returns from logging tenders effectively compensated for a considerably-lower harvest for the year in review. Log extraction dropped by 43% due to the factors highlighted earlier such as shutdown of operations followed by capacity restrictions and unexpected weather conditions. In turn, fewer logs led to similar declines in the production of sawn timber which fell by 30%.

**PRODUCTION NUMBERS**

Logs (hoppus tonne)
**12,906**
2020: 22,774

Sawn timber (tonne)
**9,758**
2020: 13,899

Woodchip (metric tonne)
**9,497**
2020: 9,465

## Manufacturing

This business segment boosted its revenue to RM20.3 million from RM16.4 million previously with demand for our architectural glass panels gaining traction as the construction sector returned progressively to full swing in the second half of the financial year. The increase in segmental revenue reduced the Division's LBT from RM4.4 million in FY2020 to RM3.7 million for the year in review.

Although production was dampened by labour shortage across the first three quarters of the year, swift action by GP Glass to hire local workers shored up operations in time for the return of demand in Q4 2021. For the reporting period, total production of glass and veneer increased by an estimated 9% and 55%, respectively.

**PRODUCTION NUMBERS**

Glass (square metre)
**404,453**
2020: 372,348

Veneer (cubic metre)
**2,282**
2020: 1,471

## MANAGING RISKS

In comparison to other sectors, the timber industry is generally categorised in the higher risk bracket since harvesting activities are susceptible to natural events such as the weather and flooding apart from market forces.

As a forest management concessionaire, our operation is also subject to logging licences and limits in the AAC issued and set respectively by the Terengganu State Forestry Department (JPNT).

The onset of COVID-19 has brought on new forms of pandemic-related risks, which include work stoppages either enforced by the authorities or resulting from infection of our logging or sawmilling workers.

GPB has an Enterprise Risk Management (ERM) Framework to manage and mitigate such risks that consists of five processes covering:

- Outlining the scope, context and criteria for risk assessment;
- Preparing for risk assessment by identifying, analysing and prioritising key business risks for evaluation;
- Developing Risk Action Plans (RAP);
- Establishing key risk indicators (KRI); and
- Embedding risk action monitoring.

# Management Discussion and Analysis

During the year in review, GPB identified 30 risk areas and categorised seven with a risk rating of 'high' or 'extreme'. We have highlighted four of them, as follows:

## Disruption in Log Supply

The disruption in supply of logs is the main risk to sawmilling and veneer as it is the main material for their respective production. Continuous and consistent log supply by KPKKT for sawmilling and veneer is critical as midstream companies Pesaka, Pesama and PPSB would not be able to fulfil their customers' demands or cover their operating costs. To mitigate this risk, we have outlined the Key Controls (KC) and RAP.

**KC**

1. Establish forest plantation.
2. Increase harvesting yields.

**RAP**

1. To implement forest plantation project.
2. New strategic directions:
   - Strengthening tree marking process.
   - Identification of compartments with high value species by deployment of survey/mapping team.
   - Improvement of felling technique.
   - Implementation of data collection initiative for timber inventory and quality of logs.

## Business Sustainability: Timber

The business sustainability of this Division is dependent on upstream log operations which support the midstream business of sawmilling and veneer. With increasing activism among non-governmental organisations (NGO) and foreign lobby groups who oppose logging due to its impact on the environment, there is rising pressure on the State to curtail or downsize timber operations. In addition, given the downtrend in the profit contribution of GPB and opportunity to preserve forest in exchange for carbon credit, there is a risk that the State may take a different view towards this industry in the future.

**KC**

1. To pursue suitable downstream businesses.

**RAP**

1. To implement forest plantation project.
2. New strategic directions:
   - To set up moulding line at Pesama.
   - To set up automation production line at Pesaka.
   - To set up finger and joint line at Pesama.

**Business Sustainability: Glass Manufacturing**

The glass industry is highly competitive due to easy entry into the industry by new players. The Intense competition and slowdown in the construction industry may affect our glass manufacturing business.

**KC**

1. To penetrate new markets/segment.

**RAP**

1. To expand customer base including in overseas markets.
2. To secure more government projects with the assistance of Terengganu Inc. and the State Government.
3. To replace one set of two units of the double edger machine including giant washer.

**Pandemic Risk**

The multifaceted effects of the COVID-19 pandemic continue to impact on businesses globally by disrupting supply chains, travel, production and consumption as well as threatening operations and financial markets.

**KC**

1. Vaccination programme.
2. Establish internal standard operating procedures SOPs

**RAP**

1. Update memos and guidelines issued by the relevant Group departments for employees to refer and comply with.
2. The management and Heads of Departments HODs will closely monitor the number of employees who are permitted at the workplace to ensure full compliance to the government's directives and SOPs at all time.
3. To administer the vaccination programme for critical operations within the Group.
4. To establish Procedures for COVID-19 Management at Workplace.
5. To conduct training for Group Safety Committee members (GPGOSH) and Heads of Subsidiaries (HOS) regarding same comments as above Management at Workplace.
6. Validation of internal assessment of COVID-19 SOPs compliances.

*Further details are available in the Statement on Risk Management and Internal Control on pages 185 to 187 of this Annual Report 2021.*

Management Discussion and Analysis

# MOVING FORWARD

## OUTLOOK

The war between Russia and Ukraine has become the new variable for global economics just when we were expected to stabilise in tandem with the diminishing threat of the COVID-19 pandemic.

Sparked in March 2022, the war is expected to have severe repercussions on global supply, leading to major hikes in energy prices, stoking inflation and derailing a much-anticipated global economic recovery.
*(Source: S&P Global Markets, March Update)*

In response to the conflict, the International Monetary Fund (IMF), World Bank (WB) and UN Conference on Trade and Development (UNCTAD) have revised downwards their earlier forecasts for 2022, with the IMF projecting global growth at 4.4%, the WB at 4.1% and UNCTAD at 2.6%. *(Sources: IMF, WB, UNCTAD)*

The WB has also trimmed Malaysia's gross domestic product (GDP) expansion to 5.5% from 5.8% previously. At this stage, all projections remain speculative and are likely to shift according to the state of the war as well as progress of national and global endemicity to COVID-19.

Given the extremely volatile geopolitics and fluid virus dynamics, GPB remains circumspect over their direct impact on our timber and manufacturing businesses. Of immediate concern, however, is the statutory increase of Malaysia's minimum wage from RM1,200 to RM1,500, which will come into effect on 1 May 2022.

The Group recognises the virtue of raising the national minimum wage to ease the financial burden and improve the livelihoods of Malaysians in the now B50 (households in the bottom 50% of income levels) cluster. Although we understand higher disposable income among the B50 will lead to higher consumer spending, nevertheless, we are cautious as to its impact on costs and margins for businesses and industries.

## PROSPECTS

Our prospects for 2022 are tied to the performance of the local construction sector, which despite the uncertain global outlook, remains on course to register double-digit growth following a flat 2021.

The Ministry of Finance has projected that the industry could grow by 11.5%, primarily due to major infrastructure projects such as the Light Rail Transit (LRT), Mass Rapid Transit (MRT) and Johor-Singapore Rapid Transit System (RTS) as well as on-going government focus on addressing the shortage in affordable houses.

### Logging & Sawmilling

Our immediate challenge is to optimise output from timber harvesting by ramping up assessment of our logging compartments. A clearer picture of potential volume will ensure our own logging contractors can maximise their yields in a similar fashion as the third parties who were awarded tenders during the reporting period.

As mentioned earlier, we expect to gain higher returns once we have automated sawmilling operations at Pesaka, reactivated our plywood production line at PPSB and refurbished machines for moulding and finger joint production at Pesama.

The Group also intends to penetrate export markets for our wood-based products as part of plans to boost margins. It should be noted that demand for Malaysian plywood in Japan and North America surged in 2021, according to the Malaysian Timber Council (MTC).

### Manufacturing

Our glass manufacturing segment is poised for a stronger performance in 2022 with the continuing recovery of the property sector in tandem with ongoing efforts by the Government to encourage the development of more affordable housing.

We are poised to expand our customer base to additional overseas markets while also seeking to secure government projects via Terengganu Inc and the Terengganu State Government.

On the production front, the installation of a new double edger machine and giant washer is expected to support our efforts to enlarge market share.

## LOOKING AHEAD

The Group's encouraging performance for FY2021 bodes well for the new financial year and beyond. We intend to maintain momentum by implementing our revised business strategies to capitalise on nascent opportunities from a recovering and reopening Malaysia in line with the new endemic phase of COVID-19.

We are cautiously optimistic that GPB has the sound fundamentals and solid direction to unearth our potentials for sustainable growth.

# Financial Highlights

| | 2017<br>RM'000 | 2018<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 |
|---|---|---|---|---|---|
| Revenue | 65,643 | 70,399 | 57,472 | 47,200 | **56,743** |
| Profit/(Loss) Before Tax | 499 | (2,299) | (8,977) | (6,374) | **2,674** |
| Shareholders' Equity | 74,945 | 72,515 | 62,896 | 68,392 | **70,100** |
| Earnings/(Loss) per Share (sen) | 0.38 | (2.14) | (6.79) | (4.93) | **0.48** |
| Net Tangible Assets per Share (RM) | 0.54 | 0.51 | 0.43 | 0.49 | **0.48** |

## REVENUE (RM'000)


## PROFIT/(LOSS) BEFORE TAX (RM'000)


## SHAREHOLDERS' EQUITY (RM'000)


## EARNINGS/(LOSS) PER SHARE (SEN)


## NET TANGIBLE ASSETS PER SHARE (RM)


# Segmental Information

| | 2017 RM'000 | 2018 RM'000 | 2019 RM'000 | 2020 RM'000 | 2021 RM'000 |
|---|---|---|---|---|---|
| **HARVESTING & SAWMILLING** | | | | | |
| Revenue | 55,238 | 74,744 | 56,951 | 51,962 | **48,665** |
| Profit/(Loss) Before Tax | 7,509 | 2,862 | (2,386) | (111) | **8,153** |
| Segmental Assets | 101,101 | 100,272 | 96,396 | 86,409 | **83,969** |
| **MANUFACTURING** | | | | | |
| Revenue | 27,236 | 24,219 | 20,005 | 16,355 | **20,319** |
| Profit/(Loss) Before Tax | 77 | 1,028 | (5,624) | (4,414) | **(3,718)** |
| Segmental assets | 20,397 | 47,979 | 45,049 | 41,350 | **42,643** |
| **OTHERS** | | | | | |
| Revenue | 4,203 | 5,311 | 8,437 | 22,354 | **9,770** |
| (Loss)/Profit Before Tax | (2,586) | 4,884 | 8,040 | 19,341 | **6,893** |
| Segmental Assets | 112,623 | 109,182 | 120,456 | 120,310 | **124,408** |

# Revenue

**HARVESTING & SAWMILLING (RM'000)**

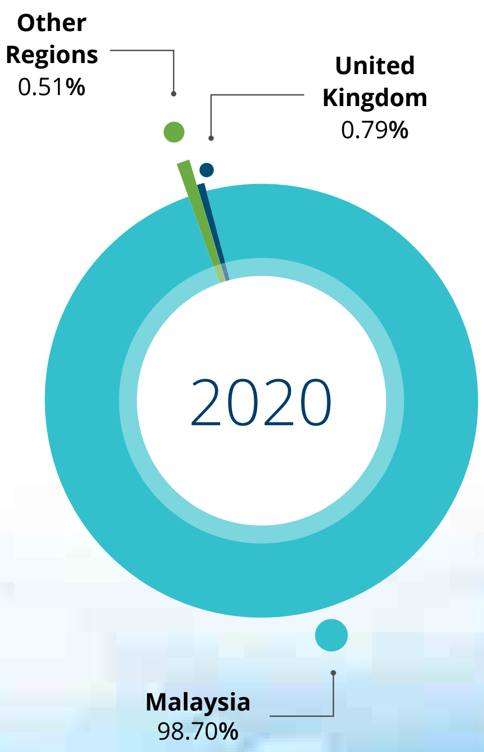

**MANUFACTURING (RM'000)**

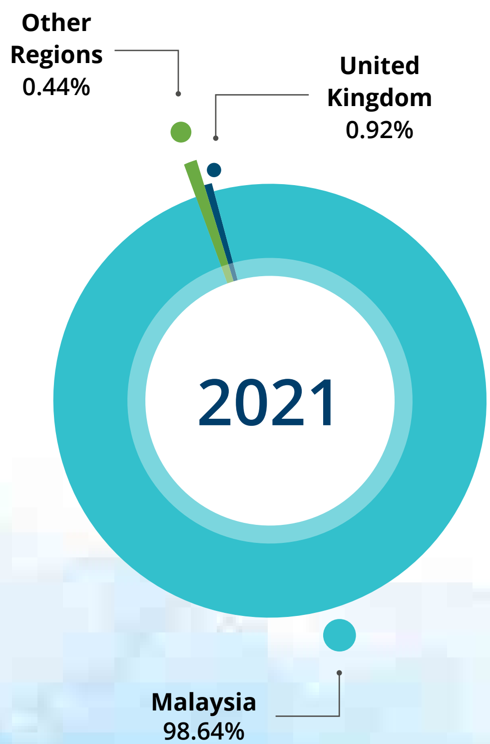

**OTHERS (RM'000)**


Financial Highlights

# Sales by Region

| REGION | 2020 | 2021 |
|---|---|---|
| MALAYSIA | 98.70% | **98.64%** |
| UNITED KINGDOM | 0.79% | **0.92%** |
| OTHER REGIONS | 0.51% | **0.44%** |
| | 100% | **100%** |




# Investor Relations

**GPB's wholly-owned subsidiary Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd's (KPKKT) tropical forest of 103,688 hectares (ha) in Dungun Timber Complex (DTC) is the largest forest concession in the East Coast of Peninsular Malaysia. The DTC concession was FSC® certified in 2008 and is the second natural forest in Malaysia to achieve this distinction. The certification is valid till 27 February 2024.**

Pesama Timber Corporation Sdn Bhd (Pesama), another wholly-owned subsidiary of the Group, is proud to have also successfully obtained the FSC® endorsed certification for its 20,243 ha Cherul Forest Concession (CFC) in December 2012, which is valid until 6 December 2022.

GPB Group is in the process of combining the FSC® certifications for KPKKT's DTC and Pesama's CFC to better manage the monitoring and compliance processes for both concession areas.

Golden Pharos Glass Sdn Bhd (GP Glass), the Group's wholly-owned glass manufacturing arm for the production of tempered safety glass, laminated safety glass, heat strengthened safety glass, double glazed units and ceramic printed safety glass, is registered against the provisions of ISO 9001: 2015 International Standard, which is valid until 29 July 2023.

Attaining these standards of excellence has augured well for the Group in enhancing the proficient management of its businesses in timber and logging, and glass manufacturing as well as maintaining its competitive advantage and improving its business sustainability.

Therefore, continually providing pertinent financial and relevant information as part of our Investor Relations (IR) engagement initiatives is a key component of our commitment to upholding the highest standards of corporate governance and stakeholder engagement.

## REBUILDING THE PERFORMANCE

The company is steadily recovering after sustaining a big hit from the pandemic. GPB has adopted new norms whilst learning methods to re-establish the workflow needed to be back on track. The company has taken it upon itself to rebuild and expand in ways that have not been previously done. Despite the challenges, our regular engagement channels and communication with our multiple stakeholder groups are well established. We continue to disseminate appropriate updates on strategic direction, business recovery plans, operational performance, progress of current projects and financial information, and growth and sustainability initiatives.

Our overall goal is to keep all involved invested and motivated. As our efforts increase, we also attempt to encourage the development of other core resources to ensure that our operations remain within the framework provided by the directors. We are proud to acknowledge the continued dedication and devotion of the entire team at work. We will continue to provide an active effort to maintain the current state of affairs and competitive advantage over other companies.

Despite the challenges, our regular engagement channels and communication with our multiple stakeholder groups are well established. We continue to disseminate appropriate updates on strategic direction, business recovery plans, operational performance, progress of current projects and financial information, and growth and sustainability initiatives.

This ensures stakeholders are apprised on time and enable investors and analysts to make informed investment decisions. Guided by the Group's goals and priorities, the Head of Finance, together with the Company Secretary, the Heads of Corporate Services and Downstream Business, Corporate Communications, Human Resources and Administration, are jointly responsible for the Group's IR-related activities.

# Investor Relations (Continued)

**SHAREHOLDER BASE AND VALUE AS SHARIAH-COMPLIANT COMPANY**

As at 29 March 2022, the shareholder base is 3,274 institutional and retail/private shareholders. Terengganu Inc and Lembaga Tabung Amanah Warisan Negeri Terengganu are our major shareholders with equity holdings of 60.93% and 8.17% respectively of the total share capital.

As a Shariah-Compliant company, GPB is committed to responsible investments that are free from usury, gambling and ambiguity in striving for sustainable profitability.

*GPB held its 34th Annual General Meeting online via TIIH Online website.*

## ENGAGING OUR SHAREHOLDERS AND THE INVESTMENT COMMUNITY

The 34th Annual General Meeting (AGM) on 29 June 2021 was unorthodox as it was the first to be held virtually due to the Movement Control Order declared by the Government.

Prior to the AGM proceedings, former CEO, Dato' Nadza Abdul presented the key highlights of the Group's performance for Financial Year 2020. The shareholders of the Company approved all the resolutions as set out in the Notice of AGM dated 25 May 2021 by way of poll.

After the proceedings, shareholders who attended actively participated in the question and answer session. All proposed resolutions were duly passed, with the outcome from the AGM featured on our website, www.goldenpharos.com.my

*GPB's dedicated IR portal in its website is regularly updated to keep investors and stakeholders apprised of all corporate announcements.*

As required by the Main Market Listing Requirements of Bursa Malaysia and in line with the guidelines of the Malaysian Code on Corporate Governance 2017, timely and comprehensive announcements on our quarterly and annual financial results are submitted to Bursa Malaysia, which are duly uploaded on the website, www.bursamalaysia.com/market_information/announcements/company announcement. These announcements are also posted on our corporate website under our dedicated IR portal https://goldenpharos.com.my/bursa-announcement

We continuously update the website with the latest information, including annual reports, quarterly results, Bursa Malaysia announcements, the outcome of the AGM and corporate information. For more specific investor-related clarification and feedback, a dedicated email address is provided: info@gpb.com.my, whereby queries and comments from shareholders, investors, analysts, media and the general public are addressed in a timely manner. For further information on our Stakeholder Engagement for FY2021, please refer to the Sustainability Report under the Stakeholder Engagement segment in this Annual Report.

# Financial Calendar

### FINANCIAL YEAR

1 January 2021 to 31 December 2021

### ANNUAL REPORT

Issued on 28 April 2022

### $35^{TH}$ ANNUAL GENERAL MEETING

to be held on 16 June 2022

### ANNOUNCEMENTS ON QUARTERLY RESULTS

**17 June 2021**
$1^{st}$ Quarter Results

**30 August 2021**
$2^{nd}$ Quarter Results

**29 November 2021**
$3^{rd}$ Quarter Results

**24 February 2022**
$4^{th}$ Quarter Results

### $34^{TH}$ AGM

held on 29 June 2021 at 10.30 am
Online Meeting Platform

# Board of Directors

**HAJI BURHANUDDIN HILMI BIN MOHAMED @ HARUN**
Non-Independent Non-Executive Director

**YBHG DATO' BENTARA DALAM DATO' HAJI A. RAHMAN BIN YAHYA**
Non-Independent Non-Executive Director

**YBM DATO' HAJI TENGKU HASSAN BIN TENGKU OMAR**
Non-Independent Non-Executive Chairman

**DR. MOHD ZAKI BIN HAMZAH**
Chief Executive Officer

# Board of Directors

**HAJI SAIFFUDDIN BIN OTHMAN**
*Independent Non-Executive Director*

**MUHAMMAD RAMIZU BIN MUSTAFFA**
*Non-Independent Non-Executive Director*

**MOHD BADARUDDIN BIN ISMAIL**
*Independent Non-Executive Director*

# Chairman's Profile

## YBM DATO' HAJI TENGKU HASSAN BIN TENGKU OMAR

*Non-Independent Non-Executive Chairman*

**BOARD COMMITTEE**

None

Age
71

**YBM Dato' Haji Tengku Hassan bin Tengku Omar** was appointed as the Chairman of Golden Pharos Berhad (GPB) following his appointment as a Director on 1 August 2018.

He graduated with a Bachelor of Economics from Universiti Malaya, after which he served in various positions in the Terengganu State Civil Service between 1981 and 2004, including as the State Financial Officer, Director of Lands and Mines, and Chief Executive Officer of Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM). He was the former Chairman of A&W Malaysia, Singapore & Thailand from 2000 until 2004.

Dato' Haji Tengku Hassan is currently the Ladang Assemblyman and State Exco for Trade, Industrial, Regional Development and Administrative Welfare. He is a Board Trustee Member of Lembaga Tabung Amanah Warisan Negeri Terengganu (LTAWNT) and also serves on several Board Committees for Yayasan Terengganu.

# Board of Directors' Profile

## HAJI BURHANUDDIN HILMI BIN MOHAMED @ HARUN

*Non-Independent Non-Executive Director*

Age 52

**BOARD COMMITTEE**

- Member of NRC
- Member of SIC

**Haji Burhanuddin Hilmi bin Mohamed @ Harun** was appointed as a Non-Independent Non-Executive Director of GPB on 3 January 2021.

He holds a Master in Business Administration (MBA) majoring in International Business from the University of Leeds in the United Kingdom, having completed his Bachelor of Accounting (Hons) at the International Islamic University of Malaysia. He is a Chartered Accountant (CA) as well as a Certified Financial Planner (CFP) with the Malaysian Institute of Accountants (MIA) and Financial Planning Association of Malaysia.

Haji Burhanuddin Hilmi started his career as the Audit Senior, Audit and Business Advisory Service at Price Waterhouse (now known as Pricewaterhouse Coopers [PwC]), holding the position from 1993 to 1996. He became the Manager of the Assurance Division of KPMG in 1998 before establishing BH Consulting Sdn Bhd in 2002.

In 2006, he was appointed as the Group Chief Financial Officer of Composites Technology Research Malaysia Sdn Bhd, after which he joined Weststar Aviation Services Sdn Bhd from 2013 to 2015 as Chief Financial Officer. Thereafter, he was appointed as the Group Chief Financial Officer of Zetro Aerospace Corporation. He is also a former Director of Chartridge Conference Company Ltd (UK).

Currently, Haji Burhanuddin Hilmi is the President & Executive Director of Terengganu Incorporated Sdn Bhd. He also sits on the Boards of TDM Berhad and Eastern Pacific Industrial Corporation Berhad.

## Board of Directors' Profile

### DATO' BENTARA DALAM DATO' HAJI A. RAHMAN BIN YAHYA

*Non-Independent Non-Executive Director*

Age 64

**BOARD COMMITTEE**

• Chairman of SIC • Member of LTIP

**Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya** was appointed as a Director of GPB on 22 February 2017.

He holds a Bachelor of Economics (Honours) from Universiti Kebangsaan Malaysia and Advanced Diploma from the University of Wales College Newport, United Kingdom. Dato' Haji A. Rahman began his career with the Terengganu Economic Planning Unit in 1983 and later moved on to hold various positions of significance in Terengganu government agencies. He has served, among others, as the President of the Kemaman Municipal Council, Deputy Director of the Terengganu Economic Planning Unit and Comptroller of the Royal Household, Office of His Royal Highness the Sultan of Terengganu.

He has also held many positions in organisations including Executive Director of Tesdec Sdn Bhd from 1998 to 2004 and General Manager of Terengganu State Economic Development Corporation from January to September 2016. He was appointed as the State Financial Officer in 2017 and was promoted to State Secretary of Terengganu on 22 April 2018 before retiring on 21 August 2019.

Dato' Bentara Dalam Dato Haji A. Rahman was also appointed as a Director of Golden Pharos Glass Sdn Bhd and GP Forest Plantation Sdn Bhd, subsidiaries of GPB on 1 October 2021.

Board of Directors' Profile

## MUHAMMAD RAMIZU BIN MUSTAFA

*Non-Independent Non-Executive Director*

**BOARD COMMITTEE**

• Chairman of LTIP • Member of AC • Member of SIC

Age 45

**Muhammad Ramizu bin Mustaffa** was appointed to the Board of GPB on 1 August 2018 and appointed as a director of Pesama Timber Corporation Sdn Bhd, a wholly-owned subsidiary of GPB, on 1 June 2021.

He holds the International Baccalaureate Diploma and a BSc (Hons) degree in Finance and Accounting from the University of Salford, Manchester, United Kingdom (UK). He is also a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Malaysian Institute of Accountants (MIA).

Muhammad Ramizu commenced his career as an auditor with Arthur Andersen (which later merged with Ernst & Young (EY), Malaysia) in 2000. He later joined ECM Libra Berhad before leaving for the UK in 2004 to join EY UK as an Executive, National Audit. His last position in the UK was as Manager, Corporate Finance in BDO UK before returning to Malaysia to join the KLCC Group in 2010.

Leaving KLCC (Holdings) Sdn Bhd as the Head of Corporate Finance in 2014, he joined Sapura Resources Berhad as the aviation business Chief Financial Officer and subsequently became the Group Head of Finance, Putrajaya Leisures & Services Group Sdn Bhd. He was later appointed as the Group Chief Financial Officer of Terengganu Incorporated Sdn Bhd before leaving the group in early 2020 to take up advisory roles with the Terengganu State's GLCs and agencies.

He is currently the Financial Advisor of Mentri Besar Trengganu (Incorporated) and a Director of Permodalan Terengganu Berhad. On 5 April 2022, he was appointed as an Independent Non-Executive Director of TH Plantations Berhad.

## Board of Directors' Profile

**MOHD BADARUDDIN BIN ISMAIL**
*Independent Non-Executive Director*

Age 58

**BOARD COMMITTEE**
• Chairman of AC • Member of NRC

**Mohd Badaruddin bin Ismail** was appointed to the Board of GPB on 1 August 2018. He obtained his Diploma in Accountancy from Institut Teknologi MARA in 1985. He is a member of the Malaysian Association of Accounting Administration.

He served as an Assistant Accounts Manager at Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd, a subsidiary of GPB, from 1987 to 1993. He subsequently held various positions in several organisations, namely TR Granite Industries Sdn Bhd as the General Manager of Corporate Finance in 1994, Sutra Beach Resort Sdn Bhd as the Corporate & Business Development Manager from 2000 to 2004 and Telepal Group of Companies as the Group Chief Executive Officer from 2008 to 2013.

He was the Principal of Adib Azhar & Co, a public accounting firm, and is presently the Chief Executive Officer of Terengganu Telecommunications Sdn Bhd. He was appointed to the Boards of Permint Plywood Sdn Bhd and Pesaka Trengganu Berhad, both wholly-owned subsidiaries of GPB, on 1 April 2019 and 1 June 2021 respectively.

## Board of Directors' Profile

### HAJI SAIFFUDDIN BIN OTHMAN

*Independent Non-Executive Director*

Age 53

**BOARD COMMITTEE**

• Chairman of NRC • Member of AC

**Haji Saiffuddin bin Othman** was appointed to the Board of GPB on 1 August 2018 and was redesignated as a Chairman of the Board Nomination and Remuneration Committee on 3 September 2021. On 1 October 2021, he was appointed as a director of Permint Plywood Sdn Bhd, a subsidiary of GPB.

He graduated with a Bachelor of Law (Hons) from the International Islamic University of Malaysia in 1993 and was admitted as an advocate and solicitor of the High Court of Malaya in 1994 and Syarie Counsel for the Terengganu Syariah Court in 1995.

He began his career at Messrs Adnan & Wee in 1994 before joining Messrs Wan Abd Muttalib & Co in 2000 as a partner. Saiffuddin brings more than 26 years of legal experience in civil, criminal, syariah consultancy, general litigation, estate planning and conveyancing matters.

SIC – Strategy and Investment Committee
AC – Audit Committee
NRC – Nomination and Remuneration Committee
LTIP – Long-Term Incentive Plan Committee

**Notes:**

(i) None of the Directors has any family relationship with any Director and/or major shareholder of GPB.

(ii) None of the Directors has declared any conflict of interest with the GPB Group.

(iii) None of the Directors has been convicted for any offence within the past 5 years nor have been imposed with any public sanction or penalty by any relevant regulatory body during the financial year ended 31December 2021.

# Group Senior Management

**AHMAD BAZLI BIN RAZALI**
*Head of Subsidiary*
*Permint Plywood Sdn Bhd*

**ZULKEFLY BIN MOHD SANUSI**
*Senior Manager, Strategic and Process Improvement*
*Golden Pharos Berhad*

**ZULKIFLI BIN OMAR**
*Head of Corporate Services*
*Golden Pharos Berhad*

**AZMAN BIN JUSOH**
*Head of Internal Audit*
*Golden Pharos Berhad*

**WAN ZUHAIRIAH BINTI WAN ALI @ WAN DAMSEK**
*Head of Human Resources and Administration*
*Golden Pharos Berhad*

**ARNINA BINTI RAHMAD**
*Head of Subsidiary,*
*GP Forest Plantation Sdn Bhd*

**SURAYA BINTI MOHD HAIRON**
*Head of Company Secretarial*
*Golden Pharos Berhad*

**MOHD SHAMSOL BIN MOHD SHAFIE**
*Head of Subsidiary*
*Pesama Timber Corporation Sdn Bhd*

**STANLEY LAU CHAN MING**
*Head of Subsidiary*
*Golden Pharos Glass Sdn Bhd*

**SYUKRI BIN ALI**
*Head of Finance*
*Golden Pharos Berhad*

**HILMI BIN AWANG**
*Head of Subsidiary*
*Pesaka Trengganu Berhad*

**DR MOHD ZAKI BIN HAMZAH**
*Chief Executive Officer*

**SUHAIRI BIN SULONG**
*Head of Subsidiary*
*Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd*

**FAUZAN BIN ABDUL**
*Head of Corporate Communication*
*Golden Pharos Berhad*

# Chief Executive Officer's Profile

**DR MOHD ZAKI BIN HAMZAH**
*Chief Executive Officer*

Age 59

**Dr Mohd Zaki bin Hamzah** joined Golden Pharos Berhad as CEO on 1 February 2022. Prior to this appointment, he had been the Executive Director of the GPB Group from 3 September 2021 to 1 February 2022.

Holding directorship in many timber and forestry-related companies, Dr Mohd Zaki is highly regarded for his valuable experience in management at both national and state levels.

Involved in several prominent Government agencies, he has been a member of the Election Management System (SMS) Concept and Practice Review Panel, appointed by the Forest Research Institute of Malaysia (FRM) in June 2021. The following year, he was appointed to the Technical Advisory Panel of Research Programmes for the Forest Biotechnology Division of FRIM. In 2015, he became a member of the Technical Committee for the Replanting of Trees along the Coast, established by the Ministry of Energy and Natural Resources.

Dr Mohd Zaki was also an academician from January 1988 to January 2022. He closed the doors to his academic career as an Associate Professor (DS 54) with 16 publications in refereed journals as well as 14 R&D projects during his tenure at UPM.

His academic credentials and vast experience in the timber and forestry industry brought about many invitations to numerous workshops and seminars in the capacities of Session Chairman, Speaker and Co-Organiser cum Moderator, both nationally and internationally. More recently, he was also a member of the Malaysian Timber Industry Board (MTIB) from May 2020 to October 2021.

Presently, Dr Mohd Zaki sits on several Boards of Directors, namely Terengganu Timber Industry Training Centre - Production (TTITCP), Konsortium Perumahan Rakyat Terengganu (KOPERAT) and Kumpulan Pengurusan Kayu Kayan Terengganu (KPKKT). He also owns 100,000 shares in GPB.

# Profile of Group Senior Management

## ZULKIFLI BIN OMAR

*Head of Corporate Services & Business Development,*
*Golden Pharos Berhad*

Age 53

### WORKING EXPERIENCE:

- More than 23 years of professional experience in the areas of audit, accounting, finance and business advisory. Before joining GPB in 2004, he worked for Arthur Andersen & Co as Assistant Manager for Eastern Region and Head of Finance and Administration at PTB Land Sdn Bhd.
- His current position is Senior Manager of Corporate Services and Business Development.

### QUALIFICATIONS:

- Member of the Malaysian Institute of Accountants (MIA).
- Fellow of the Association of Chartered Certified Accountants (ACCA).
- ACCA, Emile Woolf College of Accountancy & University of Northumbria at Newcastle, United Kingdom.
- Diploma in Accountancy, Universiti Teknologi MARA.

## AZMAN BIN JUSOH

*Head of Internal Audit,*
*Golden Pharos Berhad*

Age 50

### WORKING EXPERIENCE:

- He joined GPB as Senior Manager, Internal Audit in February 2021.
- Previously, he was with Kumpulan Utusan as Internal Auditor for more than 20 years.

### QUALIFICATIONS:

- Member of the Malaysian Institute of Accountants (MIA).
- Bachelor of Accounting (Hons), University of Malaya.

# Profile of Group Senior Management

## ZULKEFLY BIN MOHD SANUSI
*Senior Manager, Strategic and Process Improvement*
*Golden Pharos Berhad*

Age 55

**WORKING EXPERIENCE:**

- Started his career in 1988 as Assistant Researcher in Universiti Putra Malaysia. He was then appointed as Logging Officer at Syarikat Kayu Kayan Kedah Sdn Bhd from 1989 to 1991.
- Has more than 16 years of experience working in several Forestry Departments including in Kelantan, Pahang and Terengganu before serving as Wildlife Officer at the Department of Wildlife and National Parks for 5 years.
- Appointed as Senior Operations Manager at Kumpulan Pengurusan Kayu Kayan Terengganu Sdn. Bhd from 2012 to 2021.
- Now working at Golden Pharos Berhad as Senior Manager for Strategic and Process Improvement.

**QUALIFICATIONS:**

- Bachelor of Forestry Science, Universiti Putra Malaysia.
- Diploma in Forestry, Universiti Pertanian Malaysia.

## SYUKRI BIN ALI
*Head of Group Finance Manager,*
*Golden Pharos Berhad*

Age 47

**WORKING EXPERIENCE:**

- Commenced his career in 1999 with Permint Plywood Sdn Bhd where he held various positions within the GPB Group.
- Presently, he is the Group Finance Manager of GPB and he has been heading the finance department since 2015.

**QUALIFICATIONS:**

- Member of Malaysian Institute of Accounts (MIA).
- Master of Business Administration, Universiti Kebangsaan Malaysia.
- Bachelor of Accountancy (Hons), Universiti Teknologi MARA.
- Diploma in Accountancy, Universiti Sultan Zainal Abidin.

## Profile of Group Senior Management

### WAN ZUHAIRIAH BINTI WAN ALI @ WAN DAMSEK
*Head of Human Resources & Administration, Golden Pharos Berhad*

Age 47

**WORKING EXPERIENCE:**

- Began her career with GPB in October 2006 as Senior Executive of Human Resources & Administration.
- Held the position as Assistant Manager Human Resource & Administration in January 2009, before promotion to her current position as Human Resources & Administration Manager in January 2012.
- She has 18 years of experience in the field of human resource management.

**QUALIFICATIONS:**

- Pengapit Majikan Kawasan Timur Jemaah Rayuan Keselamatan Sosial (JKRS).
- Member of Malaysian Institute of Human Resource Management.
- Bachelor Degree of Human Management (Hons), Universiti Utara Malaysia.
- Diploma in Personnel Management, Universiti Sultan Zainal Abidin.

### SURAYA BINTI MOHD HAIRON
*Head of Group Company Secretarial, Golden Pharos Berhad*

Age 47

**WORKING EXPERIENCE:**

- Started her career with GPB in 2012 as Assistant Manager and also serves as Joint Company Secretary for dormant companies under GPB Group. Prior to joining GPB, she worked as Assistant Tax Manager in S.T. Toh & Co. and was also a company secretary to several private limited companies. She has over 17 years of professional experience in taxation and accounting.
- In 2017, she was promoted to Manager and was appointed as Company Secretary to GPB and its Group of Companies.

**QUALIFICATIONS:**

- Professional stage of Institute of Chartered Secretaries & Administrators, UK.
- Bachelor of Business Administration (Hons) Finance, Open University Malaysia.
- Licensed by the Companies Commission of Malaysia.

# Profile of Group Senior Management

## FAUZAN BIN ABDUL
*Head of Corporate Communication*
*Golden Pharos Berhad*

Age 37

**WORKING EXPERIENCE:**

- Started his career with GPB in June 2018 as the Head of Corporate Communication Department. Before joining GPB, he worked as the Senior Economic Journalist at Malaysian National News Agency (BERNAMA) from 2012-2014.
- He joined the Terengganu State Secretariat as the Press Secretary to Menteri Besar Terengganu from June 2014 until December 2015 before being appointed as the Special Media Officer at Terengganu Inc Sdn Bhd, starting from January 2016 until May 2018.
- He is also the Treasurer of Kelab Wartawan Media Terengganu since 2017.

**QUALIFICATIONS:**

- Master of Psychology, International Islamic University Malaysia.
- Bachelor of English (Communication), Universiti Sultan Mizan Zainal Abidin.
- Diploma of Manufacturing Technology, Universiti Sultan Mizan Zainal Abidin.
- Foundation of Mechanical Engineering, Universiti Tenaga Nasional.

## SUHAIRI BIN SULONG
*Head of Subsidiary,*
*Kumpulan Pengurusan Kayu-Kayan Trengganu Sdn Bhd*

Age 50

**WORKING EXPERIENCE:**

- Joined GPB Group as Finance Manager in Pesama Timber Corporation Sdn Bhd in September 2001 and has since held various key positions within the Group. Before joining GPB Group, he was attached to a public accounting firm, Arthur Andersen & Co., specialising in audit, taxation and advisory works.
- He was later appointed to the position of General Manager of Corporate & Finance in 2012 and was reassigned as General Manager of Pesama Timber Corporation Sdn Bhd in 2015. He was subsequently nominated to be General Manager of KPKKT and was promoted as Senior General Manager in 2017.

**QUALIFICATIONS:**

- Member of the Malaysian Institute of Accountants (MIA).
- Bachelor of Accountancy (Hons), Universiti Utara Malaysia.

## Profile of Group Senior Management

**MOHD SHAMSOL BIN MOHD SHAFIE**
*Head of Subsidiary*
*Pesama Timber Corporation Sdn Bhd*

Age 50

### WORKING EXPERIENCE:

- He has more than 25 years of working experience in the areas of marketing and sales in various private companies.
- He joined Golden Pharos Berhad in 2001 as Marketing and Sales Executive and held various posts within the Group. He was promoted as Assistant General Manager of Pesaka Trengganu Berhad in 2006.
- Currently, he is the General Manager of Pesama Timber Corporation Sdn Bhd.

### QUALIFICATIONS:

- Master of Business Administration, Universiti Teknologi MARA.
- Bachelor of Business Administration (Hons) Marketing, Universiti Teknologi MARA.
- Diploma in Planting Industry and Management, Universiti Teknologi MARA.

**HILMI BIN AWANG**
*Head of Subsidiary,*
*Pesaka Trengganu Berhad*

Age 54

### WORKING EXPERIENCE:

- Started his career with Pesama Timber Corporation Sdn Bhd in July 1992 and has since held several significant positions within the GPB Group.
- He went on to be the Assistant General Manager of Pesama in 2010 and was subsequently appointed to his current position as Acting General Manager of Pesaka.
- He has more than 27 years of experience in Marketing and Operations as well as Sales.

### QUALIFICATIONS:

- Committee member of Capacity Building for Compliance Project with Timber CEertification under Malaysian Timber Certification (MTCS) in cooperation with MTIB.
- Alternate member of the MTIB Board.
- Committee member of Capacity Building for Compliance Project with Timber Certification under Malaysian Timber Certification (MTCS).
- Alternate member of the Registration, Licensing and Enforcement Committee of Malaysian Timber Industry Board (MTIB).
- Alternate member of Association of Malaysian Bumiputra Timber and Furniture Entrepreneurs (PEKA).
- Committee member of Timber Industry Forum Malaysia (TIF).
- Committee member of Terengganu Wood Industry Association (TWIA).

# Profile of Group Senior Management

## STANLEY LAU CHAN MING
*Head of Subsidiary*
*Golden Pharos Glass Sdn Bhd*

Age 55

**WORKING EXPERIENCE:**

- He joined Golden Pharos Glass Sdn Bhd in June 1993 as a Marketing Executive. Prior to joining Golden Pharos Glass, he was the Marketing Officer at Malaysian Sheet Glass Berhad for four years.
- He has held various positions in Golden Pharos Glass including Assistant Operations Manager leading to his appointment as Sourcing and Marketing Manager from January 2001 till December 2010.
- He was promoted to Deputy General Manager of Golden Pharos Glass in January 2011 until March 2018 and subsequently appointed as Acting General Manager.

**QUALIFICATIONS:**

- Vice President of the Safety Glass Processors Association of Malaysia (SGPAM)
- Committee member of SIRIM (working Group for Malaysia Standard on Safety Glass).
- Chartered Institute of Marketing (Part 2), Stamford College.
- Chartered Institute of Marketing (Part 1), Stamford College.
- LCCI, Rima College.

## AHMAD BAZLI BIN RAZALI
*Head of Subsidiary*
*Permint Plywood Sdn Bhd*

Age 36

**WORKING EXPERIENCE:**

- Began his career with the Ministry of Health as Assistant Secretary (Management Services) in 2010 before joining GP Dynamic Venture Sdn Bhd as Assistant Manager of Human Resources & Administration in 2016.
- In January 2018, he was Head of Production in Permint Plywood Sdn Bhd and was subsequently promoted to Group Downstream Business Manager at GPB in August 2019 until October 2019.
- He served Permint Plywood Sdn Bhd as Officer-in-Charge since November 2019 and was promoted to Senior Manager on 1 October 2020.

**QUALIFICATIONS:**

- Member of Malaysian Institute of Management (MIM).
- Master of Business Administration, Universiti Teknologi MARA.
- Bachelor of Science (Human Development) Degree, Universiti Putra Malaysia.
- Pre-University Programme KPM-MSN, Sekolah Sukan Bukit Jalil, Kuala Lumpur.

## Profile of Group Senior Management

**ARNINA BINTI RAHMAD**
*Head of Subsidiary,*
*GP Forest Plantation Sdn Bhd*

Age 36

**WORKING EXPERIENCE:**

- Started her career with GPB Group as Forest Stewardship Council (FSC®) and Compliance Executive at Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd in 2012.
- She took on the position of Assistant Lecturer at the Forestry Department of Peninsular Malaysia and assumed the position of Assistant Director (Industry and Harvesting) at the Pahang State Forestry Department from 2015-2018.
- She re-joined GPB Group as Assistant Manager in Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd in July 2018 and was transferred to GP Forest Plantation Sdn Bhd in November 2019 with the same post.

**QUALIFICATIONS:**

- Member of Institute of Foresters Malaysia (IRIM).
- Bachelor of Science Forestry, Universiti Putra Malaysia.
- Diploma in Forestry, Universiti Putra Malaysia.

**Notes:**

(i) None of the Senior Management has any family relationship with any director and/or any major shareholder nor has any conflict of interest with GPB.

(ii) None of the Senior Management has any convictions for any offences within the past 5 years.

# Corporate Highlights

## KPKKT ORGANISED ANNUAL *SOLAT HAJAT*

**6 JANUARY 2021**

KPKKT held a *solat hajat* led by former CEO Dato' Nadza Abdul in Bukit Besi, Dungun. The event was held to seek *barakah* from God before commencing logging works in the forest.

## PESAMA TIMBER CORPORATION HOLDS *SOLAT HAJAT*

**25 MARCH 2021**

Pesama Timber Corporation Sdn Bhd held a *solat hajat*, attended by Chairman YB Ir Saiful Azmi Suhaili and former GPB CEO Dato' Nadza Abdul as well as 120 of their staff members on 25 March 2021.

## ANOTHER ANNUAL *SOLAT HAJAT* BY GP GLASS

**30 MARCH 2021**

GP Glass held its yearly *Solat Hajat* at its premises in Teluk Paglima Garang, Klang, Selangor, asking for Allah's blessings for the year ahead.

## NEW "S-TYPE DRYING MACHINE" AT PERMINT PLYWOOD

**1 APRIL 2021**

YBM Dato' Tengku Hassan Tengku Omar, Chairman of Golden Pharos Berhad cum Chairman of the Committee on Trade, Industry, Regional Development and Welfare, inaugurated Permint Plywood Sdn Bhd's new "S-Type Drying Machine" at its factory in Dungun. Also present was PPSB Chairman cum State Assemblyman of Ajil YB Haji Maliaman Kassim, President/Executive Director of Terengganu Inc Haji Burhanuddin Hilmi Harun @ Mohamed, and former GPB CEO Dato' Nadza Abdul.

## Corporate Highlights

### TERENGGANU INC DELEGATION VISITS PESAKA AND KPKKT

**6 APRIL 2021**

Golden Pharos received a delegation led by Terengganu Inc President/Executive Director Haji Burhanuddin Hilmi Mohammad@Harun at Pesama, Pesaka and KPKKT.

### SHARING SESSION BY GPB INTERNAL AUDIT HEAD

**13 JULY 2021**

Azman Jusoh, Head of GPB's Internal Audit Department, conducted a sharing session with members of the Group. Discussions regarding issues during audit sessions at each subsidiary were discussed. The objective of this session was to reform and solve problems within the Group of Companies.

**30 JUNE 2021**

The 34th AGM of the Group was held virtually for the first time to adhere to required Government SOPs in light of COVID-19. Seven resolutions were presented and approved by the investors. Former Group CEO Dato' Nadza Abdul conducted a presentation prior to the meeting before GPB Chairman YBM Dato' Tengku Hassan Tengku Omar chaired the meeting.


### DR MOHD ZAKI APPOINTED EXECUTIVE DIRECTOR OF GPB

**3 SEPTEMBER 2021**

GPB Board Member Dr Mohd Zaki Hamzah was appointed as Executive Director effective 3 September 2021 following the resignation of Dato' Nadza Abdul.

# Corporate Highlights

## BUSINESS RECOVERY PLANNING IN THE WETLANDS

**21 & 22 OCTOBER 2021**

President/Executive Director of Terengganu Inc Haji Burhanudin Hilmi Mohamed@Harun participated in the 2022 Golden Pharos Berhad Business Recovery Planning (BRP) event. The programme was held at the Fikri Wetlands Resort, Setiu, and was also attended by former GPB Executive Director Dr Mohd Zaki Hamzah. Participants of the BRP Programme also enjoyed several nature-related activities in the Wetlands.

## "COOLEST LEADER AWARD"

**23 DECEMBER 2021**

GPB Head of Human Resources and Administration Puan Wan Zuhairiah Wan Ali was conferred the "Coolest Leader Award" at the HR Wow! Awards organised by Terengganu Inc Group at the Drawbridge, Kuala Terengganu. The award was presented by Terengganu Inc President/Executive Director Haji Burhanuddin Hilmi Harun.

## FULFILLING *ZAKAT* REQUIREMENTS

**27 DECEMBER 2021**

Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd (KPKKT), represented by Board Member En Mohd Harun Esa, handed over a cheque of RM200,000 to Majlis Agama Islam & Adat Istiadat Negeri Terengganu (Maidam) at its office in Kuala Terengganu. The *Zakat* contributions was based on profits achieved in 2021.

# Corporate Highlights

## MEMORANDUM OF UNDERSTANDING BETWEEN TERENGGANU TIMBER INDUSTRIAL TRAINING CENTRE AND PERMINT PLYWOOD

**28 DECEMBER 2021**

Permint Plywood Sdn Bhd (PPSB) signed a Memorandum of Understanding with Terengganu Timber Industrial Training Centre (TTITC) for PPSB to supply excess wood waste for TTITC to use and produce various products using the wood. Signing the agreement was Senior Manager of PPSB Ahmad Bazli Razali and TTITC CEO Muhammad Sulong and witnessed by Chairman of GPB YBM Dato' Tengku Hasan Tengku Omar and former Executive Director of GPB Dr Mohd Zaki Hamzah.

## VISIT TO MARAN ROAD SAWMILL

**8 FEBRUARY 2022**

GPB leaders including Pesama Chairman YB Ir Saiful Azmi Suhaili and GPB CEO Dr Mohd Zaki Hamzah visited the Maran Road Sawmill, in Temerloh, Pahang. The visit was to explore and share new methods and technologies in the timber industry to be trickled down to the Group's subsidiaries.


## VISITS TO GOVERNMENT AGENCIES AND MANUFACTURERS

**12 MARCH 2022**

GPB CEO Dr Mohd Zaki Hamzah and the Group Heads of Subsidiaries embarked on a six-day working visit from 12 to 19 March 2022. The itinerary included the glulam manufacturer in Masai, Johor Baharu, the Malaysian Timber Industry Board and Malaysian Timber Certificate Council in Kuala Lumpur, and factories in Klang. The delegation also visited BFB the operations at Biomass and Supreme Field.

The objective of the visits was to look at technology that could be applied at GPB factories in Bukit Besi, Al Muktafi Billah Shah and Kemaman in Terengganu. Visits to the government agencies yielded various benefits pertaining to operations.

## Corporate Highlights


### A NEW *SURAU* IN THE MAKING

**28 DECEMBER 2021**

MTIB Director General Haji Mahpar Atan and GPB CEO Dr Mohd Zaki Hamzah signed an agreement for a new surau project where GPB will supply the furniture for the first-ever bamboo-made surau in Terengganu.

### KPKKT AND PESAMA PAY PREMIUMS TO PERBADANAN MEMAJUKAN IKTISAD TERENGGANU (PMINT)

**3 APRIL 2022**

PMINT CEO Haji Wan Adnan Wan Derahman received two mock cheques from KPKKT and Pesama valued at RM314,766.28 and RM113,447.80, respectively, as part of the premiums for the year. The event took place at PMINT's office in Kuala Terengganu.

# Media Highlights


BH

Pesama Timber bersihkan kawasan mangsa banjir


Metro

KPKKT bantu mangsa banjir melalui Flood Relief Programme


Utusan Malaysia

Pesama Timber bersihkan kawasan banjir


Metro

Pesama Timber anjur Solat Hajat Tahunan


Harakahdaily

PPSB optimis catat keuntungan tahun 2021



Harakahdaily

GPCT rai dun Rhu Rendang melalui program Ketuk Sahur


Sinar

Anak syarikat Golden Pharos bakal rekod keuntungan

# Media Highlights








# Environmental Statement

## ENVIRONMENTAL POLICY

### Timber Environment Policy

Golden Pharos Group will collaborate with all relevant parties and organisations to ensure compliance towards the promotion of good forest management as stipulated under the Forest Stewardship Council (FSC®) and the Malaysian Criteria and Indicators (MC&I) for Forest Management Certification (Natural Forest).

### Timber Sourcing Policy

The sourcing of timber is mainly from the Group's own certified forest. In circumstances where the Group had to source from alternative suppliers, the Group insists that the supplies are, where applicable, from certified forests. Timber supply is a critical factor to the Group's expansion programmes and assured sources of supply and the ability to process logs into top-quality finished products inexpensively.

The Group has undertaken the species segregation initiative in line with the promotion of lesser-known species for commercialisation which is encouraged by the Malaysian Government.

## ENVIRONMENTAL MANAGEMENT

Kumpulan Pengurusan Kayu-Kayan Trengganu Sdn. Bhd. (KPKKT), the Group's timber management subsidiary, adopts the Selective Management System (SMS) to manage the timber concession area in its role as logs supplier for the Group. KPKKT is also responsible for developing and managing its concession in a sustainable manner in accordance with Sustainable Forest Management (SFM) standards to ensure that the environment of the concession is well preserved.

In this context, KPKKT as a Forest Management Unit (FMU), subscribes fully to the Malaysian Criteria and Indicators of which the above SMS was based on. KPKKT also co-operates with the State Forestry Department to ensure that best management practices in logging are being observed and maintained to meet the requirements of the Malaysian Timber Certification Scheme (MTCS).

KPKKT has been awarded the FSC® certification endorsement since 21 April 2008 by Scientific Certification Systems (SCS), a leader and pioneer in third-party auditing and certification of forest management operations around the world, using the SCS-FSC Interim Standard for Forest Management Certification in Malaysia Version 5.0 2014 for well-managed forests. This certification verifies that KPKKT's tropical forest of 103,688 hectares in Dungun Timber Complex (DTC) are managed according to the rigorous international standards of the FSC® under a selective cutting approach that maintains continuous forest cover and species diversity. The certification is valid until 27 February 2024.

In addition, another subsidiary, Pesama Timber Corporation Sdn Bhd (Pesama), has successfully obtained the FSC® endorsed certification for its 20,243 hectares at Cherul Forest Concession (CFC) on 10 December 2012 as certified by SCS Global Services. The certification is valid until 6 December 2022.

KPKKT's DTC and Pesama's CFC concession areas combined are the largest forests in Peninsular Malaysia to have the FSC® certification. KPKKT's DTC concession area was the second natural forest in Malaysia to achieve this distinction.

GPB Group is in the process of combining the FSC® certifications for KPKKT's DTC and Pesama's CFC to better manage the monitoring and compliance processes for both concession areas.

## Environmental Statement

KPKKT and Pesama are committed to adopt the National and International Convention on Biological Diversity in order to sustain the richness of flora and fauna in the concession area.

With the FSC® certification, the Group would be able to access markets and customers, domestically and abroad, that demand environment-friendly certified products.

Golden Pharos Glass Sdn Bhd (GP Glass), a subsidiary of GPB, has been assessed and registered under the provisions of ISO 9001: 2015 Quality Management System which is based on the plan-do-check-act methodology which provides a process-oriented approach to documenting and reviewing the structure, responsibilities and procedures required to achieve effective quality management of its current product range of tempered, heat strengthened, double glazed, laminated and ceramic printed safety glass. This certification is valid until 29 July 2023.

### ISO 9001: 2015
**Quality Management System (QMS)**

- ✓ Requirements for a QMS, including documented information, planning and determining process interactions.
- ✓ Responsibilities of management.
- ✓ Management of resources, including human resources and the organisation's work environment.
- ✓ Product realisation, including the steps from design to delivery.
- ✓ Measurement, analysis, and improvement of the QMS through activities like internal audits and corrective and preventive action.

## CHAIN-OF-CUSTODY CERTIFICATION

The Group's subsidiaries, Pesaka Trengganu Berhad ("Pesaka") and Pesama, have successfully obtained the Chain-of-Custody (COC) certification for the sawmills from a third-party certifier accredited by the FSC® since July 2008. With this certification, both subsidiaries are certified to use wood from well-managed forests, independently certified in accordance with the criteria and principles set by the FSC®.

This would also mean that Pesama and Pesaka are well placed to market their sawn timber and other wood-based products in markets that insist on wood products to be sourced from sustainable and well-managed forests.

## HIGH CONSERVATION VALUE FOREST (HCVF)

KPKKT adopts specific policies to protect the high conservation value of the forests. This includes conservation plans to protect species or cultural sites that are unique, rare, threatened, or endangered. A total of 4,588 hectares have been reserved as HCVF. Some of the unique areas are as follows:

- KPKKT's HCVFs have various invaluable and unique tree species. A Chengal tree located in KPKKT's concession area is now listed in the Malaysia Book of Records as the largest Chengal tree in the world. The tree is estimated to be more than 1,300 years old, with a height of 65 metres and circumference of 16.75 metres (Rainforest Journal.com, 2013).
- Chemerong Waterfalls, which is situated in KPKKT's HCVF, is the highest waterfall in Malaysia. It flows magnificently down a 305-metre slope and has the potential to become a major tourist destination and eco-recreational destination.
- The Keruing Sarawak *(Dipterocarpus sarawakensis),* which is also a rare and endangered species on the Malaysia Planet Red List (2010), has been found in KPKKT's Forest Reserve and has been designated as a protected area. The species is also classified as endemic to Sarawak and Terengganu (Peninsular Malaysia Plant Red List, 2010).
- KPKKT has also delineated several areas exceeding 1,000 metres above sea level as a Totally Protected Area, which is prohibited from being harvested. These are designated as important natural habitats and reserved as a wildlife sanctuary.

KPKKT has identified HCV 1.3: Endemism and HCV 4.1: Watershed Protection of the HCVF Toolkit for Malaysia by World Wide Fund for Nature (WWF) as applicable to its concession area.

HCV is defined as the complete process of identifying conservation value areas and developing management and monitoring plans to ensure that the values identified are maintained or enhanced (Stewart et al, 2008). There are six attributes of HCVs:

**HCV 1** areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species)

**HCV 2** areas containing globally, regionally or nationally significant large landscape natural habitats, contained within, or containing, the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.

**HCV 3** areas that are in or contain rare, threatened or endangered ecosystems.

**HCV 4** areas that provide basic ecosystem services in critical situations (e.g. watershed protection, erosion control).

**HCV 5** areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).

**HCV 6** areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

## SOCIAL IMPACT ASSESSMENT (SIA)

The SIA is the process of identifying and managing the current and eventual social impacts of projects. As such, SIA is used to predict and mitigate negative impacts and identify opportunities to enhance benefits for local communities and broader society. Concerned with the well-being of local communities, KPKKT and Pesama have been carrying out SIA exercises since 2009 to identify the problems faced by the communities and to determine appropriate mitigation strategies to address them.

The issues raised include river water quality, damage to crops by wildlife and road safety, especially to school children. Specific mitigation measures were proposed and taken by KPKKT by way of regular consultation with relevant authorities and local communities. As part of its continuous improvement process, KPPKT examines the effects on social and economic environments annually.

GOLDEN PHAROS BERHAD
(198601003051) (152205-W)

66-2, Taman Sri Intan, Jalan Sultan Omar,
20300 Kuala Terengganu, Terengganu
Darul Iman, Malaysia

+609 630 1330

+609 631 0617

www.goldenpharos.com.my

# Sustainability Report

*The greeny view of concession areas managed by Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd (KPKKT) symbolises the sustainability engagement with nature and local community.*

# About this Report (GRI 102-21, 102-40, 102-43, 102-44)

**Golden Pharos Berhad (GPB or the Group) strives to ensure that our sustainability reporting reflects our journey's progress towards Economic Viability, Environmental Protection and Social Equity (EES).**

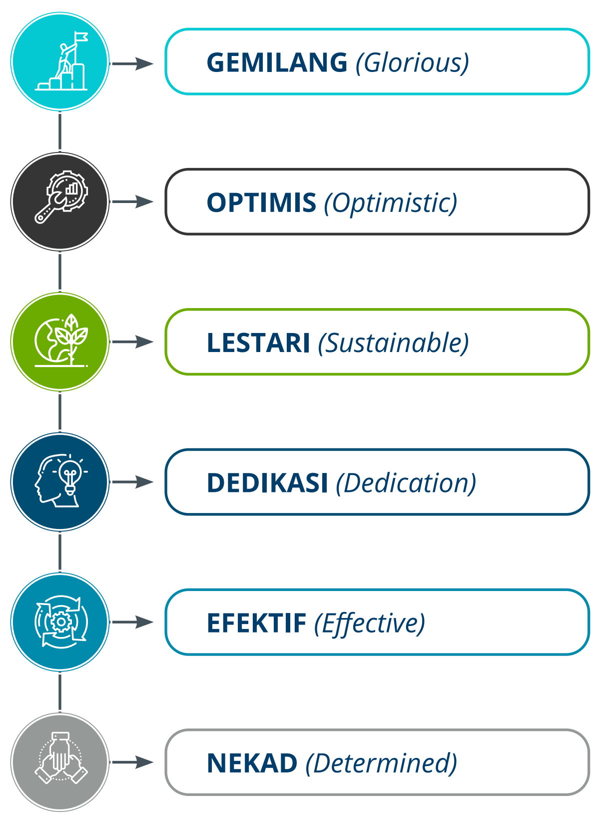
**Into our fourth year of reporting, as a natural resources and manufacturing-based company, we continue to assess and ensure that our green footprint in all our operations and business activities addresses the Group's environment, social and governance (ESG) risk areas.**

As a state-owned enterprise under the purview of Terengganu Incorporated Sdn. Bhd. (Terengganu Inc), we aim to steadily expand the breadth and depth of our disclosure to drive continuous improvement. Although we have faced difficulties throughout the past two years, we are earnestly seeking out and seizing opportunities, having established an after-action review process to mainly analyse and add value to our operations.

As we circumnavigate through the new normal, we have a heightened awareness that ESG factors in our entire supply chain can lead to long-term value creation for all our stakeholders.

Enhancing our ESG strategy and methodologies to strengthen related social and governance factors further underscores the relevance for the Group to deliver on its sustainability commitments in protecting forests and biodiversity, to be vigilant in safeguarding our workforce and to be responsive to the needs of the local communities where we operate.

GPB's Sustainability Framework is built on our six Core Values:




They are consistently reinforced by best practices and active measures undertaken throughout the Group.

## About this Report (Continued) (GRI 102-21, 102-40, 102-43, 102-44)

The Group remains on track to achieve better financial results year-on-year while also enhancing our Board's effectiveness, strengthening our Management's capabilities and improving talent management. This aligns with the Group's objectives to achieve key performance indicators (KPIs) of our sustainability goals.

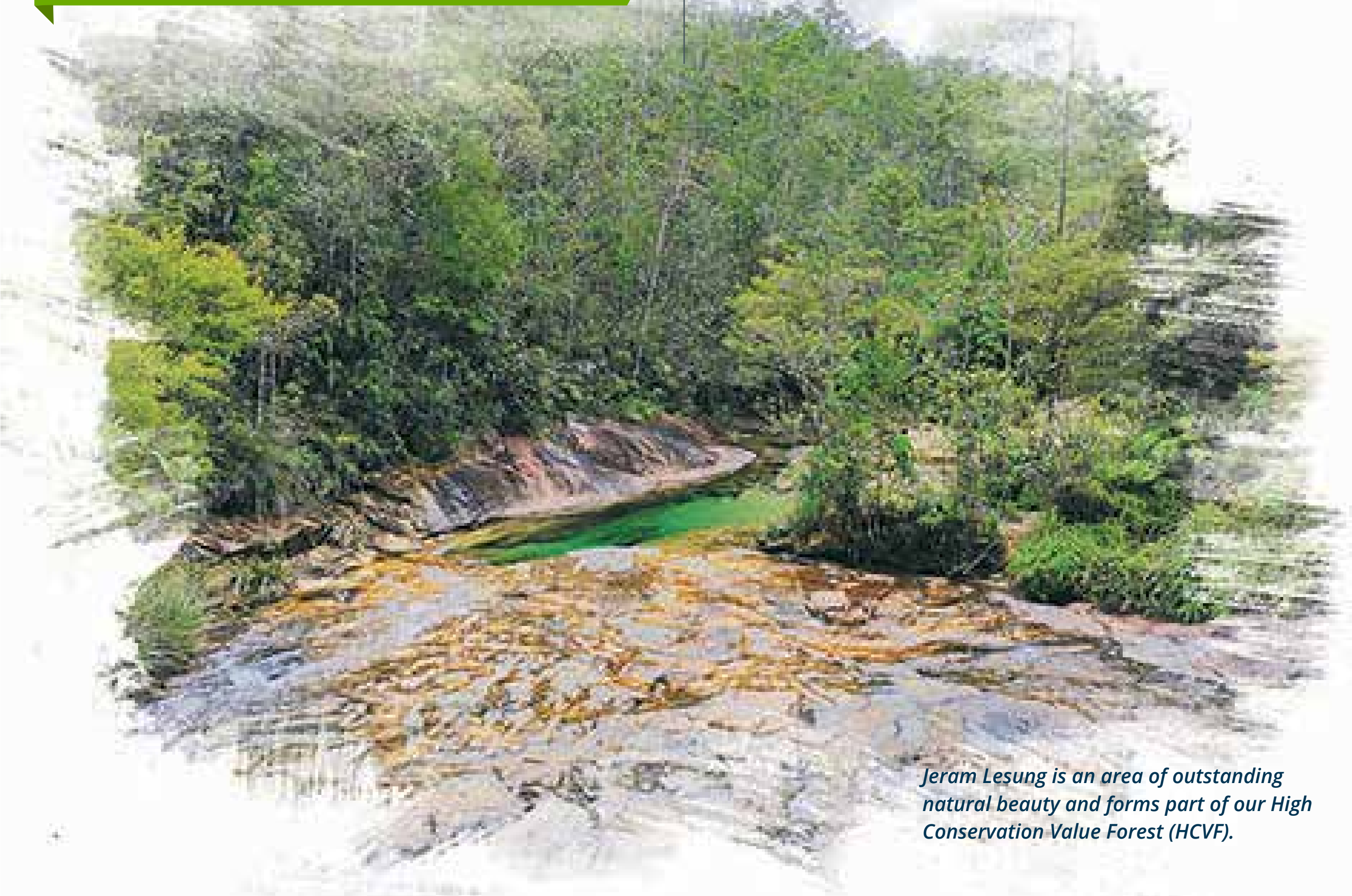
To meet GPB's sustainability targets of strengthening long-term capabilities and performance of the Group, we have identified priorities and critical processes in three strategic areas:

- Develop sustainable and capable human capital.
- Drive sustainable value chain management practices.
- Manage environmental impact and advocate conservation.

Supporting these strategic areas are two enablers:

- Strengthen good corporate governance and responsible business culture.
- Integrate and advocate sustainability best practices in GPB's operations.

Efforts to ensure business continuity will focus on stringent health and safety measures to protect our employees, workers and local communities. As we are still progressing conscientiously with our business plan, it is imperative for GPB to build resilience through constant monitoring of global trends and initiatives within the wood and glass manufacturing industries as well as to rise above the challenges and tap into opportunities.



*Jeram Lesung is an area of outstanding natural beauty and forms part of our High Conservation Value Forest (HCVF).*

# About this Report (Continued) (GRI 102-21, 102-40, 102-43, 102-44)

## SCALE AND SCOPE OF REPORTING

(GRI 102-2, 102-4, 102-5, 102-46)

This Sustainability Report (Report) contains data and information pertaining to GPB's sustainability initiatives, activities and performance in selected indicators of the EES Sustainability Pillars as outlined by the Global Reporting Initiative (GRI). This Report covers all of GPB's subsidiaries in Malaysia.

1. Permint Timber Corporation Sdn Bhd
2. Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd (KPKKT)
3. Pesaka Trengganu Berhad (Pesaka)
4. Pesama Timber Corporation Sdn Bhd (Pesama)
5. Permint Plywood Sdn Bhd (PPSB)
6. Golden Pharos Glass Sdn Bhd (GP Glass)
7. GP Forest Plantation Sdn Bhd (GPFP)

The Group does not have any operations undertaken by joint venture partners beyond our direct and express control. The Group's ownership and corporate structure is presented on page 9 of the Annual Report.

---

## REPORTING FORMAT (GRI 101, 102-1,102-46)

GPB has prepared this Report in accordance with the following:

- Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements (MMLR)
- FTSE4Good Bursa Malaysia (F4GBM)
- Bursa Sustainability Reporting Guide 2nd Edition
- GRI Standards Sustainability Reporting Guidelines

The relevant GRI indicators and FTSE4Good references are included in the headings and sub-headings throughout this Report.

## About this Report (Continued) (GRI 102-21, 102-40, 102-43, 102-44)

### REPORTING PERIOD AND CYCLE (GRI 101, 102-1,102-46)

This Sustainability Report covers the period from 1 January to 31 December 2021 as part of the Group's annual review and updates on corporate sustainability.

### FEEDBACK (GRI 102-53)

We strive to remain cognisant, responsive and inclusive, and welcome any comments, suggestions or questions regarding this Report and the Group's sustainability performance. Please direct any enquiries or comments to:

**GOLDEN PHAROS BERHAD**
66-2, Taman Sri Intan, Jalan Sultan Omar,
20300 Kuala Terengganu, Terengganu.

+609 630 1330

+609 631 0617

info@gpb.com.my

www.goldenpharos.com.my

**ZULKIFLI OMAR**
*Chief Sustainability Officer*

# About Our Company (GRI 102-1,102-2, 102-3, 102-4, 102-6)

> Since its inception in 1986, GPB as an investment holding company, continuously evolves to catalyse socioeconomic growth in the East Coast of Peninsular Malaysia. Headquartered in Kuala Terengganu, GPB is a Government Linked Company (GLC) majority owned by Terengganu Incorporated Sdn Bhd (Terengannu Inc.), the Terengganu State Government investment arm and was listed on the Main Board of Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange) under the Industrial Products and Services sector in 1993.

Today, GPB has established itself as a high-calibre corporation with focus on building capacity and efficiency in forest concession management, harvesting and distribution of timber, sawmilling and processing of wood-based products, and the manufacturing of architectural panel glass. Sustainable practices are imbued throughout the Group of Companies of wholly-owned subsidiaries. Kumpulan Pengurusan Kayu Kayan Trengganu (KPKKT) has been awarded the FSC® certification endorsement for its concession, Dungun Timber Complex (DTC), since 2008. In 2012, Pesama Timber Corporation Sdn Bhd (Pesama) obtained FSC® certification for its Cherul Forest Concession (CFC), raising the Group's standards in forest management. Golden Pharos Glass Sdn Bhd (GP Glass) is verified under ISO 9001: 2015 for its Quality Management System.

GPB is recognised as a reliable wood and timber supplier In the local construction sector while supplemented by exports of wood and glass products to the United Kingdom, East Asia, Southeast Asia, Australia, New Zealand and other parts of Europe.

## About Our Company (Continued) (GRI 102-1,102-2, 102-3, 102-4, 102-6)

The principal activities of our main subsidiaries are listed as follows:

| COMPANY | BUSINESS ACTIVITIES/PRODUCTS |
|---|---|
| **KPKKT**<br>Bandar Bukit Besi, Dungun | KPKKT is the Group's timber concession management for approximately 123,931 hectares (ha) of rich natural tropical rain forest (TRF) in Terengganu, comprising 103,688 ha at the Dungun Timber Complex (DTC) and 20,243 ha at Cherul Forest Concession (CFC). |
| **PESAMA**<br>Bandar Cukai, Kemaman | Pesama, established in 1973, is a wholly-owned subsidiary of Golden Pharos Berhad. Located at the Jakar Industrial Area in Cukai, Kemaman, Pesama has an experienced workforce of more than 170 workers to manage its principal activities of sawmilling, moulding, kiln drying and wood treatment. Pesama's products are derived from a reliable supply of raw materials from the Group's forest concessions and is backed by internationally-recognised certifications to endorse our sustainable forest management and environment-friendly practices. |
| **PESAKA**<br>Bandar Bukit Besi, Dungun | Pesaka has a similar portfolio as Pesama with activities in sawmilling, kiln drying and wood treatment at their plant in Bukit Besi, Dungun. |
| **PPSB**<br>Bandar Al-Muktafi Billah Shah, Dungun | Operating from Bandar Al-Muktafi Billah Shah in Dungun, PPSB is a producer of woodchips and veneer for the local and export markets. |
| **GP GLASS**<br>Telok Panglima Garang, Selangor | GP Glass is a manufacturer of tempered and laminated glass with a facility in Telok Panglima Garang in Selangor. Its innovative solutions in tempered safety glass, laminated safety glass, heat strengthened glass, double glazing units and ceramic painted glass are installed across Malaysia and selected markets overseas. |
| **GPFP**<br>Bandar Bukit Besi, Dungun | The principal operations of GPFP are of commercial forest plantation-related activities with the main aim of ensuring a sustainable log supply to the Group's sawmills as well as plywood and downstream operations. |

***DR MOHD ZAKI BIN HAMZAH***
***Chief Executive Officer***

MESSAGE BY THE CEO

# UNEARTHING POTENTIALS FOR SUSTAINABLE GROWTH (GRI 102-14)

As companies continue to manage the fallout from the COVID-19 pandemic for a second year running, many have elected to focus exclusively on operational and financial performance while sacrificing other corporate considerations.

At Golden Pharos Berhad (GPB or the Group), we have opted instead to buck this trend by prioritising corporate sustainability alongside business imperatives. Our decision is based on the premise that sustainability practices serve to build a robust and resilient company that can consistently create stakeholder value in the short to long terms.

Many of our sustainability measures have already made a critical difference during the year in review (FY2021). They include a realignment of our business strategies and concerted application of risk mitigation plans as well as the strengthening of protection against virus infection and development of our human capital. On the operational front, we maintain our stringent adherence to guidelines by the Forest Stewardship Council (FSC®).

We have also intensified our commitment to achieve an appropriate balance between our timber / manufacturing operations and the preservation of the natural environment including Malaysia's precious biodiversity. In this regard, we have adopted Emissions & Initiatives to Tackle Climate Change as a new Most Material Matter for sustainability to underscore our commitment towards what has been described as the defining challenge facing humankind at the present time.

By allocating resources for the purpose of reducing our carbon footprint, we will be complementing existing efforts to preserve carbon deposits in our timber compartments via sustainable forest management practices involving selective logging and tree planting.

With the selection of the new Materiality Matter, the Group has also embarked on the tracking and reporting of greenhouse gas (GHG) emissions from all operations and activities starting with direct emissions and some aspects of indirect emissions. We will progressively scale up the scope of our monitoring and reporting on this matter.

In the meantime, the Group is determined to improve on our sustainability performance year by year with the goal of becoming a company that balances economic achievements with ardent responsibility towards environmental and social concerns.

**Dr Mohd Zaki Hamzah**
Chief Executive Officer

# Sustainability Roadmap

## Status of Implementation (GRI 103-2)

**IMPLEMENTATION ROADMAP AND TIMELINES**

**1 GOVERNANCE STRUCTURE**

To establish a Governance Structure to drive the implementation and reporting of sustainable efforts.

**2 SUSTAINABILITY POLICY**

To outline and determine the overall direction of the Sustainability Policy.

**3 MATERIALITY STUDY**

To identify and select Materiality Matters that are relevant and matter most to stakeholders and the Group.

**4 KPIs, ACTION PLANS & REPORTING PLATFORM**

- To set KPIs for Material Matters and to formulate Action Plans.
- To assign responsibility in tracking progress and compiling results.

**5 GRI & UNSDGs**

- To prepare disclosures according to GRI guidelines.
- To align approach to the selected UNSDG protocols.

2018/2019

2019/2020

In 2018, GPB implemented its Sustainability Roadmap and established the Sustainability Governance Structure in an effort to build on our sustainability endeavours and collaborate more effectively. We then conducted the first materiality assessment process to identify the top matters of concern among our internal and external stakeholders, prioritise the material matters, set KPIs and formulate action plans to address these matters. The Board endorsed the Group's Sustainability Policy in 2019 to strengthen the governance and compliance framework and enhance engagement with our employees, investors and other stakeholders through structured and well-planned programmes.

From the outset of the COVID-19 pandemic in Q1 2020, we had to swiftly recognise the imminent risks impacting our businesses, people and humanity as a whole. Although we are still in the early stages of sustainable development, we had to redefine our priorities in a volatile environment and as such were unable to proceed with action plans to address material issues selected for the reporting period. We had to promptly channel significant resources towards mitigating these risks, including developing standard operating procedures (SOPs) to ensure our employees as well as the surrounding communities were protected. We helped ensure business continuity and our ongoing contribution to the state and national socio-economic landscapes. More importantly, we ensured that our employees' jobs, wages and related benefits were secure and not negatively impacted due to the pandemic. Beyond vigilance in our operations, we remained sensitive and responsive to the needs of our workforce, their families and the local communities where we operate.

## Sustainability Roadmap (Continued)

## Governance Structure (GRI 102-18, 102-20, 102-22, 102-23, 102-24, 102-26)

Under the Sustainability Governance Structure, the Sustainability Committee (SCoM) headed by Chief Sustainability Officer En. Zulkifli Omar and the Sustainability Working Group (SWG) work in tandem to determine the overall direction and specific strategies to drive sustainability goals which are then presented for endorsement by the Board. Members of both committees consist of all Heads of Departments (HOD) at the Group level and all Heads of Subsidiaries (HOS) from all six active subsidiary companies. Collectively, they are responsible for managing and effectively implementing the Group's sustainability efforts.

### SUSTAINABILITY COMMITTEE STRUCTURE

## Sustainability Roadmap (Continued)
## Governance Structure (GRI 102-18, 102-20, 102-22, 102-23, 102-24, 102-26)

GPB's SCoM plays a critical role to help ensure the Group's long-term future by protecting communities, restoring and conserving ecosystems, and creating competitive profit projections. The committee drafts and implements sustainable organisational policies that address environmental concerns and evaluates the efficacy of sustainability programmes, including recommending and implementing improvements as necessary. Aside from this, research is also conducted periodically to identify environmental and sustainability concerns, interests and issues. GPB's sustainability goals and corporate social responsibilities have also shifted from compliance to innovation.

Each HOD and HOS is currently required to track and compile sustainability results. They are also required to monitor their team's progress towards achieving GPB's key sustainability objectives. And within the Group's framework, they are also tasked with creating Sustainability Teams among their respective employees.

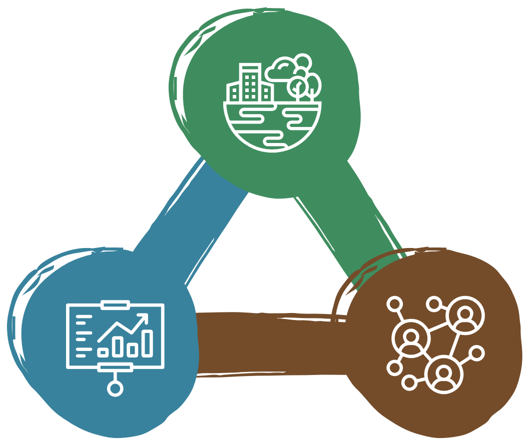
*Employees of the Group attended the Corporate Sustainability Workshop at Kuala Terengganu. Interactive training methods enabled participants to actively engage in discussions and gain insights into better managing the Group's sustainability initiatives.*

Sustainability Roadmap (Continued)
## Sustainability Policy (GRI 102-29)

The Corporate Social Responsibility (CSR) Policy was approved by the Board to ensure that we rigorously adhere to the highest standards in ethical behaviour, environmental sustainability and active engagement with communities where we operate. The approved Sustainability Policy will be the sustainability blueprint for every aspect of the Group's operations and ancillary activities.

**SUSTAINABILITY POLICY**
**Golden Pharos Group is committed to upholding the three pillars of sustainability:**

Exemplary in
Environmental Matters
**ENVIRONMENT**



Commendable in
Economic Matters
**ECONOMIC**

Praiseworthy in
Social Matters
**SOCIAL**

**We intend to sustainably grow the company for our shareholders, stakeholders, employees and communities we work with in order to manage our biodiversity, human capital and natural resources for the next generation to sustainably carry on.**

# Sustainability Roadmap (Continued)
# Stakeholder Engagement (GRI 102-21, 102-40, 102-42, 102-43, 102-44)

## SUSTAINABILITY COMMITMENT

| STAKEHOLDER GROUPS | MATERIALITY SUSTAINABILITY AREAS | ENGAGEMENT PLATFORM |
|---|---|---|
| **Shareholders and Investors** | • Financial and Economic Performance.<br>• Updates on Business Performance.<br>• Sustainable Future Business Opportunities.<br>• Sustainable Shareholder Value. | • Annual General Meeting.<br>• Annual Report and Sustainability Report.<br>• Announcement of Quarterly Results.<br>• Website.<br>• Networking Sessions. |
| **Employees** | • Training and Career Development.<br>• Diverse and Inclusive Workplace.<br>• Health, Safety and Environment.<br>• Code of Conduct.<br>• Code of Business Ethics.<br>• Employee Satisfaction.<br>• Employee Engagement. | • Talent Development Programmes.<br>• Induction Exercise for New Employees.<br>• Town Hall Meetings.<br>• Social, Sports, Health and Wellness Activities.<br>• Circulation of Human Resource Policies.<br>• Training and e-Learning.<br>• Events. |
| **Clients/Customers** | • Product pricing.<br>• Marketing and promotions.<br>• Delivery service.<br>• Quality products.<br>• Customer satisfaction. | • Periodic project meetings and site visits.<br>• Website/Social Media Platforms.<br>• Customer Feedback Surveys.<br>• Events/Roadshows. |
| **Local Communities** | • Community engagement.<br>• Life-improving programmes.<br>• Environmental and social impacts.<br>• Corporate Social Responsibility (CSR). | • Sponsorship of community service events.<br>• Social and environmental initiatives.<br>• *Zakat* and donations. |
| **Government Agencies/ Regulators** | • Compliance to requirements set by government agencies or other regulatory authorities.<br>• Compliance to regulatory requirements of Bursa Malaysia Securities Berhad, Companies Commission of Malaysia and other reporting guidelines.<br>• Policies are aligned with areas of national interests including initiatives. | • Regulatory discussions and meetings with authorities.<br>• Public consultation with local authorities.<br>• Site inspections.<br>• Seminars, briefings and training.<br>• Audit exercise. |

## Sustainability Roadmap (Continued)

## Stakeholder Engagement (GRI 102-21, 102-40, 102-42, 102-43, 102-44)

### SUSTAINABILITY COMMITMENT

| STAKEHOLDER GROUPS | MATERIALITY SUSTAINABILITY AREAS | ENGAGEMENT PLATFORM |
|---|---|---|
| **Vendors/Suppliers** | • Product and service quality, service scope and payment schedule.<br>• Clear procurement policies and practices. | • Vendor/supplier registration.<br>• Procurement policies.<br>• Performance evaluation. |
| **Certification Bodies** | • Adherence to International Organisation for Standardisation (ISO), Forest Stewardship Council (FSC®) and Chain of Custody (CoC) Certification.<br>• Compliance to requirements set by regulatory authorities. | • On-site inspections.<br>• Regular meetings.<br>• Submission of regulatory documentation.<br>• Internal and external audit exercises. |
| **Media** | • Brand positioning, image and credibility rating.<br>• Business performance and growth.<br>• Ethical business conduct and regulatory compliance. | • Media interviews, briefing sessions and media conferences.<br>• Press releases. |
| **Students** | • Priming young individuals/ students to be industry-ready. | • Internship and industry placement. |

## Sustainability Roadmap (Continued)
## Resetting Materiality Matters (GRI 102-21, 102-29, 102-30, 102-31, 102-33, 102-34)

The shift by companies worldwide towards 'stakeholder capitalism'*, which calls for businesses to address the needs of a wider sphere of stakeholders beyond shareholders, has led to the ascension of materiality matters in corporate sustainability.

* *www.frameworkesg.com*

Essentially, materiality matters represent those economic, environmental, social and governance (EESG)* areas impacted by a company's activities that are of particular concern to different groups of stakeholders.

* *The EESG sustainability pillars are grouped under EES (Economic, Environmental, Social) with Governance being a component of Economic under the GRI, whereas they are clustered into ESG (Environmental, Social, Governance) based on F4GBM. For reporting on materiality matters, GPB will maintain its original grouping of the GRI's EES.)*

In a nutshell, they encompass issues that are critical to business performance and prospects; operations that affect the balance of the natural environment; activities that have a bearing on the welfare and wellbeing of the workforce, customer base and community; and business conduct that shapes the integrity of the company and its values.

By identifying and understanding what they are, companies can zero in on priority areas to either increase the benefits or mitigate the detriment from those 'most material matters'. Since our inaugural materiality assessment in 2019, GPB had focused and allocated resources to improve the performance of 10 materiality matters across all sustainability dimensions.

In line with F4GBM's recommendation to revisit the materiality matters at least once every few years, our Sustainability Committee conducted a review in collaboration with the Group's consultants during the reporting period.

## Resetting Materiality Matters (GRI 102-21, 102-29, 102-30, 102-31, 102-33, 102-34)

The Committee proposed to drop Certification under the Social pillar and include in its place the Environmental materiality matter of Emissions & Initiatives to Tackle Climate Change in view of the arrested worldwide progress to reduce global warming due to the COVID-19 pandemic.

The proposal was subsequently endorsed by the Board of Directors on 20 April 2022. The Group's renewed 10 most material matters for 2022 and beyond are presented in the table on this page.

### GPB'S MOST MATERIAL MATTERS

| Most Material Matters | Sustainability Pillar |
|---|---|
| 1. Economic & Business Performance | Economic (Financial) |
| 2. Eliminating Bribery & Corruption | Economic (Governance) |
| 3. Risk Management | Economic (Governance) |
| 4. Protecting Land & Biodiversity | Environment |
| 5. Energy Management | Environment |
| 6. Emissions & Initiatives to Tackle Climate Change | Environment |
| 7. Protecting the Safety & Health of Workers & Sub-Contractors | Social (Workplace) |
| 8. Training, Education & Career Development | Social (Workplace) |
| 9. Employee Engagement & Satisfaction | Social (Workplace) |
| 10. Customer Feedback & Satisfaction | Social (Marketplace) |

### REVIEW OF KEY PERFORMANCE INDICATORS (KPI) FOR MOST MATERIAL MATTERS

Following the selection of our most material matters, the Group has set annual KPIs to improve the sustainability performance in these areas, formulated Action Plans to achieve these targets and assigned responsibility to implement and track progress.

During the year in review, we achieved 80% (40) of the total 50 KPIs set for the year. KPIs that were not met are either in progress or delayed.

## Sustainability Roadmap (Continued)

## Key Performance Indicators (KPIs) and Action Plans

(GRI 102-30, 102-31, 102-33, 102-34)

### ECONOMIC & BUSINESS PERFORMANCE

**#1 REVENUE**

**4%** annual increase until **2024**

**EXCEEDED BY 20.1%**

**RM56.7 million**

2020: RM47.2 million

**#2 PAT**

**5%** annual increase until **2024**

**IMPROVED BY 109.9%**

**RM0.66 million**

2020: (RM6.70 million)

**#3 DIVIDEND**

**30%** of PAT or **40%** of EBITDA until **2024**

**EXCEEDED 208%** of PAT

**RM1.37 million**

2020: -

**#4 NAV**

Annual increase until **2024**

**INCREASED BY 2.5%**

**RM70.10 million**

2020: RM68.39 million

### Action Plans

**2021**

1. Realignment of business and operational focus effective from Q4 2021 onwards.
2. Implemented new policy of achieving 95% of AAC to increase yield and improve harvestable volume.
3. Tendered out logging compartments at higher base price.

**2022**

1. New KPIs for operational targets.
2. Deployment of survey/mapping team.
3. Acquisition of automated pony saw/rig.
4. Reactivation of plywood production lines.
5. Reactivation of moulding production lines.
6. Installation and commencement of new set of double edger machine and giant washer for glass production.

PAT = Profit After Tax
NAV = Net Asset Value
EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation

Sustainability Roadmap (Continued)
Key Performance Indicators (KPIs) and Action Plans
(GRI 102-30, 102-31, 102-33, 102-34)

## ELIMINATING BRIBERY & CORRUPTION

**#1**

To establish **Organisational Anti-Corruption Plan** 2021-2025

**IN PROGRESS**

**Action Plans 2021/2022**

Reconstruction of OACP Committee for better compatibility to meet the timeline in 2022.

**#2**

To implement ***Ikrar Bebas Rasuah*** (Anti-Corruption Pledge)

**POSTPONED**

**Action Plans 2021/2022**

Soliciting advice from MACC Terengganu for implementation in 2022.

**#3**

To hold **Integrity Seminar**

**COMPLETED**

**Action Plans 2021/2022**

Improvement in 2022.

**#4**

To promote **IGU awareness**

**COMPLETED**

**Action Plans 2021/2022**

Improvement in 2022.

**#5**

To hold **GPB Integrity Day**

**POSTPONED**

**Action Plans 2021/2022**

Implementation in 2022.

IGU = Integrity Governance Unit
MACC = Malaysian Anti-Corruption Commission
CEO = Chief Executive Officer

## Sustainability Roadmap (Continued)

## Key Performance Indicators (KPIs) and Action Plans

(GRI 102-30, 102-31, 102-33, 102-34)

### RISK MANAGEMENT

**#1**

**100%** compliance with approved **risk management action plans**

**ACHIEVED**

**80%** (16 Action Plans) ahead of time

**20%** (4 Action Plans) on time

### Action Plans 2021/2022

1. **Disruption in logs supply.**
   - Establish forest plantation.
   - Increase harvesting yields.
2. **Business sustainability.**
   - To pursue suitable downstream business (Timber).
   - To penetrate new market/ segment (GP Glass).
3. **Succession planning/competency gap.**
   - Recruitment/promotion process improvement.
   - Talent development.
   - Procedures revision.
4. **Pandemic risk.**
   - Vaccination programme.
   - To establish internal SOP.
5. **Liquidity risk.**
   - Cashflow management and fund acquisition planning.

SOP = standard operating procedures

GP Glass = Golden Pharos Glass Sdn Bhd

Sustainability Roadmap (Continued)
Key Performance Indicators (KPIs) and Action Plans
(GRI 102-30, 102-31, 102-33, 102-34)

## PROTECTING LAND & BIODIVERSITY

### #1

Annual **FSC® Surveillance Audit**
(Poaching, HCVF)

**ACHIEVED**

**Action Plans**

- Ensure compliance to new updated standards.
- Workers and villagers are prohibited from wildlife and bird hunting as well as poaching.

### #2

**Recertification**
every 5 years

**ACHIEVED**

**Action Plan**

- To provide training on certification standards.

### #3

**Establish**
conservation area/HCV area

**ACHIEVED**

All harvested logging areas were planted with selected species of sapling.

**Action Plans**

- Progressive rehabilitation of affected areas.
- Intensive replanting programme after logging.

### #4

**Flood-enrichment/ reforestation**

**ACHIEVED**

**Action Plans**

- Establish degraded areas and conservation areas.
- Closely monitor any endangered or endemic species of flora and fauna found in our area.

FSC® = Forest Stewardship Council
HCV = High Conservation Value

## Sustainability Roadmap (Continued)

## Key Performance Indicators (KPIs) and Action Plans

(GRI 102-30, 102-31, 102-33, 102-34)

### ENERGY MANAGEMENT

**#1**

**Installation of solar rooftop** at Pesaka

**DELAYED**

**Action Plan 2022**

Implementation in 2022.

### EMISSIONS & INITIATIVE TO TACKLE CLIMATE CHANGE

**#1**

**Work From Home** (WFH) regime

**ACHIEVED**

**#2**

Implementation of **paperless system**

**ACHIEVED**

**Action Plans 2021**

1. Implemention of WFH during MCO (June - September 2021).
2. Distribution of Annual Report in CD-ROM.
3. Provision of tablet to Directors.

PESAKA = Pesaka Trengganu Berhad

Sustainability Roadmap (Continued)
# Key Performance Indicators (KPIs) and Action Plans
(GRI 102-30, 102-31, 102-33, 102-34)

## PROTECTING THE SAFETY & HEALTH OF WORKERS & SUB-CONTRACTORS

**#1** Maximum of 4 incidents **(GP Glass).**

**NOT ACHIEVED**

**7 incidents (GP Glass)**

**#2** **ZERO NOP** in compliance with **DOSH.**

**ACHIEVED**

**#3** **ZERO DEATHS**

**ACHIEVED**

**#4** Minimum **83%** of **results audited by DOSH.**

**PARTLY ACHIEVED**

- **PESAMA**
- **PESAKA**

**#5** **Proactive measures** (yearly inspection **OSHWA**).

**COMPLETED**

### Action Plans 2021

1. Implementation of safety measures and appointment of Safety Officer.
2. Environmental Monitoring online training on 19 June 2021.
3. Regular Safety Committee meetings.
4. Monthly Toolbox briefings.
5. Noise Risk Assessment conducted on 5 April 2021 at PESAMA.
6. Noise Conservation Training on 26 February 2021 at PESAMA.
7. Scheduled Waste Management online training on 5 June 2021.
8. Online Safety Talk (The Challenge of Managing COVID-19 at the Workplace) on 24 August 2021.

| | | |
|---|---|---|
| GP Glass | = | Golden Pharos Glass Sdn Bhd |
| NOP | = | Notice of Prohibition |
| DOSH | = | Department of Occupational Safety and Health |
| OSHWA | = | Occupational Safety and Health Workplace Assessment |
| PESAMA | = | Pesama Timber Corporation Sdn Bhd |
| PESAKA | = | Pesaka Trengganu Berhad |

## Sustainability Roadmap (Continued)

## Key Performance Indicators (KPIs) and Action Plans

(GRI 102-30, 102-31, 102-33, 102-34)

## TRAINING, EDUCATION & CAREER DEVELOPMENT

### #1

**100% utilisation** of **HRDCorp.**

**PARTLY ACHIEVED**

- **PESAMA, PESAKA & PPSB**
- **GPB & KPKKT** registered by 1 June 2021, but did not settle the HRDCorp levy from 1 June to 31 December 2021.

**Action Plans 2021**

Source training providers registered with HRDCorp.

### #2

**Training hours**

**A. 90%** of executive-level employees to attend **16 hours of training per year.**

**B. 90%** of non-executive employees to attend **3 hours of training per year.**

**NOT ACHIEVED A. 80.6%**

**NOT ACHIEVED B. 79.4%**

**Action Plans 2021**

Minimum 2 in-house training programmes to be claimed from HRDCorp, minimum 4 hours per company.

### #3

**Succession planning**

**ACHIEVED**

Implementation of Succession Planning Policy and Talent Development Programme on 1 December 2021.

**Action Plans 2021**

**Process**

- Identify key positions in the company.
- Identify internal employees who can replace key personnel.
- Groom selected employees via training.
- Implement Talent Development Programme.
- Offer retention programme: compensation and benefits, bonus, annual increment and ex-gratia for *Hari Raya Aidilfitri* and year end.

PESAMA = Pesama Timber Corporation Sdn Bhd
PESAKA = Pesaka Trengganu Berhad
PPSB = Permint Plywood Sdn Bhd
KPKKT = Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd
HRDCorp = Human Resources Development Corporation

Sustainability Roadmap (Continued)
Key Performance Indicators (KPIs) and Action Plans
(GRI 102-30, 102-31, 102-33, 102-34)

## EMPLOYEE ENGAGEMENT & SATISFACTION

**#1**

**Quarterly Sports** events at headquarters level.

**ACHIEVED**

**4 events**

### Action Plans 2021

Organise sport events once a month at headquarters level.

- Golden Monsoon Ride 2021.
- GPB Road to Lingai 2021.
- GPB Group Bukit Besar Hiking.
- Kayuhan Ketuk Sahur Ramadan 2021.

**#2**

**10 gatherings** per year between **CEO and employees.**

**ACHIEVED**

**10 events.**

### Action Plans 2021

Subsidiaries to organise events twice a year.

- *Surau* Opening Ceremony at PPSB.
- *Solat Hajat* Ceremony at KPKKT
- *Solat Hajat* Ceremony at Pesama
- Official Launch of Veneer at PPSB
- Visit to PESAKA by Terengganu Inc's delegation accompanied by GPB's CEO
- *Kayuhan Ketuk Sahur Ramadan* 2021
- *Berbuka Puasa* Ceremony at GPB
- GPB *Yaseen* recital
- Board of Directors Retreat to Redang Island
- GPB Employee Annual Dinner

**#3**

**12 gathering** per year between **HOS and employees.**

**ACHIEVED**

**12 events.**

### Action Plans 2021

- KPKKT distributed flood relief to staff.
- PESAMA cleaned staff houses after the flood.
- PPSB aided its staff by launching flood aid programme.
- GP Glass organised COVID-19 tests for the staff.
- PPSB distributed *Bubur Lambuk* to local community.
- PPSB organised a *Yaseen* recital for staff.
- *Solat Hajat* at GP Glass.
- PPSB *Majlis Buka Puasa*.
- KPKKT & JPNT organised visit to Cengal Besar.
- PESAMA aided the staff with shopping vouchers following the COVID-19 pandemic.
- PPSB held monthly town hall sessions with staff.
- Pesama organised weekly *Yaseen* recitals among the staff.

| | | |
|---|---|---|
| CEO | = | Chief Executive Officer |
| HOS | = | Heads of Subsidiaries |
| PPSB | = | Permint Plywood Sdn Bhd |
| KPKKT | = | Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd |
| PESAMA | = | Pesama Timber Corporation Sdn Bhd |
| PESAKA | = | Pesaka Trengganu Berhad |
| GP Glass | = | Golden Pharos Glass Sdn Bhd |
| JPNT | = | Jabatan Perhutanan Negeri Terengganu |

# Sustainability Roadmap (Continued)
## Key Performance Indicators (KPIs) and Action Plans
(GRI 102-30, 102-31, 102-33, 102-34)

## CUSTOMER FEEDBACK & SATISFACTION

**#1**

**CSI - 4.0**

**ACHIEVED 4.1**

**#2**

Improve process for
**handling complaints**
**(GP Glass)**.

**IN PROGRESS**

**#3**

Establish SOPs for
**customer complaints**
(all subsidiaries and headquarters).

**IN PROGRESS**

### Action Plans 2021

1. Improve CSI:
   - Ensure the company is proactive.
   - Set clear expectations.
   - Reduce reaction to customer needs.
   - Identify issues that may occur.
   - Boost employee satisfaction level.
2. Keep track record of complaints for each department.
3. Establish SOPs for customer complaints (all subsidiaries and headquarters):
   - Complaints (Phone, email, letter).
   - Stage 1 – Frontline Resolution
     - Solved
   - Stage 2
     - Investigation (product/cause/solve).
     - Acknowledge customer within maximum 3 days.
     - Provide decision within 20 working days.
     - Written response.
     - Solved.

CSI = Customer Satisfaction Index
SOP = Standard operating procedures
GP Glass = Golden Pharos Glass Sdn Bhd

## Sustainability Roadmap (Continued)
## Alignment To The United Nations Sustainable Development Goals (UNSDG)

**As a responsible corporate citizen operating within the forest sector, we are aware of the growing demand for all forest products to be sourced from healthy, working forests that can continuously supply wood and fibre.**

Sustainability principles and processes have been the core of GPB's forest concession management and harvesting activities as we are aware of the multiple benefits that forests offer such as carbon storage, clean air and water, natural habitats and livelihoods. Sustainable forest management is a set of principles that can address many of the challenges that the UNSDGs aim to solve, including access to and use of land and water, climate change, consumption and production patterns, energy supply and inclusive development. Given the broad impacts forests and their products have on society, the economy and the environment, our operations and activities contribute to all 17 Goals.

# Sustainability Roadmap (Continued)

## Alignment To The United Nations Sustainable Development Goals (UNSDG)

GPB fully subscribes to the UN's agenda for sustainable development and we have aligned our sustainability drive to the UNSDG. In tandem with the GRI disclosures, this provides a guide for the Group to ensure long-term sustainability for all our stakeholders.

### ALIGNMENT OF MATERIALITY MATTERS TO GRI AND UNSDG

| MATERIALITY MATTER | SUSTAINABILITY PILLAR | MAPPING TO GRI | ALIGNMENT WITH UNSDG |
|---|---|---|---|
| 1. ECONOMIC & BUSINESS PERFORMANCE | Economic *(Financial)* | 201 - Economic Performance | |
| 2. ELIMINATING BRIBERY AND CORRUPTION | Economic *(Governance)* | 204 - Procurement Practices<br>205 - Anti-Corruption | |
| 3. RISK MANAGEMENT | Economic *(Governance)* | 102 - General Disclosures | |
| 4. PROTECTING LAND AND BIODIVERSITY | Environment | 304 - Biodiversity<br>307 - Environmental Compliance | |
| 5. ENERGY MANAGEMENT | Environment | 302 - Energy | |
| 6 EMISSIONS & INITIATIVES TO TACKLE CLIMATE CHANGE | Environment | 305 - Emissions | |
| 7. PROTECTING THE SAFETY AND HEALTH OF WORKERS AND SUB-CONTRACTORS | Social *(Workplace)* | 403 - Occupational Safety & Health | |
| 8. TRAINING, EDUCATION AND CAREER DEVELOPMENT | Social *(Workplace)* | 404 - Training & Education | |
| 9. EMPLOYEE ENGAGEMENT & SATISFACTION | Social *(Workplace)* | 402 - Labour Management Relations<br>407 - Freedom of Association & Collective Bargaining | |
| 10. CUSTOMER FEEDBACK & SATISFACTION | Social *(Marketplace)* | 206 - Anti-Competitive Behaviour<br>416 - Customer Health & Safety<br>417 - Marketing & Labelling<br>418 - Customer Privacy | |

## Sustainability Roadmap (Continued)
## Alignment To The United Nations Sustainable Development Goals (UNSDG)

As part of our aim to continuously improve, we have identified six SDGs deemed crucial to our businesses and alignment with the remaining SDGs will be based on the levels of impact including those along the value chain.
Sources: (https://sustainabledevelopmentun.org/topics/sustainabledevelopmentgoals)

### CORE SDGs

#### PARTNERSHIPS FOR THE GOALS

All 17 SDGs are inherently interlinked with each other and cannot be achieved in isolation. As we deepen our involvement in understanding the crucial part sustainability plays within our businesses and individuals, we seek collaborative efforts to work together with the Government, authorities, research institutes and NGOs as well as the communities.

#### ENSURE ACCESS TO WATER AND SANITATION FOR ALL

Water security and forest health are intrinsically linked. At the processing and manufacturing levels, our timber and glass manufacturing operations are water-intensive. Therefore, managing water impacts and dependencies are among the Group's central sustainability priorities. Preventive measures are in place to ensure the proper and safe discharge of wastewater into the environment and water bodies. We target to consciously reduce water usage through proper monitoring by employing sustainable management and best practices.

#### ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY

While timber and glass manufacturing are energy-intensive industries, we intend to focus on improving energy efficiency throughout our operations. As a first step, we have started to engage employees in energy-saving practices in the workplace, contributing to cost savings. We are also identifying equipment and machinery to evaluate the need to upgrade them or replace as part of energy conservation initiatives. Moving forward, we intend to explore opportunities through strategic partnerships to pursue sustainability growth and resilience of our core businesses.

#### PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK FOR ALL

GPB formally employed 410 permanent staff including 104 contract workers as of 31 December 2021, contributing to employment and economic growth in the state of Terengganu and its neighbouring states. Despite the COVID-19 pandemic challenges, which caused shutdowns and infections among our workforce, we managed to retain all employees without having to enforce any pay cuts throughout 2021. Priority hiring at GPB is for locals, and efforts are being made to induce the local population to consider taking up job offers deemed dirty, dangerous and difficult (3D) by improving working conditions, ensuring safe work environments, offering higher wages and attractive benefits. We are also looking at options to increase productivity through investing in new technology such as automation, workers' training and reorganising production to add value to our supply chain and automation.

# Sustainability Roadmap (Continued)
# Alignment To The United Nations Sustainable Development Goals (UNSDG)

## CORE SDGs (Continued)

### ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Through innovative approaches and by embedding the circular economy into our supply chain, we can transform the use and reuse of resources to support the transition towards a more sustainable lifestyle. We need to adapt to strike a suitable balance between economic growth, environmental protection and social empowerment. Our critical targets in logging and timber manufacturing are to maximise the consumption of natural resources for production while minimising waste. We are continuously improving our 3R practices of reducing, reusing and recycling by reviewing production methods and advocating responsible consumption to prevent wastage.

### TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

We have started to monitor and track our GHG emissions actively and are committed to plans and initiatives to lower our carbon footprint. In tackling climate change, it is important to consider national strategies and approaches, including scrutinising the entire value chain from the management and use of natural resources to delivering products and services. Sustainable forest management and investments in reforestation, land restoration and conservation efforts are vital in maintaining and growing healthy forests with stable and increasing carbon stocks. Nature-based climate solutions such as forests and peatlands can provide up to 37% of the emission reductions needed by 2030 to keep global temperature increases under 2°C. Sustainably-managed forests play a critical role in addressing the environmental impacts of droughts, floods, storms and forest fires, all of which are expected to intensify as climate change progresses.

Sources: http:// www.fao.org/3/ca0189en/ca0189en. pdf
www.nature.org/en-us/what-we-do/our-insights/perspectives/naturesmake-or-break-potential-for-climatechange

### SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, HALT AND REVERSE LAND DEGRADATION, HALT BIODIVERSITY LOSS

Given our undeniable dependence on natural resources, sustainable forest management and responsible sourcing practices that aim to preserve forests are fundamental prerequisites to secure a sustainable supply of timber. We practise selective logging and engage in forest rehabilitation and rejuvenation. Stringent measures guide us in protecting the natural habitats of wildlife, in particular, endangered species identified by the International Union for Conservation of Nature (IUCN).

Sustainability Roadmap (Continued)

## Alignment To The United Nations Sustainable Development Goals (UNSDG)

### SUPPORTIVE SDGs

#### END POVERTY IN ALL ITS FORMS EVERYWHERE

The devastating impact of the COVID-19 pandemic caused almost 600,000 households in the M40 income group to slip into the B50 category as of 31 December 2021. While the unemployment rate has improved due to the reopening of economic sectors since January 2022. Employment in the agriculture and mining and quarrying sectors was in decline for the past 18 months.

GPB will continue to source locals for employment for both its timber and glass manufacturing business within the vicinity of our operations. We further support the local economy by sourcing vendors and suppliers from within the community in Terengganu and its neighbouring states. These are part of our efforts to elevate the quality of life and empower underdeveloped communities through job creation, business ventures and other areas including supporting education and CSR programmes for the less-fortunate population.

#### ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

We provide various in-house and external technical and softskills training prorgammes to upskill and reskill our employees to ensure a robust talent pool. Strategic plans are in place for succession planning to identify, cultivate and groom suitable candidates that best fit specific roles within the Group of companies. In terms of CSR activities, we advocate the right to education among the underprivileged in our communities and support initiatives that develop children and youth. Given our timber managing activities' strong presence in rural areas, apart from creating job opportunities, the same approach is extended to the Group's supply chain and surrounding communities through initiatives to build capacity or bridge potential skill gaps among contracted workers, suppliers, and local communities.

#### ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

The Group's Code of Ethics prescribes respecting the rights of everyone in the workplace, marketplace and society regardless of age, gender, disability, race or any other reason protected by law. GPB does not condone discrimination in any form and supports gender equality as a basic right. While our operating sectors mainly employ men to carry out tasks, we offer opportunities to women to occupy roles in tree nurseries or planting, apart from management and administration. We encourage women empowerment among our employees and unde privileged women in communities where we serve to build their self-esteem and develop their potential. We provide equal opportunities in the workplace in terms of compensation, salaries, benefits, opportunities, resources and rewards.

#### BUILD RESILIENT INFRASTRUCTURE, PROMOTE SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

Since our inception, we have influenced the socio-economic development and well-being of the communities that depend on forestry operations in rural and remote areas by providing basic infrastructure and services. We have also provided access to small and medium-sized enterprises to be integrated into our value chain and markets where we serve. We need to leverage on technological advancements, innovations and digitalisation to develop new skillsets and upgrade our capabilities to drive efficiency, smarter manufacturing practices and enhance data management in tandem with the National Fourth Industrial Revolution (4IR) Policy to improve the country's productivity by 30% across all sectors by the end of 2030.

# Sustainability Roadmap (Continued)
# Alignment To The United Nations Sustainable Development Goals (UNSDG)

## SUPPORTIVE SDGs (Continued)

### MAKE CITIES INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

We play a central role in protecting and safeguarding natural habitats and cultural and heritage sites through appropriate forest management and conservation efforts. As such, we strive to minimise the impact of our activities by ideally balancing people's health and well-being with proper implementation of waste management, infrastructure and mitigation methods to control pollution at every level Group-wide.

## OTHER SDGs

### ZERO HUNGER

Agroforesty systems, where trees are managed together with crops or animal husbandry, can effectively reconcile competing land use. If managed sustainably, the co-existence of forests and agriculture in healthy and sustainable landscapes can provide many benefits. Forests are also sources of a wide range of edible plants and fungi and are a crucial food source for rural and indigenous communities.

### ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

We have stepped up efforts to ensure our employees' safety, health and well-being via strict adherence to Government imposed pandemic-related SOPs. All visitors, contractors and suppliers are also required to abide by the health and safety policies and workplace guidelines that have been instituted throughout our operations. We are mindful of the impact of our operations on our employees, contractors, visitors and the local community where we operate. Hence, we comply strictly with all regulations and abide by the laws to safeguard people and the natural environment. Throughout 2021, we ensured that employees were apprised of vaccination programmes and have achieved a high vaccination rate within the Group. Various sports, recreational, team building and health-related activities and programmes are organised regularly for our employees and the local communities to promote an ideal work-life balance. We also encourage recreational activities in our concession areas to support physical and mental health through stress alleviation.

## OTHER SDGs (Continued)

### REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

The Group provided opportunities in areas with comparatively lower development and employment prospects than other parts of the country. Considerable efforts are made to enable and empower the Bumiputera community, which is the predominant populace in the East Coast of Malaysia. At the same time, we address land tenure issues and adopt global standards and policies that ensure social protection, fair wages, safety, and ethical standards, including the rights of indigenous peoples as well as equitable and inclusive procurement activities that empower the disadvantaged and reduce inequality within our supply chain.

### LIFE BELOW WATER

As a responsible organisation, we ensure the safe discharge of effluents from our operations into the ground and water bodies where we operate. We enforce responsible practices to avoid erosion, proper water management and wastewater treatment to prevent water pollution.

### PROMOTE JUST, PEACEFUL AND INCLUSIVE SOCIETIES

GPB is committed to maintaining high standards of ethical business conduct throughout the value chain. This can be achieved through anti-corruption awareness and engagement with all stakeholders on societal structure, legal frameworks and responsible business practices. These standards include strong transparency, governance, and anti-bribery and corruption controls for operations and supply chains as well.

# ECONOMIC: SUSTAINING ECONOMIC VALUE

(GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

## Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

**"The past two years have been unremittingly challenging as the COVID-19 pandemic has obstructed the customary activities required to create and sustain economic value for GPB and others within our sphere of influence."**

Under such uncertain operating conditions, the Group has grappled with operational and logistical issues to mitigate the frequent and prolonged disruptions to production in order to minimise their impact on our top and bottom lines.

During this time, we became increasingly aware of the derivative effects our financial position have on stakeholders and their own ability to keep their heads above water. We also gained deeper insights into the range of our economic footprint, which extends far and wide across Terengganu and beyond.

Thus, we had to take on the onus as one of the state's most prominent and significant corporate vehicles to focus on reinforcing business resilience, restoring financial strength as well as creating and sustaining economic value for our stakeholders.

For the year in review, we have extended the scope of reporting on GPB's Economic pillar of sustainability to include all indicators recommended by the GRI and other areas of import suggested by F4GBM.

We have also amalgamated the Governance indicators under this Economic section in line with the GRI. In addition, we have either merged or adopted the indicator titles of the GRI or F4GBM. Our reporting covers the following:

- Economic & Business Performance
- Sustainability of the Business Strategy*
- Market Presence
- Hiring from the Local Community*
- Indirect Economic Impacts*
- Procurement Practices
- Business Ethics and Transparency
- Preventing Bribery and Corruption
- Anti-Competitive Behaviour
- Tax
- Risk Management

* *New indicators from GRI or F4GBM that were not previously reported on.*

## Economic (Continued)

## Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

### ECONOMIC & BUSINESS PERFORMANCE

(GRI 201-1, 201-2, 201-3, 201-4, F4GBM)

The Group made an emphatic recovery in Financial Year 2021 (FY2021) to move back into the black after successfully adding value to our operations and overcoming pandemic disruptions as well as other external setbacks.

We returned a marginal net profit for the year based on significantly-higher Group revenue following much-improved contributions from our core businesses of Timber Harvesting, Sawmilling & Kiln Drying and Manufacturing, supported by effective cost control.

The upturn in business results was driven by a strong performance in Q4 2021 and also boosted by higher values from external party logging contracts as a result of tree-marking efforts that assisted contractors to estimate their potential yield.

In response to GPB's healthy financial position, the Group has recommended dividends after a one-year lapse in FY2020. The issuance of dividend is expected to ease the financial burden of shareholders affected by COVID-19 and in line with our policy to consistently share profits with shareholders.

*Further details on the Group's financial performance are available in the Management Discussion & Analysis section on pages 14 to 31 of this Annual Report 2021.*

### SUSTAINABILITY OF THE BUSINESS STRATEGY

(GRI 103-2, F4GBM)

Following the emergence of COVID-19 and recognising the potential consequences of the pandemic, the Group took swift action to tailor our strategic approach according to the prevailing circumstances.

Business continuity and financial sustainability along with the welfare of our stakeholders were top-of-mind considerations as we constantly reviewed and updated our plans to drive growth amid the unfavourable conditions.

Among others, these plans involved seizing opportunities to increase revenue and managing costs while also protecting the financial interests of a wide group including our employees, associates and vendors.

The plans represent the thrusts of GPB's agile strategies and new strategic directions as approved by the Board which has proven its worth on the back of our business performance during the year in review and the growth prospects it has developed going forward.

*Further details on the Group's business strategies are available in the Management Discussion & Analysis section on pages 14 to 31 of this Annual Report 2021.*

### MARKET PRESENCE

(GRI 202-1, 202-2, F4GBM)

GPB commands a major presence as a key enabler of economic activities and employment opportunities, particularly in Terengganu. We operate several companies in forest management, timber harvesting and sawn timber processing within the state and a manufacturing facility in Selangor for the processing of architectural glass panels.

We are a preferred employer in the east coast of Peninsular Malaysia, offering attractive jobs with comparable if not higher remuneration and various benefits to hundreds of Malaysians and also foreign nationals in contract work.

This is reflected by markedly-higher starting wages for entry-level local employees when compared against Malaysia's statutory minimum monthly wage of RM1,200 in 2021. (The new minimum wage of RM1,500 only comes into effect in the new financial year 2022). Overall, our average salaries compare favourably against the minimum average of companies in Terengganu.

**COMPARISON OF GPB'S ENTRY-LEVEL WAGE AGAINST MALAYSIA'S MINIMUM REQUIREMENT (RM)**

| | |
|---|---|
| **GPB** | **1,800** |
| **Minimum Wage** | **1,200** |
| **Ratio** | **1.50 : 1.00** |

## Economic (Continued)

### Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

**COMPARISON OF GPB'S AVERAGE SALARIES AGAINST MARKET AVERAGE**

| | GPB | Market Average (RM) | Difference (Ratio) |
|---|---|---|---|
| Junior Executive | 2,383 | 1,940 | 1.23 : 1.00 |
| Senior Executive | 3,547 | 3,370 | 1.05 : 1.00 |
| Manager | 7,218 | 6,055 | 1.19 : 1.00 |
| Senior Manager | 8,112 | 8,420 | 0.96 : 1.00 |
| C-Level | 16,489 | 13,350 | 1.24 : 1.00 |

**State Government-Linked Corporations (SGLC) in Terengganu.*

**TOP MANAGEMENT (HEAD OF COMPANY & SUBSIDIARIES)**

| | TERENGGANU | OTHER STATES |
|---|---|---|
| **GPB** | 1 | 0 |
| **KPKKT** | 1 | 0 |
| **PESAKA** | 1 | 0 |
| **PESAMA** | 1 | 0 |
| **PPSB** | 0 | 1 |
| **GP Glass** | 0 | 1 |
| **GPFP** | 0 | 1 |

*KPKKT = Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd*
*PESAKA = Pesaka Trengganu Berhad*
*PESAMA = Pesama Timber Corporation Sdn Bhd*
*PPSB = Permint Plywood Sdn Bhd*
*GP Glass = Golden Pharos Glass Sdn Bhd*
*GPFP = GP Forest Plantation Sdn Bhd*

In the case of GP Glass, foreign workers have traditionally filled contract positions on the production floors due to the aversion by locals towards what they consider to be dirty, dangerous or difficult (3D) jobs.

However, the glass manufacturer progressively faced a labour shortage resulting from the outflux of foreign workers during the pandemic, which was compounded by a lack of replacements due to the closure of Malaysia's borders.

To resolve this conundrum, we took the opportunity to increase local employment for general work by intensifying our recruitment efforts and offering attractive contract packages to Malaysians rendered unemployed by pandemic circumstances.

**HIRING FROM THE LOCAL COMMUNITY**
(F4GBM)

GPB has an unwritten policy of prioritising local employment, with preference given to Malaysians and to residents in the same state as our operational sites. This translates to job opportunities for natives of Terengganu in our forest management, timber harvesting and sawn timber processing activities, and residents of Selangor in glass manufacturing.

## Economic (Continued)
## Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

### INDIRECT ECONOMIC IMPACTS
(GRI 203-1, 203-2)

Over and above the direct economic benefits that GPB provides to stakeholders, our business activities have also generated ancillary amenities for business and residential communities living in the vicinity of our operational sites especially near our forest concession areas.

To date, we have cleared and developed 54 km of paved and unpaved roads to facilitate activities related to logging and timber transporting. This provides infrastructure in remote areas that can be used by nearby residents for economic, educational, leisure or recreational activities. Another contribution was the construction of a public toilet at Bukit Maras by our subsidiary Pesaka.

*Sawmilling operation at Pesaka*

### PROCUREMENT PRACTICES
(GRI 102-9, 204-1, F4GBM)

GPB understands that a systematic procurement framework is the foundation for the development of a resilient supply chain to ensure smooth and uninterrupted production and other operational activities.

The Group is also cognisant that a reliable supply chain has the potential to generate higher efficiency and greater cost optimisation, which could eventually result in better products and services for our customers.

We are proud that the majority of our vendors are local small and medium enterprises (SME), many of whom have been our long-standing suppliers and service providers. Cumulatively, we source goods and services from a total of 145 vendors including 37 for Pesaka, 51 for PESAMA and 57 for GP Glass. As at 31 December 2021, only one of our vendors is a foreign company.

Goods and services

vendors
**145**

- **37**
- **51**
- **57**

On a separate matter, GPB fully complies with the procurement policies of Terengganu Inc such as Discretionary Authority Limits (DAL) and ISO standards for any purchases by the Group and its subsidiary companies.

## EMBRACING THE CORPORATE GOVERNANCE AND ACCOUNTABILITY CULTURE

(GRI 102-17, 102-30, 205-3, 206-1, 207, F4GBM)

> **"Good Corporate Governance (CG), specifically on Compliance and Risk Management, is key to establishing the proper control mechanisms for a company to meet its corporate objectives. The efficient and proper usage of people, processes, technology and information sets the platform for a sustainable and high performing company, and at the same time, boost investor confidence and create shareholder value."**

At this juncture, with COVID-19 still threatening health, socioeconomic and humanity, it is increasingly important that we ensure a strong link between balancing financial performance, non-financial performance and operations to improve the effectiveness and efficiency of our business functions.

Our target for the CG strategy has always been to ensure there is perfect clarity and a solid foundation to help steer the company in an ethical and trustworthy direction to ensure that each function supports the Group's overarching priorities.

There has never been so much awareness among investors and stakeholders in scrutinising a company's governance and strategy, especially with the massive disruptions caused by COVID-19.

As we entered into the second year of the pandemic, despite operations being affected, we continued to strengthen the Group's governance processes by ensuring full disclosure and the adherence to policies.

### BUSINESS ETHICS AND TRANSPARENCY

(GRI 102-16, 102-17, 102-25, F4GBM)

GPB adopts a holistic approach to encourage ethical business conduct and transparency in all dealings as well as the implementation of proper mechanisms for risk and compliance management which serves to enhance productivity across the board.

To inculcate a culture of good governance internally, the Group also provides or arranges for all employees to attend periodic training on relevant policies so they can carry out their responsibilities with the highest assurance and integrity.

Our policies relevant to corporate governance include the following:

- Code of Conduct and Whistleblowing Policy
- Corporate Social Responsibility (CSR) Policy
- Forest Protection Policy
- Occupational Health and Safety Policy
- Code of Business Ethics (COBE) Policy

## Economic (Continued)

## Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

The Board acknowledges the need to provide effective stewardship on ethical standards throughout the Group and to its multi stakeholders. In FY2021, the Board reviewed several CG areas which included:

1. Risk Management – identification, assessment and mitigation.
2. Ensuring transparency, especially everything of interest to investors to increase the level of confidence of investors and banks in the company to improve capital flow.
3. Strengthening the company's internal policies, control mechanisms and dealings with its internal and external stakeholders.
4. Aiming at establishing faster decision-making processes by outlining a clear delineation of roles between Board members, management and employees.
5. Improving reporting on performance to empower managers and persons-in-charge to make more informed and fact-based decisions, leading ultimately to improving sales margins and reducing costs.
6. Establishing rules to reduce potential fraud and malpractices amongst employees; and avoiding conflicts of interest by giving minority shareholders a voice via representation by independent directors.

### Integrity Governance Unit (IGU)

The Integrity & Governance Officers (IGO) continues to lead the IGU, which oversees all matters pertaining to integrity, governance and anti-corruption initiatives. Since its inception on 1 January 2020, the IGU has the responsibility of reporting all work, activities and complaint management to the Malaysian Anti-Corruption Commission (MACC) and the Board twice a year.

The IGU submitted a report in the second term to MACC on 29 August 2021 and 30 January 2022, respectively. Throughout the tenure of the IGU, there has been no record of any complaints related to misconduct, work ethic violations, corruption or other integrity errors. We have also adopted Anti-Bribery & Corruption Policy and Code of Business Ethics (COBE) in 2021 as per the directives of our parent company, Terengganu Inc.

All activities and work done at the IGU are based on four core functions and five IGU principles of T.R.U.S.T as per the guidelines provided by MACC.

The 4 core functions of IGU are:

1. Complaint Management
2. Investigation & Verification
3. Strengthening Integrity
4. Governance

The 5 TRUST principles of IGU are:

- **T** Top level Management
- **R** Risk Assessment
- **U** Undertake Control
- **S** Systematic Review, Monitoring and Enforcement
- **T** Training and Communication

## Economic (Continued)

### Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

The Group's IGO has undergone training with the Malaysian Anti-Corruption Academy (MACA) and is accredited under the Certified Integrity Officer Programme (CeIO). These training initiatives bring us in line with the Prime Minister's directive on 5 October 2018 and the expected enforcement of Section 17A, Malaysian Anti-Corruption Commission (MACC) Act 2018.

The IGU is committed to planning various forms of programmes, activities, research, reviews on integrity matters in line with the Group's drive to promote good governance.

**WORK AND ACTIVITIES OF IGU IN FIRST TERM OF 2021**


**28 January 2021**

**Terengganu Inc Virtual Integrity Day 2021**

To raise awareness and top-level commitment in convincing employees to embrace anti-corruption.

**7 March 2021**

**OACP Kick-off meeting**

Organisational Anti-Corruption Plan (OACP) is a prerequisite in completing the IGU function of a Group.

**21 April 2021**

**Courtesy Visit by Terengganu Inc IGU (TiGU)**

Discussion on further collaboration to implement IGU programmes for GPB.

**8 June 2021**

**TiGU Meeting**

Meeting with TiGU members held once every two months

**13 June 2021**

**Awareness by email**

IGU campaign: 'What is a conflict of interest?'


**20 June 2021**

**Awareness by email**

IGU campaign: 'What is the main offence of corruption?'


**30 June 2021**

**Awareness by email**

IGU campaign: 'What is a conflict of interest?'

## Economic (Continued)

## Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)


**2 September 2021**
**Webinar Merdeka & Integrity**

To foster a patriotic spirit while at the same time instilling a sense of integrity towards the country and the Group.

**July - December 2021**
**Awareness spread through WhatsApp and Email**

To increase knowledge of integrity and corruption within the Group.

**3-16 August 2021**
**IGU survey**

To assess the level of understanding among employees on integrity and corruption as well as the function of IGU in the Group.

**27 July 2021**
**Seminar: 'Corruption Avoided, Live with Integrity'.**

A seminar on the effects of corruption and measures to tackle corruption.

**21 November 2021**
**Review of Tender Policy**

Review of tender process on the inclusion of an integrity offer to monitor the process.

**14 September 2021**
**Review of Integrity Pact**

To ensure the holistic implementation of the Integrity Pact.

### PREVENTING BRIBERY AND CORRUPTION

(GRI 102-17, 205-2, 205-3, F4GBM)

In line with our aspirations towards good corporate governance, GPB stands firm against any forms of bribery and corruption as well as other types of illegal or immoral behaviour. We fully subscribe to the MACC Act 2009 promulgated on behalf of the Malaysian Anti-Corruption Commission (MACC).

The Group has a Code of Conduct to ensure management and employees maintain integrity in all dealings. During the year in review, we did not record any incidents of corrupt activities within the Group or its subsidiary companies.

In the same period, we also set out to establish our Organisation Anti-Corruption Plan (OACP) 2021–2025. This plan is still in progress.

The Code of Conduct also features mechanisms for reporting any breaches in ethical conduct, which are outlined by our Whistleblowing and other policies. These are communicated to our stakeholders: shareholders, customers, employees and vendors in the following manner:

1. Employees are informed that the Company will work on developing (or updating) Company policies and procedures.
2. Anti-corruption and related policies are emailed and memos will be given to all human resource units of subsidiaries to be disseminated to employees.
3. Meetings are conducted with all employees to introduce any new handbooks or manuals and to review their intended purpose.

## ANTI-COMPETITIVE BEHAVIOUR

(GRI 206-1)

GPB is not a monopoly in any of our business activities and as such is not subject to any legal actions or otherwise for anti-competitive behaviour or anti-trust practices.

## TAX

(GRI 207)

The Group honours all our obligations with regards to taxation according to the respective laws in Malaysia such as the Income Tax Act 1967.

## RISK MANAGEMENT

(GRI 102-11, 102-15, 102-30, F4GBM)

The goal of Risk Management is to identify risks and ensure that they are addressed. This GRI disclosure addresses the effectiveness of our risk management processes specifically. It allows us to understand the nature of the Group's economic, environmental and social impacts. The goal of Sustainability Risk Management (SRM) is to align profit with the Group's environmental policies.

For the reporting period, GPB identified 30 risks as at Q4 2021. Several risk items improved from High to Medium rating during the course of the year; namely Pandemic Risk and Liquidity Risk. These improvements were mainly due to the Malaysian Government's move to classify COVID-19 as an endemic, which is a departure from the pandemic phase with strict restrictions imposed upon industries. The Group's performance had improved due to the progressive reopening of the economy towards the later part of FY2021. In general, a majority of the Risk Action Plans (RAP) in FY2021 faced timeline adjustments as Malaysia prepared to enter the endemic phase.

The Group identified six risk areas with High and Extreme risk ratings during the FY2021.

| | | |
|---|---|---|
| 1 | Disruption in log supply | KPKKT/PSK/PSM/PPSB |
| 2 | Succession planning/Competency gap | HQ |
| 3 | Business sustainability | KPKKT/PSK/PSM/PPSB & GP GLASS |
| 4 | Loss of customers | GP GLASS |
| 5 | Succession planning | GP GLASS |
| 6 | Shortage of workers | GP GLASS |

# Economic (Continued)

## Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

### RISK (#1): DISRUPTION IN LOGS SUPPLY

**Key Controls**

1. Establish forest plantation.
2. Increase harvesting yields.

**Risk Action Plans**

1. (a) To implement forest plantation project.
2. New Strategic Directions:
   (a) Strenghtening of Tree Marking process.
   (b) Identification of compartments with high value species via deployment of Survey/ Mapping Team.
   (c) Improvement of Felling Technique.
   (d) Data collection and inventory of timber and quality of logs.

**Description**

The disruption in supply of logs would be one of the main risks to sawmilling and veneer production as they are the main materials for their respective activities. Continuous and consistent log supply by KPKKT for sawmilling and veneer is critical as midstream companies Pesaka, Pesama and PPSB would not be able to fulfil their customers' demands or cover their operating costs.

**Root Causes**

1. Reliance on sole supplier for supply of logs.
2. Reduction in Annual Allowable Cut (AAC) by the Terengganu State Forestry Department (JPNT).
3. Insufficient or irregular supply of logs due to weather, topographical factors or technical delay in licence approval.
4. Logistics issues e.g. vehicle breakdown, accident, etc.
5. Ineffective procurement planning for future log supplies.
6. Breakdown in logging equipment.
7. Work stoppage by authorities due to non-compliance of certain criteria.
8. Poor cutting techniques in production stage by workers.

**Existing Controls**

a. Coordination on logs supply is established between sister companies and KPKKT. (1,2,3)
b. Logs are processed in batches or accumulated to minimise the disruption to operation. (5)
c. Weekly operation meeting is conducted to monitor daily production and operation schedule. (5)
d. Contractor has additional equipment on standby in case of breakdown. (4,6)
e. Immediate rectification on issues of non-compliance to reduce the duration of work stoppage. (7)
f. Close monitoring of contractors is performed by supervising team (each compartment is monitored by two supervisors) to ensure that relevant criteria are complied with accordingly. (7)
g. Cutting techniques are improved to increase recovery rate and reduce waste during production process. (8)

### RISK (#2) : BUSINESS SUSTAINABILITY (TIMBER)

**Key Controls**

**Pesaka/Pesama/PPSB**

1. To pursue suitable downstream businesses.

**Risk Action Plans**

**Pesaka/Pesama/PPSB**

1. New Strategic Directions:
   a) To set up moulding line at Pesama factory.
   b) To set up automated production line at Pesaka.
   c) To set up fingerjoint line at Pesama.

**Description**

The business sustainability of GPB going forward is a concern as the Group is dependent on its upstream log operations which supports the mid stream business of sawmilling and veneer. With increasing pressure by NGOs and foreign lobby groups who opposed logging operations due to their impact on the environment, the State may in the future curtail or downsize timber operations. In addition, given the downtrend in the profit contribution of GPB and the opportunity of preserving forests in exchange for carbon credit, there is a risk that the State may take a different view towards this industry in the future.

**Root Causes**

1. Dependency on revenue generated from logging operations.
2. External interference.
3. Unsuccessful forest plantation project.
4. Change in Government's policy i.e. reduction of quota.
5. Perceived as a sunset industry.
6. Operational/financial performance of the mill affecting the timber division.

**Existing Controls**

a. Any yield issue will be highlighted to JPNT the State Government's attention. (2,4)
b. Management maintains close working relationship with JPNT. (4)
c. Quarterly meetings with JPNT to discuss timber-related issues. (4)
d. Appeal for additional quota i.e. AAC from JPNT. (4)
e. Continuous communication and engagement with Malaysian Timber Industry Board (MTIB) on timber-related issues and/or news updates. (5)
f. New markets have been identified for timber products. (5)

## Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

### RISK (#3) : BUSINESS SUSTAINABILITY (GP GLASS)

**Key Controls**

**Golden Pharos Glass**

1. To penetrate new market/segment.

**Risk Action Plans**

1. To expand customer base including overseas markets.
2. To secure more government projects with assistance from Terengganu Inc. and the State government.
3. Enrolled in a new Quicksell online platform in August 2021 in place of Alibaba to capture new markets.
4. To replace one set of 2 units of the double edger machine including giant washer.

**Description**

The glass industry is highly competitive due easy entry into the industry by new players. The intense competitions and slowdown in the construction industry may affect our glass manufacturing business.

**Root Causes**

1. Ineffective strategic plans.
2. Lack of budget for branding and marketing activities.
3. Ineffective marketing strategy and execution.
4. Insufficient sales and marketing manpower.
5. Market perception i.e. lack of trust and confidence in the brand.
6. Competitive market i.e. easy entry for new players.
7. Dependency to foreign workers.
8. Construction delay/slow down.
9. Price war.

**Existing Controls**

a. Terminated Alibaba and enrolled in QuickSell free platform. (1,2)

b. Management and Sales and Marketing team maintain close rapport with existing customers i.e. compulsory daily customer visit and supplier visit. (1,3,6)

c. Management is involved in preparing marketing strategy. (1,3,6)

d. Management and/or relevant staff attend and/or participate in local exhibitions. (1,3,6)

e. Company has the advantage of being a pioneer and is well known in the market. (5)

f. Management ensures continuous improvement in terms of quality and efficiency of operations. (5)

g. Continue to scout for qualified candidates. (4)

h. Manage customer expectations for on-time delivery of quality product. (5)

i. Recruit suitable local workers. (7)

j. Explore for non-construction dependent segments. (8)

k. Explore new products using existing facilities. (8)

l. Match customer requests or competitors' prices as last resort. (9)

## Economic (Continued)

## Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

### RISK (#4): SUCCESSION PLANNING/COMPETENCY GAP

**Key Controls**

1. Improvement to recruitment/ promotion process.
2. Talent development.
3. Procedures revision.

**Risk Action Plans**

1. a) To perform review on the existing recruitment.
   b) Promotion process.
2. a) To establish a succession planning framework and a development programme in line with the framework.
   b) To establish a Performance Improvement Programme (PIP) framework for the retention or exit strategy of staff with huge gaps mainly in performance and competency which cannot be addressed.
   c) To prepare booklets on the benefits of the new terms and conditions.
   d) Job Description is provided to all staff in GPB Group.
   e) To implement GPB Group Terms & Conditions of Service and Compensation Policy.
3. a) To perform a comprehensive review of the current SOP and determine whether there is a need to establish or update the SOP to reflect the existing operating procedures.
   b) To conduct awareness and training sessions on the revised SOP to improve staff's knowledge and application techniques on work processes and procedures.

**Description**

**Succession planning** process is crucial to ensure continuity of leadership and operational management in the event of sudden departure or prolonged leave of any Senior Management team member/key staff who is holding a critical position. Lack of succession planning could disrupt the organisation's business activities, affect the strategic direction and ability to achieve the expected business growth.

**Competency gap** refers to the difference between the current and required competency levels of staff, operator or worker as identified by the immediate superior. Inability to meet Management's expectation on competency levels may result in difficulty of staff, operator or worker to execute the given task correctly and efficiently. There is a possibility that the employee is not able to execute the task given to them effectively due to the inability to understand the job requirement, industry and/or lack of experience in the related field. This will impact work productivity negatively.

**Root Causes**

1. Inability to attract skilled staff, operator and worker i.e. requirement for knowledge on wood types and wood technology.
2. Career development plan is not clearly defined and communicated to staff, operator and worker.
3. Complacency attitude due to issues including employee welfare, motivation, opportunities, workload, etc.
4. Lack of communication between superior and subordinate.
5. Ineffective training programme provided to the staff, operator and worker.
6. Ineffective performance appraisal process e.g. biasness.
7. Weaknesses in the recruitment process.
8. Lack of competency matrix to monitor the professional development of staff, operator and worker.

**Existing Controls**

a. Skilled worker e.g. sawyer is recruited on an annual contractual basis. (1)

b. Action is taken against non-performing staff, operator or worker. (3)

c. Internal training (staff, operator and worker) and external training (staff) are provided for knowledge enhancement. (5)

d. Performance of non-executive level employee is closely monitored and assessed by immediate supervisor. (5)

e. KPI and challenge session are carried out for executive level and above. (6)

f. A formal recruitment process including advertisements in JobStreet, MyFutureJobs, Linkedin and background checks are performed prior to recruitment process. (7)

g. Job description is provided to all staff.

## Sustaining Economic Value (GRI 102-9, 102-11, 102-15, 102-16, 102-17, 102-25, 102-30, 201-1, 201-2, 201-3, 201-4, 202-1, 202-2, 203-1, 203-2, 204-1, 205-3, 206-1, 207, 103-2, F4GBM)

### RISK (#5): PANDEMIC RISK

**Key Controls**

1. Vaccination programme.
2. Establish internal SOP.

**Risk Action Plans**

1. Updated memos and guidelines issued by the relevant Group departments for employees to refer and comply to.
2. The management and Heads of Department (HOD) closely monitor the numbers of staff who are permitted at the workplace to ensure full compliance to the government's directives and SOPs at all time.
3. To administer the vaccination programme for critical operations within the Group.
4. To establish Procedure For Covid-19 Management at Workplace.
5. To conduct training for Group Safety Committee members (GPGOSH) and HOS regarding Procedure For Covid-19 Management at Workplace.
6. Validation of internal assessment of COVID-19 SOP compliances.

**Description**

The multifaceted effects of the COVID-19 pandemic continue to impact on businesses globally by disrupting supply chains, travel, production and consumption as well as threatening operations and financial markets.

**Root Causes**

1. Spread of COVID-19 pandemic.
2. Imposition of various Movement Control Order (MCO) instructions by the Government.
3. Lack of awareness and understanding on the benefits of vaccination.

### RISK (#6): LIQUIDITY RISK

**Key Controls**

1. Cashflow management.
2. Fund acquisition planning.

**Risk Action Plans**

a. Proposal to tender out logging compartments in the remaining period of 2021.
b. Implement immediate cost cutting measures from the approved budget pursuant to the declining sales and cash inflow.
c. Utilisation of banking facilities to fulfill the immediate financial obligations.
d. Apply for loan moratorium for 6 months.
e. Participate in Government assistance programmes (PERMAI, PEMERKASA PLUS, PEMULIH).
f. Fund acquisition planning.

**Description**

It is important for GPB Group to have adequate current assets to meet present or short-term financial obligations. Poor liquidity management will lead to difficulty of organisation in meeting daily financial demands and may affect company operations.

**Root Causes**

1. Cessation of operations during MCO/Total Lockdown.
2. Operating under capacity restriction order under SOP regulated by the MKN/MITI.
3. Logging operations operate under the restrictive SOP of "Pembalakan Berskala Kecil" issued by the KETSA ministry.
4. Collections are slower as most customers are affected.
5. Difficult to raise funding for new projects due to Company/Group financial positions.
6. Monthly commitment on staff costs remained, despite no operations and sales.

**Existing Controls**

a. Utilisation of existing banking facilities – Overdraft, Banker's Acceptance (BA).
b. Withdrawal of fixed deposits.
c. Monthly review is performed on financial budget and cash flow budget against actual.
d. To require all HOS to present their cash flow position in a bi-weekly HOS/HOD meeting.
e. Close monitoring of inter-company debt settlement.
f. Close monitoring of dividend payment by subsidiaries.
g. Quarterly financial results and positions are updated and discussed at TI level, Audit Committee and Board of Directors.

# ENVIRONMENT: PRESERVING MOTHER NATURE

(GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

Environment (Continued)

## Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

**In the past two years as people, companies and governments were wrestling with the COVID-19 pandemic, other pressing global issues such as climate change and environmental integrity often took a back seat to economic and social concerns.**

**Yet, amid this shift in focus, GPB has kept our eye on the ball with regards to our commitment to protect and preserve the natural environment. This responsibility is due to the deep ties and symbiotic relationship we have with mother nature, particularly in the case of our Timber Division where we engage in forest management.**

The Group understands that forests are huge repositories of carbon and acknowledges our role in preventing the release of greenhouse gases (GHG) into the atmosphere, which is the primary cause of global warming and the existential threat it poses to humankind.

Beyond climate change, we are equally mindful of the adverse effects our operations and activities can have on such environmental issues as maintaining equilibrium in biodiversity, conserving natural resources as well as preventing pollution or contamination of the air, water and ground.

To mitigate our potential impact, both GPB's Timber and Manufacturing divisions operate within the stringent parameters and guidelines of a host of domestic and international laws, regulations, standards and practices.

Our reporting for the Environment pillar of sustainability in FY2021 covers indicators from both the GRI and F4GBM. In many cases, the indicators overlap so we have amalgamated their titles in some cases for ease of reference.

The indicators covered below include:

- Sustainable Materials (GRI 301, F4GBM)
- Energy Management (GRI 302, F4GBM)
- Water and Effluents (GRI 303, F4GBM)
- Chemical Management (F4GBM)
- Biodiversity (GRI 304)
- Emissions (GRI 305, F4GBM)
- Environmental Initiatives (GRI 103, F4GBM)
- Effluents and Waste/Circular Economy (GRI 306, F4GBM)
- Environmental Compliance (GRI 307)
- Supplier Environmental Assessment (GRI 308)

Environment (Continued)

## Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

### SUSTAINABLE MATERIALS

(GRI 301, F4GBM)

GPB only purchases raw materials for our glass manufacturing operations since our Timber Division is engaged in the entire value chain of upstream (log harvesting) to midstream (sawmilling and kiln drying) and downstream (plywood) activities. Apart from float glass, we also source for secondary materials such as chemicals for glass processing, carton and plastic for packaging, and tertiary materials including stationery for administrative purposes.

The Group is committed towards using sustainable materials in all our processes, wherever possible. At this stage, we are encouraging Environmentally Preferable Purchasing (EPP) or green purchasing from responsible suppliers for items such as office supplies and cleaning agents. We intend to compile data on the weight or volume of raw materials used in production and packaging (GRI 301-1) and the amount of recycled materials used (GRI 301-2) in the next Sustainability Report. We will continue to defer reporting on the proportion of reclaimed products and their respective packaging (GRI 301-3) for the present time.

### ENERGY MANAGEMENT

(GRI 302-1, 302-4, F4GBM)

Fossil fuels continue to be the primary source for the generation of electricity, comprising almost two thirds (63.3%) of global energy output in 2019[1]. That proportion is even greater in the case of Malaysia where 83% of electricity is produced via coal and gas-fired power plants[2].

*[1]Our World In Data (ww.ourworldindate.org)*

*[2]US Energy Information Administration (EIA) (www.eia.gov)*

The use of non-renewable sources such as fossil fuels not only depletes natural resources, but the combustion process required to generate electricity also results in GHG emissions that are fueling climate change.

GPB is fully aware of such consequences and adopts a two-pronged approach aimed at conserving energy and reducing our dependence on non-renewable energy sources.

During the year in review, our consumption of purchased electricity increased by less than 1% to 3,918,275 kWh. Apart from Pesaka and PPSB, all other subsidiary companies and our headquarters registered lower usage of electricity.

#### Electricity Consumption

| | |
|---|---|
| **Total**<br>**3,918,275 kWh**<br>2020: 3,887,943 kWh | **Total**<br>**RM1,941,349**<br>2020: RM1,913,604 |
| **HQ**<br>**24,586 kWh**<br>2020: 38,682 kWh<br>**RM11,596**<br>2020: RM18,246 | **KPKKT**<br>**44,262 kWh**<br>2020: 54,788 kWh<br>**RM21,529**<br>2020: RM26,661 |
| **PESAKA**<br>**267,590 kWh**<br>2020: 58,917 kWh<br>**RM115,749**<br>2020: RM25,505 | **PESAMA**<br>**435,135 kWh**<br>2020: 460,299 kWh<br>**RM356,597**<br>2020: RM377,294 |
| **PPSB**<br>**218,604 kWh**<br>2020: 134,430 kWh<br>**RM162,708**<br>2020: RM100,321 | **GP Glass**<br>**2,928,098 kWh**<br>2020: 3,140,827 kWh<br>**RM1,273,170**<br>2020: RM1,365,577 |

The Group has embarked on the tracking of energy intensity in two areas of production: harvesting of logs by KPKKT; and processing of architectural glass panels by GP Glass. This intensity level is represented by their individual electricity consumption against their respective units of production.

The figures presented in the table on this page represents the baseline for us to compare intensity levels in later years, with the goal being to reduce the intensity ratio.

**Energy Intensity**

**KPKKT**

Consumption (kWh): **44,262 kWh**

Unit of Production: **12,906**[1]

Intensity Ratio: **3.43**

**GP Glass**

Consumption (kWh): **2,928,098 kWh**

Unit of Production: **404,453**[2]

Intensity Ratio: **7.24**

[1] *hoppus tonnes of logs*

[2] *square meters of glass*

1. Harvested logs in hoppus tonnes (KPKKT).
2. Glass panels in square metres (GP Glass).

We intend to expand the monitoring of energy intensity to other products in the new financial year. Meanwhile, we will continue to defer reporting on GRI 302-2 (energy consumption outside the organisation) and 302-5 (reductions in energy requirements of products and services) until such time when we are in a position to fulfil the reporting requirements.

## WATER AND EFFLUENTS

(GRI 303-4, 303-5, F4GBM)

As the single most valuable resource on the planet, water provision for residential, commercial and industry use is coming under increasing threat due to various factors including rapid population growth, rising urbanisation and growing economic activities.

In Malaysia, the infrastructure for water supply such as treatment plants, distribution network and other facilities requires extensive upgrading while efforts are underway to uncover new water resources to ensure water sustainability, according to the Environment and Water Ministry*.

**Malay Mail, 11 March 2021; The Malaysian Reserve, 1 December 2020*

In addition, incidents of pollution in rivers and reservoirs over the past few years have led to shutdowns of treatment facilities and resulted in periodic disruptions to water supply for millions of homes, businesses and industries.

Cognisant of these issues, GPB fully subscribes to the principles of water conservation and water security. At all times, we implement measures to reduce water wastage for processes such as wood treatment and glass polishing.

In the case of glass production, we have safeguards in place to prevent the indiscriminate effluent discharge of chemicals that could cause water or ground in compliance with the Environmental Quality (Industrial Effluents) Regulations 2009.

## Environment (Continued)

## Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

Accordingly, we conduct periodic sampling and analysis of our effluent discharge at GP Glass in collaboration with a third-party laboratory specialising in water quality. During the year in review, our water consumption multiplied by approximately 2.3 times the previous year's total.

### Water Consumption

| | |
|---|---|
| **Total**<br>**123,791 m³**<br>2020: 53,394m³ | **Total**<br>**RM229,280**<br>2020: RM105,833 |
| **HQ**<br>**578 m³**<br>2020: 640 m³<br>**RM991**<br>2020: RM1,097 | **KPKKT**<br>**4,302 m³**<br>2020: 1,716 m³<br>**RM4,675**<br>2020: RM1,865 |
| **PESAKA**<br>**18,111 m³**<br>2020: 2,060 m³<br>**RM19,051**<br>2020: RM2,167 | **PESAMA**<br>**67,690 m³**<br>2020: 19,036 m³<br>**RM137,858**<br>2020: RM38,768 |
| **PPSB**<br>**5,087 m³**<br>2020: 2,338 m³<br>**RM7,178**<br>2020: RM3,299 | **GP Glass**<br>**28,023 m³**<br>2020: 27,604 m³<br>**RM59,527**<br>2020: RM58,637 |

Similar to the indicator of Energy Management, we are now tracking our water usage intensity for the same aspects of production. Likewise, the ratios presented in the table on this page represent the baseline numbers against which we will seek to reduce in the years ahead.

### Water Usage Intensity

**KPKKT**

| | |
|---|---|
| Consumption (kWh) | **4,302 m³** |
| Unit of Production | **12,906[1]** |
| Intensity Ratio | **0.33** |

**GP Glass**

| | |
|---|---|
| Consumption (kWh) | **28,023 m³** |
| Unit of Production | **404,453[2]** |
| Intensity Ratio | **0.07** |

[1] *hoppus tonnes of logs*
[2] *square meters of glass*

The GRI indicators of 303-1 (interactions with water as a shared resource), 303-2 (management of water-discharge related impacts) and 303-3 (water withdrawal) do not apply to our operations.

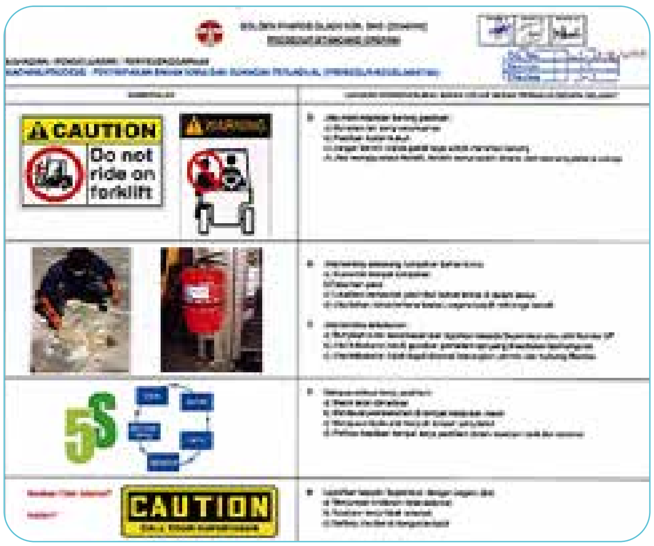
Environment (Continued)

Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

## CHEMICAL MANAGEMENT

(F4GBM)

Our subsidiary company GP Glass has stringent procedures for the proper management of chemicals, which is used in several glass cutting and polishing processes. Such safeguards are necessary to protect employees, visitors and others in the event there is spillage or accidental exposure.





## BIODIVERSITY

(GRI 304-1, 304-2, 304-3, 304-4)

One of the oldest in the world, Malaysia's forests are rich in biodiversity with teeming species of flora and fauna as well as assorted wildlife, some of which cannot be found anywhere else. The forests also represent a huge repository of carbon and other greenhouse gases whose uncontrolled release would serve to accelerate climate change.

As a forest management and timber concessionaire, we are custodians of these precious biological resources and GHG deposits. At all times, our management and operational activities are guided by a Forest Management Plan (FMP) 2008–2037.

Updated in 2015, the FMP is a framework for forest resource management, biodiversity conservation, climate amelioration and environmental protection. It provides policies and strategies on how to sustainably manage and protect all sentient life within our concession area and including surrounding habitats.

- **Forest Management**

  GPB's forest management subsidiary, KPKKT, oversees our forest concession at the Dungun Timber Complex (DTC) covering 103,688 ha and Cherul Forest Concession (CFC) in Kemaman, which is spread over an additional 20,243 ha. Within these concession area are six Permanent Reserved Forests (PRF) at DTC with the CFC being part of the Cherul PRF.

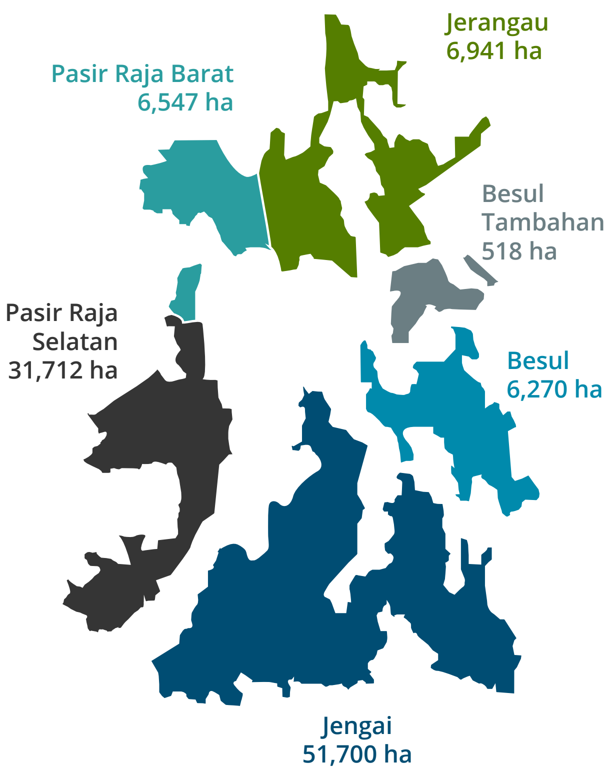
  To manage these areas, KPKKT leverages on a selective management system referred to as Sustainable Forest Management (SFM). The SFM encapsulates the requirements of the Forest Stewardship Council (FSC®) and Malaysian Criteria and Indicators (MC&I) for Forest Management Certification (Natural Forest).

## Environment (Continued)

## Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

Since 2008, KPKKT has been accredited with the SCS-FSC® Interim Standard for Forest Management Certification in Malaysia Version 5.0.2014, which is audited by Scientific Certification Systems (SCS) and awarded for well-managed forests. The certification is valid until early 2024.

**PERMANENT RESERVED FORESTS (PRF) AT DUNGUN TIMBER COMPLEX (DTC)**




**SUSTAINABLE FOREST MANAGEMENT (SFM)**

1. Determination of an annual working area to meet the Annual Allowable Cut (AAC) imposed by the State Forestry Department.
2. Selective felling operations to minimise unnecessary damage to the environment*.
3. Proper boundary demarcation to prevent accidental encroachment beyond the annual working area.
4. Efficient timber haulage and transportation to minimise forest damage.
5. Tree marking to identify logging selection.
6. Area rehabilitation and timber stand improvement to assess and regenerated forests**.

** To reduce the impact of logging activities on the biodiversity, we practice Reduced Impact Logging (RIL) and avoid ground cutting of slip roads by using existing forests roads cleared during the first 30-year rotation of timber harvesting (KPKKT is into the second rotation).*

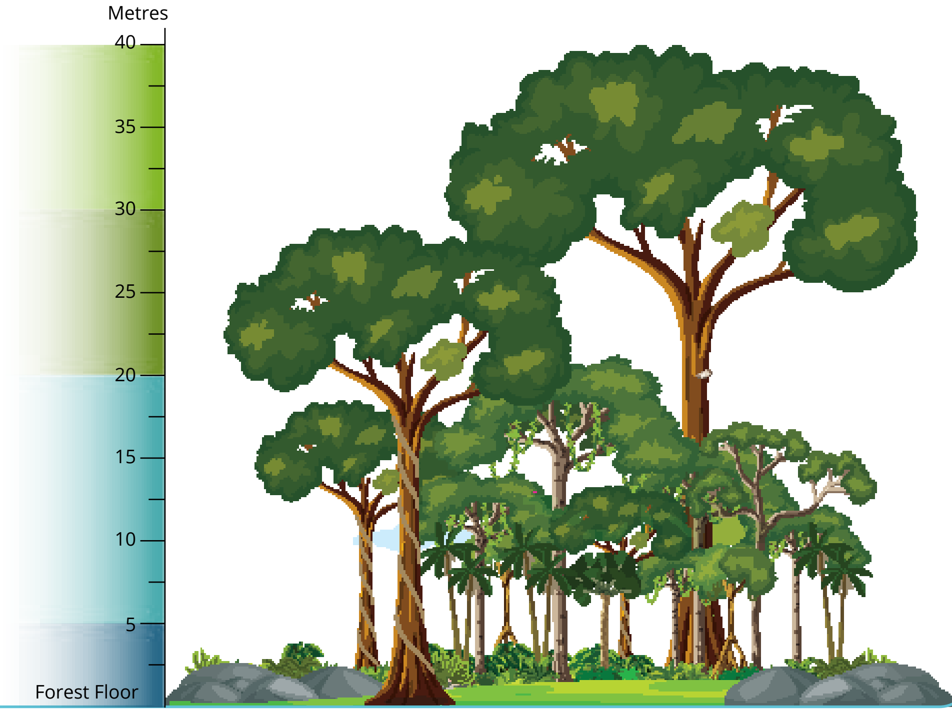
*** A post-felling inventory operation is conducted several years after the completion of logging to assess the regeneration status of the residual timber stand and decide on the appropriate timber stand improvement (TSI) operations for rehabilitation. The most common TSI operation is open-area planting by using fast-growing indigenous species from the nursery, which KPKKT maintains in the Jengai PRF covering an area of 0.56 ha and capable of accommodating 40,000 tree seedlings at any one time.*

### COMMON TIMBER STAND IMPROVEMENT MANAGEMENT

**Upper or emergency canopy:**
Composed of Shorea spp., tualang (Koompassia excelsal). Dipterocarpus spp. and kempas (Koompassia malaccensis) tress, characterised by widely spaced crowns.

**Main canopy:**
Generally a continous layer of dome-crowned tress and epiphytic fig (Ficus app.) and a rich habitat for birds and monkeys.

**Lower tree canopy or understorey:**
Consist of densely packed saplings and palms from whose branches lianas hang, rattans climb and on which epiphytic ferns and orchids sit.




Under KPKKT's concession from the Terengganu State Forestry Department, we have been allocated an AAC of 1,900 ha for timber harvesting. This limit excludes non-productive areas such as rivers and water bodies, buffer zones, sensitive sites, rock outcrops, forest infrastructure, roads and others.

KPKKT adheres to the FMP's guidelines for the protection of High Conservation Value Forest (HCVF) areas and this involves periodic assessments on the preservation of threatened or endangered biodiversity.

Accordingly, we have preserved 61 ha of HCVF at Compartment 31 and 24 ha in Compartment 24 in Jerangau, which is part of the DTC. We are currently in a partnership with Forest Research Institute Malaysia (FRIM) for the protection and restoration of HCVFs.

As always, we are also committed to mitigating the impact of logging on the environment by protecting residual potential crop trees (PCT), preserving biodiversity, replenishing soil, protecting water resources and restoring habitats.

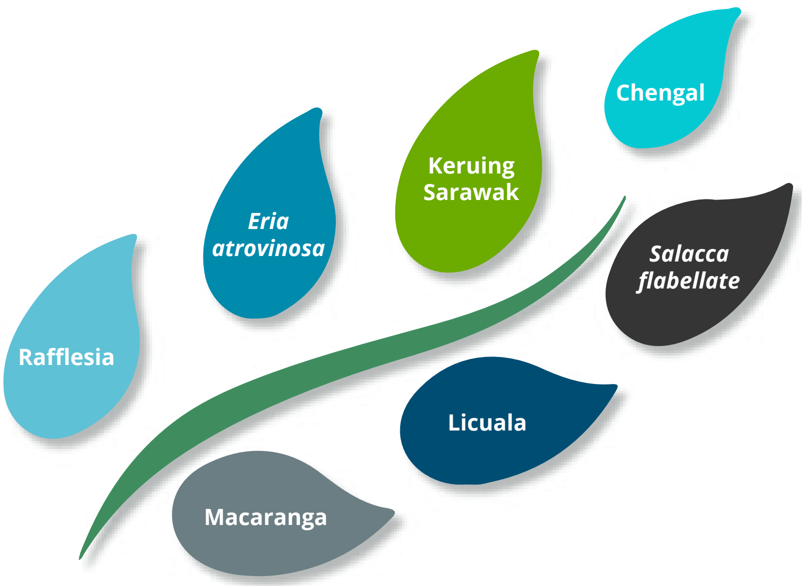
Our forest protection measures focus on encroachment, pests and disease outbreaks, fire, and pollution. These measures include the demarcation and control of boundaries, improvements in nursery practice and forest hygiene, securing buffer zones, and training to improve the fire-fighting skills of employees and contract workers.

Among the endangered tree species identified during a survey carried out for FMP were four Dipterocarp species along with the discovery of 35 new species in Terengganu; of which 11 are endemic to Malaysia. Apart from fauna, the survey also identified the Pandan Swamp as a potentially threatened and endangered ecosystem. The Pandan Swamp is located in the DTC area and is listed as an important water stress area.

## Environment (Continued)

## Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

Our forest areas are home to species under the International Union for Conservation of Nature (IUCN) Red List and National Conservation List under the Wildlife Protection Act 2010. The species are:




For soil and peat management, we adhere to guidelines on reducing the destruction of vegetation and peat. Further, we constantly monitor our logging areas to prevent soil erosion.

To maintain the integrity and quality of water resources within the concession areas, we maintain buffer zones around rivers and streams. Other measures include careful tree felling to avoid trees falling into

- **Wildlife Protection**

  KPKKT has a collaboration arrangement with organisations including the World Wildlife Fund (WWF) to identify threatened and endangered mammal species. A total of 19 species listed in the IUCN Red List have been recorded in our tropical rainforests including the Malayan tiger, Asian elephant, Malayan tapir, dhole and white-handed gibbon. Our forests are also home to 176 near-threatened, threatened and endangered bird species.

  To protect these species, we have measures to reduce poaching and encroachment such as regular patrols carried out together with federal and state forestry authorities. We also conduct community outreach programmes on the importance of biodiversity and have a policy barring hunting inside our logging areas.

*PPSB Chairman YB Maliaman bin Kassim and Terengganu Forestry Department's Director, Tuan Haji Roslan bin Rani planted a tree at Pulau Redang as a part of sustainability engagement with the locals.*

## Environment (Continued)

## Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

### ENDANGERED SPECIES IN OUR FORESTS

**Mammals:**

- Tapirs *(Tapirus indicus)*
- Tigers *(Panthera tigris)*
- Leopard *(Panthera pardus)*
- Clouded Leopard *(Neofelis nebulosa)*
- Leopard Cat *(Prionailurus bengalensis)*
- Asian Golden Cat/Asiatic Golden Cat/ Temminck's Golden Cat *(Pardofelis temminckii)*
- Marbled Cat *(Pardofelis marmorata)*
- White Handed Gibbon *(Hylobates Lar)*
- Asian Elephant *(Elephas Maximus)*
- Asiatic Wild Dog *(Cuon Alpinus)*

**Dipterocarpaceae Species:**

- Balau (*Shorea Spp)*
- Damar Hitam *(Shorea Spp (Yellow))*
- Gerutu *(Parashorea Spp)*
- Kapur *(Dryobalanops Aromatica)*
- Keruing *(Dipterocarpus Spp)*
- Merawan *(Hopea Spp)*
- Meranti Langgong *(Shorea Lepidota)*
- Meranti Nemesu *(Shorea Pauciflora)*
- Nemesu *(Shorea Pauciflora)*
- Rambai Daun *(Shorea Acuminata)*
- Sarang Punai *(Shorea Parvifolia)*
- Meranti Seraya *(Shorea Curtisii)*
- Meranti Tembaga *(Shorea Leprosula)*
- Meranti Paang *(Shorea Bracteolata)*
- Keladan *(Dryobarnops Oblongifolia)*
- Melantai *(Shorea Macroptera)*

**Birds:**

- Hornbills *(Family bucerotidae)*
- Malayan Peacock-pheasant/Crested Peacock-pheasant/Malaysian Peacock-pheasant *(Polyplectron malacense)*

**Other Species:**

- Karas *(Aquilaria Malaccensis)*
- Kembang Semangkok *(Scaphium Spp)*
- Kulim *(Scorodocarpus Borneensis)*

## Environment (Continued)

## Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

### EMISSIONS
(GRI 305, F4GBM)

Governments and corporations worldwide are increasingly mobilising to combat climate change, which if not controlled, will threaten humankind by rendering certain areas inhospitable, endangering food security as well as upending economic and social activities.

With global attention and resources diverted to COVID-19 over the past two years, advocates of climate action have warned that the goal of the Paris Climate Accords to cut GHG emissions by 50% in order to prevent global warming by more than 1.5°C by 2030 is unlikely to be achieved.

Given this precarious scenario, various parties including governing authorities, civil society and the investment community are bringing increasing pressure to bear on companies to take decisive steps towards reducing their carbon footprints.

GPB is responding to this imperative by tracking our GHG emissions with the intention of introducing initiatives geared towards lowering GHG emissions from both our timber harvesting and manufacturing businesses.

FY2021 represents the baseline for our exercise to identify sources of emission and calculate their GHG output according to guidelines recommended by the Intergovernmental Panel on Climate Change (IPCC), GHG Protocol and other relevant organisations.

As this is a complex and extensive undertaking, the Group has decided to measure our carbon footprint from Scope 1 and 2 for the year in review while deferring Scope 3 to a later stage. Further, we have also omitted emissions from refrigerants used in air-conditioners although we have identified and listed the number of units at all our premises along with their respective gases.

1

**Scope 1:**
Direct emissions from owned or controlled sources

2

**Scope 2:**
Indirect emissions from generation of purchased electricity

3

**Scope 3:**
Other indirect emissions from a company's value chain

*View from the Group's logging compartment.*

Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

## STATIONARY COMBUSTION – INVENTORY

**PESAMA**

Equipment: **Heat Boiler**

Type of Fuel: **Waste Wood**

**PPSB**

Equipment: **Steam Boiler**

Type of Fuel: **Waste Wood & Veneer**

## MOBILE COMBUSTION – INVENTORY

**GPB**
Type of Fuel: **Petrol**
Motor Vehicles: **4**

**PESAMA**
Type of Fuel: **Petrol**
Motor Vehicles: **4**

Type of Fuel: **Diesel**
Motor Vehicles: **2**
Lorries: **1**
Forklifts: **7**
Others*: **3**

**PPSB**
Type of Fuel: **Diesel**
Motor Vehicles: **1**
Lorries: **1**

**TOTAL**
Type of Fuel: **Petrol**
Motor Vehicles: **22**

Type of Fuel: **Diesel**
Motor Vehicles: **32**
Lorries: **5**
Forklifts: **16**
Others*: **10**

**KPKKT**
Type of Fuel: **Petrol**
Motor Vehicles: **3**

Type of Fuel: **Diesel**
Motor Vehicles: **22**
Lorries: **1**
Others*: **7**

**PESAKA**
Type of Fuel: **Petrol**
Motor Vehicles: **5**

Type of Fuel: **Diesel**
Motor Vehicles: **2**
Lorries: **2**
Forklifts: **5**

**GP Glass**
Type of Fuel: **Petrol**
Motor Vehicles: **6**

Type of Fuel: **Diesel**
Motor Vehicles: **5**
Forklifts: **4**

*Backhoe, log loader, motogrearly*

## REFRIGERANTS – INVENTORY

| GPB | Refrigerants | No. of Units |
|---|---|---|
| | R22 | 7 |
| | R23 | 2 |
| | R32 | 8 |
| | R410A | 7 |

| KPKKT | Refrigerants | No. of Units |
|---|---|---|
| | R22 | 10 |
| | R32 | 4 |
| | R410A | 7 |

| PESAMA | Refrigerants | No. of Units |
|---|---|---|
| | R22 | 16 |
| | R32 | 4 |
| | R410A | 5 |
| | RAS-24SKPX | 1 |
| | RAS-125SKPX | 1 |
| | RAS-24NKPX | 1 |

| PESAKA | Refrigerants | No. of Units |
|---|---|---|
| | R22 | 7 |
| | R32 | 2 |
| | R410A | 2 |

| PPSB | Refrigerants | No. of Units |
|---|---|---|
| | HFC-41 | 2 |

| GP GLASS | Refrigerants | No. of Units |
|---|---|---|
| | HR22 | 28 |
| | R32 | 7 |
| | R410A | 6 |

## NUMBER OF UNITS ACCORDING TO TYPE OF REFRIGERANT

| | |
|---|---|
| **R22** | **68** |
| **R23** | **2** |
| **R32** | **25** |
| **R410A** | **27** |
| **Others** | **4** |

## Environment (Continued)

## Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

During the reporting period, the Group's cumulative emissions (Scope 1 and 2) from our activities at corporate headquarters and five subsidiary companies amounted to 3,635.8 metric tonnes (mt) of carbon dioxide equivalent ($CO_2E$). The breakdown is provided on this page.

**GHG EMISSIONS TABULATOR**

| SCOPE | EMISSION SOURCE | FUEL TYPE | CONSUMPTION | $CO_2E$ (mt) |
|---|---|---|---|---|
| **HQ** | | | | |
| 1 | Mobile Combustion | Petrol | 6,165 litres | 14.7 |
| 2 | Purchased Electricity | Various | 24,586 kWh | 15.2 |
| **TOTAL: GPB** | | | | **29.9** |
| **KPKKT** | | | | |
| 1 | Mobile Combustion | Petrol | 8,400 litres | 20.1 |
| | | Diesel | 54,776 litres | 144.6 |
| **Scope 1 Sub-total** | | | | **164.7** |
| 2 | Purchased Electricity | Various | 44,262 kWh | 27.4 |
| **TOTAL: KPKKT** | | | | **192.1** |
| **PESAMA** | | | | |
| 1 | Stationary Combustion | Wood Waste | 20 mt | 36.6 |
| | Mobile Combustion | Petrol | 2,499 litres | 6.0 |
| | | Diesel | 4,955 litres | 13.1 |
| **Scope 1 Sub-total** | | | | **55.7** |
| 2 | Purchased Electricity | Various | 435,135 kWh | 269.8 |
| **TOTAL: PESAMA** | | | | **325.5** |
| **PESAKA** | | | | |
| 1 | Mobile Combustion | Petrol | 9,200 litres | 22.0 |
| | | Diesel | 20,511 litres | 54.1 |
| **Scope 1 Sub-total** | | | | **76.1** |
| 2 | Purchased Electricity | Various | 267,590 kWh | 165.9 |
| **TOTAL: PESAKA** | | | | **242.0** |
| **PBSB** | | | | |
| 1 | Stationary Combustion | Wood Waste | 82.5 mt | 151.0 |
| | Mobile Combustion | Diesel | 11,300 litres | 29.8 |
| **Scope 1 Sub-total** | | | | **180.8** |
| 2 | Purchased Electricity | Various | 218,604 kWh | 135.5 |
| **TOTAL: PPSB** | | | | **316.3** |
| **GP Glass** | | | | |
| 1 | Mobile Combustion | Petrol | 97,200 litres | 232.3 |
| | | Diesel | 182,700 litres | 482.3 |
| **Scope 1 Sub-total** | | | | **714.6** |
| 2 | Purchased Electricity | Various | 2,928,098 kWh | 1,815.4 |
| **TOTAL: GP Glass** | | | | **2,530.0** |
| **Group** | | | | |
| **Scope 1 Sub-total** | | | | **1,206.6** |
| **Scope 2 Sub-total** | | | | **2,429.2** |
| **GRAND TOTAL** | | | | **3,635.8** |

- *Conversion of wood waste to $CO_2E$ x 1.83kg (Source: www.engineeringtoolbox.com)*
- *Conversion of diesel to $CO_2E$: litre x 2.64kg (Source: www.ecoscore.be)*
- *Conversion of petrol to $CO_2E$: litre x 2.39kg (Source. www.ecoscore.be)*
- *Conversion of electricity to $CO_2E$ (Malaysia): kWh x 0.62kg (Source: www.worldbenchmarkingalliance.org)*
- *Rationale for conversion references:*
    - o *Ecoscore offers a more accurate conversion rate than other US-based references as Malaysia's diesel and petrol sources are either from Europe or Asia. In any case, the difference in conversion rates between Ecoscore and US-based converters are marginal and in the second decimal point.*
    - o *The conversion rate for electricity generation varies according to the types of power generators in each specific country. World Benchmarking Alliance has estimated that Malaysia's unique mix of power generation sources will emit 0.62kg of $CO_2E$ by 2023 from 0.59 in 2017 after taking into consideration the development of new power plants during the 2018-2022 five-year period. As such, we have opted to use 0.62kg (2023) as the emission factor.*

The baseline data has provided us with valuable insights as to the sources and their respective degree of emission. Going forward, we are set to introduce initiatives and implement measures to reduce the individual and collective carbon emissions.

---

## ENVIRONMENTAL INITIATIVES

(GRI 103-1, 103-2, F4GBM)

GPB is committed to green practices in all aspects of our operations and activities. Beyond our initiatives to protect biodiversity at our forest concession areas, the Group has introduced various environmental initiatives.

The following initiatives are key components of as our conservation efforts:

- Encourage recycling of paper, plastic and glass by sorting materials before discarding them;
- Encourage 'bring your own' containers for packing of purchased food and drinks to minimise general waste;
- Conduct video and voice conferencing for meetings to negate the need to travel. This has significantly reduced our corporate carbon footprint;
- Utilise alternative means of data and information distribution with the Group-wide use of email and thumb drives; and
- Mandate the culture of turning-off everything from lights to appliances and computers during break times and non-working hours.

---

## EFFLUENTS AND WASTE / CIRCULAR ECONOMY (GRI 306-2, 306-3, 306-5, F4GBM)

Proper management of industrial by-products in the form of effluent and waste materials is critical to alleviate water and ground contamination from hazardous substances such as chemicals and other non-hazardous substances. The Group is meticulous in its treatment of production derivatives, the bulk of which are generated by our glass manufacturing subsidiary, GP Glass, and our sawmill operators Pesama and Pesaka. To ensure that effluent discharge at GP Glass conforms with Standard B (Third Schedule of Environmental Quality [Sewage and Industrial Effluent] Regulation 1979), the company has its own wastewater treatment plant.

## Environment (Continued)

## Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

In the case of solid wastes, GPB and all its subsidiaries implement the practice of reduce, reuse and recycle (3R) wherever possible. For example, Pesama reuses its lubricating and hydraulic oils as grease for its sawmill operations. Recycling of materials for administration such as paper and other office stationery is widely encouraged in the spirit of the circular economy in which materials are repeatedly repurposed for alternative uses. Our solid wastes are either reused (Pesama and Pesaka), handled by competent third party contractors or disposed of in the landfill.

### PESAMA

Spent lubricating oil (SW305)
**400 kg**
2020: 1,245 kg

Spent hydraulic oil (SW306)
**100 kg**
2020: 310 kg

**Disposal Method**
Reused for sawmill operations

### PESAKA

Spent lubricating oil (SW305)
**200 kg**
2020: 45 kg

**Disposal Method**
Reused for sawmill operation

Disposed containers, bags or equipment (SW409)
**30 kg**
2020: 100 kg

**Disposal Method**
Competent Contractor

Contaminated rags, gloves, plastics, papers, filters (SW410)
**15 kg**
2020: 30 kg

**Disposal Method**
Competent Contractor

### GP GLASS

Contaminated rags, gloves, plastics, papers, filters (SW410)
**30 kg**
2020: 160 kg

Disposed containers, bags or equipment (SW409)
**24 kg**
2020: 33 kg

Residue oil (SW315)
**0 kg**
2020: 268 kg

Spent mineral oil (SW307)
**179 kg**
2020: 1,432 kg

Metal/Brine/Soap sludge containing metals such as chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium (SW204)
**1,500 kg**
2020: 13,500 kg

**Disposal Method**
Landfill

Preserving Mother Nature (GRI 103-1, 103-2, 301, 302-1, 302-4, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305, 306-2, 306-3, 306-5, 307-1, 308, F4GBM)

## ENVIRONMENTAL COMPLIANCE

(GRI 307-1)

The Group adheres to laws, treaties and declarations on forestry, biodiversity and the environment at industry, national and international levels, and abides by all regulations and standards related to manufacturing, as per listed below:

- National Forestry Act 1984.
- Wildlife and National Parks Act 2010.
- Occupational Safety and Health Act 1994.
- MC&I for Forest Management (Natural Forest).
- National Forestry Policy 1997.
- Environmental Quality Act 1974.
- FSC® Certification.
- National and International Convention on Biological Diversity.

## SUPPLIER ENVIRONMENTAL ASSESSMENT

(GRI 308)

GPB does not have a structured evaluation of environmental considerations for its identification and selection of vendors and suppliers. However, we are reviewing this aspect of our supply chain and may include data for this requirement in the future.

*Sungai Jerangau runs through the Jerangau Forest Reserve in KPKKT's Dungun Timber Complex (DTC).*

# SOCIAL: PRIORITISING OUR SOCIAL RESPONSIBILITY

(GRI 102-8, 401- 419, F4GBM)

"GPB is on track in integrating sustainability into the heart of our business. We believe that a healthy, diverse and engaged workforce is vital to our growth and success. Our people are the heart of the company and we are passionate about creating a fair, equitable and inclusive environment, where all can thrive and are given the opportunity to unlock their full potential."

We also value our customers and strive to produce quality products and top-notch services at competitive prices without compromising their well-being or privacy. It also extends to the local communities in which we operate as we seek to ensure that our economic and social activities generate long-term positive impact. Our corporate social responsibilities (CSR) are anchored on four pillars, namely Nature and Environment, Community, Sports and Education.

## EMPLOYMENT

(GRI 102-7 ,102-8, 401-1, 401-2, 401-3)

As a responsible employer that values our workforce as our greatest asset, we ensure that we recruit, retain and compensate our employees in a fair and equitable way. We recognise that our investment in employees is a vital enabler for the sustainability of our business and strive to put in place the appropriate environment and processes to facilitate a high-performance culture.

The group underlines employment terms and conditions for executive and non-executive employees, which cover compensation, promotion, privacy, talent development, industrial relations, and discrimination. The terms and conditions also stipulate the working environment, work schedules that incorporate rest periods, holidays, cause and procedures for disciplinary actions or dismissal, maternity privileges and occupational safety and health.

1. Freedom of Association Policy
2. Minimum Wages & Leave Pay Policies in Malaysia
3. Foreign Workers Recruitment Guidelines & Procedures In Malaysia

## Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

**Key highlights and commitment to policies and guidelines for employment:**

1. No recruitment fee policy
2. No retention of employee/ worker passports
3. Paying workers statutory minimum wage
4. Robust grievance mechanisms and procedures
5. No discrimination of workers and procedures for worker recruitment processes

*GPB Group organised a retreat for its Directors and staff at Pulau Redang to strengthen the bonding between everyone involved.*

Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

In this reporting period, the Group had a total complement of 410 employees including 104 contract workers for manual labour. The breakdown of employees is provided in the following infographic:

### WORKPLACE DIVERSITY

**410**
total workforce

427 in 2020

**76.0%**
of the total workforce are permanent employees

76% in 2020

**42.4%**
of the total workforce are below 40 years old

40.5% in 2020

**31.2%**
of the total workforce are women

30.8% in 2020

**7.6%**
are new employees

3.8% in 2020

### WORKPLACE BY QUALIFICATION

**2.2%**
PhD & Masters

1.7% in 2020

**11.2%**
Degree

11% in 2020

**86.6%**
Diploma or below

88.6% in 2020

### WORKPLACE BY CLASSIFICATION

**5.9%**
Manager and above

6% in 2020

**11%**
Executive

10% in 2020

**83.2%**
Non-executive

84% in 2020

### WORKPLACE BY RACE

**86.3%** Malay

83% in 2020

**3.9%** Indian

4.3% in 2020

**1.7%** Chinese

1.7% in 2020

**8.0%** Foreigner

11% in 2020

### TOTAL INTERNS AND CONTRACT WORKERS

**104** Contract

101 in 2020

**6** Trainee

5 in 2020

## Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

### BREAKDOWN OF EMPLOYEES

| | |
|---|---|
| KPKKT | 78 |
| GPFP | 5 |
| PBSB | 41 |
| GP Glass | 101 |
| PESAKA | 66 |
| PESAMA | 95 |
| GPB | 24 |

**410**
Group Total

### BY GENDER

| | | |
|---|---|---|
| KPKKT | 66 | 12 |
| GPFP | 2 | 3 |
| PESAKA | 47 | 19 |
| PESAMA | 58 | 37 |
| PPSB | 26 | 15 |
| GP GLASS | 71 | 30 |
| GPB | 12 | 12 |
| TOTAL | 282 | 128 |

### BY REGION

| | NON |
|---|---|
| 73 | 5 |
| 2 | 3 |
| 58 | 8 |
| 86 | 9 |
| 40 | 1 |
| 0 | 101 |
| 19 | 5 |
| 278 | 132 |

### BY EMPLOYMENT TYPE

| Permanent | | |
|---|---|---|
| KPKKT | 52 | 9 |
| GPFP | 2 | 3 |
| PESAKA | 43 | 16 |
| PESAMA | 57 | 30 |
| PPSB | 4 | 4 |
| GP GLASS | 38 | 30 |
| GPB | 7 | 11 |
| TOTAL | 203 | 103 |

| Contract | | |
|---|---|---|
| KPKKT | 14 | 3 |
| GPFP | 0 | 0 |
| PESAKA | 4 | 3 |
| PESAMA | 1 | 7 |
| PPSB | 22 | 11 |
| GP GLASS | 33 | 0 |
| GPB | 5 | 1 |
| TOTAL | 79 | 25 |

## TOTAL NUMBER OF EMPLOYEES, BY AGE GROUP, RACE, INTERNS & TRAINEES

| Age | -40 | +40 |
|---|---|---|
| KPKKT | 32 | 46 |
| GPFP | 5 | 0 |
| PESAKA | 9 | 57 |
| PESAMA | 20 | 75 |
| PPSB | 33 | 8 |
| GP GLASS | 62 | 39 |
| GPB | 13 | 11 |
| TOTAL | 174 | 236 |

| Qualifications | PhD & Masters | Degree | Diploma Or Below |
|---|---|---|---|
| KPKKT | 0 | 8 | 70 |
| GPFP | 0 | 4 | 1 |
| PESAKA | 0 | 4 | 62 |
| PESAMA | 3 | 6 | 86 |
| PPSB | 1 | 6 | 34 |
| GP GLASS | 1 | 7 | 93 |
| GPB | 3 | 13 | 8 |
| | 8 | 48 | 354 |

| Race | Malay | Chinese | Indian | Foreigner | Trainee |
|---|---|---|---|---|---|
| KPKKT | 78 | - | - | - | 1 |
| GPFP | 5 | 0 | 0 | 0 | 0 |
| PESAKA | 66 | 0 | 0 | 0 | 2 |
| PESAMA | 95 | - | - | - | 1 |
| PPSB | 41 | - | - | - | 1 |
| GP GLASS | 45 | 7 | 16 | 33 | 0 |
| GPB | 24 | - | - | - | 1 |
| TOTAL | 354 | 7 | 16 | 33 | 6 |

## Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

### NUMBER OF STAFF ACCORDING TO POSITION

| | Asst Manager & Above (E4-E9) | Executive (E1-E3) | Non Executive |
|---|---|---|---|
| KPKKT | 3 | 5 | 70 |
| GPFP | 1 | 3 | 1 |
| PESAKA | 3 | 6 | 57 |
| PESAMA | 3 | 10 | 82 |
| PPSB | 1 | 7 | 33 |
| GP GLASS | 4 | 6 | 91 |
| GPB | 9 | 7 | 8 |
| TOTAL | 24 | 44 | 342 |

### YEARS OF SERVICE

| | ≤5Y | 6-10Y | 11-15Y | 16-20 | 21-25Y | 26-30Y | >30Y | Total |
|---|---|---|---|---|---|---|---|---|
| KPKKT | 9 | 5 | 7 | 2 | 1 | 0 | 0 | 24 |
| GPFP | 4 | 0 | 1 | 0 | 0 | 0 | 0 | 5 |
| PESAKA | 47 | 28 | 7 | 8 | 8 | 3 | 0 | 101 |
| PESAMA | 12 | 9 | 18 | 0 | 10 | 10 | 7 | 66 |
| PPSB | 19 | 13 | 21 | 7 | 25 | 5 | 5 | 95 |
| GP GLASS | 41 | 0 | 0 | 0 | 0 | 0 | 0 | 41 |
| GPB | 34 | 13 | 6 | 1 | 9 | 6 | 9 | 78 |
| TOTAL | 166 | 68 | 60 | 18 | 53 | 24 | 21 | 410 |

### NUMBER OF SENIOR MANAGEMENT (SENIOR MANAGERS)

| | TERENGGANU | OTHERS |
|---|---|---|
| KPKKT | 1 | 0 |
| GPFP | 0 | 0 |
| PESAKA | 1 | 0 |
| PESAMA | 2 | 0 |
| PPSB | 1 | 0 |
| GP GLASS | 0 | 2 |
| GPB | 3 | 2 |
| TOTAL | 8 | 4 |

Social (Continued)

Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

## EMPLOYEE COMPENSATION AND BENEFITS

Our compensation packages have been standardised across the Group to ensure that the highest expectations are being embodied across our operations. We offer fair pay and generous benefits which include healthcare, insurance, parental leave, retirement gratuity and stock options.

## MARRIAGE LEAVE

**3 working days**
for first legal marriage.

## PARENTAL LEAVE (GRI 403)

**60 working days maternity leave**
for first legal marriage.

**1 day of paternity leave**
from birth

## NUMBER OF EMPLOYEES ENTITLED TO PARENTAL LEAVE

| | Male | Female |
|---|---|---|
| KPKKT | 66 | 12 |
| GPFP | 2 | 3 |
| PESAKA | 47 | 19 |
| PESAMA | 58 | 37 |
| PPSB | 26 | 15 |
| GP GLASS | 71 | 30 |
| GPB | 12 | 12 |
| TOTAL | 282 | 128 |

## STATUTORY CONTRIBUTIONS

Employees Provident Fund (EPF), Social Security Organisation (SOCSO) and Employment Insurance System.

## RETIREMENT BENEFITS

Gratuity payment as a token of appreciation for the service to the Group.

## STOCK

Our Employee Share Option Scheme (ESOS) is offered to our employees, giving them the opportunity to purchase the Group's shares at lower-then-market prices.

## ANNUAL SALARY INCREMENT AND BONUSES

Annual Salary increments and bonuses are based on performance scores derived from our Performance Management System. GPB's executive and non-executive employees only receive their bonuses after being recommended and subsequently approved by the Board of Directors of GPB and Terengganu Inc.

## FOREIGN EMPLOYEES

Our subsidiary, GP Glass, employs foreign labourers from Nepal, Bangladesh and Myanmar.

Our full-time employees are provided with housing allowances; staff quarters for factory workers at our sawmilling plants, and rented terrace housing for the labourers. Frequent inspections are conducted to avoid any health and safety risks at worksites and worker housing locations.

## Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

### TRAINING AND EDUCATION

(GRI 404-1, 404-2, 404-3)

We are determined to recruit, develop and retain the very best people within our sector while also identifying and developing potential talent within our Group. We believe in upskilling and reskilling talent to ensure that our employees are able to perform their level best in a competitive landscape. Our employees are encouraged to expand their expertise and technical skills through a wide range of programmes.

During the year in review, we were unable to fully utilise our Human Resource Development Fund (HRDF) for our employees to participate in physical training programmes due to the pandemic. However, that did not deter them from the pursuit of knowledge as they still attended training online. To retain our talents, we are building a framework for succession planning by firstly identifying key positions in GPB.

### TOTAL TRAINING PARTICIPATION AND HOURS

| Company | Employees | Hours | Male | Female |
|---|---|---|---|---|
| GPB | 24 Employees | ≥ 16 hours | 6 | 5 |
| | | ≤ 16 hours | 6 | 7 |
| PESAKA | 66 Employees | ≥ 16 hours | 47 | 19 |
| | | ≤ 16 hours | 0 | 0 |
| PPSB | 41 Employees | ≥ 16 hours | 26 | 15 |
| | | ≤ 16 hours | 0 | 0 |
| KPKKT | 78 Employees | ≥ 16 hours | 3 | 1 |
| | | ≤ 16 hours | 63 | 11 |
| PESAMA | 95 Employees | ≥ 16 hours | 10 | 16 |
| | | ≤ 16 hours | 48 | 21 |
| GP GLASS | 101 Employees | ≥ 16 hours | 5 | 5 |
| | | ≤ 16 hours | 66 | 25 |
| GPFP | 5 Employees | ≥ 16 hours | 2 | 3 |
| | | ≤ 16 hours | 0 | 0 |

Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

During the year in review, 80.6% of our executive employees attended an average of 16 hours of training, while 79.4% of non-executive employees underwent an average three hours of scheduled training. The total cost for training in FY2021 was RM87,876 (FY2020: RM41,169), which was 113.4% higher from the previous year.

**80.6%** executive employees

**79.4%** non-executive employees

**RM87,876** Total training cost

2020: RM41,169

We conduct an annual review of employee performance to ensure that our employees are given adequate training and are improving. The table below outlines the proportion of employees who underwent performance reviews in FY2020:

| COMPANY | PERFORMANCE REVIEW 2021 | PERCENTAGE |
|---|---|---|
| GPB | 20 | 5.7% |
| KPKKT | 70 | 19.9% |
| PESAKA | 59 | 16.8% |
| PESAMA | 91 | 25.9% |
| PPSB | 39 | 11.1% |
| GP GLASS | 68 | 19.3% |
| GPFP | 5 | 1.4% |

### Professional Excellence

GPB encourages active professional networking among employees to advance their careers and form long-term relationships, which are essential towards enhancing their credentials and reputation. We leverage on partnerships with our suppliers, vendors, and customers to provide fresh perspectives, insights into best practices innovation and ideas to stay abreast of the latest industry developments.

| CERTIFIED PROFESSIONALS | NO. OF EMPLOYEES |
|---|---|
| Certified Erosion, Sediment & Stormwater Inspector (CESSWI) by Envirocert International | 1 |
| Safety & Health Officer by Department of Occupational Safety And Health (DOSH) Malaysia | 2 |
| Certified CIDB Shassic Assessor (Safety And Health Assessment System In Construction) by CIBD Malaysia | 1 |
| Certified Technician (Electrical & Electronics Technology) Of Malaysia Board Of Technology (MBOT) | 1 |
| Malaysian Institute Of Accountants (MIA) | 6 |
| Licenced Secretary By SSM | 2 |
| Malaysian Institute of Human Resource Management (MIHRM) | 1 |
| The Association of Chartered Certified Accountants (ACCA) | 1 |
| Initial Era Ergonomic Trained Person (ETP) by DOSH Malaysia | 1 |
| Authorised Entrant And Standby Person For Confined Space (AESP) by National Institute of Occupational Safety and Health (NIOSH) Malaysia | 1 |

## Social (Continued)
## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

### EMPLOYEE ENGAGEMENT
(F4GBM)

Our employees is the cornerstone of our Group and we are committed to ensuring their well-being. Thus, employee engagement is a fundamental part of our work culture as our employees are with us every step of the way.

We engage in meaningful activities with them to encourage camaraderie and to motivate and encourage collaboration. In 2021, conducted the following activities:

1

Organise sport events once a month at headquarters level
- Golden Monsoon Ride 2021
- GPB Road to Lingai 2021
- GPB Group Bukit Besar Hiking
- *Kayuhan Ketuk Sahur Ramadan* 2021

2

Subsidiaries to organise events twice a year.
- *Surau* Opening Ceremony at PPSB
- *Solat Haja*t Ceremony at KPKKT
- *Solat Hajat* Ceremony at Pesama
- Official Launch of Veneer at PPSB
- Visit to Pesaka by Terengganu Inc's delegation accompanied by GPB's CEO
- *Kayuhan Ketuk Sahur Ramadan* 2021
- *Berbuka Puasa* Ceremony at GPB
- GPB *Yaseen* recital session
- Board of Directors Retreat to Redang Island
- GPB Employee Annual Dinner
- *Solat Hajat* at GP Glass

*The Head of GP Glass Sdn Bhd gave a briefing on products during a visit by GPB Board members and management.*

Social (Continued)

Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

## OCCUPATIONAL SAFETY AND HEALTH

(GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10)

### Managing COVID-19 Health And Safety Protocols

As at 31 December 2021, 100% of GPB employees have been fully vaccinated and all of them have returned to work.

Stringent adherence of COVID-19 SOPs at workplace.

All offices and factories are registered with MySejahtera.

Implementation of verified and secured digital signatures for official documents.

Migration from physical meetings to video conferencing/online meeting platforms.

Self-monitoring/assessment of health conditions by all employees, whether at site or at home.

Employees are to self-isolate if symptoms are detected, and to notify medical professionals immediately.

Mandatory medical screening prior to entry at work sites (including full COVID-19 screening organised by the company). Enforced social distancing at all offices and factories aimed at limiting gatherings.

Mandatory wearing of masks in all areas where social distancing is either not possible or there is limited space.

Enforcing proper hygiene-related practices, including frequently washing hands and the use of hand sanitisers.

Mandatory temperature scans before entering any office or factory.

Increase frequency of cleaning and sanitising work areas and equipment at all locations, including worker accomodation and cafeterias at allfactories.

Improved food safety protocols were observed with self-serve options removed and all food required to be individually wrapped and packed at factory cafeterias. Sharing of food is discouraged and physical distancing is to be observed at all dining areas and office pantries.

Travel restriction imposed on all employees to avoid unnecessary travel and mandatory self-quarantine must be observed by anyone returning from international trips and must be consistent with the Government's COVID-19 SOPs.

Job protection remains in place for employees in quarantine or self-isolation due to COVID-19.

Work From Home (WFH) remain in effect for all employees who are able to continue being productive.

## Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

### SHUTDOWN OF OPERATIONS

| Capacity restriction period | | | No. of weeks | % Allowed to operate |
|---|---|---|---|---|
| 13.01.2021 | – 21.01.2021 | Conditional Movement Control Order (CMCO) Terengganu | 1 | **Management** : 30% **Others** : 100% |
| 22.01.202 | – 6.02.2021 | Movement Control Order (MCO) 2.0 Terengganu | 2 | 100% |
| 7.02.2021 | – 18.02.2021 | MCO 2.0 Terengganu | 2 | 100% |
| 19.02.2021 | – 3.3.2021 | CMCO Terengganu | 2 | **Management** : 30% **Others** : 100% |
| 4.3.2021 | – 11.5.2021 | Recovery Movement Control (RMCO) Terengganu | 5 | 100% |
| 12.05.2021 | – 7.6.2021 | MCO 3.0 Terengganu | 4 | 60% |
| 1.06.2021 | – 4.07.2021 | Total Lockdown ( Phase 1 ) | 4 | - |
| 5.07.2021 | | Terengganu Phase 2 | 2 | 80% |
| 17.9.2021 | | Terengganu Phase 3 | - | 100% (19/9/2021 back to work) |

**GP Glass** **1.** Resumed work in early August 2021 (60%) **2.** September 2021 (100%)

At all times, GPB prioritises the well-being and safety of our employees and contract workers engaged in logging, sawmilling, glass manufacturing and other activities.

Our Occupational Safety & Health Committee (GPOSHCOM) was established on 28 November 2018 to ensure our employees and workers consistently operate in accordance with the Occupational Safety and Health Act 1994 (OSHA 1994) and the Factories and Machinery Act 1967 (FMA 1967), which are enforced by DOSH under the Ministry of Human Resources.

All our employees and visitors to our premises are required to adhere to prevailing SOPs on safety. GPOSHCOM reports to the CEO once every three months. GPOSHCOM will present safety and health-related reports and activities during Group Management Committee (GMC) meetings to specifically address safety and health issues, Safe Man Hours (no recordable incidents occured during hours worked), Lost Time Injury, safety programmes and compliances.

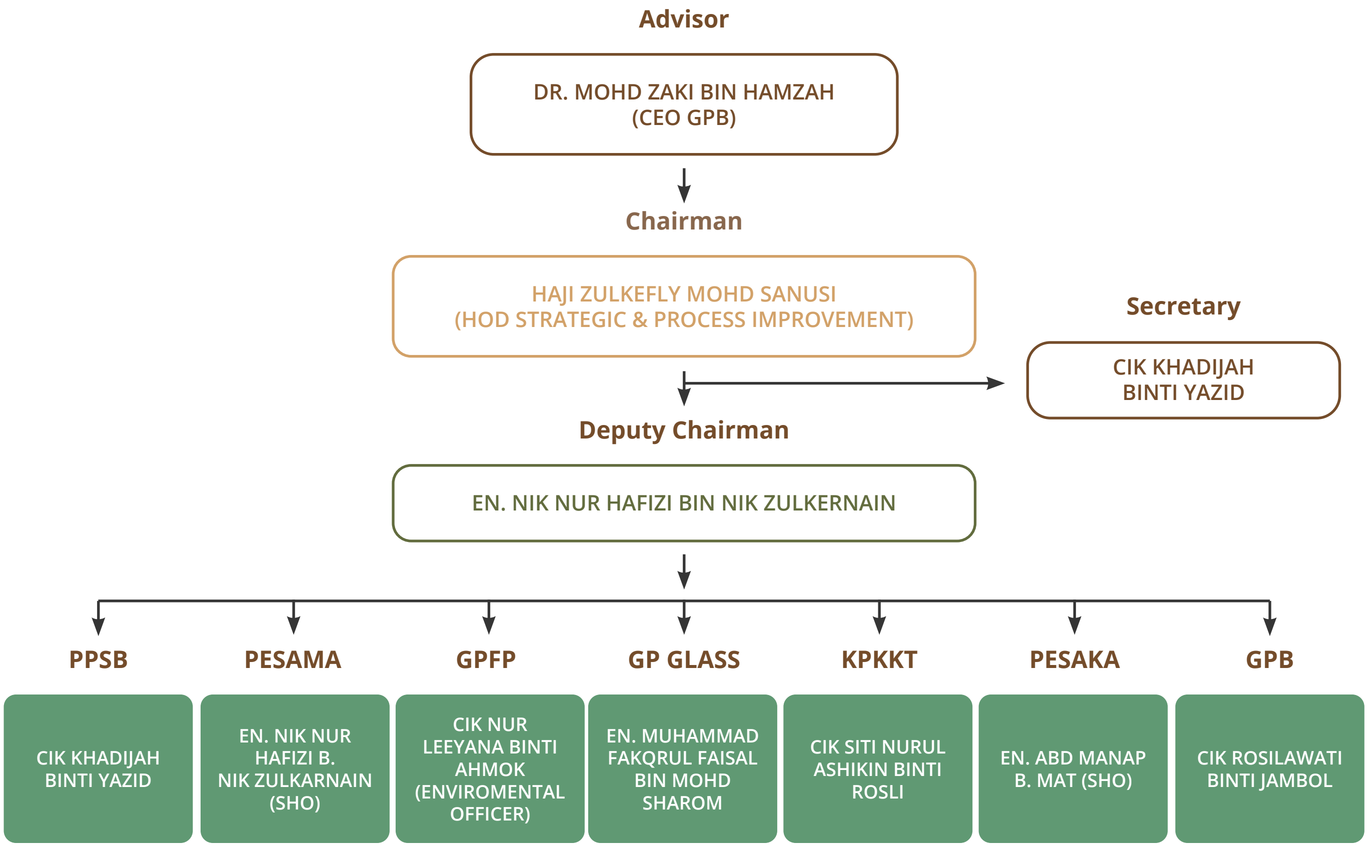
Occupational Safety and Health also involves processes covering the identification of hazards and assessment of and procedures for investigation in the event of any untoward incident. Among others, these assessments include the following tasks:

1. Hazard reporting
2. Stop work and evacuation from any hazardous situation
3. Corrective actions
4. Continuous improvements

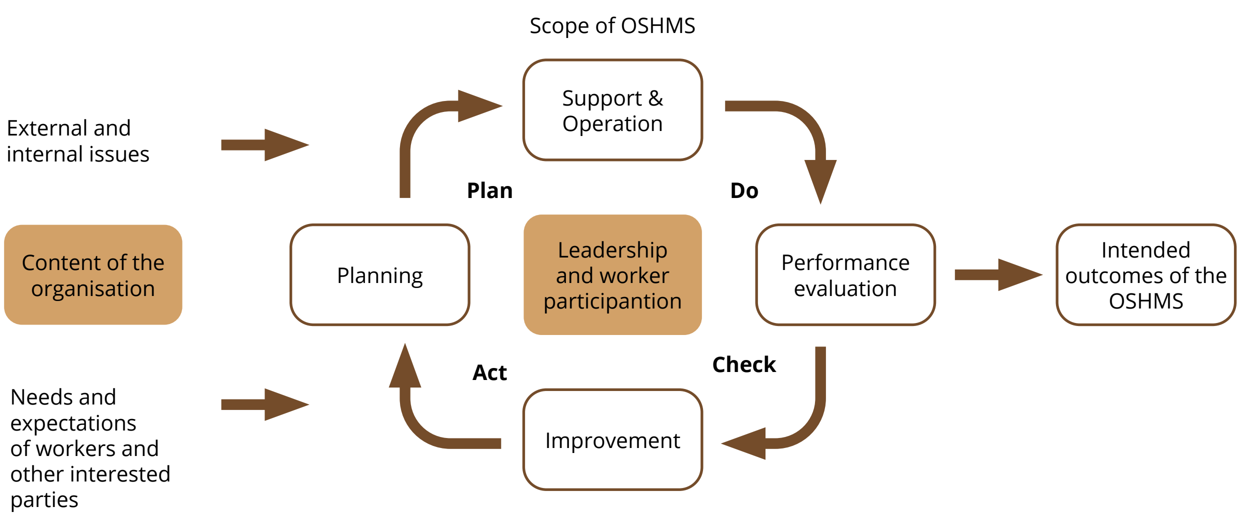
Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

### GPOSHCOM ORGANISATION CHART




### SCOPE OF OSH MANAGEMENT SYSTEM




*Source: based on ISO 45001 Occupational Safety & Health Management System*

## Social (Continued)
## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

In case of any incidents, we have an emergency plan that includes regular training sessions and drills to ensure the readiness of employees, contract workers and nearby communities.

Our Hazard Identification, Risk Assessment and Risk Control (HIRARC) is a comprehensive framework to safeguard our workforce via regular Chemical Health Risk Assessments (CHRA), noise monitoring and medical check-ups.

These health and safety measures are communicated to employees by Group and subsidiary-level OSH committees. The committees convene every quarter to brief as well as consult with employees and contract workers. Over and above the meetings, we also communicate updates and post constant reminders on notice boards and through memos, emails and WhatsApp messaging.

All operators and workers who handle chemicals at our treatment plants undergo pre-employment and pre-placement medical examinations. They are put under medical surveillance as required under the Occupational Safety and Health (Use and Standard of Exposure Chemicals Hazardous to Health) Regulations, 2000 P.U.(A)131 enforced by DOSH.

As per safety regulations, our logging and sawmill workers are provided with personal protective equipment (PPE) and are trained to use the gear in the event of a mishap.

During the year in review, there were seven incidences of work-related injuries and ill-health incidents at GP Glass. All the cases were duly reported to DOSH and other relevant authorities. We have taken proactive steps to conduct more comprehensive safety briefings to reduce the number of incidents and accidents.

**SAFETY AND HEALTH STATISTICS 2021**

| | |
|---|---|
| * Injury Rate (IR) | 21.3 |
| * Occupational Disease Rate (ODR) | 0 |
| Loss Time Injury Frequency Rate (LTIFR) | 10.7 |
| * Fatality Rate (FAR) | 0 |

Apart from the incidents mentioned earlier, GP Glass met all other health and safety KPIs including zero deaths for the reporting period. Efforts are being stepped up to achieve better results in the following year.

Our Group Safety Committee members and Safety and Health Officer at our subsidiaries conduct Occupational Safety and Health Workplace Assessments (OSHWA) at least once a year (twice at KPKKT).

To reduce incident and accident rates, we have put in place the following measures:

1) Regular toolbox meetings/safety briefings to workers before commencement of work.
2) The operating units conducts periodic training sessions for workers on SOPs, OSH and Sustainability.
3) Safety and warning signs are regularly updated.
4) The SHO conducts an annual Compliance and Sustainability Audit for all operating units to ensure compliance with all regulatory requirements and the Group's OSH Policy.

## LABOUR MANAGEMENT RELATIONS

(GRI 402-1)

The Group is dedicated towards developing and maintaining productive and collaborative relationships with our employees. Our Board of Directors and Senior Management Team make regular site visits to our logging and sawmilling as well as glass processing facilities. These visits encourage proactive on-site engagement between our Board Members, Senior Management, and employees in addition to providing a first-hand view of the processes and operations.

### Policy of Notice Period for Significant Changes in Operations

The notice period varies between two weeks and 12 months depending on the level of severity, priorities, and the impact of any major operational changes, or as and when required for employees to adapt and adjust accordingly. The termination procedures are clearly stated in the employment offer letter. However, unless otherwise specified, procedures are in accordance with the Employment Act 1955.

*View inside a sawmill owned by Pesaka.*

Social (Continued)

# Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

## DIVERSITY AND EQUAL OPPORTUNITY

(GRI 405-1, 405-2)

We encourage diversity in the workplace to create an environment free of any form of harassment, including race, religion, national origin, gender, ethnicity, ancestry, non-disqualifying physical or mental disabilities, marital status, or gender identity issues, in accordance with the Group's Gender and Diversity Policy.

While the Group encourages female employees to continually improve their skills, the nature of our key industries is clearly male-dominated and will continue to be so due to the labour-intensive tasks of our operations.

Female employees are mostly involved in management and administration, with equal opportunities provided to both male and female employees to further their careers.

Despite the fact that males outnumber females by more than two-to-one among permanent and fixed-term employees, we strive to increase female employment numbers by offering higher remuneration to female entry-level employees. During the reporting period, we did not hire any people with disabilities.

## NON-DISCRIMINATION

(GRI 406-1)

We ensure our workplace is free from any form of discriminating whether on race, religion, gender, age group, disability or any other factor that distinguishes individual employees apart from others. There were no incidents of discrimination of any kind recorded during the year in review.

## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (GRI 407)

We do not practise collective bargaining in relation to employee remuneration, benefits, working conditions and other issues. However, we are open to discussions and suggestions on such matters.

In any case, we often consult with our employees to ensure their needs and preferences are met to maintain a good work environment.

## CHILD LABOUR

(GRI 408)

We do not employ under-aged labour in line with relevant local employment laws and regulations. This also applies to businesses in our supply chain.

## FORCED OR COMPULSORY LABOUR

(GRI 409)

GPB is opposed to forced or compulsory labour both internally and among our vendors and suppliers.

## SECURITY PRACTICES

(GRI 410-1)

The Group's security officers are sourced from a professional security firm where third-party training are provided for on-site security and guest access management. Although they are not trained in our human rights policies, our Human Resources and Administration Department monitors their actions.

## RIGHTS OF INDIGENOUS PEOPLE AND LAND TENURE RIGHTS

(GRI 411-1)

Within our forest concession areas, we coexist peacefully and cooperatively with the *Orang Asal*. Although the *Orang Asal* do not live within our boundaries, our subsidiary companies KPKKT and Pesama, are always sensitive to their requirements and will provide the necessary help should they trespass into the forest locations. We ensure that our employees and contractors have been briefed on this issue and instructed to treat the *Orang Asal* community with respect. We recognise the obligations that come with tenure rights, such as long-term protection and sustainable use of land, forests and fisheries. This is carried out in compliance with national requirements as well as local laws and regulations.

We respect the rights of indigenous and local communities to provide or withhold their Free, Prior, and Informed Consent (FPIC) to the development of land over which they have legal, communal, or customary rights. There were no reported violations of indigenous people's rights in Malaysia in 2021.

KPKKT and Pesama are also members of the district level Joint Consultative Committee, which was established to address any forest land ownership conflicts. In our forest concession regions, there have never been any such disputes.

*GPB Group organised a retreat among its directors and staff at Pulau Redang to strengthen the bonding between everyone involved.*

## HUMAN RIGHTS ASSESSMENT

(GRI 412-1)

As a proponent of human rights, we are committed to protecting the rights of our employees in accordance with all relevant legal requirements and regulations as well as with the Universal Declaration of Human Rights.

At present, we do not have any specific policies or guidelines on this matter, having never been subject to any human rights reviews or impact assessments. As yet, we have never held any training on human rights policies or procedures (GRI 412-2), nor have we dealt with any investments and contracts which specifically include related clauses or requirements for screening (GRI 412-3).

# Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

### COMPLAINTS AND GRIEVANCES MANAGEMENT

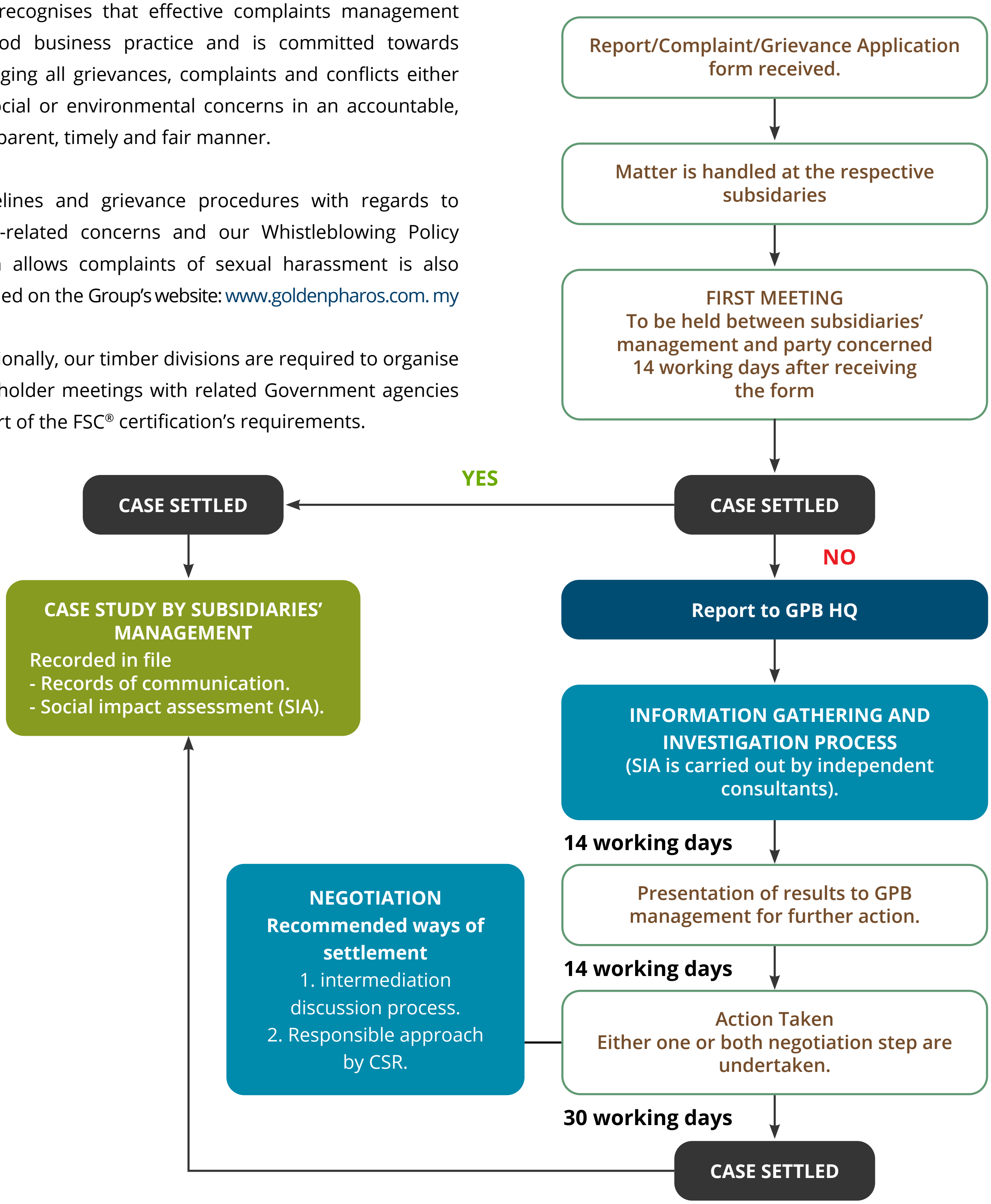
(F4GBM)

GPB recognises that effective complaints management is good business practice and is committed towards managing all grievances, complaints and conflicts either on social or environmental concerns in an accountable, transparent, timely and fair manner.

Guidelines and grievance procedures with regards to social-related concerns and our Whistleblowing Policy which allows complaints of sexual harassment is also outlined on the Group's website: www.goldenpharos.com. my

Additionally, our timber divisions are required to organise stakeholder meetings with related Government agencies as part of the FSC® certification's requirements.

### FLOW CHART ON CONTROL OF SOCIAL ISSUES (STAKEHOLDERS/REPORTS/COMPLAINTS/GRIEVANCEA APPLICATIONS



## LOCAL COMMUNITIES

(GRI 413-1, 413-2)

Since our inception, GPB has prioritised the cultivation of strong ties with local communities across our entire chain of operations.

The Group constantly engages in community outreach as part of efforts to conduct our businesses in a responsible manner to minimise any negative impact on residents in the vicinity of our operating sites. In the case of our Terengganu operations, we ensure that our activities are FSC® certified via active engagement with local communities.

We are also enthusiastic participants in philanthropic activities via our extensive community programmes, with an emphasis on education and sports activities. By developing a safe environment for the community, this will help to reduce poverty, pollution and health risks.

Towards this end, we have established local community consultation committees which collaborate on development programmes based on local community needs.

This extract from our CSR Policy reflects our commitment and initiatives to empower vulnerable groups, promote environmental protection and support active lifestyles in the communities we serve.

### EXTRACT FROM CSR POLICY

**NATURE AND ENVIRONMENT**

Forestry, logging, sawntimber and plantations are the Company's main business activities.

**COMMUNITY**

To comply with the 10 FSC® certification principles, the Company shall contribute to maintaining or enhancing the social and economic well-being of local communities affected by operations.

**SPORTS**

To support and create public awareness of healthy lifestyle among its employees. The FSC® certification also stresses that the Company shall maintain or enhance the social well-being of workers

**EDUCATION**

To support any educational activities and purposes in order to create awareness among the public, which relates to nature and environment and complies with the categories above.

## Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

Our CSR Policy sets out an allocation of either 0.5% of annual revenue or 10% of Profit Before Tax (PBT) for community projects and direct contributions. These contributions are allocated specifically for organisations that are registered with the Registrar of Societies Malaysia (ROS).

### GPB 2021 CSR CONTRIBUTION

**RM13,000**
Flood Relief

**RM14,000**
Academic Institutions

**RM10,000**
Terengganu State Sports Development Fund

**RM7,000**
Ramadhan Hampers for Employees

**RM25,000**
GPB Back To School (School Aids)

**RM19,000**
Terengganu Inc Events

**RM12,000**
Employee Deaths/ Accidents/Marriages

**RM28,000**
FSC® Programme

**RM48,000**
Community Development

**RM18,000**
Contribution of Preserved Dates for Employees

**RM4,000**
Media Engagement

**RM26,000**
Associations

**RM13,000**
Tabung Darul Iman Fund

**Total**
**RM237,000**

Social (Continued)

Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

8 January 2021

**PPSB aids staff affected by floods**

PPSB came to the aid of three employees whose families in Kampung Jongok Batu and Pasir Raja were affected by flooding.

16 January 2021

**KPKKT launches "Flood Relief Programme" for employees**

KPKKT developed a Flood Relief Programme to ease the burden of employees in flood-hit Kemaman and Bukit Besi.

13 January 2021

**Pesama joins Terengganu Inc's flood relief programme**

A total of 16 volunteers from Pesama participated in the *Pasca Banjir* programme organised by Terengganu Inc, which involved cleaning houses affected by floods in Bukit Mentok, Kemaman.

4 April 2021

**GP Glass complies with government's new Covid-19 policy**

GP Glass regularly carried out RTK Antigen test for all employees in line with the Government's COVID-19 requirements for the industry.

## Social (Continued)
## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

**13 April 2021**


**Golden Pharos joins *bubur lambuk* giveaway by Terengganu Inc Group**

Over the course of three days, GPB joined Terengganu Inc to distribute *bubur lambuk* to local residents of Kuala Terengganu. This Ramadan initiative was held at Masjid Abidin.

**17 April 2021**

**PPSB shares *bubuk lambuk* with local community**

Employees of PPSB became chefs for the day by cooking 1,000 bowls and packets of *bubur lambuk* for the local community in Bandar Al-Muktafi Billah Shah. This programme is held annually during the month of Ramadan.

**23 April 2021**

**GPB donates copies of the *Quran***

In the spirit of Ramadan, GPB distributed 250 copies of the *Quran* sponsored by Iman Care to several mosques and *surau* as well as selected organisations.

**2 May 2021**

***Kayuhan Ketuk-Ketuk Sahur* Ramadan 2021 by GP Cycling Team**

The GP Cycling Team took part in the *Kayuhan Ketuk-Ketuk Sahur* Ramadan 2021, a 60km ride from Dungun to Marang to distribute food for sahur to the elderly in Rhu Rendang. The event was organised by GPB, Terengganu Safety Training Centre (TSTC), Ladang Rakyat Terengganu (LRT) and Manis FM.

Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

**12 May 2021**

### GPB Board members and employees break fast at Drawbridge

GPB organised an *iftar* ceremony with its Board of Directors and employees at the Kuala Terengganu Drawbridge. Attendees included Chairman YM Dato' Tengku Hasan Tengku Omar and former CEO Dato' Nadza Abdul.

**23 June 2021**

### PPSB helps workers during the MCO

More than 80 non-executive employees of PPSB received food supplies from the company on 23 June 2021. The food aid programme by GPB and its subsidiaries was intended to ease the burden of PPSB employees affected by MCO 3.0.

**23 December 2021**

### GP Cycling Team comes to the aid of flood victims

The GP Cycling Team with the support of GPB delivered food supplies to flood victims in Kampung Pasir Raja. Leading the effort was Head of Subsidiary for PPSB En Ahmad Bazli Razali.

# Social (Continued)

## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

Beyond our charity initiatives, GPB carries our Social Impact Assessments (SIA) on a periodic basis with the aim of creating business and employment opportunities for forest-dependent communities within our concession areas.

To date, SIAs were completed in 2009, 2014, 2018 and 2020. Under the latest SIA, consultants were commissioned to, among others:

1) Identify the benefits and adverse effects on the communities.
2) Understand any negative perceptions that might hinder local communities from participating in project activities.
3) Propose mitigation measures for any adverse effects.
4) Propose stakeholder participation to promote better understanding and build rapport between KPKKT and local communities.

Among the 20 recommendations for mitigation measures presented in the SIA were:

1) Creation of a database on pertinent social and economic information.
2) Image-building to portray KPKKT as friendly and a socially-acceptable company.
3) Capacity building and employee education on community engagement.
4) Implementation of an aggressive forest rehabilitation programme.
5) Better conservation.
6) Enhancement of public relations via increased CSR activities.
7) Construction of better infrastructure for villages in the vicinity.

In April 2017, Pesama updated its SIA after the initial assessment that was carried out in 2012. The SIA focussed on the four villages and an Orang Asal settlement near its CFC and according to the survey, certain individuals continued to forage for food and timber supplies, but generally the local communities did not depend on the forest for their livelihood.

Nevertheless, all five groups expressed similar sentiments over the environment and the need to protect natural forest resources, such as drinking and non-drinking water, water recreation, fisheries and tourism. Many of the mitigation measures recommended by Pesama's SIA were similar to KPKKT's version.

### SUPPLIER SOCIAL ASSESSMENT

(GRI 414)

GPB has yet to screen suppliers using any social criteria and this area is still under consideration for implementation in the future.

### PUBLIC POLICY

(GRI 415-1)

Our Board Members and senior management personnel do not engage in any public policy development or lobbying.

### CUSTOMER HEALTH AND SAFETY

(GRI 416-1, 416-2)

GPB is committed to quality and industry best practices as required by various certifications and we prioritise the health and safety of customers by ensuring all our products conform to the respective local and international standards.

During the year in review, there was no record of any incidents of non-compliance to health and safety requirements resulting in fines and penalties, nor were there any incidents of non-compliance resulting in warnings.

## MARKETING AND LABELLING

(GRI 417-1, 417-2, 417-3)

Product labelling is an essential part of consumer assurance as it provides authentication on various concerns, such as origin, quality standards, components, materials and others. The Group ensures that our glass products feature information, such as glass type, SIRIM logo and other pertinent information. We did not record any incidents of non-compliance with regulations or in the case of marketing communication.

## CUSTOMER PRIVACY

(GRI 418-1)

We always respect our customer's privacy. No complaints were registered on this issue during the year in review. Additionally, we abide by the Personal Data Protection Act 2010 (PDPA).

## SOCIO-ECONOMIC COMPLIANCE

(GRI 419-1)

No socio-economic fines or sanctions for non-compliance with laws and regulations were incurred by GPB during the year in review.

*GPB CEO Dr Mohd Zaki bin Hamzah inspected the quality of products at GP Glass during the recent visit.*

# Social (Continued)

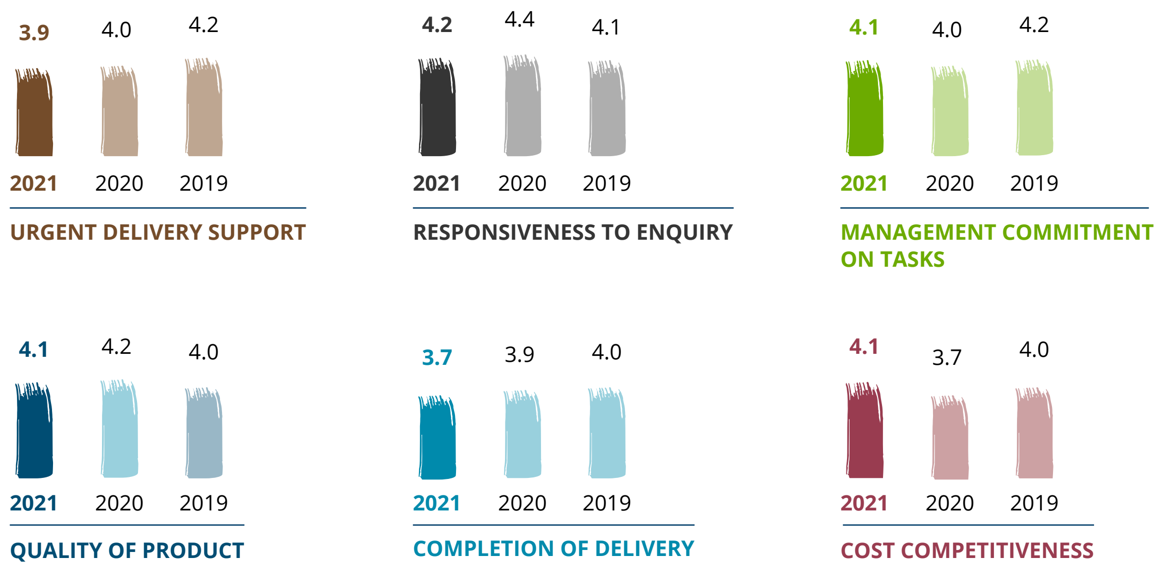
## Prioritising Our Social Responsiblity (GRI 102-8, 401- 419, F4GBM)

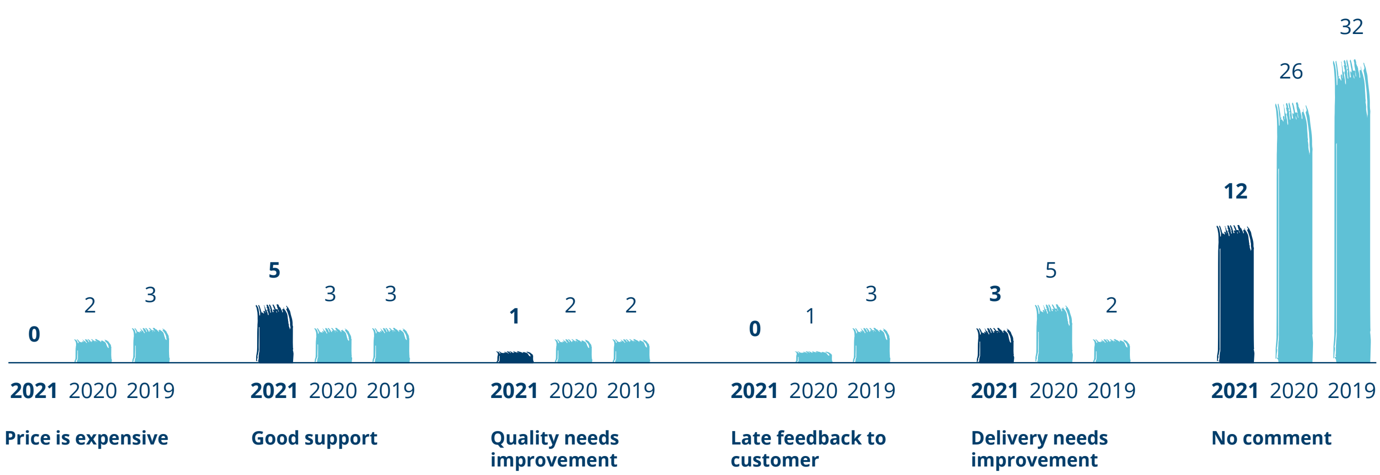
### CUSTOMER FEEDBACK AND SATISFACTION (F4GBM)

Insights into customer expectations are essential to the development and improvement of products and services. GPB subscribes to the value of customer interaction as a platform to raise the quality and reliability of our offerings. Our subsidiary GP Glass carries out an annual survey among customers to better understand their needs.

The outcome of the survey, which rated customer perception of various aspects of our services from a scale of 0-5 (with 5 being the highest score), is shown below:

**CUSTOMER FEEDBACK SURVEY RESULTS**




GP Glass is tapping on these customer insights to improve aspects of its products.

# DEVELOPING ENDEMICITY OF SUSTAINABILITY

As Malaysia and other parts of the world transition into the endemic phase of COVID-19, Golden Pharos Berhad is progressively assimilating sustainability practices and processes into every aspect of the business in much the same way that humankind is gradually learning to live with the virus.

Phrased another way, we are rapidly developing endemicity of sustainability since embarking on this journey in 2018 to create sustainable value for our stakeholders by growing GPB economically in a business-ethical, environmentally-responsible and socially-caring manner.

The Group is now poised to accelerate on this path of inclusive and holistic growth as we begin to leave behind many of the pandemic-related challenges besetting our business operations and corporate activities for the past two years. Without such concerns and constraints, we will have ample breathing space to explore opportunities to pursue both business and sustainability aspirations for the benefit of all our stakeholders.

*Gunung Padang, located in compartment 102 at Pasir Raja Barat, can be clearly seen from the top of Gunung Berembun.*

# Policies

## DIVIDEND POLICY

The Board of Directors (Board) of Golden Pharos Berhad (GPB) is pleased to announce a revised dividend policy as follows:

1. This dividend policy was approved in financial year 2018.

2. GPB has adopted a dividend policy with a dividend payout ratio of the higher of:

    - 40% of the Group's Profit After Tax (PAT); OR
    - 30% of the Group's Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA)

3. The above dividend payout ratio is subject to the cashflow and the financial position of GPB.

4. Pursuant to Section 131 of the Companies Act 2016, GPB may only make a distribution of dividend to the shareholders out of profit of GPB available if GPB is solvent.

5. Pursuant to Section 112 of the Companies Act 2016, before making a distribution of dividend, GPB must satisfy a solvency test whereby:

    - GPB is able to pay its debts as they become due during the period of 12 months immediately following the date of dividend distribution; AND
    - The value of assets of GPB is greater than the value of its liabilities.

## CODE OF CONDUCT AND WHISTLEBLOWING POLICY

The Group continues to adopt the Code of Conduct, which includes the Whistleblowing Policy to ensure that all employees conduct themselves with integrity and ethically.

This Code of Conduct (the Code) contains policies and guidelines relating to the standards and ethics that all employees are expected to observe and obey in the course of their employment in the Company. The Code is intended to maintain discipline and order in the workplace. It also sets out the circumstances in which such employees would be deemed to have breached the Code and the actions that can be taken against them if they do so.

The Whistleblowing Policy applies to the Company and all its subsidiary companies (if any). Employees (including permanent, contract, part time or casual employees), Directors, Shareholders, Consultants, Contractors, outside agencies or any parties with a business relationship with the Company or its subsidiaries (if any) are encouraged to disclose any wrongdoings that may adversely impact the Company.

All stakeholders are encouraged to make a report directly either verbally or in writing including emails, telephone conversations and letters which are to be addressed to one of the following personnel :

a) Chief Executive Officer;
b) Executive Director; or
c) Human Resources Manager;

**GOLDEN PHAROS BERHAD**

66-2 Taman Sri Intan
Jalan Sultan Omar
20300 Kuala Terengganu

Phone : +609 630 1330
Fax : +609 631 0617
Email : info@gpb.com.my

The Code of Conduct and Whistleblowing Policy are available on the Company's website at www.goldenpharos.com

Policies (Continued)

## CORPORATE SOCIAL RESPONSIBILITY ("CSR") POLICY

GPB's CSR Policy ensures that we rigorously adhere to the highest standards in ethical behaviour, environmental sustainability, active engagement with the communities where we operate and more.

The CSR Programmes contribute to the harmonious and sustainable development of society and the environment with the intention of building and maintaining sound relationships with the Group's stakeholders.

In line with Group's core businesses, the following are the categories and justification for organising CSR Programmes:

| CATEGORIES | JUSTIFICATION |
|---|---|
| Nature and Environment | Forestry, logging, sawn-timber and plantations are the Company's main business activities, which are related to nature and environment. |
| Community | To comply with the 10 Forest Stewardship Council (FSC) certification principles, the Company shall contribute to maintaining or enhancing the social and economic wellbeing of local communities affected by management activities. |
| Sports | To support and create public awareness of healthy lifestyle among its employees. The FSC certification also stresses that the Company shall maintain or enhance the social wellbeing of workers. |
| Education | To support any educational activities purposes in order to create awareness among public about nature and environment, that comply with the categories above. |

CSR activities and contributions must be based on the approved annual CSR budget, where the amount budgeted should be lower than 0.5 % of annual revenue or 10 % of Profit Before Tax (PBT). Contributions are allocated for approved organisations, where GPB and subsidiaries are operating, which support social causes, education, sports activities and economic developments.

Approved organisations are organisations that are registered with The Registrar of Societies Malaysia (ROS) and actively involved in the local society.

## KUMPULAN PENGURUSAN KAYU-KAYAN TRENGGANU SDN. BHD.

## DASAR PERLINDUNGAN HUTAN KPKKT (FOREST PROTECTION POLICY)

Kumpulan Pengurusan Kayu-Kayan Trengganu Sdn. Bhd. (KPKKT) diberi tanggungjawab oleh Kerajaan Negeri Terengganu untuk mengurus hutan jangka panjang di Dungun Timber Complex (DTC) secara lestari merangkumi keluasan 103,688 ha.

KPKKT bertanggungjawab untuk mengawal dan memelihara dari sebarang aktiviti pencerobohan tanah dan hutan atau aktiviti yang tidak sah bagi memastikan kelestarian hutan terus terpelihara.

KPKKT komited mengamalkan kaedah tebangan secara memilih (SMS) serta menjalankan aktiviti pengusahahasilan hutan secara ril sebagaimana peraturan pensijilan MC&I dan FSC disamping mematuhi ISO yang ditetapkan oleh Jabatan Perhutanan Semenanjung Malaysia (MS ISO 9001/2008).

KPKKT akan melaksanakan pemantauan dan kawalan secara tetap ke atas kawasan operasi supaya tidak dicerobohi dan setiap aktiviti dijalankan mengikut kehendak peraturan perhutanan dan alam sekitar.

Dari semasa ke semasa, KPKKT akan berhubung dan bekerjasama dengan Pejabat Hutan Daerah serta agensi-agensi berkaitan dalam usaha untuk sama-sama menjaga kawasan hutan dan menyalurkan maklumat sekiranya kawasan hutan dicerobohi.

KPKKT akan memberi latihan kepada kontraktor dan kakitangan mengenai peraturan dan undang-undang perhutanan.

Adalah menjadi harapan kami supaya syarikat ini terus menjadi badan yang terunggul di Malaysia serta menjaga nama baik syarikat dalam menguruskan hutan secara berkekalan dari sebarang pencerobohan dan ancaman dari pihak yang tidak bertanggungjawab.

Policies (Continued)

## KUMPULAN PENGURUSAN KAYU-KAYAN TRENGGANU SDN. BHD.

### POLISI KESIHATAN DAN KESELAMATAN PEKERJA (OCCUPATIONAL HEALTH AND SAFETY POLICY)

Adalah dengan ini syarikat sentiasa memberikan komitmen sepenuhnya terhadap keselamatan, kesihatan dan kesejahteraan untuk semua kakitangan serta semua individu yang terlibat dengan aktiviti syarikat. Syarikat juga **BERTANGGUNGJAWAB** menjaga kebajikan terhadap keselamatan dan kesihatan kakitangannya dan menyediakan tempat kerja yang selamat selesa dan sesuai serta tidak terdedah kepada sebarang risiko terhadap keselamatan dan kesihatan.

Ini selaras dengan kehendak peruntukan-peruntukan yang terdapat di dalam **AKTA KESELAMATAN DAN KESIHATAN DALAM PEKERJAAN (AKTA 514).**

Dalam merealisasikan hasrat di atas, syarikat akan sentiasa memberi sokongan kepada program-program dan latihan yang berkaitan dengan keselamatan dan kesihatan di tempat kerja. Syarikat juga akan menyemak dan mengemaskini polisi ini dari semasa ke semasa. **SEMUA PEKERJA DAN PENGURUSAN** sedia memberi kerjasama bagi memastikan semua program yang dirancang berjalan dengan lancar.

Perlu ditekan, semua individu mesti mempunyai kesedaran serta bertanggungjawab dalam menjalankan aktiviti syarikat dengan kaedah dan cara kerja yang selamat.

**"UTAMAKAN KESELAMATAN DUNIA DAN AKHIRAT"**

## PESAKA TRENGGANU BERHAD

### POLISI KESIHATAN DAN KESELAMATAN PEKERJA (OCCUPATIONAL HEALTH AND SAFETY POLICY)

Dengan objektif bagi mewujudkan suasana kerja yang aman, selesa, selamat dan berkesan, maka pihak pengurusan menggariskan perkara berikut:

i. Menyediakan dan menyelenggara jentera atau mesin supaya sentiasa dalam keadaan sempurna dan selamat.

ii. Mewujudkan sistem kerja atau peraturan kerja di mana ciri-ciri keselamatan diberi keutamaan.

iii. Memberikan maklumat dan panduan secukupnya kepada kakitangan supaya dapat menjalankan kerja secara betul dan bagi menghadapi masalah yang timbul.

iv. Mengadakan sistem kawalan dan pemeriksaan dari masa ke semasa bagi menjamin keselamatan di samping menyiasat semua laporan kemalangan.

v. Menyediakan kemudahan dan peralatan yang sesuai untuk keselamatan dan kebajikan pekerja.

vi. Mematuhi Akta Keselamatan dan Kesihatan Pekerjaaan 1994 serta lain-lain peraturan berkaitan.

vii. Menyemak, meminda serta mengemaskini polisi ini dari masa ke semasa menurut kesesuaian.

Bagi tujuan tersebut di atas, pihak pengurusan syarikat akan sentiasa memberi sokongan serta kerjasama sepenuhnya kepada Jawatankuasa Keselamatan dan Kesihatan Pekerja.

**"KERJA BERHEMAT JIWA SELAMAT"**

Policies (Continued)

**PESAMA TIMBER CORPORATION SDN. BHD.**

### POLISI KESIHATAN DAN KESELAMATAN PEKERJA (OCCUPATIONAL HEALTH AND SAFETY POLICY)

Selaras dengan moto 'PEKERJA AKTIF PESAMA PRODUKTIF, PEKERJA BERDEDIKASI PENGELUARAN BERKUALITI', syarikat memberikan komitmen sepenuhnya terhadap keselamatan, kesihatan dan kesejahteraan untuk semua kakitangan serta semua individu yang terlibat dengan aktiviti syarikat. Syarikat juga **BERTANGGUNGJAWAB** menjaga kebajikan terhadap keselamatan dan kesihatan kakitangannya dan menyediakan tempat kerja yang selamat, selesa dan sesuai serta tidak terdedah kepada sebarang risiko terhadap keselamatan dan kesihatan.

Ini selaras dengan kehendak peruntukan-peruntukan yang terdapat di dalam **AKTA KESELAMATAN DAN KESIHATAN DALAM PEKERJAAN (AKTA 514)**.

Dalam merealisasikan hasrat di atas, syarikat akan sentiasa memberi sokongan kepada program-program dan latihan yang berkaitan dengan keselamatan dan kesihatan di tempat kerja. **SEMUA PEKERJA DAN PENGURUSAN** sedia memberi kerjasama bagi memastikan semua program yang dirancang berjalan dengan lancar.

Perlu ditekankan, semua individu mesti mempunyai kesedaran serta bertanggungjawab dalam menjalankan aktiviti syarikat dengan kaedah dan cara kerja yang selamat.

**"UTAMAKAN KESELAMATAN DUNIA DAN AKHIRAT"**

**GOLDEN PHAROS GLASS SDN. BHD.**

### POLISI KESIHATAN DAN KESELAMATAN PEKERJA (OCCUPATIONAL HEALTH AND SAFETY POLICY)

Golden Pharos Glass Sdn. Bhd. (GP Glass) is committed to providing a safe and healthy working environment in accordance with the Occupational Safety and Health Act and any applicable law.

GP Glass will ensure that the safety and health of workers is assured because employees are the main assets of the company.

In order to ensure that the policy objective are achieved, GP Glass will strive to: -

- Provide and maintain a safe workplace that complies with the local and international laws and safety standards.
- Provide training and safety procedures as a guideline to enable employees to work safely and efficiently.
- Provide safety equipment according to the workplace requirements and provide briefing of the use of safety equipment.

The duties and responsibilities of employees are to fully cooperate on the implementation of security policies through: -

- Working safely and efficiently.
- Use safety equipment according to workplace requirements.
- Report accidents that occur, near accidents and hazardous sites that may cause injury as soon as possible.
- Comply with company rules and procedures to ensure a safe workplace.

Safety and health policy will be reviewed and updates as necessary.

**"TOGETHER WE PRACTICE SAFETY AND HEALTH"**

# Corporate Governance Overview Statement

**THE BOARD OF DIRECTORS OF GOLDEN PHAROS BERHAD ("GPB" OR "THE COMPANY") PRESENTS THIS STATEMENT TO PROVIDE SHAREHOLDERS AND INVESTORS WITH AN OVERVIEW OF THE CORPORATE GOVERNANCE ("CG") PRACTICES OF THE COMPANY UNDER THE STEWARDSHIP OF THE BOARD DURING FINANCIAL YEAR 2021 AND UP TO THE DATE OF THIS STATEMENT. THIS OVERVIEW IS GUIDED BY THE KEY CG PRINCIPLES SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (AS AT 28 APRIL 2021) ("MCCG 2021").**

This Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guidance was drawn from Practice Note 9 of Listing Requirements and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities. It should be read together with the Corporate Governance Report ("CG Report") prepared based on a prescribed format as enumerated in Paragraph 15.25(2) of the Listing Requirements so as to provide a detailed articulation on the application of the Company's CG practices vis-à-vis the MCCG. The CG Report is available on the Company's website at http://www.goldenpharos.com.my

**EMBRACING THE CG CULTURE**

In building a sustainable business and discharging its prescribed roles, the Board is mindful of its accountability to shareholders and various stakeholders of GPB. The Board is committed to ensuring that it provides effective stewardship and promotes ethical standards in the Company. One of the ways in which the Board achieves this is by requiring adherence to good governance principles and practices throughout the Company.

The Board is pleased to present this Corporate Governance Overview Statement and explain how GPB has applied the 3 principles that are set out in the MCCG.

a. Board Leadership & Effectiveness

b. Effective Audit & Risk Management

c. Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders

The three key principles of good governance are:

| | | |
|---|---|---|
| **PRINCIPLE A** | **BOARD LEADERSHIP & EFFECTIVENESS**<br><br>This section provides an overview of the Board and how it and its Committees interlink. Details of the activities considered by the Board and also some of the core responsibilities are also explained. | **ITS IMPORTANCE**<br><br>An effective Board does not place itself in a comfortable setting and it does not remain static. A dynamic Board should constantly evolve in response to the environment in which it operates. Challenges as well as teamwork are essential features of the Board. |
| **PRINCIPLE B** | **EFFECTIVE AUDIT & RISK MANAGEMENT**<br><br>This section describes the work of the Audit Committee and the enterprise risk management function in the Group including the implementation of risk framework, processes and the Group's risk appetite and internal control. | **ITS IMPORTANCE**<br><br>From a risk perspective, diligent measured risk management structures and framework help to address risks and strategy. This includes overall management of all risks covering credit, financial, market, liquidity, operational, legal and reputational risks. |
| **PRINCIPLE C** | **INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**<br><br>This section provides an overview of how we communicate with stakeholders, their concerns and expectations. | **ITS IMPORTANCE**<br><br>An understanding of the importance of maintaining and fostering good meaningful relationship with our stakeholders plays a key role within our ecosystem. |

GPB's Corporate Governance Framework is premised upon the following statutory provisions, best practices, policies and guidelines:

| CORPORATE GOVERNANCE FRAMEWORK | | | |
|---|---|---|---|
| Companies Act 2016 ("CA 2016") | Listing Requirements Bursa Securities | MCCG 2021 | Corporate Governance Guide 4th Edition issued by Bursa Malaysia Berhad |

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Part I - Board Responsibilities

### Role of the Board

The Board's pivotal role is to lead and establish GPB Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group and the appointment of key senior management.

The roles and responsibilities of the Chairman, Board, CEO and Company Secretary is clearly defined in a Board Charter. The Board's responsibilities include but are not limited to the following:

- Reviewing and approving the strategic business plans of the Group developed by Management in alignment with the approved risk appetite and considering the sustainability of the Group's businesses. This encompasses the annual budget, medium term aspirations, new investments/ divestments as well as key projects.
- Overseeing the conduct of the business to ascertain its proper management including setting clear objectives and policies within which senior executives are to operate.
- Identifying and approving policies pertaining to the management of all risk categories including but not limited to credit, financial, market, liquidity, operational, legal and reputational risks.
- Reviewing the adequacy and the integrity of internal controls and management information systems, including systems for compliance with applicable laws, rules, regulations, directives and guidelines.
- Reviewing the leadership and succession planning of the Group with a view to ensuring the Group's continued ability to sustain and compete effectively in the market.
- Serving as the ultimate approving authority for all significant financial expenditures.
- Promoting sound corporate culture and overseeing the Group's adherence to high standards of conduct, ethics and corporate professional behaviour.

### Roles of the Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer remain separate and distinct. The Chairman of the Board is Non-Independent and Non-Executive. The Chairman plays an important leadership role within the Group and is responsible for:

- Setting the agenda for meetings of the Board that focus on strategic direction and performance.
- Maintaining on-going dialogue and relationship of trust with and between the Directors and management.
- Ensuring clear and relevant information is provided to Directors in a timely manner.
- Ensuring sufficient time is allowed for the discussion of complex or critical issues.
- The Board delegates the authority and responsibility for managing the everyday affairs of the Group to the Chief Executive Officer, and through him and subject to his oversight, to other Senior Management. The Board monitors the performance of the Chief Executive Officer on behalf of the shareholders.

### Role of the Company Secretary

The Company Secretary reports directly to the Board and is the source of guidance and advice to the Directors on areas of corporate governance, relevant legislation, regulations and policies, besides ensuring compliance with the listing requirements of Bursa Securities and other regulatory requirements.

The Company Secretary attends Board and Board Committee meetings and is responsible for the accuracy and adequacy of records of the proceedings of Board and Board Committee meetings and resolutions.

The Company Secretary also serves closed period notices to Directors and Senior Management for trading in the Company's shares and briefs the Board on the content and timing of sensitive or material announcements to Bursa Securities.

The Company Secretary also ensures that the Group complies with all the statutory reporting requirements under the Companies Act 2016.

**Supply of information**

The Board meets at least five (5) times a year, with additional meetings convened on ad-hoc basis as and when decisions on urgent matters are required between scheduled meetings. The meetings of the Board and Board Committees are scheduled in advance and is circulated to allow Directors to plan ahead.

To ensure the Board receives information on a timely manner, the Board papers for meetings will be circulated to the Board at least five (5) business days prior to the meeting. This provides the Directors with sufficient time to evaluate reports and proposals, if necessary, request additional information to enable the Board to make informed and effective decisions. All Directors have unrestricted access to Senior Management on issues under their respective purview and the right of access to all reports on the Group's activities, both financial and operational, and interact directly with Management or request further explanation, information or updates on any aspect of the Company's operations or business concern.

There are no restrictions for Directors, individually or collectively, to obtain independent professional advice, if necessary, at the Group's expense to enable them to discharge their duties and responsibilities in relation to the matters being deliberated, where necessary.

**Demarcation of responsibilities**
**Board Charter**

The Board has formalised and adopted a Board Charter which serves as a source of reference for Directors. The Board Charter is established to provide guidance and clarity on the Board's roles and responsibilities. The Board Charter also sets out processes and procedures for convening Board meetings.

The GPB Board Charter is provided to each Director and the Board reviews its Charter periodically, subject to changes in regulations and best practices.

**Code of Conduct and Business Ethics**

The Board is aware of the need to establish a corporate culture that would foster the common goal of achieving business profitability, whilst cultivating ethical business conducts. The Board has approved the adoption of Terengganu Inc Group Code of Business Ethics to supplement the existing Employee Code of Conduct Policy of which all directors and employees are required to adhere to, failure of which will result in appropriate action being taken.

**Whistleblowing Policy and Procedures**

The Whistleblowing Policy is intended to directly support the Core Values, Code of Business Ethics and Government requirement. It is an avenue to encourage and enable employees and others to raise legitimate concerns to be objectively investigated and addressed within the Group.

The policy provides an alternative avenue for the internal or external stakeholders to raise concerns related to possible improprieties in matters of compliance and other malpractises in an appropriate manner and without fear of reprisal or retaliation.

Corporate Governance Overview Statement (Continued)

**No Gift Policy**

The establishment of this policy is to avoid any actual or perceived conflict of interest in any ongoing or potential business dealings and decision making, and to demonstrate commitment to the highest standards of ethics and integrity.

**Anti-Bribery and Anti-Corruption Policy**

The Group has established an Anti-Bribery and Anti-Corruption Policy which prohibits all forms of bribery and corruption practices pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Company is committed to uphold a high standard of business ethics to create an environment of mutual trust whilst increasing confidence of our stakeholders internally and externally.

**Sustainability**

The Group established a Provisional Governance Structure in FY2019. The purpose of sustainability governance is to help the Company implement sustainability strategies across the business, manage goal setting and reporting processes, strengthen relations with external stakeholders and ensure overall accountability.

The structure was detailed out and endorsed on 10 February 2020 between GPB's senior management and appointed consultants employed to help us manage a wide range of sustainability issues. The Provisional Governance Structure oversees sustainability risks and opportunities that is guided by policies and processes referenced against International sustainability standards.

**Sustainability Evaluation**

The Board is required to evaluate the Group's sustainability performance periodically based on reports submitted by the SCOM. Members of both committees consist of all Heads of Departments (HOD) at the Group level and all heads of subsidiaries (HOS) from all six (6) active subsidiary companies. Collectively, they are responsible for managing and effectively implementing the Group's sustainability efforts.

As we move forward, our sustainability goals and corporate social responsibilities will shift from compliance to innovation. This new ideology will eventually enhance the Group's reputation and strengthen the core of the Group.

**PART II – Board Composition**

**Board Composition**

The Board is chaired by a Non-Independent Non-Executive Director and currently comprises six (6) Directors, four (4) of whom are Non-Independent Non-Executive Directors (“NINED”) and two (2) Independent Non-Executive Directors (“INED”). The Board continues to achieve a balance of skills, knowledge, experience and perspective among its directors. The profiles of the Directors are set out on pages 38 to 43 of this Annual Report.

The Directors collectively provide the necessary mix of skills, knowledge and experience in key areas. These include accountancy, finance, legal, risk management, socio politics, governance, economics, and forestry.

Changes to the composition of the Board during the financial year under review and up to the date of this statement were as follows:

| Resigned on 1/2/2022 | Appointed on 3/1/2021 |
|---|---|
| Dr Mohd Zaki bin Hamzah | Haji Burhanuddin Hilmi bin Mohamed @ Harun |

### Tenure of Independent Directors

The MCCG recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. The Company does not have tenure limits for Independent Directors and the Board is of the opinion that the ability of an Independent Director to exercise his/her independence and objective judgment in Board deliberations shall not be determined solely or arbitrary by their tenure of service. If the Board intends to retain a director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval at a general meeting. For the year under review, none of our directors have served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years.

### Appointment of New Directors

The Company's Constitution permits the Board to appoint a person to be a Director of the Company at any time, either to fill a casual vacancy or as an addition to the existing Directors, not exceeding nine (9). The policies and procedures for new appointments are as follows:

### Policies

a. The Nomination and Remuneration Committee ("NRC") will establish the minimum requirements on the skills and core competencies of a director based on the annual review of the required mix of skills, experience and core competencies within the Board as well as to ascertain the 'fit and proper' criteria for each Director.

b. When assessing a person for nomination to the Board, the qualifications and skills to be considered by the NRC shall include, but are not limited to:

    - Whether or not the person qualifies as a director who is 'independent' under applicable laws and regulations, including applicable provisions of the Listing Requirements of Bursa Securities, and whether the person is qualified under applicable laws and regulations to serve as a Director of the Company.

    - Whether or not the person meets the 'fit and proper' criteria under applicable laws and regulations.

    - Whether or not the person is willing to serve as a director and to commit the time necessary to perform the duties as a director.

    - The contribution that the person can make to the Board and to the overall desired Board composition, considering the person's business experience, education and such other factors as the Board may consider relevant.

    - The character and integrity of the person.

c. The NRC may identify Director candidate using executive search firms, recommendation from management or recommendation from other Directors.

### Procedures

a. The NRC will perform a preliminary assessment of potential candidate based on referrals from executive search firms, management or other Directors.

b. NRC will assess the suitability in terms of technical expertise, experience and the behavioural and cultural fit with the Board in addition to ascertaining the candidate's interest, availability and terms of appointment. This will be tabled at the NRC for further discussion and deliberation on whether the candidate is suitable to be recommended to the Board for appointment.

c. The Board will deliberate on the recommended candidate and, if deemed appropriate, appoint the candidate.

**Director Induction**

a. Newly appointed Board members would attend the Company's Induction Programme which includes a Mandatory Accreditation Programme as required by Listing Requirements.

b. The new Board member will be fully briefed on the terms of his appointment, duties and responsibilities, as well as on the nature, operations and current issues of the Company.

c. The NRC will review the induction process on a periodic basis to ensure that all pertinent information is provided to the Director, and that adequate time has been given for the Director to familiarise with the Company, its Board and operations.

**Re-election and re-appointment of Director**

A candidate who is appointed as Director of the Company must seek re-election by shareholders at the next Annual General Meeting ("AGM"). The Constitution of the Company further provides for the rotation of Directors whereby one third or more of the Directors are to retire at every AGM of the Company and that all Directors must retire at least once in 3 years and shall be eligible for re-election.

Directors who are due for re-election at the forthcoming AGM and who have given their written consent to be re-appointed, are set out in the Notice of the AGM. Directors who are due for re-election are also subject to the following policies and procedures:

**Policies**

a. Retirement of Directors by rotation will follow the requirements stipulated in the constitution of the Company.

b. Tenure of Directorship will follow the requirements stipulated in the MCCG 2021.

**Procedure**

a. The NRC will assess the performance and contribution of each Director to the Board and Board Committees based on the results of the annual Board Assessments and individual Directors' self and peer assessment.

b. The NRC will consider the current Directors in the same manner as other candidates, taking into consideration the Director's performance during his term, including consideration of the following factors:

- Compliance with governing legislation, regulations or guidelines, particularly conflict of interest, confidentiality, fit and proper criteria, and duty of care provisions.

- Whether or not an independent director still qualifies as 'independent' under applicable laws and regulations, including applicable provisions of the Listing Requirements of Bursa Securities.

c. Based on the assessment results, the NRC will recommend the Directors seeking re-election to the Board, who will then recommend to the shareholders for approval at the AGM.

**Annual Board Effectiveness Evaluation ("BEE") for FY 2021**

Our Board undergoes an annual assessment to review its performance. Apart from being an assessment of past performance, the BEE is used as a tool to identify the strengths and weaknesses of our Board, Board Committees and individual Directors to enable them to raise the bar on Board performance, which is a key trait of a progressive Board.

Similar to the previous year, the BEE for FY 2021 was conducted in November 2021 by our Board and supported by our Company Secretary. BEE FY 2021 was a peer-evaluation process where all our directors were asked to evaluate themselves individually as a director and collectively as a Board.

The results of BEE FY 2021 did not indicate any significant weaknesses and found that our Board, Board Committees and each individual director have continued to perform their duties satisfactorily and that the level of independence shown by INEDs is high.

Based on the findings, our Board has recommended the re-election of several Directors who will be retiring at the forthcoming 2022 AGM and will consider increasing the level of independent representation on our Board to bring it in line with the MCCG's recommendation. In respect of Board responsibilities, enhancing board oversight over the execution of strategies and transformation plans is a key focus in FY 2021.

BEE FY 2021 was also extended to the board of directors of all of our group subsidiaries. In order to drive continuous improvement in Board performance, Terengganu Incorporated Sdn Bhd ("Terengganu Inc") Group has conducted the first Terengganu Inc Group Board Annual Assessment for directors who has served during the period till to date.

The scope of the BEE for FY 2021 covered the following areas:

| INDIVIDUAL DIRECTOR'S EVALUATION | BOARD PERFORMANCE EVALUATION | COMMITTEE EVALUATION |
|---|---|---|
| • Board contribution<br>• Knowledge and abilities<br>• Teaming<br>• Integrity<br>• Personal commitment<br>• Technical Field of Knowledge 'Know-How' Board of Directors<br>• Industry 'Know-How' Board of Directors | • Board composition<br>• Board roles and functioning<br>• Information management<br>• Monitoring company performance<br>• Directors' development and management<br>• Board relationship with the management<br>• Non-Technical Competencies of Board Members | • Quality of recommendation for decision making<br>• Relevant expertise<br>• Ability, performance, experience<br>• Chairman and Committee based on appropriate criteria<br>• Communication |

Corporate Governance Overview Statement (Continued)

## Board Diversity

The Board acknowledges the importance of diversity, including gender, ethnicity, age and business experience to the effective functioning of the Board.

While it is important to promote such diversity, the normal selection criteria of a director, based on an effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on effectiveness in carrying out the Board's functions and duties. Hence, the Board is committed to ensure that its composition not only reflects the diversity as recommended by MCCG, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Group's goals.

The Board currently has no female Director, but the Board seeks to appoint in the future a female Director who meets the pre-determined skill sets and competencies.

As at 31 December 2021, the Board Composition, Tenure, Age and Gender for GPB is set out in the table below:

| | Corporate Governance | Breadth of Business Experience | Government Experience | Legal/ Regulatory | Human Capital | Accounting/ Financial Management | Corporate CEO/ | Forestry |
|---|---|---|---|---|---|---|---|---|
| YBM Dato' Tengku Hassan bin Tengku Omar | ✓ | ✓ | ✓ | | ✓ | ✓ | | |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | ✓ | ✓ | ✓ | | | ✓ | | |
| Haji Burhanuddin Hilmi bin Mohamed @ Harun | ✓ | ✓ | ✓ | | | ✓ | ✓ | |
| Muhammad Ramizu bin Mustaffa | ✓ | ✓ | | | | ✓ | | |
| Mohd Badaruddin bin Ismail | | ✓ | | | | ✓ | ✓ | |
| Haji Saiffuddin bin Othman | | ✓ | | ✓ | | | | |
| Dr Mohd Zaki bin Hamzah *(Redesignated to Executive Director on 3/9/2021 and Resigned as Executive Director on 1/2/2022) (Appointed as CEO on 1/2/2022)* | | | | | | | | ✓ |
| **Total** | **57%** | **86%** | **43%** | **14%** | **14%** | **71%** | **29%** | **14%** |

## Meetings and Time Commitment

The calendar of meetings of the Board and Board Committees is drawn up and distributed to the Board in the quarter preceding the beginning of the new calendar year. This is to enable the members of the Board to meet the time commitment for the meetings.

In addition to the above, all Directors of the Company have complied with the Listing Requirements of Bursa Securities of not holding more than five (5) directorships in listed issuers at any given time. This is to ensure the Directors do not have competing time commitments that may impair their ability to discharge their responsibilities effectively.

The Board may from time to time and if deemed appropriate, consider and approve any matter via circular resolution in writing.

## Board Meeting attendance in FY2021

| Name of Directors | Number of Meetings | | |
|---|---|---|---|
| | Held During Tenure in Office | Attendance | % |
| YBM Dato' Tengku Hassan bin Tengku Omar | 8 | 8 | 100 |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | 8 | 8 | 100 |
| Haji Burhanuddin Hilmi bin Mohamed @ Harun | 8 | 8 | 100 |
| Muhammad Ramizu bin Mustaffa | 8 | 8 | 100 |
| Mohd Badaruddin bin Ismail | 8 | 8 | 100 |
| Haji Saiffuddin bin Othman | 8 | 8 | 100 |
| Dr Mohd Zaki bin Hamzah<br>*(Redesignated to Executive Director on 3/9/2021 and Resigned as Executive Director on 1/2/2022)*<br>*(Appointed as CEO on 1/2/2022)* | 8 | 8 | 100 |

Corporate Governance Overview Statement (Continued)

**Part III: Remuneration**

The Board believes in a competitive and transparent remuneration framework that supports the Directors' and Senior Management's responsibilities and fiduciary duties in managing the Group to achieve its long-term objectives and enhance stakeholders' value.

One of the principal authorities of the Board delegated to the NRC is to review, deliberate and recommend to the Board a remuneration policy for Directors and Senior Management guided by the Group Human Resource policy, market norms and industry practice.

The Directors are paid Directors' fees, Board Committee allowance, other allowances, directors & officers insurance coverage and out-patient medical claims.

**Aggregate Remuneration of the Directors**

The details of the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company during FY 2021), including Directors who have resigned are as follows:

| | Fees | Other Emoluments | Total |
|---|---|---|---|
| YBM Dato' Haji Tengku Hassan bin Tengku Omar | 53,000 | 166,100 | 219,100 |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | 41,000 | 16,400 | 57,400 |
| Haji Burhanuddin Hilmi bin Mohamed @ Harun | 41,000 | 16,800 | 57,800 |
| Muhammad Ramizu bin Mustaffa | 41,000 | 24,400 | 65,400 |
| Mohd Badaruddin bin Ismail | 41,000 | 24,000 | 65,000 |
| Haji Saiffuddin bin Othman | 41,000 | 16,400 | 57,400 |
| Dr Mohd Zaki bin Hamzah<br>*(Redesignated to Executive Director on 3/9/2021 and Resigned as Executive Director on 1/2/2022)*<br>*(Appointed as CEO on 1/2/2022)* | 27,561 | 154,482 | 182,043 |
| **TOTAL** | | | **704,143** |

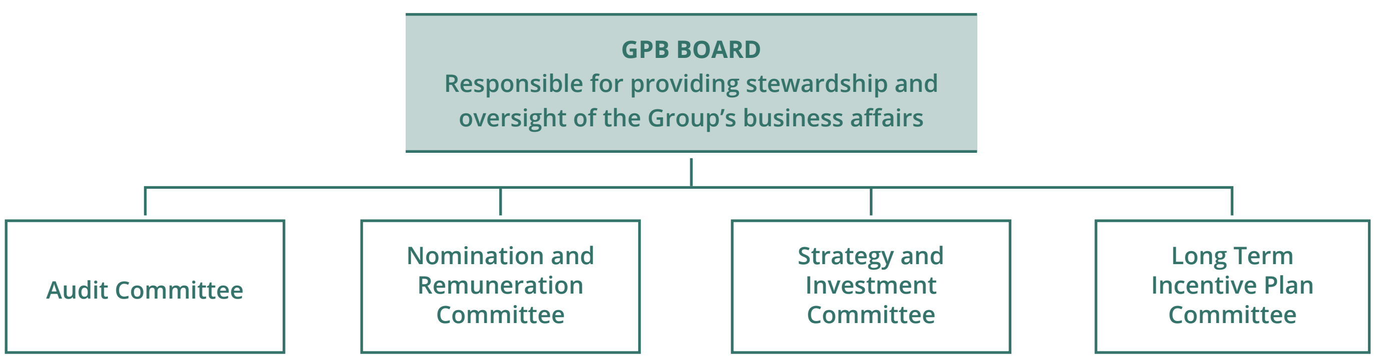
The number of Directors whose remuneration fall within the following bands are:

**Number of Directors**

| Directors Remuneration | Number of Directors | |
|---|---|---|
| | Executive Directors | Non-Executive Directors |
| Less than RM50,000 | - | - |
| RM50,000 to RM100,000 | - | 5 |
| RM100,001 to RM150,000 | - | - |
| RM150,001 to RM200,000 | 1 | - |
| RM200,001 and above | - | 1 |

**Board Committees**

The Board delegates certain responsibilities to the Board Committees. The Committees that assist the Board are as follows:




The criteria for membership are based on a director's skills and experience as well as their ability to add value to the Board Committee.

The Chief Executive Officer and other Senior Management are invited to attend all Board Committee meetings.

Corporate Governance Overview Statement (Continued)

**a. Nomination and Remuneration Committee ("NRC")**

The committee comprises exclusively of the following Non-Executive Directors, a majority of whom are independent:

| Name | Designation | Directorship |
|---|---|---|
| Haji Saiffuddin bin Othman | Chairman | Independent |
| Haji Burhanuddin Hilmi bin Mohamed @ Harun | Member | Non-Independent |
| Mohd Badaruddin bin Ismail | Member | Independent |
| Dr Mohd Zaki bin Hamzah<br>*(Resigned as member on 3/9/2021)* | Chairman | - |

The Committee is responsible for:

- Regularly reviewing the overall composition of the Board, in terms of the appropriate size, skills, experience, qualification and diversity in terms of gender, ethnicity and age as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors.
- Recommending the appointment of Directors to the Board and Committees of the Board as well as annually reviewing the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.
- Assessing the performance and effectiveness of individuals and collective members of the Board and Board Committees of the Company and its subsidiaries.
- Recommending to the Board a formal and transparent procedure for developing the remuneration policy for Directors, key management personnel, the Head of Internal Audit and staff for the approval of the Board. The Committee shall ensure that compensation is competitive and consistent with the Group's culture, objectives and strategy and reflects the responsibility and commitment which goes with Board membership and key management personnel.

The Committee met five (5) times during FY2021

**No. of NRC Meetings**

| Name of Directors | Held During Tenure in Office | Attendance | % |
|---|---|---|---|
| Haji Saiffuddin bin Othman (Chairman) | 5 | 4 | 80 |
| Haji Burhanuddin Hilmi bin Mohamed @ Harun<br>*(Appointed to NRC on 14/1/2021)* | 5 | 5 | 100 |
| Mohd Badaruddin bin Ismail | 5 | 5 | 100 |
| Dr Mohd Zaki bin Hamzah<br>*(Resigned as Member on 3/9/2021)* | 3 | 3 | 100 |

### b. Long Term Incentive Plan ("LTIP") Committee

The Long-Term Incentive Plan ("LTIP") was approved by the shareholders of GPB at an Extraordinary General Meeting held on 26 June 2018 and on 8 August 2018, the board approved the formation of LTIP Committee. The primary function of the LTIP Committee is to completely administer the implementation of the Employee Share Option Scheme ("ESOS") and the Executive Share Grant Scheme ("ESGS") in accordance with the approved By-Laws.

The LTIP Committee has the full authority to make decisions on matters that shall be final and binding which fall within the purpose and responsibilities of LTIP Committee in accordance with the By-Laws. The CEO is the member of LTIP Committee and he shall not participate in the deliberation or discussion of his own allocation.

The LTIP Committee membership is as follows:

| Name | Designation | Directorship |
|---|---|---|
| Muhammad Ramizu bin Mustaffa | Chairman | Non-Independent |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | Member | Non-Independent |
| Dr Mohd Zaki bin Hamzah | Member | - |

The Committee met four (4) times during FY 2021:

| Name of Directors | Held During Tenure in Office | Attendance | % |
|---|---|---|---|
| Muhammad Ramizu bin Mustaffa (Chairman) | 4 | 4 | 100 |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | 4 | 4 | 100 |
| Dr Mohd Zaki bin Hamzah | 4 | 4 | 100 |

### c. Audit Committee ("AC")

The AC currently comprises three (3) members, of whom two (2) are Independent Directors and one (1) is a Non-Independent Director. The AC is chaired by Mohd Badaruddin bin Ismail, an Independent Director. None of the current members of the AC is a former key audit partner involved in auditing the Group.

The AC has policies and procedures to review, assess and monitor the performance, suitability and independence of the external auditors. Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This confirmation would be re-affirmed by the external auditors to the AC upon their completion of annual audit.

The AC membership is as follows:

| Name | Designation | Directorship |
|---|---|---|
| Mohd Badaruddin bin Ismail | Chairman | Independent |
| Muhammad Ramizu bin Mustaffa | Member | Non-Independent |
| Haji Saiffuddin bin Othman | Member | Independent |
| Dr Mohd Zaki bin Hamzah<br>*(Resigned as Member on 3/9/2021)* | Member | - |

The Committee met seven (7) times during FY 2021:

| Name of Directors | Held During Tenure in Office | Attendance | % |
|---|---|---|---|
| Mohd Badaruddin bin Ismail (Chairman) | 7 | 7 | 100 |
| Muhammad Ramizu bin Mustaffa | 7 | 7 | 100 |
| Haji Saiffuddin bin Othman | 7 | 6 | 86 |
| Dr Mohd Zaki bin Hamzah<br>*(Resigned as Member on 3/9/2021)* | 6 | 6 | 100 |

The activities of the AC are disclosed on pages 186 to 191 of this Annual Report.

## d. Strategy and Investment Committee ("SIC")

The SIC was established to consider and evaluate strategic proposals and investment/ divestment related proposals of GPB Group for recommendation to the Board. It is also tasked with considering and deliberating all proposals relating to GPB Group's properties (i.e. land and buildings).

The combined experience and knowledge of the members enables SIC to assess and evaluate strategic and major proposals objectively. SIC remains strong and productive in its deliberations and provide clear guidance to management on key issues and concerns before submitting any recommendations to the Board for approval.

The SIC membership is as follows:

| Name | Designation | Directorship |
|---|---|---|
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | Chairman | Non-Independent |
| Haji Burhanuddin Hilmi bin Mohamed @ Harun | Member | Non-Independent |
| Muhammad Ramizu bin Mustaffa | Member | Non-Independent |

The Committee met six (6) times during FY 2021:

| Name of Directors | Held During Tenure in Office | Attendance | % |
|---|---|---|---|
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | 6 | 6 | 100 |
| Haji Burhanuddin Hilmi bin Mohamed @ Harun *(Appointed to SIC on 14/1/2021)* | 6 | 6 | 100 |
| Muhammad Ramizu bin Mustaffa | 6 | 6 | 100 |

**Directors' Training & Development**

The Board recognises the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new Directors appointed to the Board attend a formal induction programme to familiarise themselves with the Group's strategy and aspiration, line of businesses and corporate functions, key financial highlights, audit, compliance and risk management. The programme is conducted by the Chief Executive Officer as well as Senior Management.

As required by the Listing Requirements of Bursa Securities, all Directors have successfully completed the Mandatory Accreditation Programme ("MAP") within the stipulated time frame of four months from their respective date of appointment. Apart from the MAP, all Directors appointed to the Board have also attended other relevant training programmes, talks, seminars, dialogue sessions and focus group sessions organised by regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Group.

The Board also continuously evaluates and determines the training needs of the directors. Training must aid the director in the discharge of his or her duties as a director.

The Directors of the Company attended the following training programmes, talks, seminars, dialogue sessions and focus group sessions during the FY 2021:

| Name of Directors | Courses/ Training Programmes attended |
|---|---|
| YBM Dato' Haji Tengku Hassan bin Tengku Omar | • SSM National Conference 2021: Governing Under New Normal<br>• SFM-SMS: Concept & Practical Approach |
| Haji Burhanuddin Hilmi bin Mohamed @ Harun | • SFM-SMS: Concept & Practical Approach |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | • SSM National Conference 2021: Governing Under New Normal<br>• SFM-SMS: Concept & Practical Approach |
| Dr Mohd Zaki bin Hamzah | • SSM National Conference 2021: Governing Under New Normal<br>• SFM-SMS: Concept & Practical Approach |
| Muhammad Ramizu bin Mustaffa | • SSM National Conference 2021: Governing Under New Normal<br>• SFM-SMS: Concept & Practical Approach |
| Haji Saiffuddin bin Othman | • Managing Risk Effectively Amidst Uncertainty<br>• SFM-SMS: Concept & Practical Approach |
| Mohd Badaruddin bin Ismail | • SSM National Conference 2021: Governing Under New Normal |

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### Part I: Audit Committee

Effective and Independent Audit Committee:

- The Chairman of the AC is not the Chairman of the Board.
  - The Chairman of the AC is an independent director who is not the Chairman of the Board.

- Cooling-off Period for a Former Audit Partner to be appointed as AC Member.
  - The AC has a 3-year cooling-off period policy for a candidate who was a former audit partner before appointment as a member of the AC as recommended by Practice Note 9.2 of the MCCG. However, the said policy currently does not apply to the AC given none of the AC or Board members is a former audit partner.

- Policies and Procedures for Assessment of Suitability, Objectivity and Independence of External Auditors.

- The AC maintains a transparent and professional relationship with the external auditors of the Company. The external auditors fill an essential role by enhancing the reliability of the Company's Annual Audited Financial Statements and by giving assurance to stakeholders of the reliability of the Annual Audited Financial Statements. The external auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the Management; and if necessary, to the AC and the Board.

- The AC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors. The terms of engagement for services provided by the external auditors are reviewed by the AC prior to submission to the Board for approval. Feedback based on the assessment areas is obtained from the AC, the internal auditor, and senior management and the Head of Departments.

- Under this policy, only non-audit services which are able to provide clear efficiencies and value-added benefits to the Group and do not impede the external auditors' audit works will be accepted by the AC.

- On the other hand, the AC also seeks written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the MIA. The external auditors provide such declaration in their annual audit plan presented to the AC prior to the commencement of audit for a particular financial year.

### PART II: Risk Management & Internal Control Framework

The Company has put in place a systematic risk management framework and processes to identify, evaluate and monitor principal risks and to implement appropriate internal control processes to manage risks across the Group. Risks include long-term business strategies, regulatory and compliance concerns, substitution and technology applications and fraudulent practices.

Although many risks are outside the Company's direct control, a range of activities are in place to mitigate the key risks identified, as set out in the Statement on Risk Management and Internal Control. The risk management and internal control system is regularly reviewed and mitigated by Management to ensure that the Group's assets and investments are protected and preserved.

Corporate Governance Overview Statement (Continued)

**PART II: Risk Management & Internal Control Framework (Continued)**

The Board is of the view that the system of risk management and internal controls in place during 2021, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control on pages 183 to 185 of this Annual Report.

**PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

**PART I: Engagement with Stakeholders**

To ensure Timely and High-Quality Disclosure.

- Effective, Transparent and Regular Communication with its Stakeholders.

  The Group recognises the importance of prompt and timely dissemination of information to shareholders and investors in order for these stakeholders to be able to make informed investment decisions. Towards this, the Company's website incorporates an announcement section which provides all relevant information on the Company and is accessible by the public. This announcement section enhances the investor relations function by including all announcements made, annual reports as well as the quarterly reports.

  The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, its current position and prospects, through the issuance of the Annual Audited Financial Statements and quarterly financial reports, as well as corporate announcements on significant developments affecting the Company in accordance with the Listing Requirements.

  In ensuring equal and fair access to information by the investing public, various channels of communications are employed. Examples include quarterly announcements on financial results to Bursa Securities, relevant announcements and circular via Bursa LINK as required under the Listing Requirements, the Annual and Extraordinary General Meetings and through the Company's website at www.goldenpharos.com.my, from which shareholders and prospective investors can access corporate information, annual reports, press releases, financial information and Company announcements.

**PART II: Conduct of General Meetings**

To strengthen Relationship between the Company and Shareholders.

- Encourage Shareholder Participation at General Meetings.

  The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board believes that they are not only accountable to shareholders but is also responsible for managing a successful and productive relationship with the Company's stakeholders. In this regard, the Board will ensure that all the Company's shareholders and stakeholders are treated equitably and the rights of all investors, including minority shareholders, are protected.

  The Company dispatched its Notice of AGM to shareholders 34 days before the AGM in 2021. The Board believes the current practice would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney together with the Notice of AGM, which provides information to shareholders with regard to, among others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy.

  Where special business items appear in the Notice of the AGM, a full explanation is provided to shareholders on the effect of the proposed resolution emanating from the special business item. The AGM is the principal opportunity for the Board to meet shareholders and for the Chairman to provide an overview of the Company's progress and receive questions from shareholders. The Company allows a member to appoint a proxy who may but need not be a member of the Company. If the proxy is not a member of the Company, he or she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

- Effective Communication and Proactive Engagements.

  All the Directors shall endeavour to be present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company at the 35$^{th}$ AGM. The proceedings of the AGM will include the CEO's briefing on the Company's overall performance for FY 2021 and a Q&A session during which the Chairman will invite shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote.

  The Directors, CEO and external auditors will be in attendance to respond to the shareholders' queries.

- Facilitate Greater Shareholder Participation at General Meetings.

  Under Paragraph 8.29A(1) of the Listing Requirements, a listed company must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the Poll Administrator and an independent scrutineer will be appointed to validate the votes cast at the 35$^{th}$ AGM.

  The Board will consider leveraging technology to facilitate electronic poll voting and remote shareholder participation in the coming general meetings in order to reflect shareholders' views more fairly and to ensure accurate and efficient outcomes of the voting process.

  At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of proxy votes received, both for and against each separate resolution where appropriate. The outcome of a general meeting will be announced to Bursa on the same meeting day.

**Statement of Directors' Responsibility in respect of the Audited Financial Statements**

The Board is required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the Group and its state of affairs, results and cash flows at the end of the financial year.

Following discussions with the external auditors, the Directors consider if the appropriate accounting policies are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Board of Directors is responsible for ensuring that the Group keeps accounting records which are disclosed with reasonable accuracy, and for ensuring that the financial statements comply with the Companies Act 2016.

The Board and Board Committees have the general responsibility for taking such steps to safeguard the assets of the Group.

**Statement on Compliance with the Requirements of Bursa Securities in Relation to Application of Principles of MCCG 2021 Pursuant to Paragraph 15.25 of the Listing Requirements**

The Board has reviewed, deliberated and approved this Corporate Governance Overview Statement and is pleased to report to its shareholders that to the best of its knowledge, the Company has complied with and shall remain committed to continuously apply the Principles laid down in the MCCG 2021.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 24 February 2022.

**OTHER INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS**
**Utilisation of Proceeds Raised from Corporate Proposals**

There were no proceeds raised from corporate proposals in FY 2021.

**Audit and Non-Audit Fees**

For the FY 2021, the audit fees payable by the Company and the Group to the external auditors, Ernst & Young PLT are as follows:

**Company:**

| | | |
|---|---|---|
| Audit Fee | : | RM75,000 |
| Non-Audit Fee | : | RM23,500 |

**Group:**

| | | |
|---|---|---|
| Audit Fee | : | RM199,000 |
| Non-Audit Fee | : | RM23,500 |

**Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries, involving the interest of directors and major shareholders, either still subsisting at the end of the year or, if not then subsisting, entered into since the end of the previous year.

**Recurrent Related Party Transactions of a revenue or trading nature**

There were no recurrent related party transactions of revenue nature which required shareholders' mandate during the year ended 31 December 2021.

**Long Term Incentive Plan ("LTIP")**

The Company's Long Term Incentive Plan ("LTIP" or "Scheme") is governed by the By-Laws which was approved by the shareholders on 26 June 2018, and is administered by the LTIP Committee, which is appointed by the Board of Directors, in accordance with the By-Laws of LTIP. Under the LTIP, offers to employees and directors of the Group were implemented on 30 August 2018 (ESGS and ESOS offered to employees) 30 August 2019 (ESOS offered to GPB Directors) and 4 November 2019 (ESOS offered to Directors of Subsidiaries Company). The LTIP consists of the followings:

i. Employee Share Option Scheme ("ESOS") - Eligible Persons are granted ESOS options to subscribe for Shares at a pre-determined subscription price.

ii. Executive Share Grant Scheme ("ESGS") - Eligible Persons are awarded Shares subject to the achievement of performance targets set by the Company. The ESGS was terminated by the Company on 31 July 2021, in accordance with the terms of the by-laws governing the ESGS.

Details of LTIP:

- **Size**
  Up to 15% of the total number of issued shares of the Company. Based on the number of shares on 26 June 2018 of 134,546,515 shares, up to 20,181,977 shares can be issued under the Proposed LTIP.

- **Duration**
  5 years, with an option for additional 5 years.

- **Eligible person**
  - ESOS - All directors and confirmed Malaysian employees of the Group.
  - ESGS - Executive directors (if any) and confirmed senior managerial employees of the Group.

- **Basis of allocation**
  At the discretion of the LTIP Committee after taking into consideration:
  For directors – contribution to the performance of the Group and positions in board committees; and
  For employees – performance, seniority, length of service and contribution to the performance of the Group.
  Directors and senior management must not participate in the deliberation or discussion of their own allocation.

- **Retention period**
  Pursuant to the Listing Requirements, non-executive directors must not sell, transfer or assign the new GPB Shares obtained within 1 year from the date of offer of the ESOS options.

Corporate Governance Overview Statement (Continued)

The total number of options granted, exercised, lapsed and outstanding under the ESOS and ESGS for the year under review are set out in the table below:

| | ESGS | ESOS |
|---|---|---|
| **As At 1 January 2021** | **293,665** | **5,303,000** |
| Granted | 2,450,000 | 234,000 |
| Exercised/Vested | (2,149,620) | (1,533,000) |
| Lapsed | (594,045) | (421,000) |
| At 31 December 2021 | - | 3,583,000 |

All the Directors of GPB have been granted ESOS Options as follows:

| | Aggregate options Granted | Aggregate options Exercised/ Lapsed | Aggregate options Balance |
|---|---|---|---|
| Dato' Haji Tengku Hassan bin Tengku Omar | 125,000 | - | 125,000 |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | 100,000 | - | 100,000 |
| Haji Burhanuddin Hilmi bin Mohamed @ Harun | - | - | - |
| Muhammad Ramizu bin Mustaffa | 100,000 | 100,000 | - |
| Mohd Badaruddin bin Ismail | 100,000 | 100,000 | - |
| Haji Saiffuddin bin Othman | 75,000 | - | 75,000 |

Pursuant to the approval of the shareholders at an EGM on 20 June 2019, Dr. Mohd Zaki bin Hamzah has been granted the following:

| | ESOS Options | | |
|---|---|---|---|
| | Aggregate options Granted | Aggregate options Exercised | Aggregate options Balance |
| Dr. Mohd Zaki bin Hamzah<br>*(Redesignated to Executive Director on 3/9/2021 and Resigned as Executive Director on 1/2/2022)*<br>*(Appointed as CEO on 1/2/2022)* | 100,000 | 100,000 | - |

In accordance with the Company's ESOS By-Laws, not more than eighty per cent (80%) of the new ordinary shares available under the Scheme shall be allocated in aggregate to the managerial employees of the Group.

# Statement on Risk Management and Internal Control

**The Board of Directors ("Board") acknowledges the importance of a sound system of internal control to safeguard the investment of shareholders and the Group's assets.**

**Herewith is the Board's statement on the Group's risk management and internal control for the year. The statement is consistent with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("SORMIC"), as referred to in Practice Note 9 - Risk Management and Internal Control, Corporate Governance and Sustainability Statement of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").**

**Board Responsibilities**

The Board affirms its overall responsibility for maintaining sound internal control systems and reviewing the adequacy and integrity of those systems. The internal control system covers risk management, financial, operational and compliance controls.

Given the inherent limitations that are in any system of internal control, it is imperative to note that the systems are designed to mitigate rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement, loss or fraud.

The Board has received assurance from the Chief Executive Officer ("CEO") and the Head of Finance that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the risk management and internal control system of the Group.

**Risk Management**

The Board subscribes to the fact that the practice of effective risk management is a critical component of a sound system of risk management and internal control. Accordingly, the Board confirms that there is in place a formal and an on-going process to identify, evaluate and manage significant risks faced by the Group that may impede the achievement of the Group's objectives throughout the year and that a review on the adequacy and effectiveness of the risk management and internal control system has been undertaken.

The Group recognises that it is obliged to systematically manage and regularly review its risk profile at strategic, financial, compliance and operational levels. The Group's Enterprise Risk Management ("ERM") framework defines the processes in managing the Group's key risks on a continuous basis and also outlines action plans towards effective risk management and internal control practices.

The Board affirms that the Audit Committee adequately oversees the risk management framework, assisted by the management via the Group Risk Management Steering Committee ("GRMSC") that comprises divisional heads from the head office who co-ordinate the implementation of the risk management processes throughout the Group. The GRMSC discusses the principal risks identified, relevant controls in place and action plans with the working committee of each subsidiary company. At the subsidiary level, the Risk Management Working Committee ("RMWC") is chaired by the Heads of Companies with the members comprising the Heads of Divisions. This Committee implements risk management process and control systems for their business and reports to the RMSC. In turn, the Management reports the Group risk assessment, risk register, and the risk action plans to the Audit Committee and the Board for review and endorsement every quarterly.

Risk assessments are also carried out before committing resources to new projects and initiatives by identifying its impact on current operations and business objectives. These are reported in proposal papers to approving management and/or board committees.

Statement on Risk Management and Internal Control (Continued)

**Other key elements of internal control**

The Board is committed to ensuring that a proper control structure and environment are maintained within the Group to achieve a sound system of internal control. The Board has the following elements in place:

- Board Committees have clearly defined responsibilities and lines of authority. These Committees report back to the Board with their recommendations for approval.

- The Group has an organisational structure that clearly defines lines of responsibility and delegation of authority to ensure proper identification of accountability and segregation of duties.

- Operating policies and procedures, which incorporate regulatory and internal requirements, are prescribed in the standard operating procedures and circulars. The documents are updated as and when necessary to meet the changing operational needs.

- The Board meets quarterly to review the Group's operational and financial performance against the approved budget, approve quarterly reports to Bursa Securities and deliberate on issues requiring Board approval. In addition, the Board is also updated on changes in the business environment that may adversely affect business performance and relevant actions taken.

- To review the Group's performance against budget, solve business issues including internal control matters and undertake risk management, the CEO conducts regular meetings as follows:

    1. Monthly, with Heads of Departments and Heads of Subsidiaries at the Group level.

    2. Monthly, with all Heads of Timber Companies.

    3. Monthly, with all Heads of Subsidiaries.

    4. Quarterly, with the Board of Directors of all subsidiaries.

    5. Periodically with the President of the Holding Company.

- The Head office management and the business units deliberate thoroughly on the annual budget before tabling it to the Board for consideration and approval.

- The Audit Committee, with the assistance of the internal audit department, provides an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system and advises the management on areas that require improvement. The internal audit department also reviews the extent to which its recommendations have been accepted and implemented by the management.

- Internal audit reports are tabled at the Audit Committee meetings, which thereafter are reported to the Board its assessments and recommendations. Internal control deficiencies and issues highlighted are appropriately addressed by the management.

- The Strategy and Investments Committee ("SIC") assists the Board in reviewing and recommending significant matters related to all existing and potential investments of the Group. The SIC also reviews and assesses all risks associated with investments and the management thereof.

- The Group risk assessment, risk register and risk action plans are reported to the Audit Committee and the Board quarterly for review and endorsement.

**Reporting to Shareholders/Stakeholders**

External stakeholder relations and communication are given high priority in view of the types of risks faced by the Group.  Specifically, sustainability issues require appropriate engagement with NGOs and other interested parties. The Group, being a state Government-Linked Company, implements an effective external communications strategy to ensure the reputation of the Group is protected.

The Group has established processes and procedures to ensure the quarterly and annual accounts, which cover the Group's performance, are submitted to Bursa Securities for release to shareholders and stakeholders on a timely basis. All quarterly results are reviewed and approved by the Board prior to announcement.

The Company's annual report, which include the annual audited financial statements together with the auditors' and directors' reports, is issued to the shareholders within the stipulated time prescribed under the MMLR of Bursa Securities.

**Review of the statement by external auditors**

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the year ended 2021. Their limited assurance review was performed in accordance with the Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, nothing has come to their attention that cause them to believe that the Statement on Risk Management and Internal Control to be included in the Annual Report is inconsistent with their understanding of the process the Board of Directors has adopted in the review of the adequacy and effectiveness of the risk management and internal control systems of the Group.

**Conclusion**

The risk management and internal control system described in this statement is considered adequate by the Board within the business environment context throughout the Group's businesses. The Board continues to take appropriate initiatives to enhance the internal control system to ensure that it remains relevant over time in an evolving business environment.

This statement is made in accordance with the resolution of the Board of Directors dated 24 February 2022.

# Audit Committee Report

## Members and Meetings

The Audit Committee comprises three Board Directors, of whom three are Independent Non-Executive Directors and one a Non-Independent Non-Executive Director. The Committee convened seven (7) meetings during the financial year. Details of members' attendance at the meetings are as follows:

| Name of Director | Meetings Held During Tenure in Office | Attendance | % |
|---|---|---|---|
| Mohd Badaruddin bin Ismail<br>*Chairman (Independent Non-Executive)* | 7 | 7 | 100 |
| Dr Mohd Zaki bin Hamzah<br>*(Independent Non-Executive)*<br>*Resigned as member on 3rd September 2021* | 6 | 6 | 100 |
| Haji Saiffuddin bin Othman<br>*(Independent Non-Executive)* | 7 | 6 | 86 |
| Muhammad Ramizu bin Mustaffa<br>*(Non-Independent Non-Executive)* | 7 | 7 | 100 |

The External Auditor was invited to attend the meeting when the annual financial statement was tabled. The Internal Audit Head, the Chief Executive Officer and the Group Finance Manager were in attendance at the meetings to table the internal audit reports and to present the performance results of the Company and the Group.

Other members of the Group's Senior Management attended some of these meetings upon invitation by the Chairman of the Committee.

## Summary of Activities

During the reporting period, the Audit Committee carried out its duties as set out in the terms of reference. The Audit Committee also:

i. Reviewed the Annual Audit Plan for the year 2021 to ensure there was adequate scope and coverage over the activities of the Group.

ii. Reviewed a total of three (3) internal audit reports presented by the Internal Audit Department ("IAD") on findings and recommendations with regards to system and control weaknesses noted in the course of their audit and Management's response thereto as well as ensuring material findings are adequately addressed by Management.

iii. Reviewed the quarterly results of the Group and made recommendations to the Board for approval.

iv. Reviewed related party transactions and conflict of interest incidents that arose within the Group.

v. Evaluated the performance of the external auditors and made recommendations to the Board on their appointment, scope of work and audit fees.

vi. Reviewed, on a quarterly basis, the risk profile of the Group (including risk registers) and risk action plans to manage and/or mitigate business risks as identified from time to time.

**INTERNAL AUDIT FUNCTIONS**

Internal auditing is an independent and objective assurance activity designed to add value and improve the Group's operations. It actively facilitates the Group to accomplish its objectives by employing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes within the Group.

The purpose, authority and responsibility of the IAD are formally defined in the Internal Audit Charter, as approved by the Audit Committee, which establishes the framework for the effective and efficient functioning of the IAD. The standards and practices adopted by the IAD are aligned with the International Professional Practices Framework issued by the Institute of Internal Auditors.

The internal audit function of the Group was carried out in-house, headed by Encik Azman bin Jusoh, a member of the Malaysian Institute of Accountants ("MIA"). As of 31 March 2022, the IAD has four ("4") full-time internal auditors (FY2020: 2), all having relevant experience and qualifications. The IAD is independent of the activities or operations of other operating units within the Group and reports directly to the Audit Committee.

The IAD applies a risk-based approach in determining the priorities for internal audit activities and periodically reviews the annual audit plan, taking into consideration changes in risk exposure and the operating environment. In view of the associated risks arising from the COVID-19 pandemic, its significant impacts to the business and the obligations to strictly adhere to regulatory requirements in managing the spread of the disease, the IAD revised the Annual Audit Plan 2021 which had been approved by the Audit Committee earlier. The Revised Audit Plan was to address material issues and risks faced by the Group. The IAD, at the same time, modifed the audit activities to suit and adhere to the movement restrictions during the pandemic.

During the year under review, the IAD carried out audit assignments on various operating subsidiaries of the Group. Audit reports were issued to the Audit Committee and the respective subsidiaries, incorporating findings and recommendations regarding the system and control weaknesses noted during the audit and Management's responses to the audit findings. The IAD also followed up on the implementation and disposition of all findings and recommendations.

During the financial year, the Internal Auditors conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- The IAD adopted a risk-based approach to identify and assess significant risk areas in the Group and thereafter, based on available resources, formed the basis of the Audit Plan for the Group;

Audit Committee Report (Continued)

- Based on the Audit Plan which had been approved by the Audit Committee:
    - Performed compliance reviewed on policies and procedures, limits of authority and other statutory and regulatory requirements within the Group; and
    - Reviewed the adequacy and effectiveness of policies and procedures, internal controls, operations, risk management and governance activities and made suitable recommendations to Management for implementation within the Group.
- Prepared audit reports and sought Management responses, including action plan(s) with specific timelines regarding the rectification of deficiencies identified in the existing internal control systems and thereafter incorporated the pertinent information into the final reports, which were then circulated to the Audit Committee;
- Presented audit reports for deliberation during the Audit Committee meetings;
- Followed up on the implementation status of the actions plans undertaken by Management and thereafter reported the said status to the Audit Committee; and
- Performed special reviews.

The IAD also cooperated in developing the Anti–Bribery and Corruption ("ABC") Policy for the Group, together with the Group Integrity and Governance Unit ("IGU"). This ABC policy was developed to align with the Guidelines on Adequate Procedures issued pursuant to section 17A of the Malaysian Anti-Corruption and Commission Act 2009 and its amendments.

All activities and work carried out by the IGU are based on its four core functions and five principles of T.R.U.S.T in the guidelines provided by the Malaysian Anti-Corruption and Commission ("MACC").

The four core functions of the IGU are:


The 5 TRUST principles of the IGU are:

- **T** — **T**op Level Management
- **R** — **R**isk Assessment
- **U** — **U**ndertake Control
- **S** — **S**ystematic Review, Monitoring and Enforcement
- **T** — **T**raining and Communication

During the year, the GPB Group carried out programmes such as webinars, creating awareness via emails, surveys and policy reviews.

The Internal Auditors have confirmed that they are free from any relationship or conflict of interests that could impair their objectivity and independence in their audit assignments.

During the year, all the internal audit activities were carried out in-house, and the total cost incurred was RM186,022.86 for manpower, training, travelling and accommodation.

The Audit Committee Report was submitted in accordance with the resolution of the Board of Directors and duly passed on 24 February 2022.

**Terms of Reference of the Audit Committee**

**MEMBERSHIP**

1 The Audit Committee ("AC") shall be appointed by the Board of Directors from among their number and shall comprise of not fewer than three ("3") members who fulfil the following requirements:

   i. All the AC members must be Non-Executive Directors, with a majority of them being Independent Directors; and

   ii. all the AC members should be financially literate;

   iii. at least one (1) member:

      a. must be a member of the Malaysian Institute of Accountants (MIA); or

      b. if he is not a member of the MIA, he must have at least three (3) years' working experience and:

         - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
         - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967;
         - fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

   iv. No alternate Director shall be appointed as a member of the AC.

   v. A former key audit partner may be appointed as a member of the AC, but must observe a cooling-off period of at least three ("3") years prior to his appointment.

2 The chairman of the AC shall be appointed by the Board from among their Independent Directors, and who must not be the Chairman of the Board.

3 The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

4 In the event of any vacancy in the Committee resulting in the non-compliance of the listing requirements of the Bursa Securities pertaining to the composition of the audit committee, the Board of Directors shall, within three months of that event, fill the vacancy.

**MEETINGS**

**1 Frequency**

   a. Meetings shall be held not less than four times a year.

   b. Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

**2 Quorum**

   a. A quorum shall consist of a majority of Independent Directors.

**3 Secretary**

   a. The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

**4 Attendance**

   a. The Chief Executive Officer, the Head of Internal Audit, the Head of Finance, and the representative of the external auditor shall normally attend meetings.

   b. Other Directors and employees may attend any meeting only at the invitation of the Committee.

   c. The Committee shall meet with the external auditors without any executive Board member present at least once a year.

Audit Committee Report (Continued)

**5 Reporting Procedures**

a. The minutes of each meeting shall be circulated to all members of the Board together with the Board meeting papers.

**6 Meeting Procedure**

The Committee shall regulate its own procedures, in particular:

a. the calling of meetings;

b. the notice to be given of such meetings;

c. the voting and proceedings of such meetings;

d. the keeping of minutes; and

e. the custody, production and inspection of such minutes.

**7 Circular Resolutions**

a. Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Committee.

## RIGHTS

The Committee in performing its duties shall, in accordance with a procedure to be determined by the Board of Directors:

a. have authority to investigate any matter within its terms of reference;

b. have the resources which are required to perform its duties;

c. have full and unrestricted access to any information pertaining to the Company;

d. have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity;

e. be able to obtain independent professional or other advice; and

f. be able to convene meetings with external auditors, the internal auditors or both, with the exclusion of other directors and employees of the Company, whenever deemed necessary.

## FUNCTIONS

The functions of the Committee, amongst others, shall include the following:

1 To review with the external auditor:

a. the audit plan;

b. his evaluation of the system of internal controls;

c. his audit report; and

d. his management letter and Management response.

2 To review:

a. the assistance given by the employees of the Company to the external auditor;

b. the quarterly results and year-end financial statements, prior to the approval of the Board of Directors, focusing particularly on:

(i) the going concern assumption;

(ii) changes in or implementation of major accounting policies;

(iii) significant and unusual events; and

(iv) compliance with accounting standards and other legal requirements.

c. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions or any other matter regarding the integrity of Management; and

d. the Statement of Corporate Governance prior to the approval by the Board of Directors.

3 In respect of the appointment of external auditors:

a. to review whether there are reasons (supported by grounds) to believe that the external auditors are not suitable for reappointment;

b. to consider the nomination of a person or persons as external auditors and the audit fee; and

c. to consider any question on the resignation or dismissal of external auditors.

Audit Committee Report (Continued)

4 In respect of the internal audit function:

a. to review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its work;

b. to review the internal audit programme, its results, processes, and/or investigations and evaluate whether appropriate action is taken as per the recommendations of the internal audit function;

c. to review any appraisal or assessment of the performance of members of the internal audit function;

d. to approve any appointment or termination of senior staff members of the internal audit function;

e. to be informed of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning;

f. the internal audit function must be independent of the activities it audits; the internal audit activity should be free from interference in determining the scope of internal audit, performing the work, and communicating results;

g. the internal audit function reports directly to the Audit Committee;

h. at the end of each financial year, to review and verify the allocation of new Shares offered or vested pursuant to the company's Long Term Incentive Plan; and

i. to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistleblowing and governance processes.

5 In respect of risk management:

a. to review the context within which risk is managed in relation to the Company's strategic direction and objectives;

b. to oversee and provide oversight and direction for the implementation of risk management in the Company and the consistent application of the Enterprise Risk Management ("**ERM**") principle;

c. to oversee the formulation of the Group's overall ERM and strategies, including policies, procedures, systems, capability and parameters to identify, assess and manage risks, including any new or emerging threat, to ensure they are relevant and appropriate to the Group's position and business;

d. to advise and report on the overall risk appetite, tolerance and strategy on managing business risks;

e. to review and deliberate the Management report on the Group's key business risks and to ensure that internal controls and business plans are adequate and effective and that appropriate timely mitigation measures and actions are taken by Management to address, manage and monitor the risks;

f. to recommend to the Board, the approval of and/or amendments to the Group risk management framework and the strategies, including policies, procedures, systems, capability and parameters, whichever relevant;

g. to periodically review the Company's risk management framework and supporting structure;

h. to consider the contextual risks and recommend to the Board, the mitigation of the risks identified;

i. to review the risk profile of the Group (including risk registers) and risk action plans to manage and/or mitigate business risks as identified from time to time; and

j. to review the Group's Statement on Risk Management and Internal Control ("**SORMIC**") and to recommend it to the Board of Directors for approval and for inclusion in the Annual Report.

6 To promptly report to Bursa Securities, any matter that the Committee had brought to the Board of Directors that it feels was not satisfactorily resolved, thus resulting in a breach of the Listing Requirements.

7 To carry out other functions as may be agreed to by the Committee and the Board of Directors.

# List of Properties

| Properties | | Description | Land area (sq.metre) | Tenure of land | Age of building | Net book value 31/12/2021 (RM) |
|---|---|---|---|---|---|---|
| 1. | Lot No. 6720 & 6721, Jalan Perak Mukim Telok Panglima Garang State of Selangor | Glass factory | 12,141 | 99 years leasehold expiring on 11.6.2086 | 31 years | 7,022,545 |
| 2. | Lot No.3320 City and District Kuala Terengganu State of Terengganu | 4 storey shopoffice | 148 | Freehold | 31 years | 1,745,838 |
| 3. | P.T. No. 105 H.S. (D) 4961 Mukim Hulu Paka, District of Dungun State of Terengganu | Plywood mill | 219,850 | 60 years leasehold expiring on 14.7.2 042 | 39 years | 8,059,242 |
| 4. | Lot No. 1431, 1432 and 1433 Mukim Hulu Paka District of Dungun State of Terengganu | 3 units single storey detached house | 2,359 | 99 years leasehold expiring on 15.4.2096 | 39 years | 249,892 |
| 5. | Lot No. 3164 Mukim of Batu Burok District of Kuala Terengganu State of Terengganu | 3.5 storey shopoffice | 130 | Freehold | 28 years | 822,002 |
| 6. | P.T. No. 109 H.S. (D) 569 Mukim Hulu Paka District of Dungun State of Terengganu | Vacant industrial land | 48,940 | 60 years leasehold expiring on 24.2.2058 | - | 1,313,390 |
| 7. | Lot No. 2049 Mukim Hulu Paka District of Dungun State of Terengganu | Vacant industrial land | 138,000 | 60 years leasehold expiring on 17.6.2060 | - | 3,218,085 |
| 8. | Lot No. 2050 Mukim Hulu Paka District of Dungun State of Terengganu | Vacant industrial land | 48,420 | 60 years leasehold expiring on 17.6.2060 | - | 1,128,662 |
| 9. | Lot No. 2051 Mukim Hulu Paka District of Dungun State of Terengganu | Vacant industrial land | 17,840 | 60 years leasehold expiring on 17.6.2060 | - | 415,086 |

List of Properties (Continued)

| | Properties | Description | Land area (sq.metre) | Tenure of land | Age of building | Net book value 31/12/2021 (RM) |
|---|---|---|---|---|---|---|
| 10. | Lot No. 7348<br>Mukim Jerangau<br>District of Dungun<br>State of Terengganu | Sawmill | 158,000 | 30 years leasehold expiring on 4.3.2038 | 41 years | 3,156,313 |
| 11. | Lot No. 16388 & 16389<br>Mukim Kuala Paka<br>District of Dungun<br>State of Terengganu | Vacant industrial land | 23,225 | 30 years leasehold expiring on 15.10.2037 | - | 443,549 |
| 12. | Lot No. 743<br>Mukim Telok Kalong<br>District of Kemaman<br>State of Terengganu | Vacant industrial land | 25,231 | 60 years leasehold expiring on 25.4.2029 | - | 600,002 |
| 13. | P.T. 6400 & 6401<br>Mukim Jerangau<br>District of Dungun<br>State of Terengganu | 1 unit single storey office & 1 unit rest house | 7,834 | 60 years leasehold expiring on 24.9.2054 | 27 years | 654,131 |
| 14. | Lot No. 12556<br>Mukim Chukai<br>District of Kemaman<br>State of Terengganu | Sawmill and timber downstream processing | 35,728 | 50 years leasehold expiring on 15.10.2045 | 46 years | 5,947,435 |
| 15. | Lot No. 9803<br>Mukim Chukai<br>District of Kemaman<br>State of Terengganu | Sawmill and timber downstream processing | 31,126 | 60 years leasehold expiring on 22.2.2053 | 46 years | 3,421,053 |
| 16. | Lot No S22-33<br>Perumahan Jalan Kenari<br>44110 Lembah Beringin<br>State of Selangor | 1 unit single storey terrace house | 133 | Freehold | - | 10,000 |
| 17. | Lot No. PT 60056<br>Mukim Banggol<br>District of Kemaman<br>State of Terengganu | Vacant industrial land | 198,300 | 60 years leasehold expiring on 21.2.2071 | - | 11,347,741 |

The last revaluation carried out by the Group was on 13 January 2022

# Financial Statements

# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries are manufacturing and trading of glass and woodchip, investment holding, sawmiling, moulding, producing finger joint and furniture and kiln drying, harvesting and sustainable forest management, and rental of buildings, plant and machinery, selling of logs and right to log and manufacture and sale of veneer.

Other information relating to the subsidiaries are disclosed in Note 20 to the financial statements.

## RESULTS

| | Group<br>RM'000 | Company<br>RM'000 |
|---|---|---|
| Profit net of tax | 659 | 1,383 |

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

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

## DIVIDENDS

No dividend has been paid and declared by the Company since the end of the previous financial year.

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2021, on 140,475,470 ordinary share and 12,000,000 Redeemable preference share, amounting to a dividend payable of RM1,372,279 (0.90 sen per share) 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 in equity as an appropriation of retained earnings in the financial year ended 31 December 2022.

Directors' Report (Continued)

## DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

| | |
|---|---|
| Dato' Haji Tengku Hassan bin Tengku Omar | |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | |
| Haji Saiffuddin bin Othman | |
| Muhammad Ramizu bin Mustaffa | |
| Mohd Badaruddin bin Ismail | |
| Haji Burhanuddin Hilmi bin Mohamed@Harun | |
| Dr. Mohd Zaki bin Hamzah | (resigned on 1 February 2022) |

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report are:

<u>Golden Pharos Glass Sdn. Bhd.</u>

| | |
|---|---|
| Mohd Nurkhuzaini bin Ab Rahman | |
| Zulkifli bin Ali | |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | (appointed on 1 October 2021) |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 26 July 2021) |

<u>GP Forest Plantation Sdn. Bhd.</u>

| | |
|---|---|
| Dr Azman bin Ibrahim | (appointed on 1 October 2021) |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | (appointed on 1 October 2021) |
| Roslan bin Rani | (appointed on 1 October 2021) |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 3 September 2021) |
| Suhairi bin Sulong | (resigned on 1 October 2021) |
| Syukri bin Ali | (resigned on 1 October 2021) |

<u>GP Biomass Sdn. Bhd.</u>

| | |
|---|---|
| Suhairi bin Sulong | |
| Zulkifli bin Omar | |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 3 September 2021) |

<u>Golden Pharos Overseas Sdn. Bhd.</u>

| | |
|---|---|
| Suhairi bin Sulong | |
| Zulkifli bin Omar | |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 3 September 2021) |

<u>Golden Pharos Fiber Sdn. Bhd.</u>

| | |
|---|---|
| Suhairi bin Sulong | |
| Zulkifli bin Omar | |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 3 September 2021) |

**DIRECTORS (CONTINUED)**

| | |
|---|---|
| GP Tropical Furniture Sdn. Bhd. | |
| Suhairi bin Sulong | |
| Zulkifli bin Omar | |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 3 September 2021) |
| | |
| Permint Timber Corporation Sdn. Bhd. | |
| Suhairi bin Sulong | |
| Zulkifli bin Omar | |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 3 September 2021) |
| | |
| Pesama Timber Corporation Sdn. Bhd. | |
| Ir. Saiful Azmi bin Suhaili | |
| Haji Wan Ali bin W Yusof | |
| Mohd Hafiz bin Adam | |
| Muhammad Ramizu bin Mustaffa | (appointed on 1 June 2021) |
| Jusman bin Ibrahim | (appointed on 1 October 2021) |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 26 July 2021) |
| Haji Johan bin Ibrahim | (resigned on 1 October 2021) |
| | |
| Pesaka Trengganu Berhad | |
| Haji Wan Hassan bin Mohd Ramli | |
| Haji Ghazali bin Sulaiman | |
| Haji Zainal Abidin bin Mohamed | |
| Mohd Badaruddin bin Ismail | (appointed on 1 June 2021) |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 26 July 2021) |
| | |
| Kumpulan Pengurusan Kayu-Kayan Trengganu Sdn. Bhd. | |
| Haji Satiful Bahari bin Mamat | |
| Abdul Hadi bin Ripin@Ariffin | |
| Harun bin Esa | |
| Dr. Mohd Zaki bin Hamzah | |
| Roslan bin Rani | (appointed on 28 February 2021) |
| Muhammad bin Abdullah | (resigned on 28 February 2021) |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 26 July 2021) |
| | |
| Permint Plywood Sdn. Bhd. | |
| Haji Maliaman bin Kassim | |
| Haji Anuar bin Awang | |
| Mohd Badaruddin bin Ismail | |
| Haji Saiffuddin bin Othman | (appointed on 1 October 2021) |
| Ahmad Azizi bin Zulkifli | (appointed on 1 October 2021) |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 26 July 2021) |
| | |
| GP Dynamic Venture Sdn. Bhd. | |
| Zulkifli bin Omar | |
| Syukri bin Ali | |
| Dato' Ahmad Nadzarudin bin Abdul Razak | (resigned on 3 September 2021) |

Directors' Report (Continued)

## HOLDING COMPANY

The holding company is Terengganu Incorporated Sdn. Bhd., a company incorporated in Malaysia.

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The directors' benefits are as follows:

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Fees | 708 | 286 |
| Share option granted under ESOS | 86 | 35 |
| Other emoluments | 994 | 415 |
| Benefits-in-kind | 8 | 8 |
| | 1,796 | 744 |

## DIRECTORS' INTERESTS

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

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| Name of directors | 1.1.2021 | Acquired | Sold | 31.12.2021 |
| Muhammad Ramizu bin Mustaffa | - | 100,000 | (100,000) | - |
| Mohd Badaruddin bin Ismail | - | 100,000 | (100,000) | - |

**DIRECTORS' INTERESTS (CONTINUED)**

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in options over shares in the Company and its related corporations during the financial year were as follows (continued):

| | Number of options over ordinary shares | | | |
|---|---|---|---|---|
| **Name of directors** | **1.1.2021** | **Granted** | **Exercised** | **31.12.2021** |
| Dato' Haji Tengku Hassan bin Tengku Omar | 125,000 | - | - | 125,000 |
| Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya | 100,000 | - | - | 100,000 |
| Dr. Mohd Zaki bin Hamzah | 100,000 | - | (100,000) | - |
| Haji Saiffuddin bin Othman | 75,000 | - | - | 75,000 |
| Muhammad Ramizu bin Mustaffa | 100,000 | - | (100,000) | - |
| Mohd Badaruddin bin Ismail | 100,000 | - | (100,000) | - |

**EXECUTIVE SHARE GRANT SCHEME ("ESGS") AND EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")**

The Company's Long Term Incentive Plan ("LTIP" or "Scheme") is governed by the By-Laws which was approved by the shareholders on 26 June 2018, and is administered by the LTIP Committee which is appointed by the Board of Directors, in accordance with the By-Laws of LTIP.

The LTIP comprised of ESGS and ESOS. The salient features, terms and details of the LTIP are disclosed in Note 33 to the financial statements.

During the financial year, the Company has granted 2,450,000 shares under the ESGS and 234,000 options under the ESOS to eligible employees of the Company and/or its eligible subsidiary companies.

**OTHER STATUTORY INFORMATION**

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Directors' Report (Continued)

**OTHER STATUTORY INFORMATION (CONTINUED)**

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

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

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

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

**AUDITORS**

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 9 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2022.

Dato' Haji Tengku Hassan bin Tengku Omar

Mohd Badaruddin bin Ismail

# Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Haji Tengku Hassan bin Tengku Omar and Mohd Badaruddin bin Ismail, being two of the directors of Golden Pharos Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 209 to 307 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 at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2022.

Dato' Haji Tengku Hassan bin Tengku Omar

Mohd Badaruddin bin Ismail

# Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Syukri bin Ali, being the officer primarily responsible for the financial management of Golden Pharos Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 209 to 307 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
Syukri bin Ali at Kuala Terengganu in the state of
Terengganu Darul Iman on 28 April 2022.

Syukri bin Ali
MIA 23519
(I/C No.: 750701-11-5007)

Before me,

# Independent Auditors' Report

to the members of Golden Pharos Berhad (Incorporated in Malaysia)

**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Golden Pharos Berhad., which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 209 to 307.

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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis for opinion*

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

*Independence and other ethical responsibilities*

We are independent 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Key audit matters*

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

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent Auditors' Report
to the members of Golden Pharos Berhad (Incorporated in Malaysia) (Continued)

**Key audit matter at Group's financial statements**

*Revenue recognition*

We draw your attention to summary of significant accounting policies in Note 2.23 and the disclosure of revenue in Note 4 to the financial statements.

For the financial year ended 31 December 2021, the Group recorded revenue of approximately RM56,743,000 mainly derived from its harvesting, sawmilling, sales of logs and rights to log and glass manufacturing segments. We identified revenue as an area of audit focus because of the significance of the amount of the revenue to the Group's financial statements at the reporting date. Further, we also assessed the risk of material misstatement in respect of revenue recognition to be higher as the key performance indicator for the key management personnel are measured based on the financial performance (where revenue is the key determinant of the overall financial performance) of the Group. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

In addressing the matter above, we have amongst others performed the following audit procedures:

(i) Tested the Group's internal controls over nature, timing and amount of revenue recognised.

(ii) Performed detailed review of Information Produced by Entity for revenue by performing procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial institutions.

(iii) Performed cut-off procedures to determine if revenue are recorded in the correct accounting period.

**Key audit matter at Company's financial statements**

*Impairment of investments in subsidiaries*

We draw your attention to summary of significant accounting policies in Note 2.12, significant accounting judgements and estimates in Note 3.2(f) and the disclosure of investments in subsidiaries in Note 20 to the financial statements.

As at 31 December 2021, the net carrying amount of investments in subsidiaries of the Company stood at approximately RM77,219,000.

MFRS 136: *Impairment of Assets* requires the Company to re-assess the recoverable amount of the investments in subsidiaries as at the reporting date, whenever there is any indication that the previously recognised impairment losses may no longer exist or may have changed.

We focused on this area because of the significance of the carrying amount of the investments in subsidiaries which represents 93% of the total assets of the Company as at the reporting date.

Independent Auditors' Report
to the members of Golden Pharos Berhad (Incorporated in Malaysia) (Continued)

*Key audit matters (continued)*

*Impairment of investments in subsidiaries (continued)*

In addressing the matter above, we have amongst others performed the following audit procedures:

(i) Obtained an understanding of the Company's policies and procedures to identify indications of impairment and evaluating the assumptions and methodologies used by the Company in performing the assessment.
(ii) Obtained an understanding of the relevant internal process in estimating the recoverable amount of the cash-generating units ("CGUs") of groups of CGUs.
(iii) Evaluated the assumptions and methodologies used by the Company in assessing the recoverable amount of the cash-generating units ("CGUs") of groups of CGUs.
(iv) Assessed the adequacy of the Company's disclosures within the financial statements.

*Information other than the financial statements and auditors' report thereon*

Other information consists of the information included in the Company's 2021 Annual Report other than the financial statements and our auditors' report thereon. Management is responsible for the other information. The Company's 2021 Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

*Responsibilities of the directors for the financial statements*

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

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

Independent Auditors' Report
to the members of Golden Pharos Berhad (Incorporated in Malaysia) (Continued)

*Auditors' responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Auditors' Report
to the members of Golden Pharos Berhad (Incorporated in Malaysia) (Continued)

*Auditors' responsibilities for the audit of the financial statements (continued)*

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 the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Muhammad Affan bin Daud
No. 03063/02/2024 J
Chartered Accountant

Kuala Terengganu, Terengganu Darul Iman, Malaysia
28 April 2022

# Statements of Comprehensive Income

For the financial year ended 31 December 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Revenue | 4 | **56,743** | 47,200 | **5,844** | 12,344 |
| Cost of sales | | **(38,838)** | (40,221) | **-** | - |
| **Gross profit** | | **17,905** | 6,979 | **5,844** | 12,344 |
| **Other items of income** | | | | | |
| Interest income | 5 | **222** | 267 | **23** | 70 |
| Dividend income | 6 | **16** | 36 | **-** | - |
| Other income | 7 | **2,202** | 2,480 | **575** | 1,945 |
| **Other items of expense** | | | | | |
| Selling and distribution expenses | | **(1,050)** | (1,192) | **-** | - |
| Administrative expenses | | **(16,289)** | (14,146) | **(5,038)** | (3,719) |
| Finance costs | 8 | **(487)** | (673) | **(21)** | (12) |
| Other expenses | | **(74)** | (317) | **-** | - |
| Share of results of an associate | | **229** | 192 | **-** | - |
| **Profit/(loss) before tax** | 9 | **2,674** | (6,374) | **1,383** | 10,628 |
| Income tax expense | 12 | **(2,015)** | (319) | **-** | - |
| **Profit/(loss) net of tax** | | **659** | (6,693) | **1,383** | 10,628 |
| **Profit/(loss) attributable to:** | | | | | |
| Owners of the parent | | **659** | (6,693) | **1,383** | 10,628 |

Statements of Comprehensive Income (Continued)
For the financial year ended 31 December 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Other comprehensive income:** | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Net loss on fair value changes of fair value through other comprehensive income ("FVTOCI") financial assets | 32 | **(402)** | 237 | **-** | - |
| Net gain/(loss) on remeasurement of defined benefit obligations | 29 | **50** | - | **(50)** | - |
| **Other comprehensive loss, net of tax** | | **(352)** | (237) | **(50)** | - |
| **Total comprehensive income/ (loss) for the year, net of tax** | | **307** | (6,930) | **1,333** | 10,628 |
| **Total comprehensive income/ (loss) attributable to:** | | | | | |
| Owners of the parent | | **307** | (6,930) | **1,333** | 10,628 |
| **Earnings/(loss) per share attributable to owner of the parent (sen per share):** | | | | | |
| Basic | 13 | **(0.48)** | (4.93) | | |
| Diluted | 13 | **(0.46)** | (4.75) | | |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Statements of Financial Position

As at 31 December 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 14 | **13,096** | 13,696 | **147** | 389 |
| Right-of-use assets | 15 | **25,011** | 25,839 | **173** | 35 |
| Investment properties | 16 | **19,473** | 18,119 | **1,746** | - |
| Biological assets | 17 | **237** | - | **-** | - |
| Intangible assets | 18 | **637** | 1,155 | **-** | - |
| Goodwill | 19 | **-** | - | **-** | - |
| Investments in subsidiaries | 20 | **-** | - | **77,219** | 77,099 |
| Investments in associates | 21 | **3,710** | 3,571 | **-** | - |
| Deferred tax assets | 22 | **1,469** | 798 | **-** | - |
| Investment securities | 23 | **717** | 2,010 | **-** | - |
| Other receivables | 26 | **-** | - | **911** | - |
| | | **64,350** | 65,188 | **80,196** | 77,523 |
| **Current assets** | | | | | |
| Inventories | 25 | **6,549** | 6,762 | **-** | - |
| Trade and other receivables | 26 | **13,764** | 9,866 | **1,558** | 1,511 |
| Prepayments | | **2,571** | 3,423 | **2** | 1,746 |
| Tax recoverable | | **1,041** | 3,149 | **-** | - |
| Cash and bank balances | 27 | **17,632** | 13,137 | **1,308** | 1,513 |
| | | **41,557** | 36,337 | **2,868** | 4,770 |
| Non-current assets held for sale | 24 | **10** | 20 | **-** | - |
| | | **41,567** | 36,357 | **2,868** | 4,770 |
| **Total assets** | | **105,917** | 101,545 | **83,064** | 82,293 |

Statements of Financial Position (Continued)
As at 31 December 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Equity and liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Defined benefit obligations | 29 | **267** | 702 | **-** | - |
| Borrowings | 28 | **3,312** | 1,832 | **31** | 114 |
| Lease liabilities | 15 | **15** | 24 | **70** | 23 |
| Trade and other payables | 30 | **15,912** | 13,335 | **1,533** | 3,357 |
| Tax payable | | **4** | 4 | **-** | - |
| | | **19,510** | 15,897 | **1,634** | 3,494 |
| **Net current assets** | | **22,057** | 20,460 | **1,234** | 1,276 |
| **Non-current liabilities** | | | | | |
| Defined benefit obligations | 29 | **7,076** | 7,014 | **287** | 190 |
| Borrowings | 28 | **9,191** | 10,241 | **134** | 254 |
| Lease liabilities | 15 | **40** | 1 | **107** | 12 |
| | | **16,307** | 17,256 | **528** | 456 |
| **Total liabilities** | | **35,817** | 33,153 | **2,162** | 3,950 |
| **Net assets** | | **70,100** | 68,392 | **80,902** | 78,343 |
| **Equity attributable to owners of the parent** | | | | | |
| Share capital | 31 | **81,664** | 80,447 | **81,664** | 80,447 |
| Retained earnings/(Accumulated losses) | | **8,874** | 8,243 | **(1,873)** | (3,206) |
| Other reserves | 32 | **(20,438)** | (20,298) | **1,111** | 1,102 |
| **Total equity** | | **70,100** | 68,392 | **80,902** | 78,343 |
| **Total equity and liabilities** | | **105,917** | 101,545 | **83,064** | 82,293 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Statements of Changes in Equity

For the financial year ended 31 December 2021

| | | Attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable | Distributable | Non-distributable | | | | |
| | Note | Equity, total RM'000 | Share capital RM'000 | Retained earnings RM'000 | Other reserves, total RM'000 | Equity contribution from owners RM'000 | Fair value adjustment reserve RM'000 | Reserve arising from merger RM'000 | Employee share options reserve RM'000 |
| **Group** | | | | | | | | | |
| **Opening balance at 1 January 2021** | | 68,392 | 80,447 | 8,243 | (20,298) | 1,262 | 477 | (22,718) | 681 |
| Profit for the year | | 659 | - | 659 | - | - | - | - | - |
| Other comprehensive income | | | | | | | | | |
| Net loss on fair value changes of FVTOCI financial assets | 32 | (402) | - | - | (402) | - | (402) | - | - |
| Net gain on remeasurement of defined benefit obligations | 29 | 50 | - | 50 | - | - | - | - | - |
| Total comprehensive income | | 307 | - | 709 | (402) | - | (402) | - | - |
| Transfer of fair value reserve to retained earnings upon disposal of FVTOCI financial assets | 32 | - | - | (138) | 138 | - | 138 | - | - |
| Transactions with owners | | | | | | | | | |
| Issuance of ordinary shares: | 31 | | | | | | | | |
| - Exercise of ESGS | | 641 | 641 | - | - | - | - | - | - |
| - Exercise of ESOS | | 387 | 387 | - | - | - | - | - | - |
| Share-based payment under the LTIP: Grant of ESOS | 32 | 373 | - | - | 373 | - | - | - | 373 |
| Transfer to share capital upon ESOS exercised | 32 | - | 189 | - | (189) | - | - | - | (189) |
| ESOS lapsed | 32 | - | - | 60 | (60) | - | - | - | (60) |
| Total transactions with owners | | 1,401 | 1,217 | 60 | 124 | - | - | - | 124 |
| **Closing balance at 31 December 2021** | | 70,100 | 81,664 | 8,874 | (20,438) | 1,262 | 213 | (22,718) | 805 |

Statements of Changes in Equity (Continued)
For the financial year ended 31 December 2021

| | | Attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Non-distributable | Distributable | Non-distributable | | | | |
| | Note | Equity, total RM'000 | Share capital RM'000 | Retained earnings RM'000 | Other reserves, total RM'000 | Equity contribution from owners RM'000 | Fair value adjustment reserve RM'000 | Reserve arising from merger RM'000 | Employee share options reserve RM'000 |
| **Group (continued)** | | | | | | | | | |
| **Opening balance at 1 January 2020** | | 62,896 | 68,447 | 14,936 | (20,487) | 1,262 | 714 | (22,718) | 255 |
| Loss for the year | | (6,693) | - | (6,693) | - | - | - | - | - |
| Other comprehensive loss | | | | | | | | | |
| Net loss on fair value changes of FVTOCI financial assets | 32 | (237) | - | - | (237) | - | (237) | - | - |
| Total comprehensive loss | | (6,930) | - | (6,693) | (237) | - | (237) | - | - |
| Transactions with owners | | | | | | | | | |
| Share-based payment under the LTIP: Grant of ESOS | 32 | 426 | - | - | 426 | - | - | - | 426 |
| Issuance of redeemable preference shares | | 12,000 | 12,000 | - | - | - | - | - | - |
| Total transactions with owners | | 12,426 | 12,000 | - | 426 | - | - | - | 426 |
| **Closing balance at 31 December 2020** | | 68,392 | 80,447 | 8,243 | (20,298) | 1,262 | 477 | (22,718) | 681 |

Statements of Changes in Equity (Continued)
For the financial year ended 31 December 2021

| | Note | Equity, total RM'000 | Non-distributable: Share capital RM'000 | Accumulated losses RM'000 | Other reserves, total RM'000 | Equity contribution from owners RM'000 | Employee share options reserve RM'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **Opening balance at 1 January 2021** | | 78,343 | 80,447 | (3,206) | 1,102 | 967 | 135 |
| Profit for the year | | 1,383 | - | 1,383 | - | - | - |
| Other comprehensive income | | | | | | | |
| Net loss on remeasurement of defined benefit obligations | 29 | (50) | - | (50) | - | - | - |
| Total comprehensive income | | 1,333 | - | 1,333 | - | - | - |
| Transactions with owners | | | | | | | |
| Share-based payment under the LTIP: Grant of ESOS | 32 | 198 | - | - | 198 | - | 198 |
| Issuance of ordinary shares: Exercise of ESGS | 31 | 641 | 641 | - | - | - | - |
| Issuance of ordinary shares: Exercise of ESOS | 31 | 387 | 387 | - | - | - | - |
| Transfer to share capital upon ESOS exercised | 31 | - | 189 | - | (189) | - | (189) |
| Total transactions with owners | | 1,226 | 1,217 | - | 9 | - | 9 |
| **Closing balance at 31 December 2021** | | 80,902 | 81,664 | (1,873) | 1,111 | 967 | 144 |

Statements of Changes in Equity (Continued)
For the financial year ended 31 December 2021

| | Note | Equity, total RM'000 | Share capital RM'000 | Accumulated losses RM'000 | Other reserves, total RM'000 | Equity contribution from owners RM'000 | Employee share options reserve RM'000 |
|---|---|---|---|---|---|---|---|
| | | | Non-distributable | | | | |
| **Company (continued)** | | | | | | | |
| **Opening balance at 1 January 2020** | | 55,625 | 68,447 | (13,834) | 1,012 | 967 | 45 |
| Profit for the year, representing total comprehensive income | | 10,628 | - | 10,628 | - | - | - |
| Transactions with owners | | | | | | | |
| Share-based payment under the LTIP: Grant of ESOS | 32 | 90 | - | - | 90 | - | 90 |
| Issuance of redeemable preference shares | | 12,000 | 12,000 | - | - | - | - |
| Total transactions with owners | | 12,090 | 12,000 | - | 90 | - | 90 |
| **Closing balance at 31 December 2020** | | 78,343 | 80,447 | (3,206) | 1,102 | 967 | 135 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Statements of Cash Flows

For the financial year ended 31 December 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit/(loss) before tax | | **2,674** | (6,374) | **1,383** | 10,628 |
| Adjustments for: | | | | | |
| Dividend income from: | | | | | |
| - Subsidiaries | 4 | **-** | - | **(3,200)** | (9,836) |
| - Investment securities | 6 | **(16)** | (36) | **-** | - |
| Profit and interest income from deposits with licensed banks | 5 | **(222)** | (267) | **(23)** | (70) |
| Profit income from Al-Mudharabah | 7 | **(4)** | (8) | **-** | (6) |
| (Reversal)/allowance for impairment on: | | | | | |
| - Trade receivables | 7 | **171** | 384 | **-** | - |
| - Other receivables | 7 | **(178)** | 405 | **(445)** | (731) |
| Bad debts recovered | 7 | **(170)** | - | **-** | - |
| Reversal of impairment losses on investments in subsidiaries | 7 | **-** | - | **-** | (1,075) |
| Finance costs | 8 | **487** | 673 | **21** | 12 |
| Depreciation of: | | | | | |
| - Property, plant and equipment | 9 | **2,113** | 2,554 | **134** | 205 |
| - Right-of-use assets | 9 | **873** | 873 | **70** | 73 |
| - Investment properties | 9 | **415** | 401 | **23** | - |
| Inventories written down | 9 | **14** | 23 | **-** | - |
| Impairment on intangible assets | 9 | **201** | 225 | **-** | - |
| Amortisation of intangible assets | 9 | **983** | 1,979 | **-** | - |
| Loss/(gain) on disposal of property, plant and equipment | 9 | **44** | (17) | **45** | (33) |
| Gain on disposal of investment | 7 | **(57)** | - | **-** | - |
| Property, plant and equipment written off | 9 | **7** | 2 | **1** | 1 |
| Inventories written off | 9 | **-** | 4 | **-** | - |
| Other receivables written off | 9 | **126** | 49 | **180** | - |
| Gain on disposal of assets-held-for-sale | 7 | **(30)** | - | **-** | - |

Statements of Cash Flows (Continued)
For the financial year ended 31 December 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Cash flows from operating activities (continued)** | | | | | |
| Adjustments for (continued): | | | | | |
| Share of results of an associate | | **(229)** | (192) | **-** | - |
| Share-based payment under the LTIP: | | | | | |
| - Grant of ESOS | 10, 11 | **385** | 426 | **66** | 90 |
| Provision for defined benefit obligations | 10 | **772** | 773 | **47** | 45 |
| Total adjustments | | **5,685** | 8,251 | **(3,081)** | (11,325) |
| **Operating cash flows before changes in working capital** | | **8,359** | 1,877 | **(1,698)** | (697) |
| Changes in working capital: | | | | | |
| Decrease/(increase) in inventories | | **199** | (468) | **-** | - |
| (Increase)/decrease in trade and other receivables | | **(3,999)** | (196) | **(695)** | 1,001 |
| Decrease/(increase) in prepayments | | **852** | (608) | **1,744** | (1,744) |
| Increase/(decrease) in trade and other payables | | **2,577** | (5,830) | **(1,810)** | (2,280) |
| Total changes in working capital | | **(371)** | (7,102) | **(761)** | (3,023) |
| **Cash flows from/(used in) operations** | | **7,988** | (5,225) | **(2,459)** | (3,720) |
| Profit received from Al-Mudharabah | | **4** | 8 | **-** | 6 |
| Finance costs paid | | **(62)** | (9) | **-** | - |
| Income taxes refunded | | **1,679** | 1 | **-** | - |
| Income taxes paid | | **(2,257)** | (800) | **-** | - |
| Defined benefit paid | 29 | **(1,095)** | (969) | **-** | (106) |
| **Net cash flows from/(used in) operating activities** | | **6,257** | (6,994) | **(2,459)** | (3,820) |

Statements of Cash Flows (Continued)
For the financial year ended 31 December 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Purchases of property, plant and equipment | 14 | **(1,661)** | (472) | **(34)** | (29) |
| Purchases of investment properties | 16 | **(1,769)** | - | **(1,769)** | - |
| Proceeds from disposal of property, plant and equipment | | **97** | 17 | **96** | 70 |
| Proceeds from disposal of assets-held-for-sale | | **40** | - | **-** | - |
| Proceeds from disposal of investment securities | | **1,088** | - | **-** | - |
| Cost incurred on biological assets | | **(237)** | - | **-** | - |
| Addition of intangible assets | 18 | **(666)** | (954) | **-** | - |
| Withdrawal of deposits with licensed banks | | **4,985** | 451 | **800** | - |
| Dividend received from: | | | | | |
| - Subsidiaries | | **-** | - | **3,200** | 560 |
| - Investment securities | | **106** | 135 | **-** | - |
| Profit and interest received | | **222** | 267 | **23** | 70 |
| **Net cash flows from/(used in) investing activities** | | **2,205** | (556) | **2,316** | 671 |
| **Cash flows from financing activities** | | | | | |
| Proceeds from issuance of ESOS exercised | | **387** | - | **387** | - |
| Proceeds from issuance of ESGS exercised | | **641** | - | **641** | - |
| Contractual lease payments | 15 | **(22)** | (29) | **(76)** | (76) |
| Repayments of borrowings, net | | **(852)** | (107) | **-** | - |
| Repayments of obligations under finance leases, net | | **(344)** | 33 | **(203)** | 107 |
| Interest paid | | **-** | - | **(11)** | (12) |
| **Net cash flows (used in)/from financing activities** | | **(190)** | (103) | **738** | 19 |
| **Net increase/(decrease) in cash and cash equivalents** | | **8,272** | (7,653) | **595** | (3,130) |
| **Cash and cash equivalents at 1 January** | | **6,278** | 13,931 | **313** | 3,443 |
| **Cash and cash equivalents at 31 December** | 27 | **14,550** | 6,278 | **908** | 313 |

Statements of Cash Flows (Continued)
For the financial year ended 31 December 2021

Reconciliation of movement of liabilities to cash flows arising from financing activities

| | Bankers' acceptances RM'000 | Term loans RM'000 | Obligations under finance leases RM'000 | Lease liabilities RM'000 | Total* RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Balance at 1 January 2020** | 176 | 10,106 | 871 | 52 | 11,205 |
| Cash movement: | | | | | |
| Drawdown of: | | | | | |
| - Bankers' acceptances | 952 | - | - | - | 952 |
| - Term loans | - | 459 | - | - | 459 |
| | 952 | 459 | - | - | 1,411 |
| Repayments of: | | | | | |
| - Bankers' acceptances | (797) | - | - | - | (797) |
| - Term loans | - | (721) | - | - | (721) |
| - Obligations under finance leases | - | - | (326) | - | (326) |
| - Lease liabilities | - | - | - | (29) | (29) |
| | (797) | (721) | (326) | (29) | (1,873) |
| Non-cash movement: | | | | | |
| Finance costs | | | | | |
| - Bankers' acceptances | 3 | - | - | - | 3 |
| - Term loans | - | 506 | - | - | 506 |
| - Obligations under finance leases | - | - | 130 | - | 130 |
| - Lease liabilities | - | - | - | 2 | 2 |
| | 3 | 506 | 130 | 2 | 641 |
| Addition of: | | | | | |
| - Obligations under finance leases | - | - | 359 | - | 359 |
| **Balance at 31 December 2020 and 1 January 2021** | 334 | 10,350 | 1,034 | 25 | 11,743 |

Statements of Cash Flows (Continued)
For the financial year ended 31 December 2021

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

| | Bankers' acceptances RM'000 | Term loans RM'000 | Obligations under finance leases RM'000 | Lease liabilities RM'000 | Total* RM'000 |
|---|---|---|---|---|---|
| **Group (continued)** | | | | | |
| Cash movement: | | | | | |
| Drawdown of: | | | | | |
| - Bankers' acceptances | 1,566 | - | - | - | 1,566 |
| - Term loans | - | 350 | - | - | 350 |
| | 1,566 | 350 | - | - | 1,916 |
| Repayments of: | | | | | |
| - Term loans | (1,598) | (1,170) | - | - | (2,768) |
| - Obligations under finance leases | - | - | (449) | - | (449) |
| - Lease liabilities | - | - | - | (22) | (22) |
| | (1,598) | (1,170) | (449) | (22) | (3,239) |
| Non-cash movement: | | | | | |
| Finance costs | | | | | |
| - Bankers' acceptances | 6 | - | - | - | 6 |
| - Term loans | - | 364 | - | - | 364 |
| - Obligations under finance leases | - | - | 48 | - | 48 |
| - Lease liabilities | - | - | - | 7 | 7 |
| | 6 | 364 | 48 | 7 | 425 |
| Addition of: | | | | | |
| - Obligations under finance leases | - | - | 105 | - | 105 |
| - Lease liabilities | - | - | - | 45 | 45 |
| | - | - | 105 | 45 | 150 |
| **Balance at 31 December 2021** | **308** | **9,894** | **738** | **55** | **10,995** |

Statements of Cash Flows (Continued)
For the financial year ended 31 December 2021

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

| | Obligations under finance leases RM'000 | Lease liabilities RM'000 | Total* RM'000 |
|---|---|---|---|
| **Company** | | | |
| **Balance at 1 January 2020** | 252 | 108 | 360 |
| Cash movement: | | | |
| Repayments of: | | | |
| - Obligations under finance leases | (73) | - | (73) |
| - Lease liabilities | - | (76) | (76) |
| | (73) | (76) | (149) |
| Non-cash movement: | | | |
| Finance costs | | | |
| - Obligations under finance leases | - | 3 | 3 |
| - Lease liabilities | 9 | - | 9 |
| | 9 | 3 | 12 |
| Addition of: | | | |
| - Obligations under finance leases | 180 | - | 180 |
| **Balance at 31 December 2020 and 1 January 2021** | 368 | 35 | 403 |
| Cash movement: | | | |
| Repayments of: | | | |
| - Obligations under finance leases | (214) | - | (214) |
| - Lease liabilities | - | (76) | (76) |
| | (214) | (76) | (290) |

Statements of Cash Flows (Continued)
For the financial year ended 31 December 2021

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

| | Obligations under finance leases RM'000 | Lease liabilities RM'000 | Total* RM'000 |
|---|---|---|---|
| **Company (continued)** | | | |
| Non-cash movement: | | | |
| Finance costs | | | |
| - Obligations under finance leases | 11 | - | 11 |
| - Lease liabilities | - | 10 | 10 |
| | 11 | 10 | 21 |
| Addition of: | | | |
| - Lease liabilities | - | 219 | 219 |
| Termination of: | | | |
| - Lease liabilities | - | (11) | (11) |
| **Balance at 31 December 2021** | **165** | **177** | **342** |

* Bank overdraft is excluded from the total balance as it form parts of cash and cash equivalents.

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Notes to the Financial Statements

For the financial year ended 31 December 2021

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Wisma TI, PT 3071, Chendering, 21080 Kuala Terengganu, Terengganu Darul Iman.

The principal place of business of the Company is located at 66-2, Taman Sri Intan, Jalan Sultan Omar, 20300 Kuala Terengganu, Terengganu Darul Iman.

The holding company is Terengganu Incorporated Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are manufacturing and trading of glass, investment holding, sawmilling, moulding, forest plantation and harvesting and sustainable forest management, and rental of buildings, plant and machinery, sales of logs and right to log, and manufacture and sale of veneer.

There have been no significant changes in the nature of the principal activities during the financial year.

Other information relating to the subsidiaries are disclosed in Note 20.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The financial statements of the Group and of the Company are prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2021, the Group and the Company adopted the following new and amended MFRSs and interpretation mandatory for annual financial periods beginning on or after 1 January 2021.

| ***Description*** | ***Effective for annual periods beginning on or after*** |
|---|---|
| Amendment to MFRS 16 Leases Covid-19-Related Rent Concessions | 1 June 2020 |
| Amendments to MFRS 101 Classification of Liabilities as Current or Non-current - Deferral of Effective Date | 17 August 2020 |
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2 | 1 January 2021 |

The adoption of standards and interpretation above did not have any material impact on the financial statements of the Group and of the Company.

### 2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

| ***Description*** | ***Effective for annual periods beginning on or after*** |
|---|---|
| Amendments to MFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| Amendments to MFRS 1 Annual Improvements to MFRS Standards 2018-2020 | 1 January 2022 |
| Amendments to MFRS 141 Annual improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |
| Amendments to MFRS 9 Annual improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards and interpretations issued but not yet effective (continued)

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective. (continued)

| ***Description*** | ***Effective for annual periods beginning on or after*** |
|---|---|
| Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116 Property, Plant and Equipment Property, Plant and Equipment - Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137 Provision, Contingent Liabilities Contingent Assets: Onerous Contract - Cost of Fulfilling a Contract | 1 January 2022 |
| Amendments to MFRS 101 Classification of Liabilities as Current or Non Current | 1 January 2023 |
| Amendments to MFRS 101 Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108 Definition of Accounting Estimates | 1 January 2023 |
| MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information | 1 January 2023 |
| Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

The initial application of the standards and interpretations is not expected to have any material financial impact to the current period or prior period financial statements of the Group and of the Company.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(b) Exposure, or rights, to variable returns from its investment with the investee; and
(c) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Basis of consolidation (continued)

**Business combinations**

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.7.

### 2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(b) Exposure, or rights, to variable returns from its investment with the investee; and
(c) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Investments in associates

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

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

### 2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land is depreciated over the period of lease ranging from 30 years to 99 years. Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress included in property, plant and equipment are not depreciated as these are assets not yet available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets, at the following annual rates and useful life:

| | |
|---|---|
| Buildings | 2% - 5% |
| Plant and machinery | 5% - 20% |
| Furniture, fittings and equipment | 5% - 20% |
| Motor vehicles | 10% - 20% |
| Road and bridge | 5% - 20% |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Property, plant and equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### 2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Investment properties are measured using cost model. Thus, subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

### 2.10 Biological assets

#### Planted trees

Planted trees are classified as non-current assets as they are expected to be harvested and sold or used for production on a date more than 12 months after the reporting date.

Planted trees are stated at cost on initial recognition and at the end of each reporting period, at fair value less cost to sell. Any gains or losses arising from changes in fair value are recognised in profit or loss.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

### 2.12 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Impairment of non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss, unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

### 2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

#### (a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial assets (continued)

#### (b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four (4) categories:

(i) Financial assets at amortised cost (debt instruments)
(ii) Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)
(iii) Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
(iv) Financial assets at FVTPL

The Group does not have any financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments) or financial assets at FVTPL.

***Financial assets at amortised cost (debt instruments)***

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost comprises trade and other receivables, and cash and bank balances.

***Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)***

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial assets (continued)

#### (b) Subsequent measurement (continued)

***Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) (continued)***

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

#### (c) Derecognition

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

(i) The rights to receive cash flows from the asset have expired; or

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

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Impairment of financial assets

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

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

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.15 Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdraft.

### 2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumable materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.18 Financial liabilities

#### (a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or amortised cost.

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

#### (b) Subsequent measurement

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

*Financial liabilities at FVTPL*

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

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

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

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liabilities at FVTPL.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Financial liabilities (continued)

#### (b) Subsequent measurement (continued)

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

*Financial liabilities at amortised cost*

The Group's and the Company's financial liabilities at amortised cost include trade and other payables, and loans and borrowings.

After initial recognition, trade and other payables, and loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

#### (c) Derecognition

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

### 2.19 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 2.20 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 specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Employee benefits

#### (a) Short-term benefits

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

#### (b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (c) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Employee benefits (continued)

#### (c) Defined benefit plans (continued)

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's and the Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

#### (d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either to terminate the employment of current employees according to the detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

#### (e) Share-based payment transactions

The Group and Company operate an equity-settled share-based long term incentive plan ("LTIP" or "Scheme") which comprises the Executive Share Grant Scheme ("ESGS") and Employee Share Option Scheme ("ESOS") for its employees.

ESGS

Managerial employees are entitled to ESGS when the Vesting Conditions are fully and duly satisfied pursuant to By-Laws 13.1.

The ESGS are settled by way of issuance and transfer of new shares upon vesting. The total fair value of ESGS granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period after taking into account the probability that the ESGS will vest.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Employee benefits (continued)

ESGS (continued)

#### (e) Share-based payment transactions (continued)

At each reporting date, the Group and the Company revise its estimates of the number of ESGS that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

ESOS

The ESOS allows the Group's and the Company's employees to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with the corresponding increase in share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date using the binominal model, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group and the Company revise its estimates of the number of options that are expected to become exercisable on vesting conditions. It recognises the impact of the revision of original estimates. If any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

The fair value of the share options recognised in the share-based payment reserve is transferred to share capital when the share options are exercised, or transferred to retained earnings upon expiry of the share-based payment options.

The proceeds received net of any direct attributable transactions costs are credited to equity when the option are exercised.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Leases

#### (i) As lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

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

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment, as follows:

| | |
|---|---|
| Leasehold land | 30 - 99 years |
| Buildings | 2 years |

Where an indication of impairment exists, the carrying amount of the right-of-use assets is assessed and written down immediately to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.12.

*Lease liabilities*

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Leases (continued)

#### (i) As lessee (continued)

*Lease liabilities (continued)*

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of twelve (12) months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### (ii) As lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 2.23 Revenue

Revenue is measured at the fair value of consideration received or receivable.

#### (a) Sale of goods

Revenue from sale of goods is recognised at the point in time upon control of the goods are transferred to the customers, generally on delivery of goods.

#### (b) Sale of logging compartments

Sale of logging compartments is recognised upon performance obligation stated in the contracts is met and at the point in time upon control of the goods are transferred to the customers.

#### (c) Rental income

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

#### (d) Dividend income

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

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Revenue (continued)

Revenue is measured at the fair value of consideration received or receivable (continued).

**(e) Management fees**

Management fees are recognised when services are rendered.

**(f) Interest income**

Interest income is recognised using the effective interest method.

### 2.24 Income taxes

**(a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.24 Income taxes (continued)

#### (b) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.26 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**2.27 Redeemable preference shares ("RPS")**

Redeemable preference shares are classified as equity as there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entity that are potentially unfavourable to the issuer. RPS are recorded at nominal value. Dividends on RPS are recognised in equity in the period in which they are declared.

**2.28 Current versus non-current classification**

Assets and liabilities in the statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.29 Fair value measurements

The Group and the Company measure its financial instruments, such as, derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 36(b).

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

(i) In the principal market for the asset or liability; or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.30 Foreign currency

#### (a) Functional and presentation currency

The individual financial statements of each entity in the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

#### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 Judgements made in applying accounting policies

There were no significant judgements made in applying the accounting policies of the Group and the Company which may have significant effects of the amounts recognised in the financial statements.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Estimated useful lives of plant and machineries

The cost of plant and machineries for the manufacture of glass and wood related products is depreciated on a straight-line basis over the assets useful lives. Management estimates the useful lives of these plant and machineries to be within 5 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

The net carrying amount of the Group's plant and machineries at the reporting are disclosed in Note 14.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.2 Key sources of estimation uncertainty (continued)

#### (b) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and capital allowances.

The carrying amount of the Group's deferred tax assets at the reporting date is disclosed in Note 22.

#### (c) Provision for expected credit losses ("ECLs") of trade receivables

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

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

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

The information about ECLs in the Group's trade receivables is disclosed in Note 37(a).

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)**

**3.2 Key sources of estimation uncertainty (continued)**

**(d) Defined benefit plan**

The cost of defined benefit pension plan is determined using the actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

The carrying amounts of the Group's and of the Company's defined benefit plan at the reporting date and related assumptions are disclosed in Note 29.

**(e) Leases - estimating the incremental borrowing rate**

The Group and the Company unable to determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would has to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which require estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**(f) Investments in subsidiaries**

MFRS 136: *Impairment of Assets* requires entities to assess at each reporting date whether there is any indication that an impairment loss may no longer exist or may have decreased. If there is any such indication, the entity is required to recalculate the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use.

Judgements made by the management in the process of applying the Group's accounting policies in respect of investments in subsidiaries includes determination whether reversal of impairment following certain indications such as, amongst others, evidence from internal reporting that the economic performance of the subsidiaries is or will be, better than expected.

The carrying amount of the investments in subsidiaries at the reporting date are disclosed in Note 20.

**(g) Fair value estimates for biological assets**

The biological assets of the Group are trees prior to harvest. The Group adopts the income approach to estimate the fair value of biological assets. For the income approach, significant judgement is required to estimate the present value of the net cash flows expected to be generated from the sale of trees. Such estimation involves uncertainties and is affected by assumptions used and judgements made regarding future cash flows and discount rates.

The biological assets are carried at cost as they were newly planted in the current year and still in the early stage as stand timber only mature after five years for hardwood and eight years for softwood.

The carrying amount of biological assets as at reporting date is disclosed in Note 17.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 4. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Sale of goods | 40,415 | 42,817 | - | - |
| Sale of logging compartments | 16,209 | 4,265 | - | - |
| Rental income (Note 16) | 119 | 118 | 96 | - |
| Dividend income from subsidiaries | - | - | 3,200 | 9,836 |
| Management fees from subsidiaries | - | - | 2,548 | 2,508 |
| | 56,743 | 47,200 | 5,844 | 12,344 |

All revenue from the products and service transferred are recognised at the point in time.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| | Group For the financial year ended 31 December 2021 | | | |
|---|---|---|---|---|
| | Harvesting RM'000 | Manufacturing RM'000 | Others RM'000 | Total RM'000 |
| **Primary geographical markets:** | | | | |
| Malaysia | 36,005 | 19,848 | 119 | 55,972 |
| United Kingdom | 519 | - | - | 519 |
| Other regions | - | 252 | - | 252 |
| **Total revenue from contracts with customers** | 36,524 | 20,100 | 119 | 56,743 |
| **Major product or service line:** | | | | |
| Logs | 181 | - | - | 181 |
| Logging compartments | 16,209 | - | - | 16,209 |
| Sawn timbers | 19,616 | - | - | 19,616 |
| Mouldings | 518 | - | - | 518 |
| Woodchips | - | 1,317 | - | 1,317 |
| Veneer | - | 2,227 | - | 2,227 |
| Manufactured glasses | - | 16,556 | - | 16,556 |
| Rental income | - | - | 119 | 119 |
| **Total revenue from contracts with customers** | 36,524 | 20,100 | 119 | 56,743 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 4. REVENUE (CONTINUED)

| | Group<br>For the financial year ended 31 December 2020<br>Harvesting<br>RM'000 | <br><br>Manufacturing<br>RM'000 | <br><br>Others<br>RM'000 | <br><br>Total<br>RM'000 |
|---|---|---|---|---|
| **Primary geographical markets:** | | | | |
| Malaysia | 30,355 | 16,114 | 118 | 46,587 |
| United Kingdom | 372 | - | - | 372 |
| Other regions | - | 241 | - | 241 |
| **Total revenue from contracts with customers** | 30,727 | 16,355 | 118 | 47,200 |
| **Major product or service line:** | | | | |
| Logs | 970 | - | - | 970 |
| Logging compartments | 4,265 | - | - | 4,265 |
| Sawn timbers | 25,120 | - | - | 25,120 |
| Mouldings | 372 | - | - | 372 |
| Woodchips | - | 1,099 | - | 1,099 |
| Veneer | - | 1,376 | - | 1,376 |
| Manufactured glasses | - | 13,880 | - | 13,880 |
| Rental income | - | - | 118 | 118 |
| **Total revenue from contracts with customers** | 30,727 | 16,355 | 118 | 47,200 |

## 5. INTEREST INCOME

| | Group<br>2021<br>RM'000 | <br>2020<br>RM'000 | Company<br>2021<br>RM'000 | <br>2020<br>RM'000 |
|---|---|---|---|---|
| Profit and interest income from deposits with licensed banks | 222 | 267 | 23 | 70 |

## 6. DIVIDEND INCOME

| | Group<br>2021<br>RM'000 | <br>2020<br>RM'000 | Company<br>2021<br>RM'000 | <br>2020<br>RM'000 |
|---|---|---|---|---|
| Dividend income from: | | | | |
| FVTOCI financial assets | | | | |
| - Equity instruments (quoted in Malaysia) | 16 | 36 | - | - |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 7. OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Reversal of impairment losses on: | | | | |
| - Trade receivables (Note 26(a)) | **26** | 17 | **-** | **-** |
| - Other receivables (Note 26(c)) | **178** | 20 | **508** | **737** |
| Bad debts recovered | **170** | - | **-** | **-** |
| Sale of scrap and other products | **456** | 599 | **-** | **-** |
| Gain on disposal of property, plant and equipment | **1** | 17 | **-** | **33** |
| Gain on disposal of assets-held-for-sale | **30** | - | **-** | **-** |
| Gain on disposal of investment | **57** | - | **-** | **-** |
| Reversal of impairment losses on investments in subsidiaries | **-** | - | **-** | **1,075** |
| Realised gain on foreign exchange | **9** | 21 | **-** | **-** |
| Profit income from Al-Mudharabah | **4** | 8 | **-** | **6** |
| Insurance compensation | **72** | - | **-** | **-** |
| Wages subsidy programme | **1,187** | 1,790 | **60** | **65** |
| Miscellaneous | **12** | 8 | **7** | **29** |
| | **2,202** | 2,480 | **575** | **1,945** |

## 8. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Interest expense on: | | | | |
| - Obligations under finance leases | **48** | 32 | **11** | 9 |
| - Bankers' acceptances | **6** | 3 | **-** | - |
| - Term loan | **364** | 506 | **-** | - |
| - Bank overdraft | **62** | 130 | **-** | - |
| - Lease liabilities (Note 15) | **7** | 2 | **10** | 3 |
| | **487** | 673 | **21** | 12 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 9. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Auditors' remuneration: | | | | |
| - Current year | **199** | 160 | **75** | 66 |
| - Other services | **24** | 20 | **24** | 20 |
| Employee benefits expense (Note 10) | **18,927** | 17,538 | **2,436** | 1,888 |
| Non-executive directors' remuneration excluding benefits-in-kind (Note 11) | **1,532** | 1,175 | **554** | 527 |
| Depreciation of: | | | | |
| - Property, plant and equipment (Note 14) | **2,113** | 2,554 | **134** | 205 |
| - Right-of-use assets (Note 15) | **873** | 873 | **70** | 73 |
| - Investment properties (Note 16) | **415** | 401 | **23** | - |
| Amortisation of intangible assets (Note 18) | **983** | 1,979 | **-** | - |
| Loss/(gain) on disposal of property, plant and equipment | **44** | (17) | **45** | (33) |
| Property, plant and equipment written off | **7** | 2 | **1** | 1 |
| Inventories written down (Note 25) | **14** | 23 | **-** | - |
| Impairment on intangible assets (Note 18) | **201** | 225 | **-** | - |
| Inventories written off (Note 25) | **-** | 4 | **-** | - |
| Allowance for impairment on: | | | | |
| - Trade receivables (Note 26(a)) | **197** | 401 | **-** | - |
| - Other receivables (Note 26(c)) | **-** | 425 | **63** | 6 |
| Other receivables written off | **126** | 49 | **180** | - |
| Rental of equipment | **82** | 22 | **9** | 9 |
| Rental of land and buildings | **39** | 35 | **-** | - |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 10. EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Wages and salaries | **15,294** | 14,103 | **2,035** | 1,506 |
| Social security contributions | **211** | 211 | **14** | 13 |
| Contributions to defined contribution plan | **1,674** | 1,572 | **262** | 215 |
| Provision for defined benefit obligations (Note 29) | **772** | 773 | **47** | 45 |
| Share-based payment under the LTIP: | | | | |
| - Grant of ESOS | **299** | 375 | **31** | 58 |
| Other benefits | **677** | 504 | **47** | 51 |
| | **18,927** | 17,538 | **2,436** | 1,888 |

Included in employee benefit expense of the Group and the Company are executive director's remuneration amounting to RM257,000 (2020: RM87,000) and RM183,000 (2020: RMNil) respectively as further disclosed in Note 11.

## 11. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by the directors of the Company during the year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Executive director:** | | | | |
| Fees | **80** | 48 | **28** | - |
| Other emoluments | **176** | 39 | **154** | - |
| Total executive directors' remuneration (excluding benefit-in-kind) | **256** | 87 | **182** | - |
| Benefits-in-kind | **1** | - | **1** | - |
| Total executive directors' remuneration (including benefit-in-kind) (Note 10) | **257** | 87 | **183** | - |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 11. DIRECTORS' REMUNERATION (CONTINUED)

The details of remuneration received and receivable by the directors of the Company during the year are as follows (continued):

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Non-executive directors:** | | | | |
| Fees | **628** | 263 | **258** | 151 |
| Share option granted under ESOS | **86** | 51 | **35** | 32 |
| Other emoluments | **818** | 861 | **261** | 344 |
| Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 9) | **1,532** | 1,175 | **554** | 527 |
| Benefits-in-kind | **7** | 11 | **7** | 11 |
| Total non-executive directors' remuneration (including benefits-in-kind) | **1,539** | 1,186 | **561** | 538 |
| Total directors' remuneration | **1,796** | 1,273 | **744** | 538 |

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

| | Number of directors | |
|---|---|---|
| | 2021 | 2020 |
| **Non-executive directors:** | | |
| Below RM50,000 | **-** | 1 |
| RM50,001 to RM100,000 | **5** | 5 |
| Above RM100,000 | **1** | 1 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 12. INCOME TAX EXPENSES

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 20201 and 2020 are:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| **Profit or loss:** | | | | |
| Current income tax: | | | | |
| - Malaysian income tax | **2,311** | 386 | **-** | - |
| - Under/(over) provision in respect of previous years | **375** | (1,147) | **-** | - |
| | **2,686** | (761) | **-** | - |

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| Deferred tax (Note 22): | | | | |
| - Relating to origination or reversal of temporary differences | **(353)** | **225** | **-** | **-** |
| - (Over)/under provision in respect of previous years | **(318)** | **855** | **-** | **-** |
| | **(671)** | **1,080** | **-** | **-** |
| Total income tax expense recognised in profit or loss | **2,015** | **319** | **-** | **-** |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 12. INCOME TAX EXPENSE (CONTINUED)

Reconciliation between tax expense and accounting (loss)/profit

Current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit/(loss) for the year.

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December 2021 and 2020 is as follows:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| **Group** | | |
| Profit/(loss) before tax | **2,674** | (6,374) |
| Tax at Malaysian statutory tax rate of 24% (2020: 24%) | **642** | (1,530) |
| Adjustments: | | |
| Income not subject to tax | **(305)** | (1,235) |
| Non-deductible expenses | **1,078** | 660 |
| Deferred tax assets not recognised | **598** | 2,762 |
| Share of tax of an associate | **(55)** | (46) |
| (Over)/under provision of deferred income tax in respect of previous years | **(318)** | 855 |
| Under/(over) provision of income tax in respect of previous years | **375** | (1,147) |
| Total income tax expense recognised in profit or loss | **2,015** | 319 |

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| **Company** | | |
| Profit before tax | **1,383** | 10,628 |
| Tax at Malaysian statutory tax rate of 24% (2020: 24%) | **332** | 2,551 |
| Adjustments: | | |
| Income not subject to tax | **(782)** | (2,794) |
| Non-deductible expenses | **362** | 165 |
| Deferred tax assets not recognised | **88** | 78 |
| Total income tax expense recognised in profit or loss | **-** | - |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 12. INCOME TAX EXPENSE (CONTINUED)

Tax savings during the financial year arising from:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Utilisation of: | | | | |
| - Current year's tax losses | **49** | 117 | **-** | 17 |
| - Previously unutilised tax losses | **910** | 381 | **-** | - |

## 13. PROFIT/(LOSS) PER SHARE

### (a) Basic

Basic profit/(loss) per share is calculated by dividing the Group's profit/(loss) net of tax, attributable to owners of the parent of RM659,000 (2020: (RM6,693,000)) by the weighted average number of ordinary shares in issue during the financial year, of approximately 138,079,000 (2020: 135,645,000).

### (b) Diluted

Diluted profit/(loss) per share is calculated by dividing the Group's profit/(loss) net of tax, attributable to owners of the parent of RM659,000 (2020: (RM6,693,000)) by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the profit/(loss) and share data used in the computation of basic and diluted profit/(loss) per share for the financial years ended 31 December:

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| Profit/(loss) net of tax, attributable to owners of the parent (RM'000) | **659** | (6,693) |
| Weighted average number of ordinary shares ('000) | **138,079** | 135,645 |
| Effect of dilution ('000) | | |
| - Employee Share Option Scheme ("ESOS") | **5,357** | 5,123 |
| Weighted average number of ordinary shares for diluted loss per share ('000) | **143,436** | 140,768 |
| **Profit/(loss) per share (sen):** | | |
| Basic | **0.48** | (4.93) |
| Diluted | **0.46** | (4.75) |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 14. PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings* RM'000 | Plant and machinery RM'000 | Furniture, fittings and equipment RM'000 | Motor vehicles RM'000 | Road and bridge RM'000 | Work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Cost:** | | | | | | | |
| **At 1 January 2020** | 11,028 | 76,041 | 11,128 | 10,414 | 728 | - | 109,339 |
| Additions | 12 | 593 | 86 | 398 | - | 202 | 1,291 |
| Disposals | - | - | - | (64) | - | - | (64) |
| Write offs | - | - | (25) | - | - | - | (25) |
| **At 31 December 2020 and 1 January 2021** | 11,040 | 76,634 | 11,189 | 10,748 | 728 | 202 | 110,541 |
| Additions | 41 | 815 | 142 | 132 | - | 531 | 1,661 |
| Disposals | - | - | (38) | (200) | - | - | (238) |
| Write offs | - | - | (21) | - | - | - | (21) |
| **At 31 December 2021** | **11,081** | **77,449** | **11,272** | **10,680** | **728** | **733** | **111,943** |
| **Accumulated depreciation and impairment:** | | | | | | | |
| **At 1 January 2020** | 5,551 | 69,427 | 10,551 | 8,647 | 179 | - | 94,355 |
| Depreciation charge for the year (Note 9) | 649 | 963 | 124 | 801 | 17 | - | 2,554 |
| Impairment charge for the year (Note 9) | - | 23 | - | - | - | - | 23 |
| Disposals | - | - | - | (64) | - | - | (64) |
| Write offs | - | - | (23) | - | - | - | (23) |
| **At 31 December 2020 and 1 January 2021** | 6,200 | 70,413 | 10,652 | 9,384 | 196 | - | 96,845 |
| Depreciation charge for the year (Note 9) | 413 | 968 | 117 | 596 | 19 | - | 2,113 |
| Disposals | - | - | (38) | (59) | - | - | (97) |
| Write offs | - | - | (14) | - | - | - | (14) |
| **At 31 December 2021** | 6,613 | 71,381 | 10,717 | 9,921 | 215 | - | 98,847 |
| **Net carrying amount:** | | | | | | | |
| At 31 December 2020 | 4,840 | 6,221 | 537 | 1,364 | 532 | 202 | 13,696 |
| **At 31 December 2021** | **4,468** | **6,068** | **555** | **759** | **513** | **733** | **13,096** |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

***Land and buildings of the Group:**

| | Freehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|---|---|---|
| **Group (continued)** | | | |
| **Cost:** | | | |
| **At 1 January 2020** | 390 | 10,638 | 11,028 |
| Addition | - | 12 | 12 |
| **At 31 December 2020 and 1 January 2021** | 390 | 10,650 | 11,040 |
| Addition | - | 41 | 41 |
| **At 31 December 2021** | **390** | **10,691** | **11,081** |
| **Accumulated depreciation:** | | | |
| **At 1 January 2020** | - | 5,551 | 5,551 |
| Depreciation charge for the year | - | 649 | 649 |
| **At 31 December 2020 and 1 January 2021** | **-** | **6,200** | **6,200** |
| Depreciation charge for the year | - | 413 | 413 |
| **At 31 December 2021** | **-** | **6,613** | **6,613** |
| **Net carrying amount:** | | | |
| At 31 December 2020 | 390 | 4,450 | 4,840 |
| **At 31 December 2021** | **390** | **4,078** | **4,468** |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Furniture, fittings and equipment RM'000 | Motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|
| **Company** | | | |
| **Cost:** | | | |
| **At 1 January 2020** | 430 | 856 | 1,286 |
| Additions | 9 | 200 | 209 |
| Disposals | - | (177) | (177) |
| Write offs | (12) | - | (12) |
| **At 31 December 2020 and 1 January 2021** | 427 | 879 | 1,306 |
| Additions | 34 | - | 34 |
| Disposals | (6) | (200) | (206) |
| Write offs | (7) | - | (7) |
| **At 31 December 2021** | 448 | 679 | 1,127 |
| **Accumulated depreciation:** | | | |
| **At 1 January 2020** | 355 | 508 | 863 |
| Depreciation charge for the year (Note 9) | 30 | 175 | 205 |
| Disposals | - | (140) | (140) |
| Write offs | (11) | - | (11) |
| **At 31 December 2020 and 1 January 2021** | 374 | 543 | 917 |
| Depreciation charge for the year (Note 9) | 28 | 106 | 134 |
| Disposals | (6) | (59) | (65) |
| Write offs | (6) | - | (6) |
| **At 31 December 2021** | **390** | **590** | **980** |
| **Net carrying amount:** | | | |
| At 31 December 2020 | 53 | 336 | 389 |
| **At 31 December 2021** | **58** | **89** | **147** |

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets held under finance lease

During the financial year, the Group and the Company acquired equipment and motor vehicles with an aggregate cost of RM435,000 (2020: RM819,000) and RMNil (2020: RM180,000) respectively, by means of finance lease. The cash outflow on acquisition of property, plant and equipment of the Group and of the Company amounted to RM1,661,000 (2020: RM472,000) and RM34,000 (2020: RM29,000) respectively.

The net carrying amount of plant and machinery, equipment and motor vehicles of the Group and of the Company held under finance leases at the reporting date were RM1,562,000 (2020: RM1,535,000) and RM89,000 (2020: RM352,000) respectively.

## 15. RIGHT-OF-USE ASSETS AND LEASE LIABITIES

The Group and the Company have lease contracts for various items of leasehold land and buildings used in its operations. The lease has lease terms from 2 to 99 years.

Set out below are the net carrying amounts of right-of-use assets of the Group and of the Company recognised and the movements during the year:

| | Leasehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **At 1 January 2020** | 26,679 | 33 | 26,712 |
| Depreciation expense (Note 9) | (846) | (27) | (873) |
| **At 31 December 2020 and 1 January 2021** | 25,833 | 6 | 25,839 |
| Additions | - | 45 | 45 |
| Depreciation expense (Note 9) | (846) | (27) | (873) |
| **At 31 December 2021** | **24,987** | **24** | **25,011** |

| | Buildings RM'000 |
|---|---|
| **Company** | |
| **At 1 January 2020** | 108 |
| Depreciation expense (Note 9) | (73) |
| **At 31 December 2020 and 1 January 2021** | 35 |
| Additions | 219 |
| Terminations | (11) |
| Depreciation expense (Note 9) | (70) |
| **At 31 December 2021** | **173** |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Set out below are the net carrying amounts of lease liabilities of the Group and of the Company recognised and the movements during the year:

| | Interest rate | Maturity | Group RM'000 | Company RM'000 |
|---|---|---|---|---|
| **At 1 January 2020** | | | 52 | 108 |
| Accretion of interest (Note 8) | | | 2 | 3 |
| Payments | | | (29) | (76) |
| **At 31 December 2020 and 1 January 2021** | | | 25 | 35 |
| Accretion of interest (Note 8) | | | 7 | 10 |
| Addition | | | 45 | 219 |
| Termination | | | - | (11) |
| Payments | | | (22) | (76) |
| **As at 31 December 2021** | | | **55** | **177** |
| **31 December 2020** | | | | |
| Current | 5.00% | 2021 | 24 | 23 |
| Non-current | 5.00% | 2022 | 1 | 12 |
| **31 December 2021** | | | | |
| Current | 5.00% | 2022 | 15 | 70 |
| Non-current | 5.00% | 2023-2024 | 40 | 107 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The following are the amounts recognised in profit or loss:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| **Group** | | |
| Depreciation expense of right-of-use assets (Note 9) | **873** | 873 |
| Interest expense on lease liabilities (Note 8) | **7** | 2 |
| Total amount recognised in profit or loss | **880** | 875 |
| **Company** | | |
| Depreciation expense of right-of-use assets (Note 9) | **70** | 73 |
| Interest expense on lease liabilities (Note 8) | **10** | 3 |
| Total amount recognised in profit or loss | **80** | 76 |

Assets pledged as securities

In addition to assets held under finance leases, the Group's land with net carrying amount of RM14,743,000 (2020: RM15,042,000) are mortgaged to secure the Group's bank borrowings (Note 28).

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 16. INVESTMENT PROPERTIES

| Group | Freehold land RM'000 | Leasehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Cost:** | | | | |
| **At 1 January 2020** | - | 22,129 | 349 | 22,478 |
| Reclassification to non-current assets held for sale (Note 24) | - | (20) | (60) | (80) |
| **At 31 December 2020/ 1 January 2021** | - | 22,109 | 289 | 22,398 |
| Additions | 536 | - | 1,233 | 1,769 |
| **At 31 December 2021** | **536** | **22,109** | **1,522** | **24,167** |
| **Accumulated depreciation:** | | | | |
| **At 1 January 2020** | - | 3,855 | 83 | 3,938 |
| Depreciation charge for the year (Note 9) | - | 392 | 9 | 401 |
| Reclassification to non-current assets held for sale (Note 24) | - | - | (60) | (60) |
| **At 31 December 2020/1 January 2021** | - | 4,247 | 32 | 4,279 |
| Depreciation charge for the year (Note 9) | - | 392 | 23 | 415 |
| **At 31 December 2021** | **-** | **4,639** | **55** | **4,694** |
| **Net carrying amount:** | | | | |
| At 31 December 2020 | **-** | **17,862** | **257** | **18,119** |
| **At 31 December 2021** | **536** | **17,470** | **1,467** | **19,473** |

## 16. INVESTMENT PROPERTIES (CONTINUED)

| | Freehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|---|---|---|
| **Company** | | | |
| **Cost:** | | | |
| **At 31 December 2020 and 1 January 2021** | - | - | - |
| Additions | 536 | 1,233 | 1,769 |
| **At 31 December 2021** | **536** | **1,233** | **1,769** |
| **Accumulated depreciation:** | | | |
| **At 31 December 2020 and 1 January 2021** | - | - | - |
| Depreciation charge for the year (Note 9) | - | 23 | 23 |
| **At 31 December 2021** | - | 23 | 23 |
| **Net carrying amount:** | | | |
| At 31 December 2020 | - | - | - |
| **At 31 December 2021** | **536** | **1,210** | **1,746** |

Fair value information

The Group has engaged an independent professional valuer, who holds a recognised relevant professional qualification and has experience in the locations and categories of the investment properties valued to determine the fair value of its investment property. A valuation is conducted at each financial year end.

Based on the valuation report dated 13 January 2022, fair values of land and buildings of the Group and the Company as at 31 December 2021 were RM28,873,000 (2020: RM27,073,000) and RM1,800,000 (2020: RMNil) respectively.

Level 3 fair values

Fair value of the leasehold land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location and physical characteristics to arrive at market value. The most significant input into this valuation approach is price per square foot of comparable properties.

The following is recognised in profit or loss in respect of investment properties:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Rental income (Note 4) | **119** | 118 | **96** | - |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 17. BIOLOGICAL ASSETS

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| **Non-current** | | |
| At 1 January | **-** | - |
| Additions during the year | **237** | **-** |
| At 31 December | **237** | - |

Biological assets of the Group comprise trees prior to harvest. Trees will be harvested according to rotation plan once trees reach maturity at 7 years and above. The valuation model to be adopted by the Group considers the income approach to measure the fair value of the unharvested trees.

To arrive at the fair value of the unharvested trees, the management considered the net cash flows to be generated from the tree planting. Cost to sell, which include harvesting and transportation cost are deducted from the fair value.

The change in fair value of the biological assets in each accounting period is recognised in profit or loss. The Group's and the Company's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

The key assumptions used in the determination of the fair value less cost to sell of the unharvested trees are as follows:

(i) number of trees planted as of the reporting date, adjusted for mortality rates estimated based on past experience.

(ii) grow-out periods of trees planted and yields at harvest based on past experience of those in natural and planted forests.

(iii) estimated prices of unharvested trees based on the market prices of trees as of the reporting date, adjusted for harvesting and transportation costs estimated based on past experience.

As at 31 December 2021, the Group has 40 hectares (2020:Nil) of planted forests.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 18. INTANGIBLE ASSETS

| | (a) Premium RM'000 | (b) Right RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **Net carrying amount** | | | |
| **At 1 January 2020** | 1,979 | 426 | 2,405 |
| Additions | 954 | - | 954 |
| Amortisation expenses (Note 9) | (1,979) | - | (1,979) |
| Impairment (Note 9) | - | (225) | (225) |
| **At 31 December 2020 and 1 January 2021** | 954 | 201 | 1,155 |
| Additions | 666 | - | 666 |
| Amortisation expenses (Note 9) | (983) | - | (983) |
| Impairment (Note 9) | - | (201) | (201) |
| **At 31 December 2021** | **637** | **-** | **637** |

(a) Being premium paid by the Group to Jabatan Perhutanan Negeri Terengganu ("JPNT") in respect of logging compartments in which the license for logging activities has been granted by JPNT. The amortisation of the premium to profit or loss is based on unit of logs production.

(b) Being right to fell and extraction of Karas trees located in the Terengganu Forest Reserve granted by JPNT to the Group. The amortisation of the right to profit or loss is based on unit of trees felled and extracted.

**Impairment testing for premium**

The recoverable amount of the CGU has been measured based on fair value calculation which is based on calculations using sales consideration entered into with the respective parties, covering the expected period of the project.

The calculation of fair value makes reference to the consideration as per the agreements entered into.

**Impairment testing for right**

The recoverable amount of the CGU has been measured based on a value in use calculation which is based on calculations using cash flow projections from financial budgets approved by the management and as agreed with the counterparties, covering the expected period of the project, i.e. approximately 1 year. As a result of this analysis, management has recognised an impairment charge of RM201,000 (2020: RM 225,000) in the current year.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 19. GOODWILL

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Cost:** | | |
| At 1 January/31 December | **613** | 613 |
| **Accumulated impairment losses:** | | |
| At 1 January/31 December | **(613)** | (613) |
| **Net carrying amount:** | | |
| At 31 December | **-** | - |

## 20. INVESTMENTS IN SUBSIDIARIES

| | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|
| Unquoted shares, at cost | **118,824** | 118,824 |
| Less: Accumulated impairment losses | **(41,739)** | (41,739) |
| | **77,085** | 77,085 |
| Share options granted to employees of subsidiaries | **134** | - |
| Provision for financial guarantee | **-** | 14 |
| | **77,219** | 77,099 |

During the year, the Company recorded a net reversal of impairment losses on the investments of RMNil (2020: RM1,075,000) based on its recoverable amount, determined based on fair value less costs to sell of the subsidiaries' net assets.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows:

| Names | Country of incorporation | Proportion (%) of ownership interest 2021 | 2020 | Principal activities |
|---|---|---|---|---|
| **Held by the Company:** | | | | |
| GP Forest Plantation Sdn. Bhd. | Malaysia | **100** | 100 | Forest plantation |
| Golden Pharos Glass Sdn. Bhd. | Malaysia | **100** | 100 | Manufacturing and trading of glass |
| GP Biomass Sdn. Bhd. | Malaysia | **100** | 100 | Inactive |
| Golden Pharos Overseas Sdn. Bhd. | Malaysia | **100** | 100 | Dormant |
| Golden Pharos Fiber Sdn. Bhd. | Malaysia | **100** | 100 | Dormant |
| Permint Timber Corporation Sdn. Bhd. | Malaysia | **100** | 100 | Investment holding |
| **Held through Permint Timber Corporation Sdn. Bhd.:** | | | | |
| Pesama Timber Corporation Sdn. Bhd. | Malaysia | **100** | 100 | Sawmilling, harvesting, moulding, producing finger joint and furniture, and kiln drying |
| Pesaka Trengganu Berhad | Malaysia | **100** | 100 | Sawmilling |
| Kumpulan Pengurusan Kayu-Kayan Trengganu Sdn. Bhd. | Malaysia | **100** | 100 | Harvesting and sustainable forest management |
| Permint Plywood Sdn. Bhd. | Malaysia | **100** | 100 | Rental of buildings, plant and machinery, selling of logs, sale of right to log, trading of woodchips and manufacture and sale of veneer |
| GP Tropical Furniture Sdn. Bhd. | Malaysia | **50.39*** | 50.39* | Dormant |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows (continued):

| Names | Country of incorporation | Proportion (%) of ownership interest | | Principal activities |
|---|---|---|---|---|
| | | **2021** | **2020** | |
| **Held through Permint Plywood Sdn. Bhd.:** | | | | |
| GP Dynamic Venture Sdn. Bhd. | Malaysia | **100** | 100 | Dormant |

* Percentage of ownership interest was held by non-controlling interest equal to the proportion of voting rights held.

## 21. INVESTMENTS IN ASSOCIATES

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Unquoted ordinary shares, at cost | **3,981** | 3,981 |
| Unquoted preference shares, at cost | **7,764** | 7,764 |
| | **11,745** | 11,745 |
| Share of post-acquisition reserves | **2,847** | 2,708 |
| | **14,592** | 14,453 |
| Less: Accumulated impairment losses | **(10,882)** | (10,882) |
| | **3,710** | 3,571 |

## 21. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows:

| Names | Country of incorporation | Proportion (%) of ownership interest | | Principal activities |
|---|---|---|---|---|
| | | **2021** | **2020** | |
| Konsortium Perumahan Rakyat Terengganu Sdn. Bhd. | Malaysia | **35** | 35 | Housing development |
| Kemaman Furniture Industries Sdn. Bhd. | Malaysia | **43.59** | 43.59 | Dormant |
| Pesama Renors (M) Sdn. Bhd.+ | Malaysia | **25** | 25 | Dormant |
| GPB Seabridge International, Inc.+ | United States of America | **20** | 20 | Dormant |

\+ Audited by a firm of auditors other than Ernst & Young PLT.

Konsortium Perumahan Rakyat Terengganu Sdn. Bhd.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

(i) Summarised statement of financial position

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| **Assets and liabilities:** | | |
| Total assets | **29,285** | 25,937 |
| Total liabilities | **(20,176)** | (17,225) |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 21. INVESTMENTS IN ASSOCIATES (CONTINUED)

Konsortium Perumahan Rakyat Terengganu Sdn. Bhd. (continued)

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows (continued):

(ii) Summarised statement of comprehensive income

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| **Results:** | | |
| Revenue | **16,358** | 10,071 |
| Profit for the year | **397** | 164 |

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Net assets at 1 January | **8,712** | 8,548 |
| Profit for the year | **397** | 164 |
| Net assets at 31 December | **9,109** | 8,712 |
| Interest in associate | **35%** | 35% |
| | **3,188** | 3,049 |
| Goodwill | **522** | 522 |
| | **3,710** | 3,571 |

## 22. DEFERRED TAX

Deferred income tax as at 31 December relates to the following:

| Group | As at 1 January 2020 RM'000 | Recognised in profit or loss RM'000 (Note 12) | As at 31 December 2020 RM'000 | Recognised in profit or loss RM'000 (Note 12) | As at 31 December 2021 RM'000 |
|---|---|---|---|---|---|
| **Deferred tax liabilities:** | | | | | |
| Property, plant and equipment | 6,747 | (131) | 6,747 | (141) | **6,606** |
| **Deferred tax assets:** | | | | | |
| Provisions and defined benefit obligations | (5,437) | (669) | (5,437) | (40) | **(5,477)** |
| Other payables | (460) | (421) | (460) | (759) | **(1,219)** |
| Unutilised tax losses, unabsorbed reinvestment allowances and capital allowances | (1,648) | 2,301 | (1,648) | 269 | **(1,379)** |
| | (7,545) | 1,211 | (7,545) | (530) | **(8,075)** |
| | (798) | 1,080 | (798) | (671) | **(1,469)** |

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Presented after appropriate offsetting as follows:** | | |
| Deferred tax assets | **(8,075)** | (7,545) |
| Deferred tax liabilities | **6,606** | 6,747 |
| | **(1,469)** | (798) |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 22. DEFERRED TAX (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM'000** | 2020 RM'000 | **2021 RM'000** | 2020 RM'000 |
| Unutilised tax losses | **190,406** | 189,657 | **4,086** | 3,912 |
| Unabsorbed capital allowances | **11,460** | 10,252 | **1,659** | 1,624 |
| Unutilised reinvestment allowances | **3,850** | 3,850 | **-** | - |
| Other deductible temporary differences | **2,324** | 1,789 | **439** | 279 |
| | **208,040** | 205,548 | **6,184** | 5,815 |

The above deferred tax assets have not been recognised due to uncertainty of its recoverability.

The availability of unutilised tax losses for offsetting against future taxable profits of a subsidiary in Malaysia is subject to no substantial changes in the shareholding of the subsidiary under the Income Tax Act 1967 and guidelines issued by the tax authority. With effect from year of assessment ("YA") 2019, unutilised business losses arising from a YA is allowed to only be carried forward from YA 2018 for utilisation up to 10 consecutive YAs from that YA. In addition, any accumulated unabsorbed business losses brought forward from YA 2018 shall be allowed to be utilised for 10 consecutive YAs.

## 23. INVESTMENT SECURITIES

| | Group | |
|---|---|---|
| | **2021 RM'000** | 2020 RM'000 |
| **Non-current** | | |
| **Fair value through other comprehensive income ("FVTOCI") financial assets** | | |
| Quoted in Malaysia: | | |
| - Equity instruments | **717** | 1,129 |
| - Unit trust, Amanah Saham Darul Iman ("ASDI") | **-** | 881 |
| | **717** | 2,010 |

## 24. NON-CURRENT ASSETS HELD FOR SALE

Set out below are the net carrying amount of non-current assets held for sale of the Group recognised and the movement during the year.

| | Group Freehold land and building RM'000 |
|---|---|
| **At 1 January 2020** | **-** |
| Reclassification from investment properties (Note 16) | **20** |
| **At 31 December 2020** | **20** |
| Disposal | **(10)** |
| **At 31 December 2021** | **10** |

The Group is in the midst of disposing 1 units of house in Lembah Beringin, Selangor. The Group is currently in the process to finalise the Sales and Purchase Agreement and Memorandum of Transfer in 2022.

## 25. INVENTORIES

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| **At cost:** | | |
| Raw materials | **4,118** | 4,538 |
| Consumables | **362** | 404 |
| Work-in-progress | **199** | 156 |
| Finished goods | **1,720** | 1,484 |
| | **6,399** | 6,582 |
| **At net realisable value:** | | |
| Raw materials | **46** | 174 |
| Finished goods | **104** | 6 |
| | **150** | 180 |
| | **6,549** | 6,762 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 25. INVENTORIES (CONTINUED)

During the financial year, the amount of the Group's inventories recognised as an expenses in cost of sales of the Group was RM23,580,000 (2020: RM27,510,000).

During the year, the Group has written down inventories amounting to RM14,000 (2020: RM23,000).

During the year, the Group's inventories amounting to RMNil (2020: RM4,000) were written off (Note 9).

## 26. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Trade receivables (Note a)** | | | | |
| **Current** | | | | |
| Third parties | **16,990** | 15,032 | - | - |
| Less: Allowance for impairment | | | | |
| - Third parties | **(7,961)** | (7,790) | - | - |
| Trade receivables, net | **9,029** | 7,242 | - | - |
| **Other receivables** | | | | |
| **Current** | | | | |
| Amounts due from subsidiaries (Note b) | **-** | - | **2,548** | 80,289 |
| Loans to subsidiaries | **-** | - | **-** | 4,665 |
| Amounts due from associates (Note b) | **1,106** | 1,106 | **438** | 433 |
| Sundry receivables | **7,700** | 8,058 | **6,836** | 7,084 |
| Deposits | **4,465** | 2,300 | **33** | 33 |
| Goods and Services Tax ("GST") receivable | **257** | 257 | **-** | - |
| | **13,528** | 11,721 | **9,855** | 92,504 |
| Less : Allowance for impairment | | | | |
| - Amounts due from subsidiaries | **-** | - | **(1,448)** | (79,310) |
| - Loans to subsidiaries | **-** | - | **-** | (4,665) |
| - Amounts due from associates | **(1,106)** | (1,106) | **-** | - |
| - Sundry receivables | **(7,669)** | (7,973) | **(6,831)** | (7,000) |
| - Deposits | **(18)** | (18) | **(18)** | (18) |
| | **(8,793)** | (9,097) | **(8,297)** | (90,993) |
| Other receivables, net | **4,735** | 2,624 | **1,558** | 1,511 |
| Current trade and other receivables | **13,764** | 9,866 | **1,558** | 1,511 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 26. TRADE AND OTHER RECEIVABLES (CONTINUED)

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Non-Current** | | | | |
| Loans to subsidiaries, representing other receivables, net | **-** | - | **911** | - |
| Total trade and other receivables | **13,764** | 9,866 | **2,469** | 1,511 |
| Add: Cash and bank balances (Note 27) | **17,632** | 13,137 | **1,308** | 1,513 |
| Less: GST receivable | **(257)** | (257) | **-** | - |
| Total financial assets carried at amortised cost | **31,139** | 22,746 | **3,777** | 3,024 |

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables is an amount of RM4,995,000 (2020: RM4,995,000) due from affiliated companies, which were fully impaired. Affiliated companies refer to companies related to the Company's associates.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Neither past due nor impaired | **6,059** | 5,421 |
| 1 to 30 days past due not impaired | **1,355** | 921 |
| 31 to 60 days past due not impaired | **789** | 419 |
| 61 to 90 days past due not impaired | **317** | 201 |
| 91 to 120 days past due not impaired | **56** | 84 |
| More than 121 days past due not impaired | **453** | 196 |
| | **2,970** | 1,821 |
| Impaired | **7,961** | 7,790 |
| | **16,990** | 15,032 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 26. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade receivables (continued)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,970,000 (2020: RM1,821,000) that are past due at the reporting date but not impaired.

Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance for expected credit losses of trade receivables are as below:

| | Group Individually impaired | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Trade receivables - nominal amount | **7,961** | 7,790 |
| Less: Allowance for impairment | **(7,961)** | (7,790) |
| | **-** | - |

Movement in allowance accounts:

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| At 1 January | **7,790** | 11,950 |
| Charge for the year (Note 9) | **197** | 401 |
| Reversal for the year (Note 7) | **(26)** | (17) |
| Write off | **-** | (4,544) |
| At 31 December | **7,961** | 7,790 |

## 26. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade receivables (continued)

Receivables that are impaired (continued)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### (b) Related party balances

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand.

Loans to subsidiaries are unsecured, bear interest of 4% per annum (2020: 2.5% to 4.0% per annum) and are repayable on demand.

Amounts due from associates are unsecured, non-interest bearing and are repayable on demand.

### (c) Other receivables

Other receivables that are impaired

Movement in allowance accounts:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| At 1 January | **9,097** | 8,741 | **90,993** | 91,724 |
| Charge for the year (Note 9) | **-** | 425 | **63** | 6 |
| Reversal for the year (Note 7) | **(178)** | (20) | **(508)** | (737) |
| Write off | **(126)** | (49) | **(82,251)** | - |
| At 31 December | **8,793** | 9,097 | **8,297** | 90,993 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 27. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Cash in hand and at banks | **16,113** | 6,633 | **908** | 313 |
| Deposits with licensed banks | **1,519** | 6,504 | **400** | 1,200 |
| Cash and bank balances | **17,632** | 13,137 | **1,308** | 1,513 |
| Less: Bank overdrafts | **(1,563)** | (355) | **-** | - |
| Less: Deposits with licensed banks | **(1,519)** | (6,504) | **(400)** | (1,200) |
| Cash and cash equivalents | **14,550** | 6,278 | **908** | 313 |

Cash at banks earn interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between 1 day to 365 days depending on the immediate cash requirements of the Group, and earn interests at the respective deposit rates. The weighted average effective interest rate as at 31 December 2021 for the Group was 2.46% (2020: 3.16%) per annum.

Deposits with licensed banks of the Group amounting to RM860,000 (2020: RM600,000) are pledged as securities for borrowings (Note 28).

## 28. BORROWINGS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Maturity | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Current** | | | | | |
| Secured: | | | | | |
| Bankers' acceptances | On demand | **308** | 334 | **-** | - |
| Bank overdrafts | On demand | **1,563** | 355 | **-** | - |
| Term loans | 2022 | **1,255** | 881 | **-** | - |
| Obligations under finance leases (Note 35(b)) | 2022 | **186** | 262 | **31** | 114 |
| | | **3,312** | 1,832 | **31** | 114 |
| **Non-current** | | | | | |
| Secured: | | | | | |
| Term loans | 2023 - 2030 | **8,639** | 9,469 | **-** | - |
| Obligations under finance leases (Note 35(b)) | 2023 - 2029 | **552** | 772 | **134** | 254 |
| | | **9,191** | 10,241 | **134** | 254 |
| **Total borrowings** | | **12,503** | 12,073 | **165** | 368 |

## 28. BORROWINGS (CONTINUED)

The remaining maturities of the borrowings are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| On demand or within one year | **3,312** | 1,832 | **31** | 114 |
| More than 1 year and less than 2 years | **1,497** | 1,395 | **33** | 66 |
| More than 2 years and less than 5 years | **3,069** | 4,418 | **101** | 188 |
| More than 5 years | **4,625** | 4,428 | **-** | - |
| | **12,503** | 12,073 | **165** | 368 |

Bankers' acceptances

The weighted average interest rate at the reporting date for bankers' acceptances was 2.20% (2020: 2.47%) per annum. The bankers' acceptances are secured by corporate guarantee provided by the Company to its subsidiaries.

Bank overdrafts

Bank overdrafts are denominated in RM, and are secured by a corporate guarantee by the holding company and deposit with a licensed bank (Note 27).

Term loans

'These loans are secured by certain property, plant and equipment (Note 14), right-of-use assets (Note 15) and corporate guarantee by the Company to a subsidiary. These loans bore an interest rate range from 3.38% to 6.61% (2020: 4.0% to 7.7%) per annum.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The discount rate implicit in the leases is range from 5.90% to 8.85% (2020: 1.83% to 4.23%) per annum.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 29. DEFINED BENEFIT OBLIGATIONS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for eligible employees. The Group's obligations under this Scheme are determined based on triennial actuarial valuation using the projected unit credit method.

The amounts recognised in the statements of profit or loss and other comprehensive income are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Charged to profit or loss: | | | | |
| - Current service cost | **392** | 392 | **33** | 32 |
| - Interest cost | **380** | 381 | **14** | 13 |
| Total included in employee benefits expense (Note 10) | **772** | 773 | **47** | 45 |
| Charged to other comprehensive income: | | | | |
| - Net gain on remeasurement of defined benefit obligations, net of tax | **(50)** | - | **50** | - |

The amounts recognised in the statements of financial position are determined as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Present value of unfunded defined benefit obligations | **7,343** | 7,716 | **287** | 190 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 29. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

Changes in present value of defined benefit obligations are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 January | **7,716** | 7,912 | **190** | 251 |
| Recognised in profit or loss (Note 10) | **772** | 773 | **47** | 45 |
| Recognised in other comprehensive income: | | | | |
| - Net (gain)/loss on remeasurement of defined benefit obligations | **(50)** | - | **50** | - |
| Benefits paid | **(1,095)** | (969) | **-** | (106) |
| At 31 December | **7,343** | 7,716 | **287** | 190 |
| **Analysed as:** | | | | |
| **Current** | **267** | 702 | **-** | - |
| **Non-current** | | | | |
| Later than 1 year but not later than 2 years | **988** | 246 | **-** | - |
| Later than 2 years but not later than 5 years | **1,558** | 2,105 | **-** | - |
| Later than 5 years | **4,530** | 4,663 | **287** | 190 |
| | **7,076** | **7,014** | **287** | **190** |
| | **7,343** | **7,716** | **287** | **190** |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

**29. DEFINED BENEFIT OBLIGATIONS (CONTINUED)**

In calculating the defined benefit obligations and the related current service cost and past service cost using the Projected Unit Credit Method for the Group and the Company, the following assumptions were used and calculated on a weighted average basis.

| | **2021** | **2020** |
|---|---|---|
| | **%** | **%** |
| Discount rate | **4.20** | 4.85 |
| Expected rate of salary increase | **5.00** | 5.00 |

The sensitivity of the defined benefit obligations to changes in the relevant actuarial assumptions is as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **Increase** | **Decrease** | **Increase** | **Decrease** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Discount rate (50 basis point of movement) | (250) | 264 | (17) | 18 |
| Expected rate of salary increase (50 basis point of movement) | 261 | (249) | 18 | (17) |

The sensitivity analysis presented above may not be representative of the potential actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 30. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Trade payables** | | | | |
| Third parties | **2,610** | 1,402 | **-** | - |
| **Other payables** | | | | |
| Amount due to a corporate shareholder | **640** | 640 | **640** | 640 |
| Amounts due to subsidiaries | - | - | **157** | 1,784 |
| Accruals | **5,054** | 2,598 | **376** | 535 |
| Sundry payables | **7,608** | 8,695 | **360** | 398 |
| | **13,302** | 11,933 | **1,533** | 3,357 |
| Total trade and other payables | **15,912** | 13,335 | **1,533** | 3,357 |
| Add: Lease liabilities (Note 15) | **55** | 25 | **177** | 35 |
| Add: Borrowings (Note 28) | **12,503** | 12,073 | **165** | 368 |
| Total financial liabilities carried at amortised cost | **28,470** | 25,433 | **1,875** | 3,760 |

### (a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 60 days (2020: 60 days) terms.

### (b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on average term of three months (2020: average term of three months).

### (c) Amount due to a corporate shareholder

The amount relates to advances for working capital purposes named as Al-Mudharabah, which is non-interest bearing and is repayable on demand.

### (d) Amounts due to subsidiaries

The amounts are unsecured, non-interest bearing and are repayable on demand. The amounts relate to funds placed by certain subsidiaries in the Pool Fund Account ("the Fund") managed by the Company. The Fund is to be used for working capital requirements by the companies within the Group.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 31. SHARE CAPITAL

| | Group/Company | | | |
|---|---|---|---|---|
| | **2021 Unit'000** | **2020 Unit'000** | **2021 RM'000** | **2020 RM'000** |
| **Issued and fully paid:** | | | | |
| *Ordinary shares* | | | | |
| At 1 January | **136,793** | 136,793 | **68,447** | 68,447 |
| Issuance of shares arising from exercise of ESGS | **2,150** | - | **641** | - |
| Issuance of shares arising from exercise of ESOS | **1,533** | - | **387** | - |
| Transfer from employee share option reserves upon ESOS exercised | **-** | - | **189** | - |
| At 31 December | **140,476** | 136,793 | **69,664** | 68,447 |
| *Redeemable preference shares* | | | | |
| At 1 January | **12,000** | - | **12,000** | - |
| Issuance of redeemable preference shares | - | 12,000 | **-** | 12,000 |
| At 31 December | **12,000** | 12,000 | **12,000** | 12,000 |
| | **152,476** | 148,793 | **81,664** | 80,447 |

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Redeemable preference shares

The Company had issued 12,000,000 units of Redeemable Preference Shares ("RPS") to Terengganu Incorporated Sdn. Bhd. ("TISB") at RM1 per RPS.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 31. SHARE CAPITAL (CONTINUED)

Redeemable preference shares (continued)

The salient terms of the RPS are as follows:

| | |
|---|---|
| Tenure: | Perpetual |
| Dividend: | Non-cumulative dividend at a rate that is equivalent to the rate of dividend that is declared for ordinary shareholders of the Company for any particular financial year, provided always that the RPS holder shall only be entitled to receive dividend of up to a maximum amount of RM0.04 per RPS on an aggregate basis per annum (the "Maximum RPS Dividend Amount").<br><br>For the avoidance of doubt, where the aggregate amount of dividend declared by the Company exceeds Maximum RPS Dividend Amount for any particular financial year, only ordinary shareholders of the Company shall be entitled to receive such additional amount of dividend in the excess of the Maximum RPS Dividend Amount.<br><br>The distribution is at the sole and absolute discretion of the Company' s Board of Directors and subject to:<br><br>(i) the availability of distributable profits; and<br><br>(i) fulfillment of a solvency test under the Companies Act 2016<br><br>In respect of any payment of dividend declared by the Company for any particular financial year, the entitlement of the RPS holder and the ordinary shareholders of the Company to receive payment of dividend shall, up to Maximum RPS Dividend Amount, rank pari passu, without discrimination, preference or priority amongst themselves (the 'Ranking of Dividend Payment").<br><br>Any RPS that has already been redeemed shall not be entitled to any dividend payable for the RPS. |
| Listing: | The RPS will not be listed on any stock exchange. |
| Conversion: | The RPS cannot be converted into ordinary shares of the Company. |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 31. SHARE CAPITAL (CONTINUED)

Redeemable preference shares (continued)

The salient terms of the RPS are as follows (continued):

| | |
|---|---|
| Redemption: | Subject to the Companies Act 2016, redeemable at the option of the Company at any time from the issue date at a redemption price of RM1 per RPS.<br><br>All RPS which are redeemed by the Company shall be cancelled immediately and cannot be resold. |
| Ranking: | The RPS will be ranked pari passu, without discrimination, preference and priority amongst themselves.<br><br>Save and except for the entitlement to receive payment of dividend, where the Ranking of Dividend Payment shall apply, the RPS will be ranked in priority to the Shares and any other preference shares issued from time to time, in respect of payment out of the assets of the Company upon liquidation, dissolution or winding-up of the Company, provided always that the Board approves such payment out of the assets of the Company on the basis and further affirms the priority of payment to the RPS holder. |
| Rights of the RPS holder: | The RPS holder is not entitled to any voting rights or participation in any rights, allotments and/or other distribution in the Company except in the following circumstances;<br><br>(i) on a proposal to reduce the Company's share capital;<br>(ii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;<br>(iii) on a proposal that affects their rights and privileges attached to the RPS;<br>(iv) on a proposal to wind up the Company; and<br>(v) during the winding up of the Company. |
| Transferability: | Non-transferable |

## 32. OTHER RESERVES

| Group | Equity contribution from owners RM'000 | Fair value adjustment reserve RM'000 | Reserve arising from merger RM'000 | Employee share options reserve RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **At 1 January 2020** | 1,262 | 714 | (22,718) | 255 | (20,487) |
| **Other comprehensive loss:** | | | | | |
| Investment securities: FVTOCI financial assets | | | | | |
| - Net loss on fair value changes | - | (237) | - | - | (237) |
| **Transaction with owners:** | | | | | |
| Share-based payment under the LTIP: | | | | | |
| Grant of ESOS | - | - | - | 426 | 426 |
| **At 31 December 2020 and 1 January 2021** | **1,262** | **477** | **(22,718)** | **681** | **(20,298)** |
| **Other comprehensive loss:** | | | | | |
| Investment securities: FVTOCI financial assets | | | | | |
| - Net loss on fair value changes | **-** | **(402)** | **-** | **-** | **(402)** |
| **Transfer of fair value reserve to retained earnings** upon disposal of FVTOCI financial assets | **-** | **138** | **-** | **-** | **138** |
| **Transaction with owners:** | | | | | |
| - Share-based payment under the LTIP: | | | | | |
| Grant of ESOS | **-** | **-** | **-** | **373** | **373** |
| - Transfer to share capital upon ESOS exercised | - | - | - | **(189)** | **(189)** |
| - Transfer to retained earnings upon ESOS lapsed | **-** | **-** | **-** | **(60)** | **(60)** |
| **At 31 December 2021** | **1,262** | **213** | **(22,718)** | **805** | **(20,438)** |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 32. OTHER RESERVES (CONTINUED)

| Company | Equity Contribution from owner RM'000 | Employee share options reserve RM'000 | Total RM'000 |
|---|---|---|---|
| **At 1 January 2020** | 967 | 45 | 1,012 |
| **Transaction with owners:** | | | |
| Share-based payment under the LTIP: Grant of ESOS | - | 90 | 90 |
| **At 31 December 2020 and 1 January 2021** | **967** | **135** | **1,102** |
| **Transaction with owners:** | | | |
| Share-based payment under the LTIP: Grant of ESOS | - | 198 | 198 |
| Transfer to share capital upon ESOS exercised | - | (189) | (189) |
| **At 31 December 2021** | **967** | **144** | **1,111** |

**(a) Equity contribution from owners**

The amount represents waiver of amount due to the Group's holding company.

**(b) Fair value adjustment reserve**

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of fair value through other comprehensive income ("FVTOCI") financial assets until they are disposed off or impaired.

**(c) Reserve arising from merger**

Reserve arising on merger represents the difference between the nominal value of the shares issued as consideration for the acquisition of Permint Timber Corporation Sdn. Bhd. and its subsidiaries and the nominal value of the shares transferred for these investments.

**(d) Employee share options reserve**

Employee share options reserve represents the grant of share options to the Group's and the Company's employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options, and is reduced by the expiry of exercise of the share options.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 33. EXECUTIVE SHARE GRANT SCHEME ("ESGS") AND EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

The Long Term Incentive Plan ("LTIP" or "Scheme") was implemented on 30 August 2018, 30 August 2019, 4 November 2019, 3 March 2021, 6 July 2021 and 30 August 2021. The LTIP which comprises the ESGS and ESOS allows the Company to grant shares and/or share options under ESGS and ESOS respectively to eligible employees of the Group and of the Company up to 15% of the issued and paid-up share capital of the Company. The LTIP is governed by the By-Laws of the LTIP which was approved by the shareholders on 26 June 2018 and is administered by the LTIP Committee and as such the LTIP shall be in force up to 29 August 2023, 29 August 2024 and 3 November 2024.

The main features of the Scheme are as follows:

(a) The maximum number of new ordinary shares which may be made available under the Scheme at the point in time when an LTIP award is offered shall not be more than fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company.

(b) The LTIP awards shall be awarded after taking into consideration the employee's position, contribution and performance (where applicable) or such criteria as the LTIP Committee may deem fit subject to the following:

    (i) that the number of new ordinary shares made available under the Scheme shall not exceed the amount stipulated in (a) above,

    (ii) not more than 10% of the total number of ordinary shares to be issued under Scheme at the point in time when an LTIP award is offered be allocated to any employee who, either singly or collectively through persons connected with the employee, holds 20% or more of the total number of issued shares of the Company, and

    (iii) not more than 80% of the new ordinary shares available under the Scheme shall be allocated in aggregate to the managerial employees of the Group.

(c) In the case of the ESGS, the shares will be vested with the grantee at no consideration on the vesting date, while in the case of ESOS, the option price will be determined based on the five (5) days volume weighted average market price of the ordinary shares on the date the ESOS award is offered with a potential discount of not more than ten percent (10%) there from or such other percentage or discount as may be permitted by Bursa Malaysia Securities Berhad and/or any other relevant authorities as may be amended from time to time.

(d) The share options granted under ESGS and ESOS will vest and exercise when approved by LTIP committee. The share options under the ESOS shall be capable of being exercised by the grantee up to 29 August 2023.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

**33. EXECUTIVE SHARE GRANT SCHEME ("ESGS") AND EMPLOYEE SHARE OPTIONS SCHEME ("ESOS") (CONTINUED)**

The movement during the financial year in the number of shares and share options in which employees of the Group and of the Company are entitled to are as follows:

| | ESGS | | ESOS | |
|---|---|---|---|---|
| | **2021 Unit'000** | **2020 Unit'000** | **2021 Unit'000** | **2020 Unit'000** |
| **At 1 January** | **-** | 294 | **5,303** | 6,089 |
| Granted | **2,450** | - | **234** | - |
| Vested/exercised | **(2,150)** | - | **(1,533)** | - |
| Lapsed | **(300)** | (294) | **(421)** | (786) |
| **At 31 December** | **-** | - | **3,583** | 5,303 |

The fair values of the shares and share options granted under the ESGS and ESOS to which MFRS 2 applies were determined using binomial model. The significant inputs into the model were as follows:

| | ESGS | | | |
|---|---|---|---|---|
| Exercise price | * | * | * | * |
| Date of grant | 5.10.2018 | 4.7.2019 | 3.3.2021 | 6.7.2021 |
| Fair value at grant date (per ordinary share) | RM0.24 | RM0.25 | RM0.235 | RM0.36 |
| Vesting period/option life | 5 years | 5 years | 5 years | 5 years |
| Weighted average share price on grant date | RM0.21 | RM0.22 | RM0.21 | RM0.27 |

| | ESOS | | | |
|---|---|---|---|---|
| Exercise price | RM0.27 | RM0.18 | RM0.16 | RM0.45 |
| Date of grant | 30.8.2018 | 30.8.2019 | 4.11.2019 | 30.8.2021 |
| Fair value at grant date (per ordinary share) | RM0.27 | RM0.21 | RM0.18 | RM0.24 |
| Vesting period/option life | 5 years | 5 years | 5 years | 2 years |
| Weighted average share price on grant date | RM0.22 | RM0.21 | RM0.21 | RM0.41 |

* The shares under the ESGS will vest with the grantee at no consideration on the vesting date.

The expected life of the shares and share options are based in historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the shares and/or share options granted were incorporated into the measurement of fair value.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 34. RELATED PARTY TRANSACTIONS

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **With subsidiaries:** | | | | |
| Management fees charged (Note 4) | **-** | - | **(2,548)** | (2,508) |
| Dividend income (Note 4) | **-** | - | **(3,200)** | (9,836) |
| Building rental charged by a subsidiary | **-** | - | **48** | 48 |

(b) **Compensation of key management personnel**

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Short-term employee benefits | **4,969** | 4,135 | **1,881** | 1,510 |
| Defined contribution plan | **447** | 388 | **169** | 149 |
| Defined benefit plan | **202** | 68 | **42** | 15 |
| Share-based payment under the LTIP | **673** | 107 | **264** | 43 |
| | **6,291** | 4,698 | **2,356** | 1,717 |

Included in compensation of key management personnel is:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Directors' remuneration (Note 11) | **1,796** | 1,273 | **744** | 538 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 35. COMMITMENTS

### (a) Capital commitments

Capital expenditure as at reporting date is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Approved but not contracted for:** | | | | |
| Property, plant and equipment | **1,763** | 10,467 | **93** | 2,752 |
| **Approved and contracted for:** | | | | |
| Property, plant and equipment | **955** | - | **-** | - |

### (b) Finance lease commitments

The Group and the Company have finance leases for certain items of plant and machinery and motor vehicles (Note 14). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Minimum lease payments:** | | | | |
| Not later than 1 year | **218** | 312 | **38** | 132 |
| More than 1 year and less than 2 years | **185** | 239 | **38** | 80 |
| More than 2 years and less than 5 years | **417** | 623 | **109** | 207 |
| Total minimum lease payments | **820** | 1,174 | **185** | 419 |
| Less: Amounts representing finance charges | **(82)** | (140) | **(20)** | (51) |
| Present value of minimum lease payments | **738** | 1,034 | **165** | 368 |
| **Present value of payments:** | | | | |
| Not later than 1 year | **186** | 262 | **31** | 114 |
| More than 1 year and less than 2 years | **144** | 169 | **28** | 55 |
| More than 2 years and less than 5 years | **408** | 603 | **106** | 199 |
| Present value of minimum lease payments | **738** | 1,034 | **165** | 368 |
| Less: Amount due within 12 months (Note 28) | **(186)** | (262) | **(31)** | (114) |
| Amount due after 12 months (Note 28) | **552** | 772 | **134** | 254 |

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

| | Group | | Company | |
|---|---|---|---|---|
| | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair value RM'000 |
| **2021** | | | | |
| **Financial liabilities:** | | | | |
| Borrowings (non-current) | | | | |
| - Obligations under finance leases (Note 35(b)) | **552** | **555** | **134** | **136** |
| - Term loans | **8,639** | **8,086** | **-** | **-** |
| **2020** | | | | |
| **Financial liabilities:** | | | | |
| Borrowings (non-current) | | | | |
| - Obligations under finance leases (Note 35(b)) | 772 | 775 | 254 | 263 |
| - Terms loans | 9,469 | 8,915 | - | - |

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

| | **Note** |
|---|---|
| Lease liabilities | 15 |
| Trade and other receivables (current) | 26 |
| Cash and bank balances | 27 |
| Borrowings (current) | 28 |
| Trade and other payables (current) | 30 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of the current portion of borrowings and lease liabilities are reasonable approximations of fair values due to the insignificant impact of discounting.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Determination of fair value (continued)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Amounts due from/to subsidiaries and associates, and loans from/to subsidiaries

The Group and the Company do not anticipate the carrying amounts recorded at the reporting date that would eventually be received or settled to be significantly different from the fair values as the amounts are repayable on demand.

(ii) Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

(iii) Borrowings (non-current)

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing or leasing arrangements at the reporting date.

(iv) Financial guarantee

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;

- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and

- The estimated loss exposure if the party guaranteed were to default.

(c) Valuation of financial instruments

The table below analyses financial instruments, measured at fair value at the end of the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised:

| | | Level 1 | |
|---|---|---|---|
| | **Note** | **2021 RM'000** | **2020 RM'000** |
| **Group** | | | |
| **Financial assets:** | | | |
| Investment securities: FVTOCI | 23 | **717** | 2,010 |

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. Information regarding credit enhancements for trade and other receivables is disclosed in Note 26.

Exposure to credit risk

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Any receivables having significant balances past due more than 365 days, which are deemed to have higher default risk, are monitored individually.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk (continued)

Exposure to credit risk (continued)

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) The carrying amount of each class of financial assets recognised in the statements of financial position.

(ii) Corporate guarantees provided by the Company to banks for credit facilities granted to subsidiaries.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | RM'000 | % of total | RM'000 | % of total |
| **By industry sectors:** | | | | |
| Harvesting, sawmilling, kiln drying of timber, and sales of logs and logging compartments | **2,476** | **27%** | 1,807 | 25% |
| Manufacturing | **6,553** | **73%** | 5,435 | 75% |
| | **9,029** | **100%** | 7,242 | 100% |

At the reporting date, approximately 71% (2020: 65%) of the Company's other receivables were due from subsidiaries.

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Liquidity risk (continued)

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | RM'000 | | | |
|---|---|---|---|---|
| **31 December 2021** | **On demand or within one year** | **One to five years** | **More than five years** | **Total** |
| **Group** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | 15,912 | - | - | 15,912 |
| Lease liabilities | 23 | 60 | - | 83 |
| Borrowings | 3,918 | 5,825 | 5,089 | 14,832 |
| Total undiscounted financial liabilities | 19,853 | 5,885 | 5,089 | 30,827 |
| **Company** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | 1,533 | - | - | 1,533 |
| Lease liabilities | 76 | 112 | - | 188 |
| Borrowings | 38 | 147 | - | 185 |
| Total undiscounted financial liabilities | 1,647 | 259 | - | 1,906 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Liquidity risk (continued)

**Analysis of financial instruments by remaining contractual maturities (continued)**

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (continued)

| | RM'000 | | | |
|---|---|---|---|---|
| **31 December 2020** | **On demand or within one year** | **One to five years** | **More than five years** | **Total** |
| **Group** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payable | 13,335 | - | - | 13,335 |
| Lease liabilities | 25 | 1 | - | 26 |
| Borrowings | 2,290 | 7,609 | 4,988 | 14,887 |
| Total undiscounted financial liabilities | 15,650 | 7,610 | 4,988 | 28,248 |
| **Company** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | 3,357 | - | - | 3,357 |
| Lease liabilities | 25 | 13 | - | 38 |
| Borrowings | 132 | 287 | - | 419 |
| Total undiscounted financial liabilities | 3,514 | 300 | - | 3,814 |

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's and the Company's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD").

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

| | 2021<br>RM'000 | 2020<br>RM'000 |
|---|---|---|
| **Financial assets:** | | |
| Trade and other receivables | **4** | 130 |

### (e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk, other than timber price.

## 38. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management are to ensure that they maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 38. CAPITAL MANAGEMENT (CONTINUED)

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less fair value adjustment reserve.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Borrowings | 28 | **12,503** | 12,073 | **165** | 368 |
| Trade and other payables | 30 | **15,912** | 13,335 | **1,533** | 3,357 |
| Less: Cash and bank balances | 27 | **(17,632)** | (13,137) | **(1,308)** | (1,513) |
| Net debts | | **10,783** | 12,271 | **390** | 2,212 |
| Equity attributable to the owners of the parent | | **70,100** | 68,392 | **80,902** | 78,343 |
| Less: Fair value adjustment reserve | 32 | **(213)** | (477) | **-** | - |
| Total capital | | **69,887** | 67,915 | **80,902** | 78,343 |
| Capital and net debt | | **80,670** | 80,186 | **81,292** | 80,555 |
| Gearing ratio | | **13%** | 15% | **0%** | 3% |

## 39. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Harvesting, forest plantation, sawmilling, sales of logs and logging compartments;

(ii) Manufacturing: manufacturing and trading of glass, veneer and woodchips;

(iii) Others: including investment holding, rental of properties, none of which are of a sufficient size to be reported separately.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

## 39. SEGMENT INFORMATION (CONTINUED)

| | Harvesting, forest plantation, sawmilling sales of logs and logging compartments | | Manufacturing | | Others | | Adjustments and eliminations | | | As per consolidated financial statements | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 | Note | 2021 RM'000 | 2020 RM'000 |
| **Revenue** | | | | | | | | | | | |
| External customers | **36,524** | 30,726 | **20,100** | 16,355 | **119** | 119 | **-** | - | | **56,743** | 47,200 |
| Inter-segment | **12,141** | 21,236 | **219** | - | **9,651** | 22,235 | **(22,011)** | (43,471) | A | **-** | - |
| Total revenue | **48,665** | 51,962 | **20,319** | 16,355 | **9,770** | 22,354 | **(22,011)** | (43,471) | | **56,743** | 47,200 |
| **Results** | | | | | | | | | | | |
| Interest income | **50** | 170 | **149** | 27 | **23** | 70 | **-** | - | | **222** | 267 |
| Dividend income | **107** | 171 | **-** | - | **7,103** | 19,679 | **(7,194)** | (19,814) | A | **16** | 36 |
| Depreciation of: | | | | | | | | | | | |
| - Property, plant and equipment | **833** | 1,235 | **1,106** | 1,118 | **134** | 204 | **40** | (3) | | **2,113** | 2,554 |
| - Right-of-use assets | **763** | 542 | **304** | 304 | **73** | 72 | **(267)** | (45) | | **873** | 873 |
| - Investment properties | **270** | 236 | **162** | 162 | **23** | - | **(40)** | 3 | | **415** | 401 |
| -Other non-cash expenses | **790** | 1,071 | **237** | 116 | **(912)** | (703) | **1,747** | 915 | B | **1,862** | 1,399 |
| Segment profit/ (loss) before tax | **8,153** | (111) | **(3,718)** | (4,414) | **6,893** | 19,341 | **(8,654)** | (21,190) | C | **2,674** | (6,374) |
| **Assets** | | | | | | | | | | | |
| Additions to non-current assets | **821** | 1,830 | **798** | 527 | **1,803** | 209 | **8** | (1,275) | D | **3,430** | 1,291 |
| Segment assets | **83,969** | 86,409 | **42,643** | 41,350 | **124,408** | 120,310 | **(145,103)** | (146,524) | E | **105,917** | 101,545 |
| **Liabilities** | | | | | | | | | | | |
| Segment liabilities | **39,696** | 105,511 | **26,425** | 23,830 | **42,681** | 63,339 | **(72,985)** | (159,527) | F | **35,817** | 33,153 |

Notes to the Financial Statements (Continued)
For the financial year ended 31 December 2021

## 39. SEGMENT INFORMATION (CONTINUED)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues and expenses are eliminated on consolidation.

B Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

| | Note | 2021 RM'000 | 2020 RM'000 |
|---|---|---|---|
| Reversal of allowances for impairment on trade and other receivables | 7 | **(204)** | (37) |
| Inventories written off | 9 | **-** | 4 |
| Property, plant and equipment written off | 9 | **7** | 2 |
| Loss/(gain) on disposal of property, plant and equipment | 9 | **44** | (17) |
| Inventories written down | 9 | **14** | 23 |
| Impairment on intangible assets | 9 | **201** | 225 |
| Share-based payment under the LTIP: | | | |
| - Exercise of ESGS | 31 | **641** | - |
| - Grant of ESOS | 31 | **387** | 426 |
| Provision for defined benefit obligations | 10 | **772** | 773 |
| | | **1,862** | 1,399 |

C The following items are (deducted from)/added to segment profit/(loss) to arrive at "loss before tax" presented in the consolidated statement of comprehensive income:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Dividend | **(7,193)** | (19,679) |
| Reversal of impairment losses on investment in subsidiaries | **-** | (1,075) |
| Allowance for impairment on trade and other receivables | **329** | 1,381 |
| Reversal of allowance for impairment on trade and other receivables | **(1,671)** | (937) |
| Gain on disposal of property, plant and equipment | **-** | (371) |
| Share of results of associate | **(229)** | (192) |
| Gain/(loss) from intercompanies' sales | **110** | (317) |
| | **(8,654)** | (21,190) |

## 39. SEGMENT INFORMATION (CONTINUED)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (continued)

D Additions to non-current assets consist of:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Investment properties (Note 16) | **1,769** | - |
| Property, plant and equipment (Note 14) | **1,661** | 1,291 |
| | **3,430** | 1,291 |

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Inter-segment assets | **(145,103)** | (146,524) |

F The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Inter-segment liabilities | **(72,985)** | (159,527) |

Geographical information

Revenue based on the geographical location of customers is as disclosed in Note 4 to the financial statements.

## 40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 28 April 2022.

# Analysis of Shareholdings

as at 29 March 2022

| | | |
|---|---|---|
| Total Issued Capital | : | RM81,475,385.85 |
| Total Number of Ordinary Shares Issued | : | 140,475,470 |
| Total Number of Redeemable Preference Share | : | 12,000,000 |

### DISTRIBUTION OF SHAREHOLDINGS AS AT 29 MARCH 2022

| Category | No. of Shares | % Over Total Shares % | No. of Holders | % Over Total Shareholders |
|---|---|---|---|---|
| 1 -99 | 1,107 | 0.000 | 54 | 1.649 |
| 100 - 1,000 | 987,184 | 0.702 | 1,050 | 32.070 |
| 1,001 - 10,000 | 7,276,548 | 5.179 | 1,592 | 48.625 |
| 10,001 - 100,000 | 15,941,650 | 11.348 | 516 | 15.760 |
| 100,001 - 7,023,772 (*) | 19,211,500 | 13.676 | 59 | 1.802 |
| 7,023,773 and above (**) | 97,057,481 | 69.092 | 3 | 0.091 |
| **GRAND TOTAL** | **140,475,470** | **100.00** | **3,274** | **100.00** |

Remark: * less than 5% of issued shares
** 5% and above of issued shares

### SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2022

| Name | No. of share | % |
|---|---|---|
| TERENGGANU INCORPORATED SDN BHD | 85,584,881 | 60.925 |
| LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU | 11,472,600 | 8.166 |
| **TOTAL** | **97,057,481** | **69.092** |

### DIRECTORS SHAREHOLDING AS AT 29 MARCH 2022

| Name of Directors | No. of Shares |
|---|---|
| YBM DATO' HAJI TENGKU HASSAN BIN TENGKU OMAR | 0 |
| DATO' BENTARA DALAM DATO' HAJI A. RAHMAN BIN YAHYA | 0 |
| HAJI BURHANUDDIN HILMI BIN MOHAMED @ HARUN | 0 |
| MUHAMMAD RAMIZU BIN MUSTAFFA | 0 |
| MOHD BADARUDDIN BIN ISMAIL | 0 |
| HAJI SAIFFUDDIN BIN OTHMAN | 0 |

Analysis of Shareholdings (Continued)
as at 29 March 2022

### CHIEF EXECUTIVE OFFICER SHAREHOLDING AS AT 29 MARCH 2022

| Name | No. of share | % |
|---|---|---|
| DR MOHD ZAKI BIN HAMZAH | 100,000 | 0.071 |

### LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS AS AT 29 MARCH 2022

| Name | No. of share | % |
|---|---|---|
| 1. TERENGGANU INCORPORATED SDN BHD | 72,150,881 | 51.361 |
| 2. TERENGGANU INCORPORATED SDN BHD | 13,434,000 | 9.563 |
| 3. LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU | 11,472,600 | 8.166 |
| 4. CHONG FU SEONG | 3,000,000 | 2.135 |
| 5. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KOK WENG | 1,200,000 | 0.854 |
| 6. DATO' AHMAD NADZARUDIN BIN ABDUL RAZAK | 1,106,600 | 0.787 |
| 7. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WENDY LEE YOKE PENG (CEB) | 832,000 | 0.592 |
| 8. UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS ) | 806,800 | 0.574 |
| 9. WILLIAM TAY | 628,900 | 0.447 |
| 10. LEONG CHEE TONG | 600,000 | 0.427 |
| 11. KHOO KAY LEONG | 563,500 | 0.401 |
| 12. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YOK SON @ TAN SIEW TUAN (E-BPT) | 500,000 | 0.355 |
| 13. TAY BOON TECK | 435,000 | 0.309 |
| 14. LIM SAY HAN | 408,100 | 0.290 |
| 15. SYED OMAR SHAHABUDDIN BIN SYED ABDULLAH | 400,000 | 0.284 |
| 16. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR) | 380,000 | 0.270 |

Analysis of Shareholdings (Continued)
as at 29 March 2022

**LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 29 MARCH 2022**

| Name | No. of share | % |
|---|---|---|
| 17. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY ONG NGO @ TAY BOON FANG | 320,000 | 0.227 |
| 18. CHUA KENG KIONG | 300,000 | 0.213 |
| 19. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KIAN LEONG (E-BPT) | 300,000 | 0.213 |
| 20. OOI SAY HUP | 297,100 | 0.211 |
| 21. OOI SAY HUP | 295,200 | 0.210 |
| 22. CHEONG PANG KWAN | 287,000 | 0.204 |
| 23. AMSEC NOMINEES (TEMPATAN) SDN BHD PHANG SAY HAP | 264,000 | 0.187 |
| 24. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING TUNG KONG (E-SRK) | 250,000 | 0.177 |
| 25. MEENAMBAL A/P VIJAYAKUMAR | 243,000 | 0.172 |
| 26. CHEW MENG TACK | 228,400 | 0.162 |
| 27. MOHD HANIF BIN ALI @ AWANG | 225,000 | 0.160 |
| 28. TAI CHANG ENG @ TEH CHANG YING | 220,000 | 0.156 |
| 29. SHEE KIM SENG | 206,000 | 0.146 |
| 30. TAN BON TIONG | 205,500 | 0.146 |
| **TOTAL** | **111,559,581** | |
| **TOTAL NO OF DEPOSITORS** | **30** | |
| **TOTAL PERCENTAGE (%)** | **79.415** | |

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Fifth Annual General Meeting of the Company will be held at **Gamelan 2, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu, Terengganu Darul Iman** on **Thursday**, **16th June 2022** at **10.30 a.m.** for the following purposes:

**ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.

   **(Please refer to the Explanatory Notes to the Agenda)**

2. To approve payment of a single tier first and final dividend of 0.90 sen per ordinary share for the financial year ended 31 December 2021.

   **(Ordinary Resolution 1)**

3. Directors' Fees and any benefits payable

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

   a. "THAT the payment of Directors' Fees payable of up to RM489,000 for the financial period from 17 June 2022 until the conclusion of the next Annual General Meeting of the Company be approved."

      **(Ordinary Resolution 2)**

   b. "THAT the payment of Directors' Benefits (excluding Directors' Fees) payable of RM516,400 for the financial period from 17 June 2022 until the conclusion of the next Annual General Meeting of the Company be approved." (2021: RM501,800)

      **(Ordinary Resolution 3)**

4. To re-elect the following Directors retiring in accordance with Clause 76 of the Constitution of the Company:

   a. Mohd Badaruddin bin Ismail **(Ordinary Resolution 4)**
   b. Haji Saiffuddin bin Othman **(Ordinary Resolution 5)**

5. To re-appoint Messrs Ernst & Young PLT as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

   **(Ordinary Resolution 6)**

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolution:

6. Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT subject to the Act, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 75 of the Act, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this general mandate does not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

   THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2022. Thereafter, with effect from 1 January 2023, the general mandate limit shall revert to 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being, pursuant to Paragraph 6.03 of the Main Market Listing Requirements ("Proposed 10% General Mandate").

Notice of Annual General Meeting (Continued)

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;

b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter be referred to as the "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

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

**(Ordinary Resolution 7)**
**(Please refer to the Explanatory Notes to the Agenda)**

7. To transact any other business of which due notice shall have been given.

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Thirty-Fifth Annual General Meeting of the Company, a single tier first and final dividend of 0.90 sen per ordinary share in respect of the financial year ended 31 December 2021 will be paid to the shareholders on 15 July 2022. The entitlement date for the said dividend shall be on 1 July 2022.

A depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred to the depositor's securities account before 4.30 p.m. on 1 July 2022 in respect of transfers.

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

**Suraya binti Mohd Hairon (LS 0007314)**
SSM Practicing Certificate No.: 202008000100
Company Secretary
Kuala Terengganu
28 April 2022

**Notes:**

1. For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 9 June 2022 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxy(ies) to attend and vote on his/her behalf.

2. Members/proxies/corporate representatives who wish to attend the meeting in person ARE REQUIRED TO PRE-REGISTER with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor"), via the TIIH Online website at https://tiih.online no later than Tuesday, 14 June 2022 at 10.30 a.m. Please follow the Pre-Register Procedures in the Administrative Guide for the AGM.

3. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. Where a member, an authorised nominee or an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.

7. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to move any resolution or amendment thereto and to speak at the meeting.

8. The appointment of a proxy may be made in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:

   i. <u>In hard copy form</u>
   In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at 66-2 Taman Sri Intan, Jalan Sultan Omar, 20300 Kuala Terengganu, Terengganu Darul Iman or Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32- 01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

   ii. <u>By electronic means via facsimile</u>
   In the case of an appointment made by facsimile transmission, the proxy form must be received via facsimile at +609-631 0617.

   iii. <u>By electronic means via email</u>
   In the case of an appointment made via email transmission, the proxy form must be received via email at suraya@gpb.com.my.

   For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.

Notice of Annual General Meeting (Continued)

iv. Online
In the case of an appointment made via online lodgement facility, the proxy form can be electronically lodged with the Company's Share Registrar via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar's office at the above address not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

11. Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:

a. Identity card (NRIC) (Malaysian), or
b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
c. Passport (Foreigner).

12. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/CERTIFIED TRUE certificate of appointment of authorised representative with the Company's Share Registrar, Tricor at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

**Explanatory Notes on Ordinary Business:**

i. **Item 1 of the Agenda**
This item is meant for discussion only. The provisions of Section 340(1) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a motion to be put to vote by shareholders.

ii. **Item 2 of the Agenda – Ordinary Resolution 1**
**Declaration of a single tier first and final dividend**
With reference to Section 131 of the Companies Act 2016, a Company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. The Board of Directors of the Company had considered the amount of dividend and decided to recommend the same for shareholders' approval. The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 15 July 2022 in accordance with the requirements under Sections 132 (2) and (3) of the Companies Act 2016.

iii. **Item 3 of the Agenda – Ordinary Resolution 2 and 3**

**Directors' Fees and any benefits payable**

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries, shall be approved at a general meeting.

The Ordinary Resolutions 2 and 3 proposed under item 3 are in accordance with Section 230 (1)(b) of the Companies Act 2016, and if passed, will authorise the payment of directors' fees and any benefits payable to directors of the Company for their services as directors for the financial period from 17 June 2022 until the conclusion of the next Annual General Meeting.

Directors benefits includes allowances and other emoluments payable to directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees which covers the period from 17 June 2022 until the conclusion of the next Annual General Meeting. At the 34th AGM of the Company held on 29th June 2021, the shareholders had approved RM501,800 as the total Directors' Benefits (excluding Directors' Fees) payable to the Directors of the Company from 1 July 2021 until the conclusion of the 35th AGM of the Company.

**Explanatory Notes on Special Business:**

iv. **Item 6 of the Agenda – Ordinary Resolution 7**
**Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

Bursa Securities has via its letter dated 23 December 2021 extended the implementation period of several temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities from 10% to 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). This general mandate limit increase is only valid up till 31 December 2022 and thereafter, the 10% general mandate limit will be reinstated.

The proposed ordinary resolution is a new mandate sought for issue of securities and if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2022. With effect from 1 January 2023, the 10% general mandate limit according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities will be reinstated ("Proposed 10% General Mandate").

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

After due consideration of the financial position of the Company, future financial needs of the Company and the prevailing economic conditions in light of the global COVID-19 pandemic, the Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it will provide flexibility to the Company to raise funds expeditiously without having to incur additional costs and time, if the need arises. It enables the Directors to take swift action in case of a potential fund raising exercise to fund current and/or future investment projects, working capital, day-to-day operational expenses and/or acquisitions, as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

# Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. There is no person seeking election at the Annual General Meeting.

2. **General Mandate for Issue of Securities**

   Kindly refer to the Explanatory Notes on Special Business for Ordinary Resolution 7 on the Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 under the Notice of the Annual General Meeting.

**GOLDEN PHAROS BERHAD**
[Registration No: 198601003051 (152205-W)]
(Incorporated in Malaysia)

# Proxy Form

I/We ______________________________________________
(Full name as per NRIC in capital letters)

Company No./NRIC No. (new) ______________________ (old) ______________________

of ______________________________________________
(Full address)

being a member of GOLDEN PHAROS BERHAD hereby appoint ______________________

NRIC No. (new) ______________________ (old) ______________________

of ______________________________________________ or failing him/her
(Full address)

______________________ NRIC No. (new) ______________________ (old) ______________________

of ______________________________________________
(Full address)

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the **35th Annual General Meeting** of the Company to be held at **Gamelan 2, Primula Beach Hotel, Jalan Persinggahan, 20400 Kuala Terengganu, Terengganu Darul Iman** on **Thursday, 16th June 2022** at **10.30 a.m.** and at any adjournment thereof.

| Name of Proxy | | NRIC No. | No. of shares to be represented by proxy | % |
|---|---|---|---|---|
| 1. | | | | |
| 2. | | | | |

(Where two (2) proxies are appointed, please indicate the proportion of your shareholdings to be represented by each proxy.) My/Our proxy is to vote as indicated with an "X" below:
If no specific discretion as to voting is given, the proxy will vote or abstain from voting at his discretion:

| ORDINARY RESOLUTIONS | | FOR | AGAINST |
|---|---|---|---|
| 1. | To approve payment of a single tier first and final dividend of 0.90 sen per ordinary share for the financial year ended 31 December 2021. | | |
| 2. | To approve payment of Directors' Fees of RM489,000 for the financial period from 17 June 2022 until the conclusion of the next Annual General Meeting of the Company. | | |
| 3. | To approve payment of Directors' benefits (excluding Directors' Fees) of RM516,400 for the financial period from 17 June 2022 until the conclusion of the next Annual General Meeting of the Company. | | |
| 4. | To re-elect Mohd Badaruddin bin Ismail as Director. | | |
| 5. | To re-elect Haji Saiffuddin bin Othman as Director. | | |
| 6. | To re-appoint Messrs Ernst & Young PLT as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration. | | |
| 7. | To authorise the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. | | |

Dated _______ day of ________________ 2022

| Number of shares held | *CDS Account No. |
|---|---|
| | |

*Applicable for shares under nominee account only

______________________________
Signature of Member/Common Seal

**Notes:**

1. *For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 9 June 2022 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxy(ies) to attend and vote on his/her behalf.*
2. *Members/proxies/corporate representatives who wish to attend the meeting in person ARE REQUIRED TO PRE-REGISTER with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor"), via the TIIH Online website at https://tiih.online no later than Tuesday, 14 June 2022 at 10.30 a.m. Please follow the Pre-Register Procedures in the Administrative Guide for the AGM.*
3. *A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.*
4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
6. *Where a member, an authorised nominee or an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.*
7. *A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to move any resolution or amendment thereto and to speak at the meeting.*
8. *The appointment of a proxy may be made in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:*
   - *i. In hard copy form*
     *In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at 66-2 Taman Sri Intan, Jalan Sultan Omar, 20300 Kuala Terengganu, Terengganu Darul Iman or Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32- 01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.*
   - *ii. By electronic means via facsimile*
     *In the case of an appointment made by facsimile transmission, the proxy form must be received via facsimile at +609-631 0617.*
   - *iii. By electronic means via email*
     *In the case of an appointment made via email transmission, the proxy form must be received via email at suraya@gpb.com.my. For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.*
   - *iv. Online*
     *In the case of an appointment made via online lodgement facility, the proxy form can be electronically lodged with the Company's Share Registrar via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.*
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar's office at the above address not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
10. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
11. *Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:*
    - *a. Identity card (NRIC) (Malaysian), or*
    - *b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or*
    - *c. Passport (Foreigner).*
12. *For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/CERTIFIED TRUE certificate of appointment of authorised representative with the Company's Share Registrar, Tricor at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

Fold here

AFFIX
STAMP

**The Share Registrar**

**GOLDEN PHAROS BERHAD**
[Registration No:198601003051 (152205-W)]

**Tricor Investor & Issuing House Services Sdn Bhd**
Unit 32-01, Level 32 Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur