

GREENYIELD BERHAD
(Company No. 200201014553) (582216-T)



STRENGTH IN RESILIENCE

ANNUAL REPORT 2019

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www.greenyield.com.my

CORPORATE INFORMATION



BOARD OF DIRECTORS

DR. ZAINOL BIN MD EUSOF	Independent Non-Executive Chairman
THAM FOO KEONG	Group Managing Director
THAM FOO CHOON	Deputy Group Managing Director
THAM KIN WAI	Executive Director
THAM KIN-ON	Executive Director
YONG SWEE LIN	Senior Independent Non-Executive Director
MAHBOB BIN ABDULLAH	Independent Non-Executive Director
SUHNILLA KAUR KLER	Independent Non-Executive Director

AUDIT COMMITTEE

Chairman:
Yong Swee Lin

Members:
Mahbob Bin Abdullah
Dr. Zainol Bin Md Eusof

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 03 - 2783 9191
Fax : 03 - 2783 9111

AUDITORS

Grant Thornton Malaysia PLT
(201906003682 & AF: 0737)
Chartered Accountants
Level 11, Sheraton Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur.
Tel : 03 - 2692 4022
Fax : 03 - 2691 5119

OPTION COMMITTEE

Chairman:
Tham Foo Keong

Members:
Tham Foo Choon
Dr. Zainol Bin Md Eusof

CORPORATE OFFICE

No. 1-19, MKH Boulevard,
Jalan Bukit, 43000 Kajang,
Selangor Darul Ehsan.
Tel : 03 - 8736 8777
Fax : 03 - 8737 0723
E-mail : investors@greenyield.com.my

COMPANY SECRETARIES

Joanne Toh Joo Ann (LS 0008574)
SSM PC NO. 202008001119
Wong Peir Chyun (MAICSA 7018710)
SSM PC NO. 202008001742
Sia Ee Chin (MAICSA 7062413)
SSM PC NO. 202008001676

REMUNERATION COMMITTEE

Chairman:
Yong Swee Lin

Member:
Dr. Zainol Bin Md Eusof

REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
[Company No. 197101000970 (11324-H)]
Office
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

SOLICITOR

Chooi & Company + Cheang & Ariff
39 Court @ Loke Mansion,
273A, Jalan Medan Tuanku,
50300 Kuala Lumpur.
Tel : 03 - 2691 0803
Fax : 03 - 2693 4475

NOMINATION COMMITTEE

Chairman:
Yong Swee Lin

Member:
Dr. Zainol Bin Md Eusof

LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Name : **GREENYB**
Stock Code : **0136**

WEBSITE

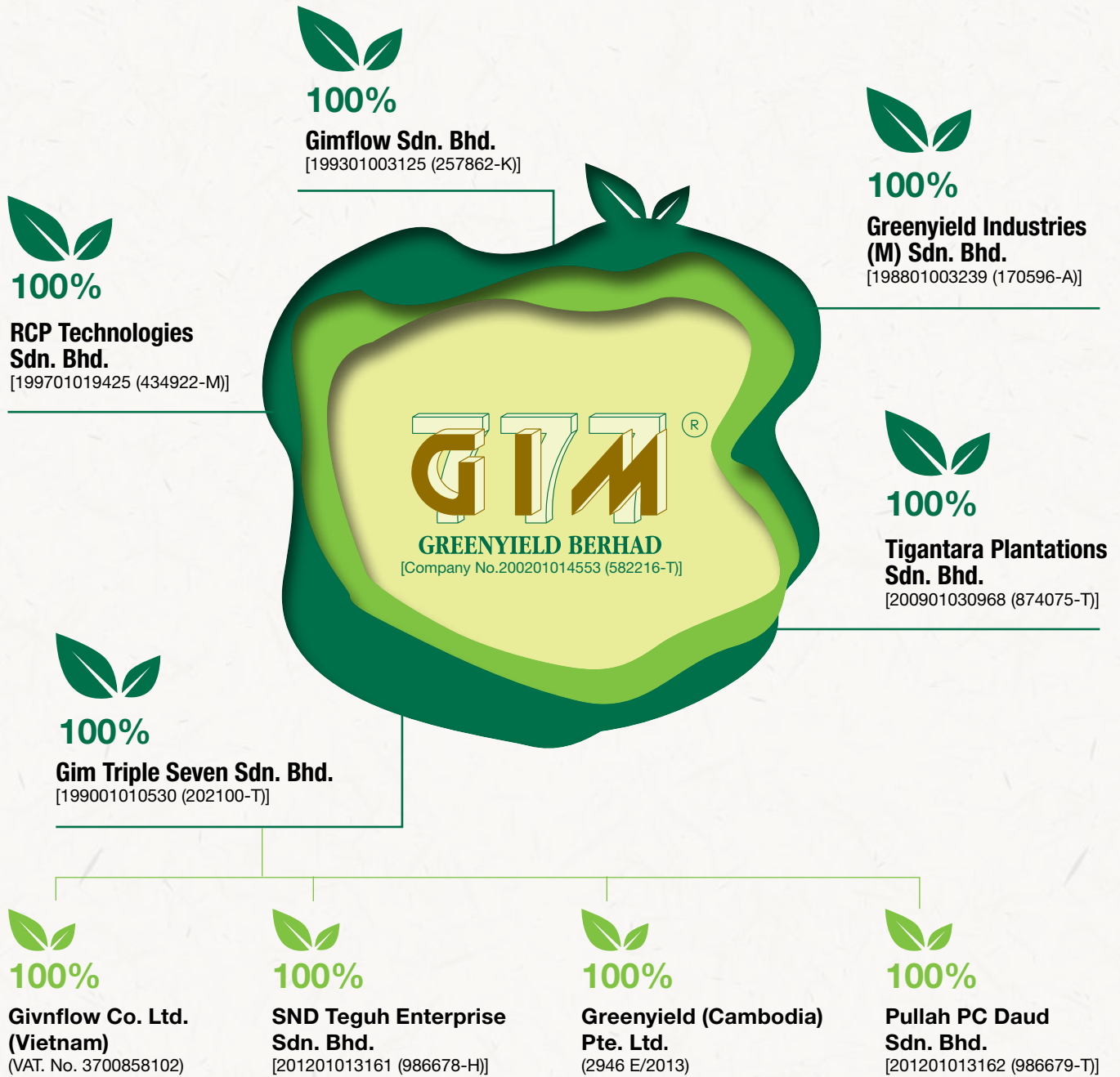
www.greenyield.com.my

Customer Service Centre
Unit G-3, Ground Floor,
Vertical Podium,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 03 - 2783 9299
Fax : 03 - 2783 9222

PRINCIPAL BANKERS

Public Bank Berhad
HSBC Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
CIMB Islamic Bank Berhad
Bank Pertanian Malaysia Berhad

CORPORATE STRUCTURE



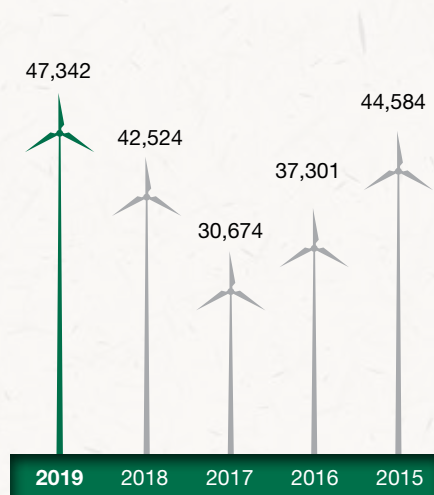
FINANCIAL HIGHLIGHTS

	Financial Year Ended				Financial Period ended
	31.7.2015 (RM'000)	31.7.2016 (RM'000)	31.7.2017 (RM'000)	31.7.2018 (RM'000)	31.12.2019 (RM'000) (17 months)*
Turnover	44,584	37,301	30,674	42,524	47,342
Earnings Before Interest, Depreciation, Amortisation and Taxation	8,634	5,949	2,730	2,726	8,848
Profit Before Taxation	6,313	3,630	557	151	4,543
Taxation	1,900	1,104	335	548	278
Profit/(Loss) After Taxation and Non-controlling Interest	4,413	2,526	222	(397)	4,265
Net Profit/(Loss) Margin (%)	9.9	6.8	0.7	(0.9)	9.0
Net Tangible Assets	57,251	57,265	55,812	54,338	53,995
Net Tangible Assets Per Share (sen)	17.2	17.2	16.7	16.3	16.2
Net Earnings/(Loss) Per Share (sen)	1.32	0.76	0.07	(0.12)	1.28
Gross Dividend (sen)	0.75	0.6	0.3	-	0.2
Total Borrowings	11,876	12,893	17,038	17,235	18,016
Cash and Cash Equivalents	14,973	12,779	8,866	5,608	10,646
Shareholders' Fund	57,273	57,308	55,875	54,417	58,026
Gearing Ratio (%)	20.7	22.5	30.5	31.7	31.0
Fully Paid-Up Share Capital ('000 units)	333,740	333,740	333,740	333,740	333,740
Weighted Average Share Capital ('000 units)	333,740	333,740	333,740	333,740	333,740

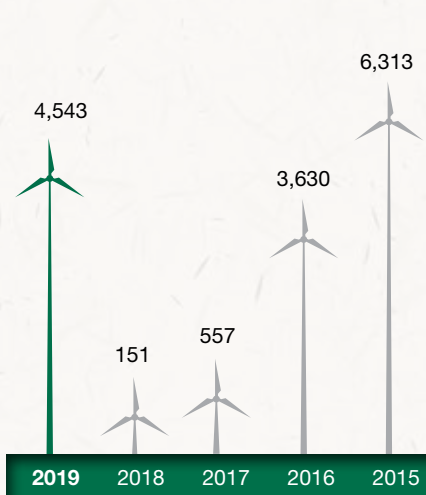
Notes:-

* The Group had on 30 May 2019 changed its financial year end from 31 July 2019 to 31 December 2019. The financial period 2019 was made up of results for 17 months covering the period from 1 August 2018 to 31 December 2019.

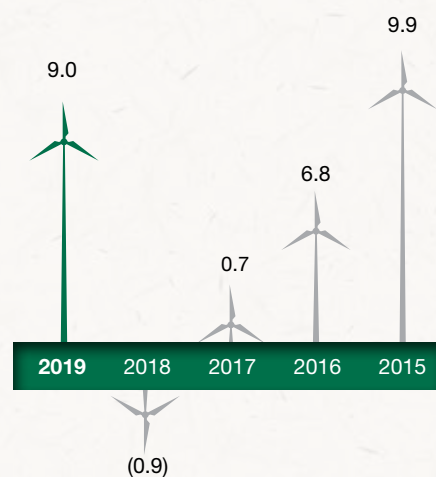
Turnover (RM'000)



Profit Before Taxation (RM'000)

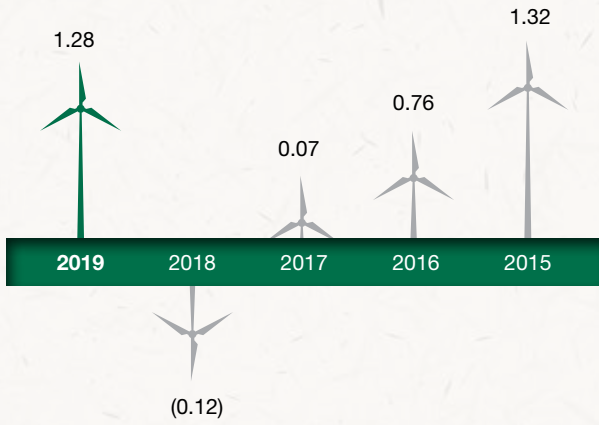


Net Profit/(Loss) Margin (%)

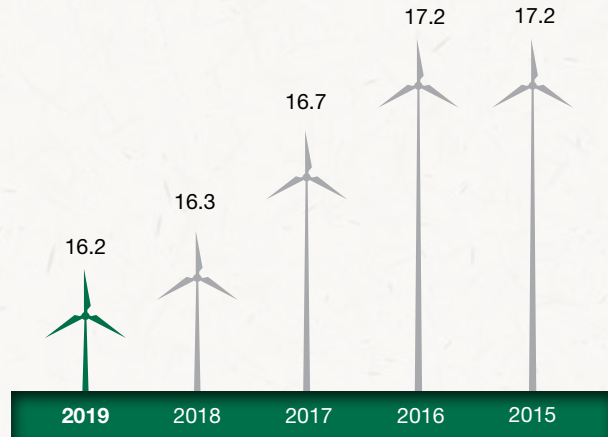


Financial Highlights

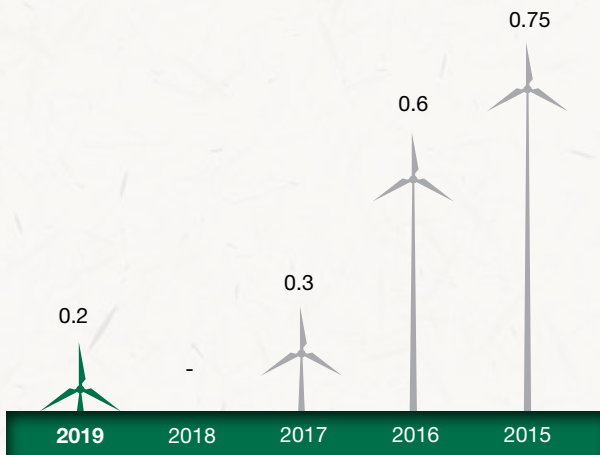
Net Earnings/(Loss) Per Share (Sen)



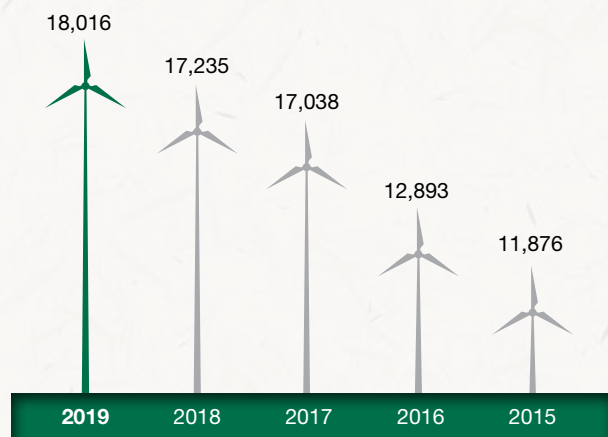
Net Tangible Assets Per Share (Sen)



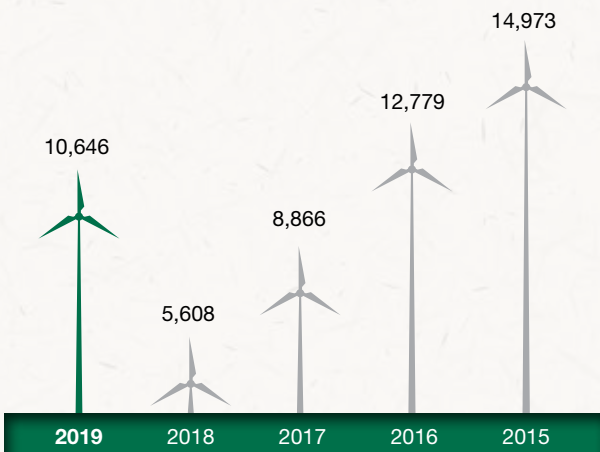
Gross Dividend (sen)



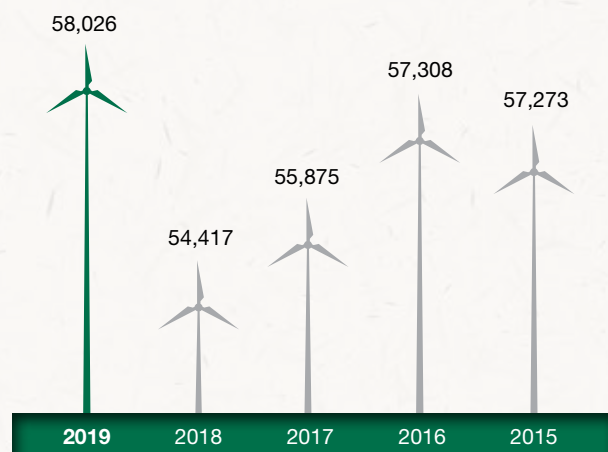
Total Borrowings (RM'000)



Cash and Cash Equivalents (RM'000)



Shareholders' Fund (RM'000)



PROFILE OF DIRECTORS

DR. ZAINOL BIN MD EUSOF

Independent Non-Executive Chairman



Dr. Zainol Bin Md Eusof, age 70, Male, a Malaysian citizen, is an Independent Non-Executive Chairman of Greenyield Berhad ("Greenyield"). He was appointed to the Board of Greenyield on 26 March 2005 and was re-designated as Independent Non-Executive Chairman on 24 March 2014. He is also a member of the Audit Committee, Remuneration Committee, Nomination Committee and Option Committee of Greenyield.

He graduated with a Bachelor of Science degree in Geology from Universiti Malaya, Malaysia and obtained his Master of Science and Doctor of Philosophy in Soil Science from the State University of Ghent, Belgium.

He was attached to the Rubber Research Institute of Malaysia ("RRIM") from 1974 until 2002, where he last served as Head of the Crop Management Unit. During his tenure with the RRIM, he represented RRIM in several national and international conferences and

headed the RRIM collaborative research projects with the International Board for Soil Research and Management. He has published over 72 papers in soil science, agronomy and land management during the course of his career, and carried out post-doctorate research at the Ohio State University and the University of West Indies.

In 1995, Dr. Zainol received the RRIM service excellence award for his contribution to research in soil management systems. From 1998 to 2002, he headed the programme on the development of Low Intensity Tapping Systems at the RRIM. During the same period, he was a member of the Urea Research Council for Petroliaam Nasional Berhad and an external examiner for the Ph.D programme of Universiti Putra Malaysia.

Dr. Zainol has wide experience in soil survey, technical diligence and feasibility studies of rubber plantations, and has

carried out consultancy projects in Cambodia, Indonesia, Laos, Vietnam, Ivory Coast, Gabon and Nigeria. In Malaysia, Dr. Zainol has carried out technical assessment of plantations under RISDA, SAFODA, Tabung Haji and FELDA. Currently, he is a member of the technical committee of FELCRA with regard to rubber plantation development.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 8 Board Meetings which were held in financial period ended 31 December 2019.

THAM FOO KEONG

Group Managing Director



Mr Tham Foo Keong, age 64, Male, a Malaysian citizen, is the Group Managing Director of Greenyield. He was appointed to the Board of Greenyield on 26 March 2005. He is also the Chairman of the Option Committee of the Company.

He graduated with a Bachelor of Science degree in Production Engineering from Leeds Polytechnic, United Kingdom. He started his career in 1981 as a Production Planning Engineer in ASEA Manufacturing Sdn. Bhd. He joined Scientex Industries Berhad as a Planning and Maintenance Manager in 1983, before moving to Brown Boveri Corporation (M) Sdn. Bhd. as Factory Manager in 1985 and subsequently, he was promoted to Divisional Manager.

In 1988, he ventured into his own family business as the Managing Director of Greenyield Industries (M) Sdn. Bhd., a wholly-owned subsidiary of the Company and subsequently took over the position as a Group Managing Director of the Company. His vast experience has proven to be invaluable to the Company. He oversees the daily operations of the companies comprising the Greenyield Group and is principally responsible for the direction of the Group's business with emphasis in business development and corporate strategy.

He is brother of Mr Tham Foo Choon and deemed substantial shareholders, namely Mr Tham Chong Sing and Mr

Tham Fau Sin. He is the spouse of substantial shareholder, Madam Twong Yoke Peng and father of Mr Tham Kin-On, Director of the Company. He is also the uncle of Mr Tham Kin Wai. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 8 Board Meetings which were held in financial period ended 31 December 2019.

Profile of Directors

THAM FOO CHOON

Deputy Group Managing Director



Mr Tham Foo Choon, age 60, Male, a Malaysian citizen, is the Deputy Group Managing Director of Greenyield. He was appointed to the Board of Greenyield on 26 March 2005. He is also a member of the Option Committee of the Company.

He is a businessman with over 20 years of experience in the agriculture related industry. He started his involvement in the agricultural related industry soon after completing his secondary education, assisting the family business.

Through his hard work, he has generated success for the companies. He assumes an active role in the implementation of the marketing and operational strategy and activities of the companies within the Greenyield Group.

He is brother of Mr Tham Foo Keong and deemed substantial shareholders, namely Mr Tham Chong Sing and Mr Tham Fau Sin. He is also the uncle of Mr Tham Kin Wai and Mr Tham Kin-On, Directors of the Company. He has no

conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended 7 out of 8 Board Meetings which were held in financial period ended 31 December 2019.

THAM KIN WAI

Executive Director



Mr Tham Kin Wai, age 52, Male, a Malaysian citizen, is an Executive Director of Greenyield. He was appointed to the Board of Greenyield on 23 January 2009.

He graduated with a Bachelor of Science degree in Business Administration from National College, United States of America. He started his career after graduation in 1994 as a Finance and Administrative Executive in Greenyield Industries (M) Sdn Bhd ("GYI") and subsequently, he rose to the rank of General Manager of GYI in 2001.

Thereafter, he was appointed as an Executive Director of Greenyield in 2009.

He is responsible for managing overall factory operations, the quality & environment management system of the factory, and all marketing activities. Furthermore, he is also involved in product and market development for existing and new customers, and planning and participating in trade fairs.

He is the son of deemed substantial shareholder, namely, Mr Tham Chong Sing. He is also the nephew of Mr Tham

Foo Keong and Mr Tham Foo Choon. He is also the cousin of Mr Tham Kin-On, Director of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 8 Board Meetings which were held in financial period ended 31 December 2019.

YONG SWEE LIN

Senior Independent Non-Executive Director



Mr Yong Swee Lin, age 52, Male, a Malaysian citizen, is a Senior Independent Non-Executive Director of Greenyield. He was appointed to the Board of Greenyield on 23 January 2009. He was re-designated as the Chairman of the Audit Committee, Remuneration Committee, and Nomination Committee of Greenyield on 24 June 2014.

Mr Yong is a Chartered Accountant of the Malaysian Institute of Accountants ("MIA") and is a Fellow member of Association of Chartered Certified Accountants ("ACCA").

He started his career with KK Chow & Wong in 1988, and subsequently he joined Loh & Co in 1991 and left in 1993 to join Adab Trading Sdn. Bhd. Then he left Adab Trading Sdn. Bhd and was self-employed from January 1995 to June 1997. He then joined Horwarth Mok & Poon as Audit Senior Assistant from 1997 to 1999. Then, he was appointed as an Audit Manager at L. H. Loo & Co and left in 2018. Currently, he was attached to YPLSL Management Services PLT.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 8 Board Meetings which were held in financial period ended 31 December 2019.

Profile of Directors

MAHBOB BIN ABDULLAH

Independent Non-Executive Director



Mr Mahbob Bin Abdullah, age 76, Male, a Malaysian citizen, is an Independent Non-Executive Director of Greenyield. He was appointed to the Board of Greenyield on 1 July 2009. He is also a member of the Audit Committee.

Mr Mahbob started his career with Harrisons and Crosfield in Perak on a rubber plantation and then joined Plantations Agencies Ltd in Tangkak, Johor. He was attached to Unilever's Pamol Plantations in Kluang, Johor and Sabah, and Solomon Islands from 1968 to 1987. In 1984, he moved to London as senior team member and supervised Unilever Plantations in DR Congo, Ghana, Cameroun, Nigeria, Thailand and Malaysia. He joined Sime

Darby Berhad from 1987 to 1993 as a consultant for third party estates and later as the Director of Refineries from 1993 to 2000, producing edible oils in Malaysia, Singapore, Thailand and Egypt. After his retirement from Sime Darby in 2000, he formed his consultancy business, IPC Services Sdn. Bhd. to provide services in the upstream and downstream businesses of the industry within Malaysia and internationally.

He is a former Board Member of Felda Plantations Berhad, Felda Palm Industries Berhad, Felda Vegetable Oil Products Berhad, and TH Plantations Berhad. He is a Board Member of FIMA Bulking Sdn. Bhd. (a subsidiary of Kumpulan Fima Berhad). He was

a member of the Malaysian Palm Oil Board Program Advisory Committee. He is a Fellow of the Incorporated Society of Planters.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 8 Board Meetings which were held in financial period ended 31 December 2019.

THAM KIN-ON

Executive Director



Mr Tham Kin-On, age 32, Male, a Malaysian citizen, is an Executive Director of Greenyield. He was appointed to the Board of Greenyield on 20 December 2016.

He graduated with a Bachelor of Commerce (Honours) degree in Economics and Finance from University of Melbourne, Australia, and is a CFA Charterholder.

He started his career with Khazanah Nasional Bhd in 2012 as an Associate in the Investments division. Prior to that, he also interned with Credit Suisse, Hong Leong Investment Bank, and KPMG. Mr Tham Kin-On joined

Greenyield in 2014. He oversees the Corporate Finance, Finance, and Human Resources & Administration teams in Greenyield and is also responsible for the development of the Groups strategies and businesses.

He is the son of Mr Tham Foo Keong, the Group Managing Director and substantial shareholder, namely Madam Twong Yoke Peng. He is also the nephew of Mr Tham Foo Choon, the Deputy Group Managing Director and deemed substantial shareholders, namely Mr Tham Chong Sing and Mr Tham Fau Sin. He is also the cousin of Mr Tham Kin Wai, Director of the Company.

He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 8 Board Meetings which were held in financial period ended 31 December 2019.

Profile of Directors

SUHNLYLLA KAUR KLER

Independent Non-Executive Director



Ms Suhnylla Kaur Kler, age 53, Female, a Malaysian citizen, is an Independent Non-Executive Director of Greenyield. She was appointed to the Board of Greenyield on 28 March 2019.

She graduated with a Bachelor of Science (Economics) in Monetary Economics from the University of London.

Ms Suhnylla is a Fellow of the Association of Chartered Certified Accountants (“ACCA”) as well as a member of the Global 100 women in Hedge Funds, an association of professional women who have built financial services careers in and around the hedge fund industry.

She started her career with KPMG Peat Marwick, Sabah in 1992 as a Team Head - Senior Auditor and subsequently she joined AMMB International (L) Ltd, Labuan Offshore Bank in 1996 and left in 1998 to join HSBC Bank Malaysia as Manager - Debt Capital Markets. She subsequently left HSBC Bank and worked at ABN Amro Bank Berhad from 1999 to 2002 before joining American Program Bureau Incorporated as Managing Director/ External Advisor, Asia Pacific and TGN Dataworks Sdn Bhd as Independent Consultant/Vice President-Business and Product Development. She then joined Commerz Capital International Pte Ltd, Singapore and Futures Capital Holdings Ltd in year 2003 until year 2005 and subsequently she joined

Sabah International Petroleum Sdn Bhd Group of Companies for five (5) years. Currently she is Chief Executive Officer of SDB Asset Management Sdn Bhd, Sabah.

She has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. She does not hold any directorship in other public companies and listed issuers. She attended 3 out of 4 Board Meetings which were held in financial period ended 31 December 2019 after her appointment.

PROFILE OF KEY SENIOR MANAGEMENT

MR CHAN WEN HONG

Head of Corporate Finance



Mr Chan Wen Hong, age 40, Male, a Malaysian citizen, is Head of Corporate Finance in Greenyield since April 2017. He is a Chartered Accountant of the Malaysian Institute of Accountants (“MIA”) and is a Fellow member of the Association of Chartered Certified Accountants (“ACCA”). He also holds an MBA and Bachelor of Accounting (Honours) qualifications.

He started off his career with the Big 4 accounting firms in the areas of

external audit and financial advisory in Kuala Lumpur and London. He later joined Khazanah Nasional Bhd in 2011 as an Assistant Vice President in the Investments Division. He was subsequently nominated in 2014 to assume the position of Financial Controller at Ideate Media Sdn Bhd, a media content company jointly owned by Rhizophora Ventures Sdn Bhd (a wholly owned company of Khazanah Nasional Bhd) and Astro Overseas Limited.

He does not hold any directorship in public companies and listed issuers, has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Greenyield Berhad and its Subsidiaries ("Greenyield" or the "Group"), it gives me pleasure to present to you the Annual Report and Audited Financial Statements for the financial period ended 31 December 2019 ("FPE2019").

As announced on 30 May 2019, the financial year end of the Group has been changed from 31 July 2019 to 31 December 2019. Thus, the set of audited financial statements has been made up from 01 August 2018 to 31 December 2019 covering a period of seventeen (17) months.

ECONOMIC REVIEW

For the FPE2019, the Group recorded a net profit of RM4.26 million mainly due to the recording of bargain purchase following the completion of the acquisitions of SND Teguh Enterprise Sdn. Bhd. ("SND") and Pullah PC Daud Sdn. Bhd. ("Pullah"). For the financial year ended 31 July 2018 ("FYE2018"), the net loss was RM0.4 million. The operating environment remains challenging due to continued weakness in the commodity markets which were further impacted by the breakdown in the OPEC+ Alliance, resulting in a plunge in global oil prices. This may eventually lead to a negative impact on the natural rubber prices which will impact the Group. Nevertheless, the Directors, Management team and staff will remain vigilant and are working hard towards resolving and mitigating negative factors.

FINANCIAL PERFORMANCE

For the FPE2019, the Group recorded a revenue of RM47.34 million (FYE2018: RM42.52 million). The profit before tax in the FPE2019 was RM4.54 million (FYE2018: RM0.15 million).

The revenue from the plantation business segment in the FPE2019 was RM19.26 million (FYE2018: RM20.20 million). In the case of non-plantation segment, the revenue was RM28.08 million (FYE2018: RM22.32 million).

The outlook for the coming financial year is challenging as the Group expects weak commodity prices to persist while global manufacturing and trade activities are likely to be negatively impacted by the disruptions from the COVID-19 pandemic. However, in the longer term, the Group is optimistic because of the development of new products and markets for the non-plantation segment. In addition, the Group's investment into rubber estates in Kelantan has started to generate revenue and expected to provide a stable source of recurring income once it reaches maturity.



Chairman's Statement

BUSINESS OUTLOOK AND PROSPECTS

The Board anticipates that the business outlook will remain challenging in the forthcoming financial year. The Group will continue to look for growth opportunities while managing costs to ensure the viability of the business. These opportunities include continued new customer acquisitions and new product development in the non-plantation segment, and generating more revenue from rubber plantation ownership as opposed to purely generating revenue from being a supplier to plantations.

On 10 April 2019, the Group announced the completion of the acquisitions of the remaining 70% stakes in SND and Pullah. The Group now holds 100% equity interest in SND and Pullah via Gim Triple Seven Sdn Bhd ("GTS"). Both SND and Pullah are principally engaged in rubber planting and estate management and own the rights to develop and cultivate timber latex clones on 400 hectares each in Gua Musang, Kelantan. The Acquisitions enabled the Group to shift from being a minority shareholder in SND and Pullah to being the sole shareholder in both entities. This is in line with Greenfield's long term strategy of expanding its business from supplying tools, chemicals, and fertilisers to plantations, to also include plantation ownership. The Acquisitions also increased the plantation landbank controlled by Greenfield from 400 hectares to 1,200 hectares.

The current focus of the Group will be on planting and estate management of the existing 1,200 hectares of rubber plantations in Kelantan. The Group has started to progressively exploit the rubber trees to produce rubber cup lumps for sale to nearby rubber processing factories.

DIVIDEND

The Board of Directors has on 18 December 2019 approved and declared an interim dividend of 0.20 sen per ordinary share amounting to RM667,480 for the FPE2019 which was paid on 17 January 2020. The Board of Directors do not recommend a final dividend payment for the FPE2019 for conservation of funds for working capital and potential investments in viable assets which are expected to generate future revenue streams. Going forward, the Board of Directors will review the Group's cash flow affordability in recommending dividend payouts to shareholders.

CORPORATE DEVELOPMENT

On 26 September 2019, Givnflow Co. Ltd, a wholly-owned subsidiary of GTS, which in turn is a wholly-owned subsidiary of the Group entered into a Memorandum of Understanding ("MOU") with SNP Co. Ltd to dispose of the assets attached to the land and transfer the land use right to SNP Co. Ltd, for a total cash consideration of VND 30.082.000.000 (equivalent to approximately RM5,422,300) plus 10% value added tax. The entering into MOU for the Proposed Disposal enables the Group to exit a tough operating environment, to focus production of plant pots in Malaysia, and at a price which is deemed fair and reasonable by the Board. The Proposed Disposal would also enable the Group to conserve cash for future investment and working capital purposes. The asset disposal will not impact the operations of the Group as the manufacturing and marketing of agricultural related systems and products including plastic related products are being undertaken by other subsidiary companies in Malaysia.

ACKNOWLEDGEMENT

I wish to acknowledge the employees whose dedication and perseverance have contributed to the sustained operations of the Group and ensured its reputation as a trusted and reliable partner to the Companies we served globally. On behalf of the Board, I would like to express our thanks and appreciation to our shareholders, customers, business associates, financiers, suppliers and regulatory authorities for their continued support and understanding extended to us during the financial period.

Dr Zainol Bin Md Eusof
Independent Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“MD&A”) for Greenfield should be read in conjunction with the annual audited consolidated Financial Statements and the accompanying notes on pages 38 to 91 of this Annual Report that are prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”).

OVERVIEW

Greenfield Berhad is a company listed on the Main Market of Bursa Securities under the Consumer Products and Services Sector, with a sub-sector of Agricultural Products. The Company has an issued share capital of RM33,374,000 comprising 333,740,000 shares.

OPERATIONS REVIEW

The Group turnover for the financial period ended 31 December 2019 (“FPE2019”) was RM47.34 million (financial year ended 31 July 2018 (“FYE2018”): RM42.52 million). Meanwhile, for the FPE2019, the Group’s recorded a profit before tax of RM4.54 million (FYE2018: RM0.15 million).

Growth and Strategy

Management is of view that the financial year ending 31 December 2020 will continue to be very challenging because of several factors. Low commodity prices continue to persist and negatively impact the demand for rubber plantation inputs. The collapse of the OPEC+ Alliance resulted in a plunge in oil prices which will negatively impact natural rubber prices as well. Next, advanced economies where significant export sales for non plantation products of the Group are expected to record slower growth with the World Bank January 2020 report expecting 2020 and 2021 output growth of 1.8% and 1.7% in the United States and 1.0% and 1.3% in the Euro Area. However, significant risks exists as growth in manufacturing activity and trade are likely to be significantly impacted by the COVID-19 Pandemic. Management also expects the COVID-19 Pandemic will disrupt the global supply chains and will significantly dent consumer sentiment and spending around the world.

The Group continues its existing business strategies to push for growth which include, in the near term:

- i. Growing sales of our Artstone and ArtLumin plant pots in export markets via new and existing distributors;
- ii. Building our retail/consumer brand, Jardin Craft, for gardening products in the Malaysia market;
- iii. Sales and marketing of our newly developed Artstone and ArtLumin dinnerware range in export markets; and
- iv. Consolidating the newly acquired SND and Pullah rubber estates with our existing Tigantara Plantations Sdn. Bhd. (“Tigantara”) rubber estate, as part of our venture in rubber plantation ownership business.

Business Risks

Foreign Currency



Management will continue to review the Group’s exposure to foreign currency risks arising from turnover generated in currencies other than Ringgit Malaysia.

Global Economy



The management expects the world economy to remain challenging due to strong volatilities in emerging economies arising from weaker commodity prices and risks arising from the disruptions from the COVID-19 Pandemic.

Commodity Prices



The Group provides inputs to plantations and is impacted by commodity prices as a result. The ongoing slump in commodity prices including natural rubber will negatively impact demand from plantations. Hence, the Group will need to continue pushing sales and developing products which are value added and differentiated from its competitors.



Management Discussion and Analysis

FINANCIAL RESULTS

The Group's key financial information for the FPE2019 and FYE2018 is summarised as follows:

	FPE2019 RM Million	FYE2018 RM Million
Turnover	47.34	42.52
Earnings Before Interest, Depreciation, Amortisation and Taxation (EBITDA)	8.85	2.73
Profit Before Taxation	4.54	0.15
Taxation	0.28	0.55
Profit/(Loss) After Taxation and Minority Interest	4.26	(0.40)
Net Tangible Assets	53.99	54.34
Net Profit/(Loss) Margin (%)	9.01	(0.9)

Turnover

The Group's turnover is derived from two business segments – plantation-related products and services which comprise chemicals and fertilizers, tools and equipment, technical support services, consultancy services and sale of rubber cup lumps; and non-plantation products which primarily comprise plant pots. For the FPE2019, the Group's turnover was RM47.34 million.

Plantation Products and Services

During the FPE2019, the Group's plantation products and services turnover was RM19.26 million (FYE2018: RM20.20 million). The decrease in turnover was largely a result of lower sales of plantation inputs.

Non-plantation Products

During the FPE2019, the Group's non-plantation products provided a turnover of RM28.08 million (FYE2018: RM22.32 million). The increase in turnover was primarily due to higher orders from key buyers in United States, Australia, and Japan, during the year.

Profit

During the FPE2019, profit before taxation was RM4.54 million, mainly due to the recording of bargain purchase arising from the acquisitions of SND and Pullah.

Investment

During the FPE2019, the Group invested RM2.80 million on plantation development expenditure for Tigantara, SND and Pullah.

Financing and Expansion

On 10 April 2019, the Group announced the completion of the acquisitions of the remaining 70% stakes in SND and Pullah. The Group now holds 100% equity interest in SND and Pullah via GTS. Both SND and Pullah are principally engaged in rubber planting and estate management and own the rights to develop and cultivate timber latex clones on 400 hectares each in Gua Musang, Kelantan. The acquisitions enabled the Group to shift from being a minority shareholder in SND and Pullah to being the sole shareholder in both entities. This is in line with Greenyield's long term strategy of expanding its business from supplying tools, chemicals, and fertilisers to plantations, to also include plantation ownership. The acquisitions also increased the plantation landbank controlled by Greenyield from 400 hectares to 1,200 hectares.

CONCLUSION

Although Management expects a very challenging year ahead, we are optimistic with the various business opportunities identified and will proceed cautiously to ensure sustainability of the business while seeking new growth opportunities.



SUSTAINABILITY STATEMENT



The Board of Directors of Greenyield is pleased to present the Sustainability Statement of the Group in respect of FPE2019, which has been prepared based on the Bursa Malaysia Sustainability Reporting Guide and toolkits. The Board also acknowledges that effective management of material economic, environmental and social (“EES”) risks and opportunities of the Group business environment can improve business performance and operational efficiencies and create sustainable value.

ECONOMIC

The Group is committed to increase value for shareholders in the longer term. We are not only focusing on the core business but also look into any opportunity to explore and widen the existing business. We are optimistic with the various business opportunities identified to ensure sustainability of the business while seeking new growth opportunities despite the very challenging economic environment due to the COVID-19 Pandemic and low commodity prices.



i. Diversification

The sustainability efforts of the Group include diversification into new business. In December 2019, the Company obtained shareholders’ approval to diversify its principal activities to include rubber plantation, production, processing, distribution and related businesses which is expected to provide stable source of recurring income.

The Group has been in the business of trading and manufacturing plantation tools, chemicals and fertilisers since inception. As such, the Group will be able to use internal products, services, and technologies for our own plantations which will be expected to improve economic prospects of the Group.

ii. Corporate Governance

The Company continues to be guided by a robust governance framework to ensure the long-term success of the business including sound and sustainable business operations in order to safeguard stakeholders’ value. This is through reviewing the Group’s strategic plans, financial statements, risk management, significant acquisitions and disposals, investments in significant joint ventures, significant property transactions, significant capital expenditure, payment of dividends as well as opportunities for diversification.

For insights into on the Group’s corporate governance initiatives, please refer to the Corporate Governance Overview Statement in this Annual Report.

ENVIRONMENT

i. Solid waste management

During the year, the Group continued to encourage separation of waste into paper, plastics, and metal/aluminium products, in its headquarters and factory. Our factory has appointed a license collector to handle our solid waste collection.



ii. Environmental Management System

On 22 October 2019, Greenyield Industries (M) Sdn. Bhd., a subsidiary company was awarded ISO 14001: 2015 Environmental Management System after undergoing an assessment. The Company has formed a Health and Safety Committee to monitor and control the processes related to environmental management to ensure that our Company are continuously aligned and in compliance with the requirements of ISO 14001.

iii. Save the nature by going green

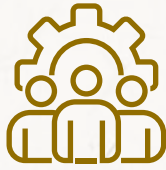
Employees are encouraged to conserve resources, for example, by reusing paper for notes, minimising energy usage, double sided printing and avoiding printing in colour. Moving towards green practices, we strive to reduce paper consumption and carbon footprints from the previous years. In November 2019, our Human Resource department has implemented a new E-Leave system which will reduce paper usage as printing hard copy of annual leave form and monthly pay slips are no longer required as e-documents are available through the online system.



Sustainability Statement

SOCIAL

Greenyield's Sustainability principles are shared with employees as they are encouraged to perform their duties with an awareness of social responsibilities. As part of the Company's commitment to employee welfare, events and activities were organised to foster a healthy work environment. Eligible employees are also provided with training and development opportunities.



1. Employees

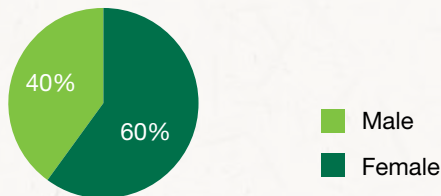
i. Workplace diversity

The Group encourages diversity at the workplace and is committed to ensure fair and equal opportunities for its employees. Diversity in our workplace means that a company's workforce includes people of varying gender, age, religion, ethnicity, cultural background, languages, education and abilities. Furthermore, we do not allow any form of discriminatory practices inside our workplace.

People with different backgrounds tend to have different experiences and thus different perspectives. Exposure to a variety of different perspectives and views leads to diverse solutions being proposed, hence existing work flow may benefit from better problem-solving.

a. Gender diversity

Workforce in terms of Gender



As at 31 December 2019, the Group recorded a male to female ratio of 40:60 for all 114 Malaysians within its workforce.

Source: Management

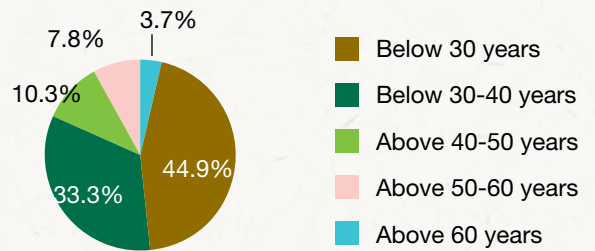
b. Age diversity

As at 31 December 2019, the largest age group is those aged "below 30 years' old" at 44.9%. Meanwhile, 33.3% of our employees belong to the age group of "above 30 to 40 years old" representing the second largest age group. The Group also provides employment opportunities to older employees with specific skill set and are still able to contribute their expertise and experience.

The Group has a very strict employment policy against the hiring of minors and underage workers which is consistent with the related labour laws of the country.

The Group's age demographics broadly reflected the demographics in Malaysia where younger employees form the majority of the workforce.

Workforce in terms of Age

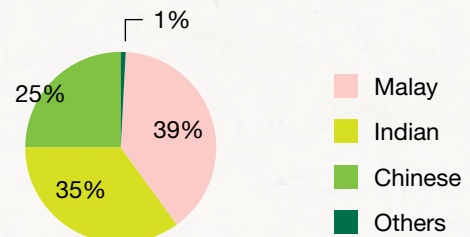


Source: Management

c. Ethnic diversity

As at 31 December 2019, the largest ethnic group based on the total Malaysian workforce in our Company would be Malay at 39% while 35% of the workforce are of Indian descent. Chinese descent forms 25% of the total workforce. The ethnic diversity in the workforce is important in order to service a multi-racial society.

Workforce in terms of Ethnicity



Source: Management

ii. Training and learning

In support of continuous learning and development, we enroll employees on various training programmes. We believe that the training provided to our employees will upgrade their skill set and job knowledge, leading to higher quality of work output and increased efficiencies in processes, hence benefitting the Group as a whole.

During the financial period, our employees participated in trainings relating to:

- Safety & Health
- Manufacturing 4.0
- Waste Management
- Accounting & Tax Rules and Regulations

iii. Healthy and Safe Working Environment

The Group continuously strives to provide a healthier and safer working environment for our employees. The Group has fulfilled its responsibility to provide employees with a workplace that is free from recognised hazards that cause or are likely to cause serious physical injury or death, and to maintain working conditions that are safe and healthy for our employees. Regular workplace inspection has been done by Management to ensure work places are neat, tidy and safe. We have conducted training on fire and safety drills to ensure that employees are well prepared in the event of an emergency.

Sustainability Statement

iv. Buka Puasa Gathering

In June 2019 and in conjunction with “Bulan Ramadan”, the Group organised a Buka Puasa Gathering with staff at a local hotel to allow employees to come together in celebration of the holy month. We believe such events will help to foster good relationships among employees as well as management.



v. Opening Ceremony for new office and Chinese New Year celebration

In February 2019, the Company hosted an Opening Ceremony to launch our new corporate head office in conjunction with the Chinese New Year celebration. We also invited our stakeholders to celebrate this event together with Management and employees. During the event, Management also delivered key messages to employees on the Company’s aspiration for the coming year.



vi Monthly birthday celebration

As a caring employer, inhouse celebrations were held periodically to celebrate employee’s birthday and allow the Company to express its appreciation to employees at work. In addition, this will assist in creating a positive work environment.



2. Society

The Group provides contributions to individuals and organisations who are in need. In addition, the Group offered internships and industrial training opportunities to undergraduates from local colleges and universities as part of its efforts to groom future leaders in the industry.

i. Internships

We provide internship opportunities to students and graduates of local universities and colleges. Through the internship programme, our young generation can gain practical experience and enhance their knowledge of the real working environment. During the financial period, the Group took in three (3) interns from local universities to work in the Finance Department.

ii. Community welfare

Management organised a charity programme visit to Batu Caves for Thaipusam. The voluntary programme was held on the temple grounds at Batu Caves in conjunction with the annual Thaipusam Festival in January 2019.

Former Executive Director, Dr Sivakumaran, and volunteer staff from Greenfield participated in the preparation of vegetarian food and distribution to devotees at the Annathanam Hall located within the premises of the Batu Caves Temple on the eve of Thaipusam and on Thaipusam day. The volunteers helped in food preparation and the serving of food in the traditional way on banana leaves to all devotees who came to the hall. The food was distributed to approximately 10,000 or more people over the two days festival.



CONCLUSION

Notwithstanding the various initiatives disclosed in this section, the Group will also take into consideration other areas of sustainability focussing on economic, environmental and social matters. Moving forward, the Group is committed to understanding and implementing sustainable practices for the benefit of the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Greenfield Berhad (“Company” or “Group”) recognises the importance of good corporate governance in protecting and enhancing shareholder value and financial performance of the Company. The Board is fully committed to maintaining the highest standards of transparency, accountability, and integrity, in line with the Malaysian Code of Corporate Governance (“MCCG”) and the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board is pleased to present this statement of corporate governance which outlines how the Company applied the Principles and Best practices set out in the MCCG for the financial period ended 31 December 2019. Where there are gaps in the Company’s observation of any of the Best Practices of the MCCG, they are disclosed herein with explanations. The detailed application by the Company for each practices set out in the MCCG during the financial period is disclosed in the Corporate Governance Report (“CG Report”) in the Bursa Securities’ website. The CG Report is also available at www.greenfield.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

FUNCTIONS OF THE BOARD

The Board has overall responsibilities for the performance and affairs of the Group. The Board members with a wide range of skills and experience from financial and business background lead and control the Group. To ensure the effective discharge of its functions and responsibilities, the Board established an internal governance model for the delegation of specific powers of the Board to the Executive Directors and the properly constituted Board Committees, namely the Audit, Nomination, and Remuneration Committees. The Board Committees are entrusted with specific responsibilities to oversee the Group’s affairs in accordance with their respective terms of references. All matters deliberated in the Board Committees are required to be reported to the Board for endorsement and/or approval. As such, the direction and control of the Group are firmly with the Board.

The Executive Directors, representing the Management, are primarily responsible for the Group’s day-to-day management and operations. The Executive Directors formulate operation plans and oversee the execution of these plans. The Independent Non-Executive Directors are actively involved in various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide broader views, independent assessments and opinions on management proposals.

DUTIES AND RESPONSIBILITIES OF THE BOARD

The Group is led and managed by an effective Board consisting of professionals and competent directors with different qualifications, expertise, and experiences that are relevant to the management of the Group’s businesses. In fulfilling its fiduciary and leadership functions, the Board is primarily responsible to ensure that there are appropriate systems and procedures in place to manage the Group’s strategic plans, business conduct, significant risks, succession planning, shareholders’ communication, internal control and management information systems in accordance with high standards of transparency, accountability and integrity.

The Board is leading and managing the Company in an effective and responsible manner. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed and have a legal duty to act in the best interest of the Company.

The Board assumes, amongst others, the following duties and responsibilities:-

- i. Reviewing and adopting the overall strategic plans and programs for the Company and the Group;
- ii. Overseeing and evaluating the conduct and performance of the Company’s and Group’s businesses including its control and accountability systems;
- iii. Identifying principal risks and ensuring the implementation of a proper risk management system to manage such risks;
- iv. Overseeing the development and implementation of shareholder and stakeholder communications policies;
- v. Approving major capital expenditure and capital management;
- vi. Reviewing the adequacy and the integrity of the management information and internal controls system of the Company; and
- vii. Ensuring that appropriate plans are in place in respect of the succession plan for the senior management of the Group.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITIES (CONTINUED)

CODE OF ETHIC AND CONDUCT

The Board has formalised in writing a Code of Conduct, setting out the standards to engender good corporate practices. The Code advocates the ethical values that form the basis for business decisions. The Code of Conduct has been communicated to all levels of employees in the Group.

The Board has also formalised in writing the Company's Whistle-Blowing Policy, which provides appropriate communication and feedback channels to facilitate whistle-blowing. Both the Code of Conduct and the Whistle-Blowing Policy are available for reference at the company's website at www.greenyield.com.my.

STRATEGIES PROMOTING SUSTAINABILITY

The Board is confident that the Company's strategies in delivering long-term sustainability would create economic value for the shareholders as well as protect stakeholders' interest. A report on sustainability activities, demonstrating the Group's commitment to the environment, community, workplace and employees and marketplace, is detailed in the Sustainability Statement.

ACCESS TO INFORMATION AND ADVICE

The Directors have access to timely and accurate information which enables the Directors to discharge its duties effectively and efficiently. At Board Meetings, the agenda and board papers are distributed in advance to enable Directors to have sufficient time to review the board papers and to obtain further explanation or clarification to facilitate the decision-making process. Representatives from the Management and external advisors may also be invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda.

A well structured agenda also allows the Chairman of the Board good control over the conduct of the meeting and allocation of time for discussion of various matters. Senior Management and external advisors may be invited to attend Board Meetings to provide their professional views, advice and explanations on specific items on the agenda.

All Directors have full and unrestricted access to all information within the Group and direct access to the advice and services of the Company Secretary who advises the Board on the Directors' responsibilities under the respective legislations and regulations and Company's compliance with the relevant laws and regulatory requirements. The Directors may take independent advice, at the Company's expense, in the exercise of their duties should such advisory services be considered necessary.

All deliberation in terms of issues discussed and all decisions made during Board Meetings are recorded in the Board minutes for completeness and accuracy which are then circulated to all Directors and duly signed by the Chairman of the Meeting.

QUALIFIED AND COMPETENT COMPANY SECRETARIES

Directors have direct access to the advice and services of the Group's Company Secretary. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act, 2016. The Board is advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings. The Board is supported to ensure adherence to board policies and procedures, rules, relevant laws and best practices on Corporate Governance.

The Company Secretary also has undertaken the following functions, among others:-

- i. advise and remind the Directors of their obligations to disclose their interest in securities, any conflict of interest and related party transactions;
- ii. advise the Directors of their duties and responsibilities;
- iii. advise and remind the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;
- iv. prepare agenda items of meetings for Board and Board Committees and send to the respective Board and Board Committees; and
- v. attend all Board and Board Committees meetings and to ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolution passed are made and maintained accordingly.

The Company Secretaries are suitably qualified and have attended relevant trainings and seminars to keep abreast with the Statutory and regulatory requirements' updates.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITIES (CONTINUED)

BOARD CHARTER

The Company's Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees, and individual directors including Independent Non-Executive Chairman, Independent Non-Executive Director, Group Managing Director and Executive Directors. It also clearly identifies the issues and decision reserved for the Board. The Board Charter will be periodically reviewed and the details of the Board Charter are available for reference at www.greenyield.com.my.

Any amendment to the Board Charter can only be approved by the Board. The Board Charter was last reviewed on 21 June 2018.

TIME COMMITMENT

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened as and when deemed necessary. During the financial period, eight (8) Board Meetings were held. The attendance at Board Meetings of the Directors during the financial period under review is set out hereunder:-

Directors	Position	Reflect the number of Board Meetings scheduled during the time the Director held office	Percentage of Attendance (%)
Dr Zainol Bin Md Eusof	Independent Non-Executive Chairman	8/8	100
Tham Foo Keong	Group Managing Director	8/8	100
Tham Foo Choon	Deputy Group Managing Director	7/8	88
Tham Kin Wai	Executive Director	8/8	100
Yong Swee Lin	Senior Independent Non-Executive Director	8/8	100
Mahbob Bin Abdullah	Independent Non-Executive Director	8/8	100
Tham Kin-On	Executive Director	8/8	100
Suhnylla Kaur Kler ⁽¹⁾	Independent Non-Executive Director	3/4	75

Notes:

⁽¹⁾ Suhnylla Kaur Kler was appointed to the Board on 28 March 2019.

Newly appointed directors are expected to declare their time commitment to the Board. If they sit in other listed corporations as a director, they shall notify the Chairman of the Board or the Company Secretary before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

Board Meetings follow a formal agenda and the Board has a schedule of matters specifically listed for its review and approval which ensures that the Board retains full and effective control over the Company.

The Board approves, inter alia, the preliminary announcements of interim and final results, all circulars and listing particulars, major capital expenditures, investment proposals; and reviews the overall system of internal controls.

DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAMME

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities. All directors have successfully attended the Mandatory Accreditation Programme prescribed by the Bursa Securities. Directors are encouraged to undergo continuous training programmes and seminars organised by the relevant regulatory authorities and professional bodies to keep abreast with the current development in the business environment as well as, to further enhance their business acumen, and professionalism in discharging their duties to the Company effectively.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITIES (CONTINUED)

DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAMME (CONTINUED)

Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors also visit operation centres to have an insight into the Group's various operations to assist in making effective decisions for the Group.

During the financial period ended 31 December 2019, the Directors have attended trainings, conferences, seminars, site visits and/or workshops as listed below:-

Directors	Training/Seminar/Conference	Date
Dr. Zainol Bin Md Eusof	1. Demystifying the Diversity Conundrum: The Road to Business Excellence	12 June 2019
Tham Foo Keong	1. Evening Talk and Networking: USA-China Trade War- Its impact on business and consumer in ASEAN	09 October 2019
	2. Market Outlook Seminar with JF Apex Securities Berhad (Futures and Equity)	12 October 2019
	3. Seminar "Prospects of Vietnam rubber industry in the new context"	06 December 2019
Tham Foo Choon	1. Seminar "Prospects of Vietnam rubber industry in the new context"	06 December 2019
Tham Kin Wai	1. ISO14001 : 2015 Awareness	28 November 2018
	2. ISO14001 : 2015 Risk & Opportunity Analysis	30 November 2018
Yong Swee Lin	1. 2019 Budget Seminar - Restoring public finances, sustaining growth, enhancing wellbeing	29 November 2018
	2. Seminar on "MBRS For Prepares-Financial Statements"	07-08 August 2019
	3. Preparing for Digital Tax in 2020	23 December 2019
Mahbob Bin Abdullah	1. Price Outlook Conference	05-06 March 2019
	2. Audit oversight board conversation with Audit Committees	08 November 2019
Tham Kin-On	1. FMM Marketing & Branding Conference 2018 - Retail Marketing	10 October 2018
Suhnylla Kaur Kler	1. Mandatory Accreditation Programme	23-24 July 2019

The Board is also briefed by the Company Secretary of any significant changes in laws and regulations that are relevant. The Directors continue to undergo other relevant training programs that can further enhance their knowledge in the latest development relevant to the Group, especially in areas of corporate governance and regulatory development, to carry out their responsibilities effectively.

II. BOARD COMPOSITION

The Board of the Company comprises eight (8) Directors, four (4) of whom are Executive Directors and the balance four (4) are Independent Non-Executive Directors, who fulfil the prescribed Listing Requirements that a minimum one-third (1/3) of the Board members be independent. The current composition also meets with the MCCG's recommendation that the Board should comprise 50% of independent directors. The Board has reviewed its size and composition and is satisfied that its current size and composition are effective for the proper functioning of the Group. The profiles of each Director are set out in the Profile of the Board of Directors on pages 6 to 9 of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II. BOARD COMPOSITION (CONTINUED)

SEPARATION OF POSITIONS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Group Managing Director are distinct and separate as each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman of the Company, Dr Zainol Bin Md Eusof, who is an Independent Non-Executive Director is primarily responsible for the orderly conduct and leadership of the Board, whilst the Group Managing Director, Tham Foo Keong, has the overall responsibility for the day to day running of business, organisational effectiveness, and implementation of Board policies and decisions. The Group Managing Director, by virtue of his position also functions as the intermediary between the Board and senior management, acts as the Group's official spokesperson, and is responsible for planning the future direction of the Group for the Board's consideration and approval.

The independent directors play a crucial supervisory function. Their presence is essential in providing unbiased and impartial views for the Board's deliberation and decision-making process. In addition, the Non-Executive Directors ensure that relevant matters and issues are considered in taking the interest of all stakeholders in the Group.

The Board recognises the need to appoint a Senior Independent Non-Executive Director and as such, Yong Swee Lin has been appointed as the Senior Independent Non-Executive Director to facilitate effective communication with other stakeholders and shareholders.

NOMINATION COMMITTEE

The Nomination Committee comprises exclusively of Independent Non-Executive Directors. The members of the Nomination Committee are as follows:-

Name	Designation
Yong Swee Lin	Chairman, Senior Independent Non-Executive Director
Dr Zainol Bin Md Eusof	Member, Independent Non-Executive Director

The Nomination Committee meets as and when necessary and shall meet at least once a year. The Nomination Committee held three (3) meetings during the financial period ended 31 December 2019 with full attendance. Matters discussed and deliberated during the Nomination Committee meetings include:-

- i. considered the nomination of a new member of the Board;
- ii. reviewed the composition of the Board and Board Committees, nominating the directors who are due for retirement and re-appointment and are eligible to stand for re-election and re-appointment accordingly;
- iii. assessed and evaluated the effectiveness of directors and the Board; and
- iv. assessed the independence of the Independent Non-Executive Directors.

The Board's performance is assessed annually by each of its members through self as well as peer assessments. The evaluation of the Board is based on specific criteria covering areas such as the Board mix and composition, quality of information and decision making as well as Boardroom processes and activities whereas evaluation of performance of Directors is based on being fit and proper, contribution, calibre and personality. The results of the performance evaluations are reviewed by the Nomination Committee and subsequently by the Board. Performance of the Board Committees is assessed by the Board annually.

The Nomination Committee is satisfied with the size of the Company's Board and that there is an appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board.

The Terms of Reference of the Nomination Committee are available on the Company's website at www.greenyield.com.my.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II. BOARD COMPOSITION (CONTINUED)

ANNUAL ASSESSMENT OF INDEPENDENCE

The Board recognises the importance of independence and that the Board members are responsible to act in the best interest of the shareholders of the Company. The Board, through the Nomination Committee conducts an annual assessment on the independence of the Company's Independent Directors. The assessment takes into consideration the Independent Directors' ability to exercise independent judgment and contribute effectively to the Board.

The Nomination Committee and the Board, on 9 April 2020, undertook an annual assessment on Tham Foo Choon, Mahbob Bin Abdullah and Suhnylla Kaur Kler, who are seeking for re-election pursuant to Clauses No. 76(3) and 78 of the Constitution of the Company, at the forthcoming Seventeenth Annual General Meeting ("AGM").

TENURE OF INDEPENDENT DIRECTORS

The Nomination Committee and Board are of the view that all four (4) Independent Non-Executive Directors continue to remain objective and independent in expressing their views and in participating in deliberations and decision making actions of the Board and the Board Committees, and that no individual or small group of individuals dominates the Board's decision-making process. All evaluations carried on the independence of the Independent Directors were tabled to the Board and are properly documented.

The Board is satisfied with the level of independence and acknowledged the contribution by the respective Independent Directors that they had acted in the best interest of the Company.

The number of Independent Directors of the Company is in compliance with the Main Market Listing Requirements of Bursa Securities which requires a minimum one third (1/3) of the Board to be Independent.

SHAREHOLDERS' APPROVAL FOR THE RE-APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS WHO SERVED MORE THAN NINE (9) YEARS

One of the recommendations of the MCGG states that the tenure of an independent director should not exceed a cumulative term of nine (9) years.

Dr Zainol Bin Md Eusof, Yong Swee Lin and Mahbob Bin Abdullah have served on the Board for a cumulative term of more than nine (9) years. The Nomination Committee and the Board have determined at the annual assessment carried out that Dr Zainol Bin Md Eusof, Yong Swee Lin and Mahbob Bin Abdullah remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgment and ability to act in the best interests of the Company.

The Board has recommended Dr Zainol Bin Md Eusof, Yong Swee Lin and Mahbob Bin Abdullah to continue to act as Independent Non-Executive Directors of the Company based on the following justifications, which will be tabled for shareholders' approval at the forthcoming Seventeenth AGM of the Company:-

- a. They have fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, they will be able to function as a check and balance, bringing an element of objectivity to the Board;
- b. They have vast experience in a diverse range of businesses and therefore will be able to provide constructive opinions; they exercise independent judgement and have the ability to act in the best interest of the Company;
- c. They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and
- d. They have continued to exercise their independence and due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II. BOARD COMPOSITION (CONTINUED)

BOARD GENDER DIVERSITY / RECRUITMENT AND APPOINTMENT OF DIRECTORS

The Board acknowledges the benefits of board diversity, including age, gender and ethnic diversity, to the effective functioning of the Board. Nevertheless, when considering new appointments to the Board, the Nomination Committee and the Board will evaluate the suitability of candidates solely in meeting the needs of the Company based on a set of criteria / candidates' experience, competency, character, time commitment, integrity and potential contribution to the company with the primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives. Such evaluation criteria does not make age, gender, and ethnicity of the proposed new director determining factors for appointment to the Board.

III. REMUNERATION

REMUNERATION POLICIES AND PROCEDURES

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:-

Name	Designation
Yong Swee Lin	Chairman, Senior Independent Non-Executive Director
Dr Zainol Bin Md Eusof	Member, Independent Non-Executive Director

The duties of the Remuneration Committee are:-

- a. To review at least once a year and recommend to the Board the overall remuneration policy for Directors, Group Managing Director and key senior management officers to ensure that rewards are commensurate with their contributions to the Company's growth and profitability; and that the remuneration policy supports the Company's objectives and shareholder value, and is consistent with the Company's culture and strategy;
- b. To review at least once a year the performance of the Executive Directors and the Group Managing Director and to recommend to the Board specific adjustments in remuneration and/or reward payments if any to reflect their contributions for the year which are competitive and consistent with the Company's objectives, culture and strategy;
- c. To ensure that the level of remuneration for Non-Executive Directors and Independent Directors is linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board; and
- d. To include the determination of the remuneration packages of the key senior management officers in subsidiaries of the Company.

Details of the Directors' Remuneration

The remuneration of the Non-Executive Directors is generally fixed and any adjustment has to be approved by the shareholders during the AGM. The determination of remuneration packages of Non-Executive Directors, should be a matter for the Board as a whole. The individuals concerned have abstained from discussing their own remuneration.

The Remuneration Committee meets at least once a year. The Remuneration Committee held three (3) meetings during the financial period ended 31 December 2019 with full attendance.

The policy practiced by the Company provides remuneration packages that commensurate with experience, roles and level of responsibilities. The quantum of each package should be adequate and comparable to public listed companies of similar size.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. REMUNERATION (CONTINUED)

REMUNERATION POLICIES AND PROCEDURES (CONTINUED)

Details of the Directors' Remuneration (continued)

The aggregate remuneration of Directors received from the Company and on Group basis for the financial period ended 31 December 2019 is as follows:-

For FPE 2019 - In RM'000						
Category	Fees	Salaries	Bonuses & Other Emoluments	EPF & SOCSO	BIK	Total
Received from the Company:						
Non-Executive Directors						
Dr. Zainol Bin Md Eusof	85	-	7	-	-	92
Mr. Yong Swee Lin	34	-	7	-	-	41
Mr. Mahbob Bin Abdullah	34	-	6	-	-	40
Ms Suhnylla Kaur Kler	18	-	2	-	-	20
Total of Non-Exec Directors	171	-	22	-	-	193
Received on Group basis:						
Executive Directors						
Mr. Tham Foo Keong	-	566	-	69	-	635
Mr. Tham Foo Choon	-	462	-	57	-	519
Mr. Tham Kin Wai	-	362	31	49	-	442
Mr. Tham Kin-On	-	352	30	47	-	429
Total of Executive Directors	-	1,742	61	222	-	2,025
Grand Total	171	1,742	83	222	-	2,218

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee ("AC") of the Company comprises three (3) Independent Non-Executive Directors. The AC is chaired by the Senior Independent Non-Executive Director, Mr Yong Swee Lin. It is an existing practice for the AC to require a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC and such practice was formalised and incorporated in the Terms of Reference of AC since June 2018.

For details on the functions, composition, membership and summary of work of the AC in the financial period ended 31 December 2019 are list down on the Audit Committee Report in the Annual Report.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Group through the Audit Committee, maintains an active, transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia and the requirements of the Companies Act, 2016.

The Audit Committee met the External Auditors once during the current financial period and whenever deemed necessary without the presence of the Executive Directors and/or the Management of the Company to discuss its audit plan, annual financial statements, and audit findings. This encourages a greater exchange of free and honest views and opinion between both parties.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

I. AUDIT COMMITTEE (CONTINUED)

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS (CONTINUED)

The composition and summary of work of the Audit Committee are discussed in the Audit Committee Report set out on pages 30 to 31 of this Annual Report.

The Audit Committee, assisted by the management, undertakes an annual assessment of the suitability and independence of the External Auditors. The assessment of the External Auditors was conducted by completing personalised evaluation form as guided by the Corporate Governance Guide on Evaluation of External Auditors Performance and Independence checklist. The factors considered by the Audit Committee in its assessment include, adequacy of professionalism and experience of the staff, the resources of the external auditors, the fees and the independence of and the level of non-audit services rendered to the Group. The Audit Committee has assessed and is satisfied with the suitability and the confirmation provided by the external auditors that they have complied with the ethical requirements regarding independence with respect to the audit of the Group in accordance with all relevant professional and regulatory requirements. The Audit Committee has recommended to the Board the re-appointment of Grant Thornton Malaysia PLT as the External Auditors.

The total fees paid to the External Auditors for the financial period ended 31 December 2019 are as follows:-

1. Audit Fees

The total audit fees (including both statutory and non-statutory audits) charged by the External Auditors for the Group and the Company, exclusive of expenses and applicable taxes, amounted to RM154,000 and RM31,000 respectively for the financial period ended 31 December 2019.

2. Non-Audit Fees

The total non-audit fees charged by the External Auditors for other services performed for the Company, exclusive of expenses and applicable taxes, amounted to RM7,000 for the financial period ended 31 December 2019.

A report on the Audit Committee which includes the Audit Committee's role in relation to the External Auditors is set out on pages 30 to 31 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is committed to providing a balanced, clear and comprehensive financial performance and prospects in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of announcements to Bursa Securities on quarterly results, financial statements and the annual report reflect the Board's commitment to provide transparent and up-to-date disclosures to the public. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting process and the quality of its financial reporting. The Audit Committee will review and discuss significant matters and unusual transactions, if any, prior to submission to the Board for consideration and approval.

Prior to the presentation of the Company's Financial Statements to the Board for approval and issuance to stakeholders, Audit Committee meetings were conducted to review the integrity and comprehensiveness of the Company's Financial Statements in the presence of external auditors and the Group and Company's Head of Corporate Finance.

The Board will obtain assurance from the Audit Committee to ensure that the preparation and fair presentation and disclosure in the financial statements are in accordance with applicable Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

In addition, the Audit Committee assists the Board by reviewing the findings of the internal audit reports including the recommendations made by the internal auditors and management's comments. Management's progress in improving specific areas of internal controls are also reviewed by the Audit Committee.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards and give a true and fair view of the financial positions of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the financial period ended 31 December 2019, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- ensured that applicable accounting standards have been followed;
- made judgments and estimates that are reasonable and prudent; and
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial positions of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

STATE OF INTERNAL CONTROLS

The Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Listing Requirements of Bursa Securities is set out on pages 28 to 29 of this Annual Report.

SOUND FRAMEWORK TO MANAGE RISK

The Board of Directors acknowledges its responsibilities for the Company to maintain a sound system of internal controls covering financials, operations and compliance controls and to safeguard shareholders' investments as well as the Group's assets. While every effort is made to manage the significant risks, by its nature, the system can only provide reasonable but not absolute assurance against material misstatement or loss. Ongoing reviews are carried out by the Board, with the assistance of the Audit Committee, internal auditors and External Auditors, to safeguard the Group's assets.

INTERNAL AUDIT FUNCTION

The Board and Audit Committees have appointed Baker Tilly Monteiro Heng Governance Sdn Bhd, for the establishment of an independent internal audit function which is in compliance with the Listing Requirements of Bursa Securities.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP

I. COMMUNICATION WITH STAKEHOLDERS

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board recognises the importance of accurate and timely dissemination of information to shareholders about the Group's financial performance and other matters affecting the shareholders' interest. This is achieved through accurate and timely disclosures and announcements to Bursa Securities including the quarterly financial results, annual reports, circulars, and other general meetings.

The Board ensures that confidential information is handled properly to avoid leakage and improper use. In line with the best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP (CONTINUED)

I. COMMUNICATION WITH STAKEHOLDERS (CONTINUED)

LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Board endeavors to provide timely and accurate disclosure of all material information of the Group to shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities. These information are also electronically published at the Bursa Securities website at www.bursamalaysia.com and the Group's website at www.greenyield.com.my.

These information include:-

- a. Quarterly Announcements;
- b. Annual Reports;
- c. Circulars to Shareholders; and
- d. Other Important Announcements.

The annual reports and quarterly announcements remain the principal forms of communication, providing shareholders and investors with an overview of the Group's activities and performance. The AGMs and Extraordinary General Meetings ("EGMs") also serve as principal forums for dialogue and avenues for direct interaction between the Board of Directors and shareholders or investors. In addition, the Group maintains a query form on its website (www.greenyield.com.my) where stakeholders can post questions which concern investor relations.

II. CONDUCT GENERAL MEETING

ENCOURAGE SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS

The Board regards that AGMs and EGMs are the primary forum for communication by the Company with its shareholders and for shareholders' participation.

Pursuant to the Listing Requirements of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all resolutions as set out in the notice of general meeting will be conducted by poll. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

Prior to AGMs and EGMs, shareholders will be provided with the notices of meetings and accompanying explanatory material such as notes, Annual Report and/or Circulars to enable shareholders to exercise their rights. Notices of AGMs and EGMs will be issued in accordance with the requirements of the Companies Act, 2016 and the Listing Requirements of Bursa Securities. The Board endeavors to serve earlier notice than the minimum notice period where practicable. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate in the general meeting. Shareholders who are unable to attend an AGM or EGM, are encouraged to appoint proxy or proxies to attend and vote at meetings for and on their behalf.

Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors of listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial period ended 31 December 2019, which is in compliance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the "Statement on Risk Management and Internal Control - Guidance for Directors of Listed Issuers".

THE BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for reviewing the effectiveness, adequacy and integrity of the Group's risk management framework and internal control system. The Board recognises the need to maintain effective risk management practices and that a good system of internal control is a continuing process.

The Board is aware of inherent limitations in any system of risk management and internal controls, where such systems are designed to manage and minimise risk appropriately rather than to eliminate the risks. Therefore, the internal control system can only provide reasonable and measured assurance against material misstatement, losses, fraud or breach of laws or regulations.

RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations, and adopted a Risk Management Policy to address this. The Risk Management Policy is aimed at providing an effective framework for identification, evaluation, management and reporting of the Group's risks.

The Risk Management Committee comprises the Executive Directors and senior management of the Group, and is responsible for the implementation of an appropriate system of controls and strategies in order to mitigate risks. All the Group's risk-related matters were deliberated at the Risk Management Meetings which are held on a regular basis. A summary of risk matters was tabled to the board for further deliberation during the financial period. Action plans are prepared on an ongoing basis to address risk and control issues.

INTERNAL AUDIT

The Group outsources the internal audit function to an independent professional audit firm. The internal auditors are also independent of the Board and management, and have a direct reporting responsibility to the Audit Committee. The engagement of the independent internal auditors will assist the Audit Committee in conducting an independent assessment on the adequacy, efficiency and effectiveness of the internal control system and in ensuring operational compliance with standard operating procedures within the Group.

During the financial period ended 31 December 2019, the internal auditors carried out reviews in accordance to the approved Internal Audit Plan. The internal audit review covered the Group's Finance Management and General Accounting; and review of Greenfield Industries (M) Sdn. Bhd. The reviews covered the assessment on the adequacy and effectiveness of internal controls on key processes of the Group. Upon completion of the internal audit reviews, the internal audit observations, recommendations and management comments were reported to the Audit Committee. Issues arising thereon were reviewed, deliberated, and acted upon by the Audit Committee for remedial action to address, mitigate, manage, and address the identified risks.

Periodic updates on the remedial actions were reported to the Audit Committee to ensure that issues raised in the internal audit report were satisfactorily resolved. During the financial period under review, as a result of the internal audit recommendations, the Group's Finance Management and General Accounting processes were enhanced and a more robust internal standard operating procedures of Greenfield Industries (M) Sdn. Bhd. were implemented. The Board is ultimately responsible for the implementation and maintenance of the Group's internal processes and procedures. The Board is conscious of the fact that the systems of internal control and risk management practices must continuously evolve to support the Group's operations. Therefore, the Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's system of internal control and risk management.

Statement on Risk Management and Internal Control

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The Board puts in place the following internal control elements for the current financial period under review:-

- The Executive Directors are closely involved in the running of the day to day business and operations of the Group by attending monthly meetings both at management and operational levels. The Executive Directors report to the Board on significant changes in the business and external environment, which affect the operations of the Group;
- Review of statutory annual financial statements and quarterly reports by evaluating the reasons for unusual variances noted by the Board and Audit Committee before the announcement to Bursa Securities;
- Review of internal audit reports, which highlight audit issues, recommendations and Management's responses and discussed with Management the appropriate remedial actions taken to improve the system of internal controls;
- An organisational structure with defined lines of responsibilities, proper segregation of duties, and delegation of authority. The Board established hierarchical reporting which provides for a documented and auditable trail of accountability;
- Standard Operating Procedures ("SOP") in key business processes and support functions which include sales & marketing, purchasing, credit control, logistics, and payment;
- Timely submissions of monthly financial reports and key performance indicators to the Management for decision making;
- Group human resources policies and publication of the Employees Handbook which highlights policies on health and safety, training and development, staff performance and serious misconduct. These policies help management with internal controls;
- Policies and procedures published in the Company website, such as the Board Charter, Code of Conduct and Whistle -Blowing Policy;
- Systematic performance appraisal system for all levels of staffs and directors; and
- Annual audit by external quality auditors to ensure the quality system of Greenyield Industries (M) Sdn. Bhd. and RCP Technologies Sdn. Bhd. are in compliance with the requirements of the ISO 9001:2015 Certifications and for Greenyield Industries (M) Sdn. Bhd. in compliance with the requirements of the ISO 14001:2015 Certification. The certification serves as an assurance to customers on the quality of products and services by the Group.

The Board believes that the aspects above will improve the Group's risk audit coverage.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with International Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information as adopted by the Malaysian Institute of Accountants and Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the annual report issued by Malaysian Institute of Accountants for inclusion in the annual report of the Group for the financial period ended 31 December 2019, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

ISAE 3000 (Revised) and AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report of the Company will, in fact, remedy the problems and not required to perform any procedures by way of audit, review or verification of the underlying records or other sources from which the Statement on Risk Management and Internal Control was extracted.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal controls for the financial period under review is adequate in safeguarding shareholders' investments and the Group's assets. The Board is committed to continue reviewing the operations and effectiveness of the Group's internal controls that cover financial, operational, compliance, and risk management aspects.

The Board has received assurance from the Group Managing Director and Head of Corporate Finance that the Group's system of risk management and internal controls is operating adequately and effectively, in all material aspects, based on the framework adopted by the Group.

The Group's system of internal control applies to the Group and its subsidiaries only. Associates are excluded because the Group does not have full management and control over them. However, the Group's interests in its material associates are served through representation on the Board of Directors of the associate company.

This statement has been made in accordance with a resolution passed by the Board on 16 March 2020.

AUDIT COMMITTEE REPORT

The Board of Directors of Greenyield Berhad is pleased to present the Audit Committee Report of the Board for the financial period ended 31 December 2019.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises the following three (3) Independent non-executive directors:-

Chairman

Yong Swee Lin *Senior Independent Non-Executive Director*

Members

Dr. Zainol Bin Md. Eusof *Independent Non-Executive Director*

Mahbob Bin Abdullah *Independent Non-Executive Director*

Terms of Reference

The details of the terms of reference of the Audit Committee is available for reference at the Company's website at <http://www.greenyield.com.my>.

Attendance of Audit Committee Meetings

For the financial period ended 31 December 2019, the attendance of Audit Committee members is as follows:-

Audit Committee Members	Attendance at the Audit Committee Meeting
Yong Swee Lin (Chairman) <i>Senior Independent Non-Executive Director</i>	8/8
Dr. Zainol Bin Md. Eusof <i>Independent Non-Executive Director</i>	8/8
Mahbob Bin Abdullah <i>Independent Non-Executive Director</i>	8/8

SUMMARY OF THE WORK OF THE COMMITTEE

The Audit Committee carried out the following work in the discharge of its functions and duties through review and deliberation during Audit Committee meetings for the financial period ended 31 December 2019 held on 28 September 2018, 8 November 2018, 19 December 2018, 28 March 2019, 27 June 2019, 25 September 2019, 24 October 2019 and 18 December 2019:-

Financial Reporting

- Reviewed the unaudited quarterly results and audited financial statements of the Group and discussed significant matters and unusual transactions, if any, prior to submission to the Board of Directors for consideration and approval;
- In conjunction with the results and reports, reviewed the Company's compliance with the Listing Requirements, Malaysian Accounting Standards Board ("MASB") and applicable regulatory requirements; and
- Reviewed the related party transactions and recurrent related party transactions of the Group.

External Audit

- Reviewed the external auditors' audit plan and scope of work for the financial period ended 31 December 2019 and the proposed audit fees;
- Reviewed the external auditors' performance and conduct assessment of their independence annually; and
- The Audit Committee met with the external auditors once during the year without the presence of management, to review key issues within their interest and responsibility.

Audit Committee Report

SUMMARY OF THE WORK OF THE COMMITTEE (CONTINUED)

Internal Audit

- Reviewed the internal audit reports on the Group's Finance Management and General Accounting; and review of Greenfield Industries (M) Sdn. Bhd. on purchasing, sales and credit control functions including recommendations made by the internal auditors and management's comments;
- Reviewed the Corrective and Preventive Action Plan ("CAPA") and follow up management's progress in improving specific areas of internal controls; and
- Reviewed the effectiveness of the audit process and assessed the performance of the overall Internal Audit Function.

Malaysian Code on Corporate Governance

- Reviewed major changes in Malaysian Code on Corporate Governance;
- Reviewed the Statement on Risk Management and Internal Control of the Group;
- Reviewed the Corporate Governance Overview Statement; and
- Reviewed the Audit Committee Report.

Recurrent Related Party Transactions ("RRPT")

- Reviewed proposed new shareholder's mandate for RRPT of a revenue or trading nature proposed to be entered into by the Company and its subsidiaries and recommended to the Board to seek shareholder's approval.

INTERNAL AUDIT FUNCTION

The Company is aware that an internal audit function is essential to ensure the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. During the financial period ended 31 December 2019, the Group outsourced the internal audit function to an independent professional audit firm to provide an assurance on the adequacy, efficiency and integrity of the Group's system of internal control. In line with good corporate governance practices, the outsourced internal audit function is independent of the activities and operations of the Group. The professional audit firm conducting the internal audit function reports directly to the Audit Committee and thereafter to the Board of Directors.

The cost incurred by the Company in connection with the outsourced internal audit function for the financial period ended 31 December 2019 amounted to RM26,515.80.

Further details of the activities of internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial period ended 31 December 2019.

2. MATERIAL CONTRACTS

During the financial period under review, there were no material contracts entered by the Company and its subsidiaries companies which involved directors' and/ or major shareholders' interest.

3. MATERIAL CONTRACTS RELATING TO LOANS

During the financial period ended 31 December 2019, there were no material contracts relating to loans involving directors and/ or major shareholders.

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The Group does not have any RRPT of a revenue or trading nature for the financial period ended 31 December 2019.



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DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial period ended to 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant changes in the nature of these principal activities during the financial period.

CHANGE OF FINANCIAL YEAR END

During the financial period, the Group and the Company changed their financial year end from 31 July to 31 December. Accordingly, the current financial statements of the Group and the Company are for a period of 17 months from 1 August 2018 to 31 December 2019 and that the subsequent financial year shall end on 31 December moving forward. As a result, the comparative figures stated in the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows and the related notes are not comparable.

RESULTS

	Group RM	Company RM
Profit for the financial period	4,264,970	5,537

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial period under review.

DIVIDENDS

The amount of dividends declared and payable by the Company since the end of the previous financial year are as follows:-

	RM
In respect of the financial period ended 31 December 2019:-	
First interim single tier dividend of 0.20 cents per ordinary shares declared on 18 December 2019 and paid on 17 January 2020	667,480

The Directors do not recommend the payment of final dividend for the financial period ended 31 December 2019.

DIRECTORS OF THE COMPANY AND SUBSIDIARIES

The name of the Directors of the Company and subsidiaries in office during the financial period and during the period commencing from the end of the financial period to the date of this report are as follows:-

Tham Foo Keong*
 Tham Foo Choon*
 Dr. Zainol Bin Md. Eusof
 Tham Kin Wai*
 Yong Swee Lin
 Mahbob Bin Abdullah
 Tham Kin-On*
 Suhnylla Kaur Kler (appointed on 28 March 2019)

* Directors of the Company and its subsidiary(ies).

Except as disclosed above, the name of the Directors of subsidiaries in office during the financial period and during the period commencing from the end of the financial period to the date of this report are as follows:-

Tham Kin Hoe

Directors' Report

For the Financial Period Ended 31 December 2019

DIRECTORS' REMUNERATION AND BENEFITS

During the financial period, the fees and remuneration received and receivable by the Directors of the Company are as follows:-

	Incurred by the Company RM	Incurred by the subsidiaries RM	Group RM
Directors' fees	171,258	-	171,258
Directors' emoluments	22,700	2,024,838	2,047,538
	193,958	2,024,838	2,218,796

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

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial period (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:-

	At	Number of ordinary shares		At
	1.8.2018	Bought	Sold	31.12.2019
Interests in the Company:				
Greenfield Berhad				
Tham Foo Keong				
- own	8,973,160	-	-	8,973,160
Tham Foo Choon				
- own	6,099,160	-	-	6,099,160
Dr. Zainol Bin Md. Eusof	210,000	-	-	210,000
Tham Kin Wai	2,172,000	-	-	2,172,000
Mahbob Bin Abdullah	270,000	-	-	270,000
Yong Swee Lin	20,000	-	-	20,000
Tham Kin-On	2,000,000	-	-	2,000,000
Deemed interests in the Company:				
Greenfield Berhad				
Tham Foo Keong				
- others*	19,162,560	-	-	19,162,560
Tham Foo Choon				
- others*	1,703,900	-	-	1,703,900
Deemed interests in the Company via its ultimate holding company:				
Greenfield Holdings Sdn. Bhd.				
Tham Foo Keong	162,121,320	-	-	162,121,320
Tham Foo Choon	162,121,320	-	-	162,121,320

* In accordance with Section 59(11)(c) of the Companies Act, 2016, the deemed interests of the spouses and a child of Tham Foo Keong and Tham Foo Choon in shares of the Company shall be treated as the interests of Tham Foo Keong and Tham Foo Choon respectively.

By virtue of their direct interests in shares of the Company, Tham Foo Keong and Tham Foo Choon are also deemed to have interest in shares of the Company and of its related corporations to the extent of that interest under Section 8 of the Companies Act, 2016.

Directors' Report

For the Financial Period Ended 31 December 2019

ISSUE OF SHARES AND DEBENTURES

There were no new issuance of shares or debentures during the financial period.

OTHER STATUTORY INFORMATION

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

- i) 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 no provision for doubtful debts was required; and
- ii) any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- i) which would render it necessary to make any provision for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or
- ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- iii) 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; or
- iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period and 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 period.

No contingent liability or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial period ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

HOLDING COMPANY

The holding company is Greenyeld Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There is no indemnity coverage and insurance premium paid for the Directors and Officers of the Group and the Company during the financial period.

Directors' Report

For the Financial Period Ended 31 December 2019

AUDITORS

The total amount of fees paid to or receivable by the Auditors, Grant Thornton Malaysia PLT, as remuneration for their services as Auditors of the Company and its subsidiaries for the financial period ended 31 December 2019 are amounted to RM38,000 and RM123,000 respectively.

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

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

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

Tham Foo Keong

Tham Foo Choon

Kajang, Selangor Darul Ehsan

Date: 16 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	31.12.2019 RM	Group 31.7.2018 RM	Company 31.12.2019 RM	31.7.2018 RM
Assets					
Non-current assets					
Property, plant and equipment	3	50,026,370	32,559,263	63,702	85,613
Investment property	4	1,370,940	-	-	-
Intangible assets	5	4,031,309	78,751	-	-
Prepaid lease payments	6	2,510,128	2,974,747	-	-
Investment in associates	7	-	15,209,415	-	-
Investment in subsidiaries	8	-	-	32,229,146	32,229,146
Cash and cash equivalents	9	1,249,106	2,149,165	-	-
Total non-current assets		59,187,853	52,971,341	32,292,848	32,314,759
Current assets					
Inventories	10	8,236,862	9,030,824	-	-
Trade and other receivables	11	5,796,058	11,972,323	6,916,897	9,479,013
Tax recoverable		316,464	645,062	965	848
Cash and cash equivalents	9	9,397,200	3,458,924	36,879	51,927
Total current assets		23,746,584	25,107,133	6,954,741	9,531,788
Assets classified as held for sale	12	1,805,907	-	-	-
Total assets		84,740,344	78,078,474	39,247,589	41,846,547
Equity					
Share capital	13	33,374,000	33,374,000	33,374,000	33,374,000
Reserves	13	375,318	363,669	-	-
Retained earnings	13	24,276,713	20,679,223	2,844,129	3,506,072
Total equity attributable to the owners of the Company		58,026,031	54,416,892	36,218,129	36,880,072
Liabilities					
Non-current liabilities					
Borrowings	14	15,791,607	15,355,586	-	-
Finance lease liabilities	15	548,287	504,009	-	-
Deferred tax liabilities	16	2,507,097	1,371,287	-	-
Total non-current liabilities		18,846,991	17,230,882	-	-
Current liabilities					
Trade and other payables	17	5,953,012	5,013,933	3,029,460	4,966,475
Contract liabilities	18	228,689	-	-	-
Borrowings	14	1,470,670	1,218,130	-	-
Finance lease liabilities	15	205,655	157,657	-	-
Tax payable		9,296	40,980	-	-
Total current liabilities		7,867,322	6,430,700	3,029,460	4,966,475
Total liabilities		26,714,313	23,661,582	3,029,460	4,966,475
Total equity and liabilities		84,740,344	78,078,474	39,247,589	41,846,547

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	Note	Group		Company	
		1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Revenue	19	47,341,712	42,523,506	500,000	1,000,000
Cost of sales		(34,307,921)	(32,318,268)	-	-
Gross profit		13,033,791	10,205,238	500,000	1,000,000
Other income		737,646	858,254	-	-
Gain on bargain purchase		6,169,173	-	-	-
Distribution expenses		(593,875)	(914,131)	-	-
Administrative expenses		(11,539,407)	(9,182,356)	(495,017)	(305,169)
Other expenses		(2,568,916)	(55,361)	-	(500,000)
Results from operating activities		5,238,412	911,644	4,983	194,831
Interest expense		(1,005,589)	(738,280)	-	-
Interest income		139,081	110,313	554	376
Net interest (expense)/income		(866,508)	(627,967)	554	376
Operating profit		4,371,904	283,677	5,537	195,207
Share of profit/(loss) of equity- accounted associates, net of tax		171,505	(132,264)	-	-
Profit before tax	20	4,543,409	151,413	5,537	195,207
Tax expense	21	(278,439)	(548,154)	-	-
Profit/(Loss) for the financial period/year		4,264,970	(396,741)	5,537	195,207
Other comprehensive income/(loss) for the financial period/year, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		11,649	(59,996)	-	-
		11,649	(59,996)	-	-
Total comprehensive income/(loss) for the financial period/year		4,276,619	(456,737)	5,537	195,207
Basic earnings/(loss) per ordinary share (cent):	22	1.28	(0.12)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	Note	← Attributable to owners of the Company →			Total equity RM
		Non-distributable Share capital RM	Translation reserve RM	Distributable Retained earnings RM	
Group					
At 1 August 2017		33,374,000	423,665	22,077,184	55,874,849
Foreign currency translation differences for foreign operations		-	(59,996)	-	(59,996)
Loss for the financial year		-	-	(396,741)	(396,741)
Total comprehensive loss for the financial year		-	(59,996)	(396,741)	(456,737)
Transaction with owners:-					
Dividends to owners of the Company	23	-	-	(1,001,220)	(1,001,220)
At 31 July 2018/1 August 2018		33,374,000	363,669	20,679,223	54,416,892
Foreign currency translation differences for foreign operations		-	11,649	-	11,649
Profit for the financial period		-	-	4,264,970	4,264,970
Total comprehensive income for the financial period		-	11,649	4,264,970	4,276,619
Transaction with owners:-					
Dividends payable to owners of the Company	23	-	-	(667,480)	(667,480)
At 31 December 2019		33,374,000	375,318	24,276,713	58,026,031

	Note	← Attributable to owners of the Company →			Total equity RM
		Non-distributable Share capital RM	Distributable Retained earnings RM		
Company					
At 1 August 2017			33,374,000	4,312,085	37,686,085
Profit and total comprehensive income for the financial year			-	195,207	195,207
Transaction with owners:-					
Dividends to owners of the Company	23		-	(1,001,220)	(1,001,220)
At 31 July 2018/1 August 2018			33,374,000	3,506,072	36,880,072
Profit and total comprehensive income for the financial period			-	5,537	5,537
Transaction with owners:-					
Dividends payable to owners of the Company	23		-	(667,480)	(667,480)
At 31 December 2019			33,374,000	2,844,129	36,218,129

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	Note	Group		Company	
		1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Cash flows from operating activities					
Profit before tax		4,543,409	151,413	5,537	195,207
Adjustments for:-					
Amortisation of intangible assets		113,808	16,193	-	-
Amortisation of investment property		31,044	-	-	-
Amortisation of prepaid lease payments		19,500	17,280	-	-
Bad debt written off		245,007	1,240	-	-
Depreciation of property, plant and equipment		3,153,741	1,913,756	21,351	15,269
Dividend income		-	-	(500,000)	(1,000,000)
Interest expense		1,005,589	738,280	-	-
Interest income		(139,081)	(110,313)	(554)	(376)
Gain on disposal of property, plant and equipment		(26,920)	(21,860)	-	-
Gain on bargain purchase		(6,169,173)	-	-	-
Loss on disposal of investment in associates		1,960,916	-	-	-
Property, plant and equipment written off		34,322	2,459	560	-
Reversal on impairment on doubtful receivables		-	(39,051)	-	-
Share of (profit)/loss of equity- accounted associates, net of tax		(171,505)	132,264	-	-
Unrealised foreign exchange loss		227,823	47,535	-	-
Written off of investment in a subsidiary		-	-	-	500,000
Operating profit/(loss) before changes in working capital					
		4,828,480	2,849,196	(473,106)	(289,900)
Changes in:-					
Inventories		798,318	576,062	-	-
Contract liabilities		228,689	-	-	-
Trade and other receivables		5,791,739	(5,352,244)	9,116	231
Trade and other payables		(11,216,880)	2,204,911	6,525	(15,316)
Cash from/(used in) operations					
		430,346	277,925	(457,465)	(304,985)
Tax paid		(922,823)	(788,891)	(965)	(1,098)
Tax refunded		832,311	2,145,506	848	3,000
Net cash from/(used in) operating activities					
		339,834	1,634,540	(457,582)	(303,083)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(4,912,360)	(2,715,193)	-	-
Acquisition of intangible assets		(21,815)	(31,826)	-	-
Proceeds from disposal of property, plant and equipment		192,850	206,095	-	-
Addition of prepaid lease payment		(168)	-	-	-
Proceeds from disposal of associates		11,800,000	-	-	-
Withdrawal/(Placement) of deposits with licensed banks		900,059	(68,777)	-	-
Acquisition of subsidiaries		(1,566,330)	-	-	-
Dividend received		-	-	500,000	1,000,000
Interest received		139,081	110,313	554	376
Net cash from/(used in) investing activities					
		6,531,317	(2,499,388)	500,554	1,000,376

Statements of Cash Flows

For the Financial Period Ended 31 December 2019

	Note	Group		Company	
		1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Cash flows from financing activities					
Dividends paid to owners of the Company		-	(1,001,220)	-	(1,001,220)
Interests paid		(1,334,655)	(939,142)	-	-
(Repayment to)/Advance from subsidiaries		-	-	(58,020)	330,000
(Repayment to)/Advance from Directors		(12,067)	21,756	-	-
Drawdown/(Repayment) of term loans (net)		688,561	(355,791)	-	-
Repayment of finance lease liabilities (net)		(257,724)	(140,123)	-	-
Net cash used in financing activities		(915,885)	(2,414,520)	(58,020)	(671,220)
Net changes in cash and cash equivalents		5,955,266	(3,279,368)	(15,048)	26,073
Effect of exchange rate fluctuation on cash and cash equivalents		(16,990)	(47,868)	-	-
Cash and cash equivalents at beginning of financial period/year		3,458,924	6,786,160	51,927	25,854
Cash and cash equivalents at end of financial period/year	(ii)	9,397,200	3,458,924	36,879	51,927

NOTES TO THE STATEMENTS OF CASH FLOWS

(i) *Acquisition of property, plant and equipment*

	Group		Company	
	31.12.2019 RM	31.7.2018 RM	31.12.2019 RM	31.7.2018 RM
Total addition of property, plant and equipment	5,262,360	3,408,693	-	-
Acquired under finance lease arrangements	(350,000)	(693,500)	-	-
Total cash payment	4,912,360	2,715,193	-	-

(ii) *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following items:-

	Group		Company	
	31.12.2019 RM	31.7.2018 RM	31.12.2019 RM	31.7.2018 RM
Deposits with licensed banks	3,813,114	2,158,983	6,868	6,544
Cash and bank balances	6,833,192	3,449,106	30,011	45,383
	10,646,306	5,608,089	36,879	51,927
Less: Deposits pledged	(1,249,106)	(2,149,165)	-	-
	9,397,200	3,458,924	36,879	51,927

The deposits with licensed banks of the Group amounted to RM1,249,106 (31.7.2018: RM2,149,165) have been pledged as security for banking facility granted to subsidiaries and hence, are not available for general use.

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

NOTES TO THE FINANCIAL STATEMENTS

Greenyield Berhad is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:-

Principal place of business

1-19, MKH Boulevard
Jalan Bukit
43000 Kajang, Selangor

Registered office

Unit 30-1, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial period ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates. The financial statements of the Company as at and for the financial period ended 31 December 2019 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant changes in the nature of these principal activities during the financial period.

The immediate and ultimate holding company during the financial period was Greenyield Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 March 2020.

1. Basis of preparation

(a) Statement of compliance

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

(i) Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 2 to all periods presented in these financial statements.

At the beginning of current financial period, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2018.

The initial application of the new standards/amendments/improvements to the standards did not have any material impacts to the financial statements of the Group and of the Company except as mentioned below:-

MFRS 9 Financial instruments

The Group and the Company have adopted MFRS 9 on 1 August 2018. MFRS 9 introduces new requirements which have resulted in changes in accounting policies for recognition, classification and measurement of financial instruments and impairment of financial assets, while the hedge accounting requirements under this Standard are not relevant to the Group and the Company.

The Group and the Company have applied MFRS 9 using the modified retrospectively method on the initial application date in accordance with the transitional provision and the comparative information was not restated.

Notes to the Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(i) Adoption of new standards/amendments/improvements to MFRSs (continued)

MFRS 9 Financial instruments (continued)

Classification and measurement of financial instruments

Financial assets

Under MFRS 9, at initial recognition, financial assets are classified and measured at amortised cost. The classification above depends on the Group's and the Company's business model for managing the financial assets and the terms of contractual cash flows.

Based on the assessment, the financial assets held by the Group and the Company as at 1 August 2018 are reclassified to the following categories:-

	Measurement category		Group		Company	
			Carrying amount as at		Carrying amount as at	
			Original	New	Original	New
	(MFRS 139)	(MFRS 9)	(MFRS 139)	(MFRS 9)	(MFRS 139)	(MFRS 9)
			RM	RM	RM	RM
Financial assets:-						
Trade and other receivables	LAR*	Amortised cost	11,107,552	11,107,552	9,469,500	9,469,500
Cash and cash equivalents	LAR*	Amortised cost	5,608,089	5,608,089	51,927	51,927

* LAR - Loans and receivables

Trade and most of the other receivables, cash and cash equivalents that were previously classified as loans and receivables are now reclassified to amortised cost. The Group and the Company intend to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as fair value through profit or loss ("FVTPL") are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group's and the Company's assessment did not identify any requirements to reclassify financial liabilities at 1 August 2018 and it has not designated any financial liabilities at FVTPL and it has no intention to do so.

Impairment of financial assets

MFRS 9 introduces an expected credit loss ("ECL") model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

There is no impairment of financial assets upon adopting MFRS 9 as at 1 August 2018.

Notes to the Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(i) Adoption of new standards/amendments/improvements to MFRSs (continued)

MFRS 15 Revenue from contracts with customers

Revenue from contracts with customers

MFRS 15 establishes a comprehensive framework for determining how and when revenue is recognised. Under MFRS 15, revenue is recognised when control of the goods or services transfers to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods and services.

Revenue is recognised for these arrangements over time or at a point in time depending on the Group's evaluation of when the customer obtains control of the promised products or services. The Group has reviewed its performance obligations, customer contracts and evaluated the impact of MFRS 15 based on the amount and timing of revenue recognition.

All revenue is recognised at a point in time, which is typically on delivery. An asset is transferred when (or as) the customer obtains control of the asset. All the contracts are completed at the adoption date. The revenue is recognised net of any related rebates, discounts and tax. Detailed disclosure on disaggregated revenue is shown in Note 19 to the financial statements.

In conclusion, the adoption of MFRS 15 has no significant impact on the substance of the principles applied by the Group and the Company to the amount and timing of revenue recognition. The revenue recognition principles and delivery terms applied by the Group and the Company remain generally unaltered. No adjustment to the opening balance of retained earnings has been made as there are no changes in timing of the revenue recognition.

Presentation of contract liabilities

In previous financial years, deposits from customers are part of contract balances which were presented in the consolidated statement of financial position under "Trade and other payables".

Under MFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

IC Interpretation 22 Foreign currency transactions and advance considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Notes to the Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(ii) Standards issued but not yet effective

The following accounting standards, amendments and interpretations have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9*	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119*	Employee Benefits: Post – Employment Benefits: Defined Benefit Plans
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23*	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3	Business Combinations: Definition of a Business
Amendments to MFRS 7, MFRS 9 and MFRS 139	Financial Instruments: Interest Rate Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements: Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material
Conceptual Framework	Amendments to References to the Conceptual Framework in MFRS Standards

MFRSs and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17*	Insurance Contracts
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MFRSs and amendments effective for a date yet to be confirmed

Amendments to MFRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Venture: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Group’s and the Company’s operation

MFRS 16, Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Notes to the Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(ii) Standards issued but not yet effective (continued)

MFRS 16, Leases (continued)

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

This standard will come into effect on or after 1 January 2019 with early adoption permitted. The adoption of MFRS 16 will result in a change in accounting policy.

Transition to MFRS 16

The Group plans to adopt MFRS 16 prospectively, with an initial date of 1 January 2020. The Group has performed a preliminary impact assessment of MFRS 16 during the financial period.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application.

Based on the Group's assessment, there is no significant impact on the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

Accounting estimates and judgements are being constantly reviewed against historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. However, because of uncertainty in determining future events and its impact, actual result could differ from the estimates reported.

Key sources of estimation uncertainties

Key assumptions concerning the future and accounting estimates 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:-

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful life. However, significant judgement is involved in estimating the useful life and residual value of property, plant and equipment which are subjected to technological development and level of usage. Therefore, residual values of these assets and future depreciation charges may vary.

Notes to the Financial Statements

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Key sources of estimation uncertainties (continued)

Impairment of property, plant and equipment, investment property and prepaid lease payments

The Group and the Company carried out impairment tests where there are indications of impairment based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment, investment property and prepaid lease payments are allocated. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

Impairment of intangible asset

The Group determines the impairment of intangible asset with finite lives by amortising the assets over their useful lives. The useful lives of these assets are based on the period over which the assets are able to generate revenue, and are periodically reviewed for continued appropriateness. The Group's management undertakes an impairment review annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. The management is of opinion that there are no instances of application of judgement which are expected to have a significant effect on the amount recognised in the financial statements.

Income taxes/Deferred tax liabilities

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters result is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

Provision for expected credit losses ("ECL") of trade receivables

Estimation uncertainty applied from 1 August 2018:-

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as geography, product type, customer type and rating.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every quarterly 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 rates, forecast economic conditions and ECL 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 customers' actual default rate in the future.

Notes to the Financial Statements

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Key sources of estimation uncertainties (continued)

Impairment of loans and receivables

Estimation uncertainty applied until 31 July 2018:-

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. Factors such as probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments are considered in determining whether there is objective evidence of impairment. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

Significant management judgements

The following items in financial statements are significantly affected by management judgements in the application of accounting policies:-

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all deductible temporary differences, unabsorbed tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

Classification of investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

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

Judgement is made on an individual properties basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction cost.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- (i) the fair value of the consideration transferred; plus
- (ii) the recognised amount of any non-controlling interests in the acquiree; plus
- (iii) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (iv) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed of in these circumstances is measured based on the relative values of the operations disposed of and portion of the cash-generating unit retained.

(iii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Associates (continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investments includes transaction costs.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

(ii) Financial assets

Classification and subsequent measurement

Accounting policies applied from 1 August 2018:-

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:-

- (i) amortised cost;
- (ii) fair value through profit or loss ("FVTPL"); and
- (iii) fair value through other comprehensive income ("FVOCI").

The classification is determined by both:-

- (i) the entity's business model for managing the financial asset; and
- (ii) the contractual cash flow characteristics of the financial asset.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The assessment is called SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determined whether cash flows will result from collecting contractual cash flow, 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, i.e., the date that the Group and the Company commit to purchase or sell the asset.

All income and expense relating to financial assets that are recognised in profit or loss are presented within interest expense or interest income or except for impairment of trade receivables which is presented as net loss on impairment of financial assets in statements of profit or loss and other comprehensive income.

In the financial period, the Group and the Company do not have any financial assets categorised as FVTPL and FVOCI.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial assets (continued)

Classification and subsequent measurement (continued)

Accounting policies applied from 1 August 2018 (continued):-

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):-

- (i) they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- (ii) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method and are subject to impairment. Gain or loss are recognised in profit or loss when the asset is derecognised, modified or impaired. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's trade and most of the other receivables, cash and cash equivalents fall into this category of financial instruments.

Accounting policies applied until 31 July 2018:-

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) loans and receivables; and
- d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's trade and most other receivables and cash and cash equivalents fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial assets (continued)

Impairment

Accounting policies applied from 1 August 2018:-

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss ("ECL") model'. This replaces MFRS 139's 'incurred loss model'. Instruments within the scope of the new requirements included other receivables.

Recognition of credit losses is no longer dependent on the Group and the Company first identifying a credit loss event. Instead the Group and the Company consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:-

- (i) financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- (ii) financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group and the Company make use of a simplified approach in accounting for other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the Group and the Company use its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

For all other financial instruments, the Group and the Company recognise a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group and the Company recognised an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial assets (continued)

Impairment (continued)

Accounting policies applied until 31 July 2018:-

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset be impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets not impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate and the impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(iii) Financial liabilities

Classification and subsequent measurement

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 139, the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's and the Company's financial liabilities include trade and most of other payables, borrowings and finance lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset has expired or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial asset are transferred to another party. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of transferred assets, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

The Group and the Company derecognise a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Bearer plants are classified as property, plant and equipment that include cost of plantation expenditure on new planting and replanting of bearer plants and assets in the course of constructions. Depreciation commences when the bearer plant matures.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expense" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then the component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and buildings are not depreciated. Depreciation commences when the bearer plants mature or where the assets are ready for use. No depreciation is provided on capital work-in-progress until it is completed and ready for their intended used.

The estimated useful lives for the current and comparative years are as follows:

• Leasehold land	50 - 82 years
• Buildings	14 - 50 years
• Plant and machinery	10 years
• Motor vehicles	6 - 10 years
• Renovations	10 years
• Factory, office fittings and equipments:	
- Computers and mould	3 - 5 years
- Furniture and fittings, office equipments, air-conditioners, empty cylinders and electrical installation	5 - 10 years
- Project and nursery site fittings	5 - 6 years
• Mature bearer plant	20 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Investment property

Investment property is property which is owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is treated as long-term investment and are measured at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Freehold land are not depreciated.

The principal annual amortisation rate used are as follows:-

Building	2%
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Investment property is derecognised when either it is disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial 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. When an item of property, plant and equipment is transferred to investment property following a change in its use, property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

(ii) Operating lease

Leases, where the Group and the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

(g) Intangible assets

(i) Trademarks

Trademarks that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Concession rights

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

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets.

The estimated useful lives for the current and comparative years are as follows:

- | | |
|---------------------|----------|
| • Trademarks | 10 years |
| • Concession rights | 44 years |

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(h) Inventories

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate proportion of fixed and variable production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and deposits with licensed banks which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting period are classified as non-current assets. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of deposits pledged.

(j) Impairment of non-financial assets

The carrying amounts of the Group's and of the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Goodwill is tested for impairment annually at the end of each reporting period, and when circumstances indicate that the carrying value 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 their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(k) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Classification of the asset (or disposal group) as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn. Such assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which will continue to be measured in accordance with the applicable MFRSs. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment and prepaid lease payments once classified as held for sale or distribution are not depreciated or amortised and any equity-accounted investee is no longer equity accounted.

(l) Equity, reserves and distribution to owners

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current and prior period profits.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholder's equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as a dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable are recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with the owners of the Company are recorded separately within equity.

(m) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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. Where 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 expense.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Property, plant and equipment under finance lease plans are capitalised at their purchase cost and depreciated over their estimated useful lives, and the corresponding obligation relating to the remaining capital payments are treated as a liability. Finance charges for the finance lease plans are charged to profit or loss over the period of the finance lease using the sum of digits method.

(o) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will occur, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plan

The Group's and the Company's contribution to the Employees Provident Fund is charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(q) Revenue recognition

Revenue recognition under MFRS 15 Revenue from contracts with customers (applied from 1 August 2018):-

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognise revenue when (or as) it transfer control over a product or services to the customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company transfer control of a good or service at a point in time unless one of the following overtime criteria is met:-

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(q) Revenue recognition (continued)

Revenue recognition under MFRS 118 Revenue (applied until 31 July 2018):-

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(r) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when Group performs under the contract.

(s) Tax expense

Tax expense comprises of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax for current period and prior years is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

(ii) Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, except for investment properties carried at fair value model. Where investment properties are carried at their fair value in accordance with the accounting policy, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(s) Tax expense (continued)

(ii) Deferred tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(t) Goods and services tax (“GST”)

Goods and services tax (“GST”) is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

The net amount of GST recoverable from, or payable to, the Royal Malaysian Customs Department (“RMCD”) is included as part of receivables or payables in the statements of financial position.

Malaysian Government has zero rated the GST effective from 1 June 2018 and the GST has been replaced with sales and services tax effective from 1 September 2018.

(u) Sales and service tax

Expenses and assets are recognised net of the amount of sales service tax, except:-

- When the sales service tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales service tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with the amount of sales service tax included.

The net amount of sales service tax recoverable from, or payable to RMCD is included as part of payables in the statements of financial position.

(v) Earnings per ordinary share

The Group presents basic and diluted earnings per share for its ordinary shares (“EPS”).

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(w) Operating segments

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

Notes to the Financial Statements

2. Significant accounting policies (continued)

(x) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible.

Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(y) Related parties

A related party is a person or entity that is related to the Group and the Company.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) Has control or joint control over the Group;
 - (ii) Has significant influence over the Group; or
 - (iii) Is a member of the key management personnel of the ultimate holding company, or the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group.
 - (ii) The Group is an associate or joint venture of the entity.
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) The entity is a joint venture of a third entity and the other entity is an associate of the same third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
 - (viii) The entity, or any member of a group of which it is part, provides key management personnel services to the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

Notes to the Financial Statements

3. Property, plant and equipment

Group Cost	Freehold land and building* RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Renovations RM	Mature bearer plant RM	Immature bearer plant RM	Factory, office fittings and equipment RM	Capital work-in-progress RM	Total RM
At 1 August 2017	891,357	5,991,982	8,414,025	8,005,527	3,191,586	1,103,885	-	5,927,281	8,391,120	5,377,358	47,294,121
Additions	-	-	121,502	196,365	794,567	13,490	-	990,026	569,633	723,110	3,408,693
Borrowing costs capitalised ranging from 6.75% to 6.85% per annum	-	-	-	-	-	-	-	200,862	-	-	200,862
Disposals	-	-	-	-	(821,281)	-	-	-	(4,600)	-	(825,881)
Written off	-	-	-	(6,519)	-	-	-	-	(41,563)	-	(48,082)
Translation differences	-	(166,580)	(138,390)	(10,228)	(2,793)	(6,579)	-	-	(20,260)	-	(344,830)
At 31 July 2018/1 August 2018	891,357	5,825,402	8,397,137	8,185,145	3,162,079	1,110,796	-	7,118,169	8,894,330	6,100,468	49,684,883
Additions	-	-	3,800	150,028	623,421	-	-	2,474,328	1,217,539	793,244	5,262,360
Additions through acquisition of subsidiaries	-	-	-	-	-	-	-	17,888,591	66,858	-	17,955,449
Borrowing costs capitalised ranging from 6.75% to 7.00% per annum	-	-	-	-	-	-	-	329,066	-	-	329,066
Transfer to assets classified as held-for-sale (Note 12)	-	(573,020)	(1,741,364)	-	-	-	-	-	-	-	(2,314,384)
Transfer to investment property (Note 4)	(532,754)	-	(869,230)	-	-	-	-	-	-	-	(1,401,984)
Disposals	-	-	-	(4,000)	(641,782)	-	-	(3,657)	(49,900)	-	(699,339)
Written off	-	-	-	(1,880)	-	-	-	-	(52,288)	-	(54,168)
Reclassification	-	-	5,491,949	-	-	-	1,772,770	(1,772,770)	610,341	(6,102,290)	-
Translation differences	-	3,920	25,807	11,964	2,314	-	-	-	3,564	-	47,569
At 31 December 2019	358,603	5,256,302	11,308,099	8,341,257	3,146,032	1,110,796	1,772,770	26,033,727	10,690,444	791,422	68,809,452

Notes to the Financial Statements

3. Property, plant and equipment (continued)

	Freehold land and building* RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Renovations RM	Mature bearer plant RM	Immature bearer plant RM	Factory, office fittings and equipment RM	Capital work-in-progress RM	Total RM
Group (continued)											
Accumulated depreciation											
At 1 August 2017	-	1,133,540	1,333,297	5,151,998	1,503,578	896,151	-	-	6,002,845	-	16,021,409
Depreciation for the financial year	-	236,352	-	707,690	404,995	-	-	-	564,719	-	1,913,756
Disposals	-	-	-	-	(639,959)	-	-	-	(1,687)	-	(641,646)
Written off	-	-	-	(6,519)	-	-	-	-	(39,104)	-	(45,623)
Translation differences	-	(62,822)	(37,007)	(10,227)	(975)	(4,170)	-	-	(7,075)	-	(122,276)
At 31 July 2018/1 August 2018	-	1,307,070	1,296,290	5,842,942	1,267,639	891,981	-	-	6,519,698	-	17,125,620
Depreciation for the financial period	-	338,367	152,359	889,243	503,431	-	44,319	-	1,226,022	-	3,153,741
Transfer to assets classified as held-for-sale (Note 12)	-	(56,344)	(902,700)	-	-	-	-	-	-	-	(959,044)
Disposals	-	-	-	(133)	(483,376)	-	-	-	(49,900)	-	(533,409)
Written off	-	-	-	(752)	-	-	-	-	(19,094)	-	(19,846)
Translation differences	-	6,833	1,758	4,489	1,812	-	-	-	1,128	-	16,020
At 31 December 2019	-	1,595,926	547,707	6,735,789	1,289,506	891,981	44,319	-	7,677,854	-	18,783,082
Carrying amount											
At 31 July 2018	891,357	4,518,332	7,100,847	2,342,203	1,894,440	218,815	-	7,118,169	2,374,632	6,100,468	32,559,263
At 31 December 2019	358,603	3,660,376	10,760,392	1,605,468	1,856,526	218,815	1,728,451	26,033,727	3,012,590	791,422	50,026,370

* The cost and carrying amount of the freehold land and building amounted to RM270,588 (31.7.2018: RM270,588) are not segregated from the buildings as required details are not available.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

3.1 Motor vehicles acquired under finance lease plans

The Group's carrying amount of motor vehicles acquired under finance lease plans are RM1,118,669 (31.7.2018: RM812,370).

3.2 Leasehold land

The entire carrying amount of leasehold land is:-

	Group	
	31.12.2019 RM	31.7.2018 RM
Leasehold land with unexpired lease period of more than 50 years	3,660,376	4,518,332

3.3 Security

The carrying amount of property, plant and equipment that have been pledged for term loans granted to subsidiaries as stated in Note 14 to the financial statement are as follows:-

	Group	
	31.12.2019 RM	31.7.2018 RM
Leasehold land and buildings	11,977,021	6,820,129
Capital work-in-progress	-	5,987,699
	11,977,021	12,807,828

3.4 Immature bearer plant

Included in additions of immature bearer plant during the financial period are as follows:-

	Group	
	31.12.2019 RM	31.7.2018 RM
Land clearing costs	48,915	32,640
Planting costs	1,772,958	523,963
Depreciation of property, plant and equipment	176,434	110,542
Amortisation of intangible assets	91,921	-
Personnel expenses:		
- Wages, salaries and other employee benefits	270,658	160,887
- Defined contribution plans	29,482	13,113

	Fittings RM	Motor vehicle RM	Total RM
Company			
Cost			
At 1 August 2017/31 July 2018	2,800	149,888	152,688
Written off	(2,800)	-	(2,800)
At 31 December 2019	-	149,888	149,888

Notes to the Financial Statements

3. Property, plant and equipment (continued)

	Fittings RM	Motor vehicle RM	Total RM
Company (continued)			
Accumulated depreciation			
At 1 August 2017	1,843	49,963	51,806
Depreciation for the financial year	280	14,989	15,269
At 31 July 2018/1 August 2018	2,123	64,952	67,075
Depreciation for the financial period	117	21,234	21,351
Written off	(2,240)	-	(2,240)
At 31 December 2019	-	86,186	86,186
Carrying amount			
At 31 July 2018	677	84,936	85,613
At 31 December 2019	-	63,702	63,702

4. Investment property

	Freehold land RM	Building RM	Total RM
Group			
At cost			
At 1 August 2017/31 July 2018	-	-	-
Transfer from property, plant and equipment	532,754	869,230	1,401,984
At 31 December 2019	532,754	869,230	1,401,984
Accumulated amortisation			
At 1 August 2017/31 July 2018	-	-	-
Amortisation for the financial period	-	31,044	31,044
At 31 December 2019	-	31,044	31,044
Carrying amount			
At 31 July 2018	-	-	-
At 31 December 2019	532,754	838,186	1,370,940

4.1 Security

The investment property has been pledged for term loan granted to a subsidiary, Gim Triple Seven Sdn. Bhd. ("G777").

4.2 Fair value

The fair value of the investment property is amounted to RM2,485,334 (31.7.2018: Nil). Fair value is estimated by the Directors by reference to the published selling price for property in vicinity location. The investment property is classified as Level 3 in the fair value hierarchy.

Notes to the Financial Statements

4. Investment property (continued)

4.3 The following items are recognised in profit or loss in respect of investment property:-

	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Group		
Direct operating expenses:		
- non-income generating investment property	6,760	-

5. Intangible assets

Group	Trademarks RM	Concession rights RM	Total RM
Cost			
At 1 August 2017	90,172	-	90,172
Additions	31,826	-	31,826
At 31 July 2018/1 August 2018	121,998	-	121,998
Additions	21,815	-	21,815
Additions through acquisition of subsidiaries	-	4,044,551	4,044,551
At 31 December 2019	143,813	4,044,551	4,188,364
Accumulated amortisation			
At 1 August 2017	27,054	-	27,054
Amortisation for the financial year	16,193	-	16,193
At 31 July 2018/1 August 2018	43,247	-	43,247
Amortisation for the financial period	21,887	91,921	113,808
At 31 December 2019	65,134	91,921	157,055
Carrying amount			
At 31 July 2018	78,751	-	78,751
At 31 December 2019	78,679	3,952,630	4,031,309

Concession rights arising through acquisition of subsidiaries was obtained from the State Government of Kelantan to plant timber latex clone for 50 years.

6. Prepaid lease payments

	Group RM
Cost	
At 1 August 2017	3,200,316
Translation differences	(53,967)
At 31 July 2018/1 August 2018	3,146,349
Addition	168
Transfer to assets classified as held-for-sale (Note 12)	(594,832)
Translation differences	7,009
At 31 December 2019	2,558,694

Notes to the Financial Statements

6. Prepaid lease payments (continued)

	Group RM
Accumulated amortisation	
At 1 August 2017	166,511
Amortisation for the financial year	17,280
Translation differences	(12,189)
At 31 July 2018/1 August 2018	171,602
Amortisation for the financial period	19,500
Transfer to assets classified as held-for-sale (Note 12)	(144,265)
Translation differences	1,729
At 31 December 2019	48,566
Carrying amount	
At 31 July 2018	2,974,747
At 31 December 2019	2,510,128

Amount to be amortised:-

	Group	
	31.12.2019 RM	31.7.2018 RM
Within 1 year	50,242	64,262
Between 2 to 5 years	200,878	250,950
Over 5 years	2,259,008	2,659,535
	2,510,128	2,974,747

7. Investment in associates

	Group	
	31.12.2019 RM	31.7.2018 RM
At cost:-		
Unquoted shares		
- Ordinary shares	15,429,004	15,429,004
- Transfer to investment in subsidiaries held by G777	(1,620,004)	-
- Disposal of shares	(13,809,000)	-
Share of post-acquisition reserves	-	(219,589)
	-	15,209,415

Details of associates are as follows:-

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership and voting interest	
			31.12.2019 %	31.7.2018 %
Melati Aman Sdn. Bhd.*	Malaysia	Rubber planting and estate management	-	30
SND Teguh Enterprise Sdn. Bhd.#	Malaysia	Rubber planting and estate management	-	30
Pullah PC Daud Sdn. Bhd.#	Malaysia	Rubber planting and estate management	-	30
Mac Rimba Trading Sdn. Bhd.*	Malaysia	Dormant	-	30
TLC Plantation Sdn. Bhd.*	Malaysia	Dormant	-	30
Hijau Alam Resources Sdn. Bhd.*	Malaysia	Rubber planting and estate management	-	30

* The associate companies were disposed of on 10 April 2019.

The associate companies became wholly-owned subsidiaries of the Group on 10 April 2019.

Notes to the Financial Statements

7. Investment in associates (continued)

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

31.7.2018	Melati Aman Sdn. Bhd. RM	Other individually immaterial associates RM	Total RM
Summarised financial information			
Non-current assets	48,652,728	-	48,652,728
Current assets	1,943,773	5,416,630	7,360,403
Current liabilities	(6,164,965)	(4,750)	(6,169,715)
Net assets	44,431,536	5,411,880	49,843,416
Total comprehensive loss	(434,945)	(5,934)	(440,879)
Reconciliation of net assets to carrying amount			
Group's share of net assets and carrying amount in the statements of financial position	13,583,001	1,626,414	15,209,415
Group's share of results			
Group's share of total comprehensive loss	(130,484)	(1,780)	(132,264)

8. Investment in subsidiaries

	Company	
	31.12.2019 RM	31.7.2018 RM
At cost:-		
Unquoted shares		
- Ordinary shares	21,279,146	21,279,146
- Redeemable convertible preference shares	12,490,000	12,490,000
	33,769,146	33,769,146
Less: Impairment loss	(1,540,000)	(1,540,000)
	32,229,146	32,229,146

The movement of the impairment account used to record impairment is as follows:-

	Company	
	31.12.2019 RM	31.7.2018 RM
At beginning of financial year/end of financial period/year	1,540,000	1,540,000

The impairment loss was recognised to adjust the carrying amount of investment in subsidiaries due to net assets of subsidiary is lower than the cost of investment.

Notes to the Financial Statements

8. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:-

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest	
			31.12.2019	31.7.2018
			%	%
Greenyeld Industries (M) Sdn. Bhd. ("GISB")	Malaysia	Manufacturing and marketing of agricultural related systems and products and plastic related products	100	100
Gim Triple Seven Sdn. Bhd.	Malaysia	Marketing and distribution of agricultural related systems and products	100	100
Givnflow Company Limited* ("Givnflow")	Vietnam	Manufacturing and marketing of agricultural related systems and products and plastic related products	100	100
Greenyeld (Cambodia) Pte. Ltd.* ("GCPL")	Cambodia	Manufacturing and distribution of fertilisers, agricultural related systems and products	100	100
Gimflow Sdn. Bhd.	Malaysia	Marketing and distribution of agricultural related systems and products	100	100
RCP Technologies Sdn. Bhd.	Malaysia	Trading of agricultural and plantation tools and providing technical and consultancy services	100	100
Tigantara Plantations Sdn. Bhd.	Malaysia	Rubber planting and estate management	100	100
SND Teguh Enterprise Sdn. Bhd. ("SND")	Malaysia	Rubber planting and estate management	100	30
Pullah DC Daud Sdn. Bhd. ("Pullah")	Malaysia	Rubber planting and estate management	100	30

* Not audited by Grant Thornton Malaysia PLT.

8.1 Acquisition of subsidiaries

On 21 September 2018, G777 has entered into an agreement with Seri Sanjung Development Sdn. Bhd., to acquire additional 70% equity interest in SND and Pullah for a cash consideration of RM1,566,330. The acquisition had been completed on 10 April 2019.

Acquisition related costs

The fair values of identifiable assets and liabilities of SND and Pullah as at the date of acquisition were as follows:-

	Note	RM
Property, plant and equipment	(i)	17,955,449
Intangible assets		4,044,551
Trade and other receivables		85,257
Trade and other payables		(11,483,670)
Deferred tax liabilities	(i)	(1,246,080)
Net assets acquired		9,355,507
Transfer to investment in subsidiaries held by G777		(1,620,004)
Gain from bargain purchase		(6,169,173)
Consideration paid by Group		1,566,330

Net cash outflow arising from acquisition of subsidiaries is as follow:

Fair value of the consideration paid by Group	1,566,330
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(i) In accordance with MFRS 3, Business combination, a fair value adjustment for plantation amounting to RM5,192,000 and deferred tax liabilities of RM1,246,080 were recognised upon acquisition. The Group has recognised a bargain purchase gain of RM6,169,173.

Notes to the Financial Statements

9. Cash and cash equivalents

	Note	Group		Company	
		31.12.2019 RM	31.7.2018 RM	31.12.2019 RM	31.7.2018 RM
Non-current					
Deposits placed with licensed banks	9.1	1,249,106	2,149,165	-	-
Current					
Cash and bank balances		6,833,192	3,449,106	30,011	45,383
Deposits placed with licensed banks	9.2	2,564,008	9,818	6,868	6,544
		9,397,200	3,458,924	36,879	51,927
		10,646,306	5,608,089	36,879	51,927

9.1 The deposits with licensed banks is pledged for bank facilities granted to subsidiaries. The effective interest rates for deposits placed with licensed banks are ranging from 3.35% to 3.60% (31.7.2018: 3.15% to 3.60%) per annum.

9.2 The effective interest rates for deposits placed with licensed banks are ranging from 2.95% to 3.40% (31.7.2018: 2.68% to 3.21%) per annum.

10. Inventories

	Group	
	31.12.2019 RM	31.7.2018 RM
Raw materials	4,309,718	4,618,106
Work-in-progress	1,405,816	1,138,363
Packaging materials	405,295	348,918
Finished goods	2,116,033	2,925,437
	8,236,862	9,030,824
Recognised in profit or loss:-		
Inventories recognised as cost of sales	25,502,627	24,649,383

11. Trade and other receivables

	Note	Group		Company	
		31.12.2019 RM	31.7.2018 RM	31.12.2019 RM	31.7.2018 RM
Trade					
Trade receivables	11.1	4,763,250	9,977,605	-	-
Amount due from associates	11.2	-	591,367	-	-
		4,763,250	10,568,972	-	-

Notes to the Financial Statements

11. Trade and other receivables (continued)

	Note	Group		Company	
		31.12.2019 RM	31.7.2018 RM	31.12.2019 RM	31.7.2018 RM
Non-trade					
Amount due from subsidiaries	11.3	-	-	6,912,000	9,465,000
Other receivables		45,034	149,068	500	500
Deposits		420,494	389,512	4,000	4,000
Prepayments		567,280	618,339	397	9,513
GST recoverable		-	246,432	-	-
		1,032,808	1,403,351	6,916,897	9,479,013
		5,796,058	11,972,323	6,916,897	9,479,013

11.1 Trade receivables

The trade receivables are non-interest bearing and the normal trade credit terms granted to customers ranged from current to 90 days (31.7.2018: current to 90 days). They are recognised at invoice amounts.

11.2 Amount due from associates

In previous financial year, the trade amount due from associates were unsecured, interest free and subject to normal trade terms.

11.3 Amount due from subsidiaries

The amount due from subsidiaries are unsecured, interest free and repayable on demand.

12. Assets classified as held for sale

	Group	
	31.12.2019 RM	31.7.2018 RM
Property, plant and equipment (Note 3)	1,355,340	-
Prepaid lease payments (Note 6)	450,567	-
	1,805,907	-

In September 2019, the Board of Directors has announced that Givnflow and GCPL, a wholly-owned subsidiary of G777 has entered into a Memorandum of Understanding to dispose of the assets attached to the land for a consideration of RM5,422,300 and RM2,189,755 respectively. The transaction has yet to be completed.

13. Share capital and reserves

Share capital	Note	Group		Company	
		Amount 31.12.2019 RM	Number of shares 31.12.2019	Amount 31.7.2018 RM	Number of shares 31.7.2018
Issued and fully paid:-					
Ordinary shares	13.1	33,374,000	333,740,000	33,374,000	333,740,000

Notes to the Financial Statements

13. Share capital and reserves (continued)

Reserves	Note	Group		Company	
		31.12.2019 RM	31.7.2018 RM	31.12.2019 RM	31.7.2018 RM
Non-distributable					
Translation reserve	13.2	375,318	363,669	-	-
Distributable					
Retained earnings		24,276,713	20,679,223	2,844,129	3,506,072

The movements in each category of reserves are disclosed in the statements of changes in equity.

13.1 Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14. Borrowings

	Group	
	31.12.2019 RM	31.7.2018 RM
Non-current		
Term loans (secured)	15,791,607	15,355,586
Current		
Term loans (secured)	1,470,670	1,218,130
Total borrowings	17,262,277	16,573,716

14.1 Security

The term loans are secured over leasehold land and buildings, capital work-in-progress and freehold land and building of the Group (see Notes 3 and 4) and corporate guarantees issued by the Company.

14.2 Significant covenants

One of the term loan is subject to the fulfilment of the following significant covenants:

- Maintain a debt-to-equity ratio of not more than 2:1 at all times by the subsidiary.
- Dividend payments made by the GISB, a wholly owned subsidiary of the Company does not exceed its respective year's profit after tax.
- Tangible net worth of the Group to be at least RM50,000,000 at all times.

At the reporting date, the Group has complied with above significant covenants.

Notes to the Financial Statements

15. Finance lease liabilities

	Group	
	31.12.2019 RM	31.7.2018 RM
Minimum lease payment		
- within one year	233,016	185,136
- more than one year but less than five years	583,364	543,224
	816,380	728,360
Less: Interest-in-suspense	(62,438)	(66,694)
	753,942	661,666
Present value		
- within one year	205,655	157,657
- more than one year but less than five years	548,287	504,009
	753,942	661,666

The effective interest rates for finance lease ranged from 4.22% to 4.79% (31.7.2018: 4.41% to 4.79%) per annum.

16. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:-

	Group	
	31.12.2019 RM	31.7.2018 RM
Property, plant and equipment		
- capital allowances	2,643,910	602,318
- at fair value adjustments	1,792,675	557,543
Unabsorbed business losses	(1,035,000)	-
Unutilised capital allowance	(1,105,000)	-
Provisions	210,512	211,426
	2,507,097	1,371,287

Movement in temporary differences during the financial period

	At 1.8.2017 RM	Recognised in profit or loss (Note 21) RM	At 31.7.2018/ 1.8.2018 RM	Acquisition (Note 8) RM	Recognised in profit or loss (Note 21) RM	At 31.12.2019 RM
Group						
Property, plant and equipment						
- capital allowances	2,095,634	(1,493,316)	602,318	-	2,041,592	2,643,910
- at fair value adjustments	565,271	(7,728)	557,543	1,246,080	(10,948)	1,792,675
Unabsorbed business losses	(444,739)	444,739	-	-	(1,035,000)	(1,035,000)
Unutilised capital allowance	(1,048,505)	1,048,505	-	-	(1,105,000)	(1,105,000)
Provisions	277,747	(66,321)	211,426	-	(914)	210,512
	1,445,408	(74,121)	1,371,287	1,246,080	(110,270)	2,507,097

Notes to the Financial Statements

16. Deferred tax liabilities (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):-

	Group	
	31.12.2019 RM	31.7.2018 RM
Property, plant and equipment	(1,192,932)	6,121,074
Unabsorbed business losses	3,699,798	(198,941)
Unutilised capital allowance	1,332,615	(3,279,168)
	3,839,481	2,642,965

Deferred tax assets have not been fully recognised in respect of these items because it is uncertain whether its subsidiaries can generate adequate future taxable profits against which its subsidiaries can fully utilise the benefits therefrom.

Effective from year of assessment 2019 as announced in the Annual Budget 2019, the unabsorbed business losses of the Group as at 31 December 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed losses will be disregarded. The unutilised capital allowance do not expire under current tax legislation.

17. Trade and other payables

	Note	Group		Company	
		31.12.2019 RM	31.7.2018 RM	31.12.2019 RM	31.7.2018 RM
Trade					
Trade payables	17.1	1,792,211	3,241,567	-	-
Non-trade					
Other payables		2,194,142	332,139	-	-
Dividend payable	23	667,480	-	667,480	-
Accrued expenses		1,280,279	1,258,360	38,000	31,475
Amount due to subsidiaries	17.2	-	-	2,323,980	4,935,000
Amount due to Directors	17.3	10,199	22,266	-	-
Deposits		-	159,581	-	-
SST payable		8,701	-	-	-
GST payable		-	20	-	-
		4,160,801	1,772,366	3,029,460	4,966,475
		5,953,012	5,013,933	3,029,460	4,966,475

17.1 Trade payables

Normal trade credit period granted by suppliers to the Group ranged from current to 90 days (31.7.2018: current to 90 days).

17.2 Amount due to subsidiaries

The amount due to subsidiaries are unsecured, interest free and repayable on demand.

17.3 Amount due to Directors

The amount due to Directors is unsecured, interest free and repayable on demand.

Notes to the Financial Statements

18. Contract liabilities

	Group	
	31.12.2019	31.7.2018
	RM	RM
Balance at 1 August as per MFRS 15	159,581	-
Decrease as a result of recognising revenue during the financial period	(159,581)	-
Increase as a result of receiving deposits from customers upon placing sales orders	228,689	-
Balance at 31 December/July	228,689	-

Contract liabilities comprised of advances received from customers for rendering services.

The Group has initially applied MFRS 9 and MFRS 15 using the cumulative effect transition method and adjusted the opening balances as at 1 August 2018.

Upon the adoption of MFRS 15, amount previously included as “Deposits” under “Trade and other payables” were reclassified to contract liabilities.

When the Group receives advances before the sales activity commences, this will give rise to contract liabilities at the start of a contract. The advances will be reversed and recognised as revenue upon satisfying the performance obligation within the contract.

All deposits billing received are expected to be settled within one year.

19. Revenue

	Group		Company	
	1.8.2018 to 31.12.2019	1.8.2017 to 31.7.2018	1.8.2018 to 31.12.2019	1.8.2017 to 31.7.2018
	RM	RM	RM	RM
Major products/services transferred at a point in time:-				
Dividend income - gross	-	-	500,000	1,000,000
Sale of goods	47,341,712	42,523,506	-	-
	47,341,712	42,523,506	500,000	1,000,000

20. Profit before tax

	Group		Company	
	1.8.2018 to 31.12.2019	1.8.2017 to 31.7.2018	1.8.2018 to 31.12.2019	1.8.2017 to 31.7.2018
	RM	RM	RM	RM
Profit before tax is arrived at after charging:				
Auditors' remuneration				
- Audit fees	154,000	97,000	31,000	23,000
- Other auditors	34,921	17,943	-	-
- Non-audit fees	7,000	7,000	7,000	7,000
Bad debt written off	245,007	1,240	-	-
Directors' fee	171,258	108,000	171,258	108,000
Interest expense				
- Borrowings	961,058	720,128	-	-
- Finance lease	44,531	18,152	-	-
Rental of premises	600,060	423,060	-	-
Unrealised foreign exchange loss (net)	227,823	47,535	-	-
Investment in subsidiaries written off	-	-	-	500,000
Loss on disposal of associate	1,960,916	-	-	-

Notes to the Financial Statements

20. Profit before tax (continued)

	Group		Company	
	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
and after crediting:				
Gain on bargain purchase	6,169,173	-	-	-
Interest income				
- Fixed deposit	104,179	74,928	554	376
- Bank	34,902	35,385	-	-
Realised foreign exchange gain (net)	608,129	259,988	-	-

21. Tax expense

Recognised in profit and loss

	Group		Company	
	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Current tax expense				
In Malaysia				
- current financial period/year	667,000	646,000	-	-
- over provision in prior financial year	(278,618)	(33,224)	-	-
	388,382	612,776	-	-
Outside Malaysia				
- current financial period/year	290	5,857	-	-
- under provision in prior financial year	37	3,642	-	-
	327	9,499	-	-
Deferred tax expense				
Current financial period/year	(79,399)	(65,899)	-	-
Over provision in prior financial year	(30,871)	(8,222)	-	-
	(110,270)	(74,121)	-	-
Total	278,439	548,154	-	-

Reconciliation of tax expense

	Group		Company	
	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Profit before tax	4,543,409	151,413	5,537	195,207
Tax calculated using Malaysian tax rate of 24%	1,090,418	36,339	1,329	46,850
Non-deductible expenses	1,080,210	446,127	118,804	193,240
Non-taxable income	(1,881,703)	(18,347)	(120,133)	(240,090)
Different tax rates of subsidiaries in overseas	11,802	7,141	-	-
Movement of deferred tax assets not recognised	287,164	114,698	-	-
	587,891	585,958	-	-
Over provision of tax in prior financial year	(278,581)	(29,582)	-	-
Over provision of deferred tax in prior financial year	(30,871)	(8,222)	-	-
	278,439	548,154	-	-

Notes to the Financial Statements

22. Earnings/(Loss) per share

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share at financial period/year end was based on the profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:-

	Group	
	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Profit/(Loss) attributable to ordinary shareholders	4,264,970	(396,741)
Weighted average number of ordinary shares:-		
Issued ordinary shares at 31 December/31 July	333,740,000	333,740,000
Basic earnings/(loss) per ordinary share (in cent)	1.28	(0.12)

Diluted earnings per ordinary share

There are no diluted earnings per share because the Company does not have any convertible financial instruments as at the end of the financial period.

23. Dividends

Dividends recognised by the Company are:-

	Cent per share	Total amount RM	Date of payment
31.12.2019			
First interim ordinary (single tier) declared on 18 December 2019	0.20	667,480	17 January 2020
31.7.2018			
First interim ordinary (single tier) declared on 21 November 2017	0.30	1,001,220	16 January 2018

The Directors do not recommend the payment of final dividend for the financial period ended 31 December 2019.

24. Employee benefits expense

	Group		Company	
	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Staff costs:-				
Salaries, wages and bonuses	9,572,044	7,439,365	-	-
Defined contribution plan	814,343	604,237	-	-
Gratuity	-	289,853	-	-
Other employee expenses	856,043	469,511	22,700	12,100
	11,242,430	8,802,966	22,700	12,100

Notes to the Financial Statements

24. Employee benefits expense (continued)

Included in the staff costs is the Directors' emoluments and key management personnel emoluments as below:-

	Group		Company	
	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Directors' remuneration:-				
Salaries and bonuses	1,803,633	1,619,673	-	-
Defined contribution plan	216,441	160,467	-	-
Gratuity	-	272,447	-	-
Other emoluments	27,464	15,344	22,700	12,100
	2,047,538	2,067,931	22,700	12,100
Other key management personnel:-				
Salaries and other emoluments	531,571	356,955	-	-
Defined contribution plan	66,466	43,680	-	-
	598,037	400,635	-	-

25. Operating segment

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and managing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operation in each Group's reportable segments.

- Plantation products Development, manufacturing and marketing of agricultural products and services based on agro-technology.
- Non-plantation products Manufacturing, marketing of plastic-related products and investment holding.

There are varying levels of integration between the plantation products and non-plantation products reportable segments. This integration includes marketing activities and transfer of raw materials. Inter-segment pricing is determined on negotiated basis.

Performance is measured on segment revenue that is reviewed by the Group's Managing Director who is the Group's chief operating decision maker. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

Segment assets and liabilities

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the Managing Director. Hence, no disclosure is made on segment assets and liabilities.

Notes to the Financial Statements

25. Operating segment (continued)

	Plantation		Non-plantation		Eliminations		Consolidated	
	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Business segments								
Revenue from external customers	19,262,399	20,200,572	28,079,313	22,322,934	-	-	47,341,712	42,523,506
Inter-segment revenue	3,965,776	3,520,986	1,278,887	1,447,982	(5,244,663)	(4,968,968)	-	-
Total segment revenue	23,228,175	23,721,558	29,358,200	23,770,916	(5,244,663)	(4,968,968)	47,341,712	42,523,506
Segment results*							13,033,791	10,205,238
Depreciation and amortisation							(3,318,093)	(1,947,229)
Gain on bargain purchase							6,169,173	-
Unallocated income							737,646	858,254
Unallocated expenses							(11,384,105)	(8,204,619)
Results from operating activities							5,238,412	911,644
Interest expense							(1,005,589)	(738,280)
Interest income							139,081	110,313
Share of profit/(loss) of equity accounted associates, net of tax							171,505	(132,264)
Tax expense							(278,439)	(548,154)
Profit/(Loss) for the financial period/year							4,264,970	(396,741)

* The breakdown of segment results between plantation and non-plantation are not available.

Geographical segments

The plantation and non-plantation products segments are managed on a worldwide basis but manufacturing facilities and sales offices are operated in Malaysia, Cambodia and Vietnam.

In presenting information on the basis on geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amount of non-current assets does not include financial instruments (including investments in associates).

Geographical information

	Revenue 1.8.2018 to 31.12.2019 RM	Non-current assets 31.12.2019 RM
Malaysia	6,438,209	58,034,698
South East Asia other than Malaysia	5,975,653	1,153,155
United States of America	6,724,520	-
Europe	10,349,032	-
Africa	6,958,002	-
Australia	6,349,672	-
China	870,001	-
Japan	2,144,397	-
Others	1,532,226	-
	47,341,712	59,187,853

Notes to the Financial Statements

25. Operating segment (continued)

Geographical information (continued)

	Revenue 1.8.2017 to 31.7.2018 RM	Non-current assets 31.7.2018 RM
Malaysia	2,696,620	34,096,304
South East Asia other than Malaysia	7,675,011	3,665,622
United States of America	5,488,844	-
Europe	10,967,118	-
Africa	7,681,373	-
Australia	3,720,399	-
China	756,404	-
Japan	502,478	-
Others	3,035,259	-
	42,523,506	37,761,926

Major customers

The following are major customers with revenue equal or more than 10 percent of Group revenue:-

	Revenue 1.8.2018 to 31.12.2019 RM	Revenue 1.8.2017 to 31.7.2018 RM	Segment
Group			
All common control companies of:			
- Customer A	9,745,230	9,712,511	Non-plantation
- Customer B	6,563,552	5,488,844	Non-plantation
- Customer C	5,865,063	6,304,598	Plantation
	22,173,845	21,505,953	

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categories as amortised cost ("AC") as follows:-

	Group		Company	
	Carrying amount RM	AC RM	Carrying amount RM	AC RM
31.12.2019				
Financial assets				
Trade and other receivables	5,228,778	5,228,778	6,916,500	6,916,500
Cash and cash equivalents	10,646,306	10,646,306	36,879	36,879
	15,875,084	15,875,084	6,953,379	6,953,379
Financial liabilities				
Trade and other payables	(5,944,311)	(5,944,311)	(3,029,460)	(3,029,460)
Borrowings	(17,262,277)	(17,262,277)	-	-
Finance lease liabilities	(753,942)	(753,942)	-	-
	(23,960,530)	(23,960,530)	(3,029,460)	(3,029,460)

Notes to the Financial Statements

26. Financial instruments (continued)

26.1 Categories of financial instruments (continued)

The financial instrument classifications in the prior year are in accordance with MFRS 139 as follows:-

- (i) Loans and receivables (“L&R”); and
- (ii) Financial liabilities measured at amortised cost (“FL”)

	Group		Company	
	Carrying amount RM	L&R/(FL) RM	Carrying amount RM	L&R/(FL) RM
31.7.2018				
Financial assets				
Trade and other receivables	11,107,552	11,107,552	9,469,500	9,469,500
Cash and cash equivalents	5,608,089	5,608,089	51,927	51,927
	16,715,641	16,715,641	9,521,427	9,521,427
Financial liabilities				
Trade and other payables	(5,013,913)	(5,013,913)	(4,966,475)	(4,966,475)
Borrowings	(16,573,716)	(16,573,716)	-	-
Finance lease liabilities	(661,666)	(661,666)	-	-
	(22,249,295)	(22,249,295)	(4,966,475)	(4,966,475)

26.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group’s exposure to credit risk arises principally from its receivables from customers, cash and cash equivalents. The Company’s exposure to credit risk arises principally from its advances to subsidiaries, cash and cash equivalents.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

The net carrying amount of receivables is considered a reasonable approximate of fair value.

With credit policy in place to ensure the credit risk is monitored on an ongoing basis, the management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Notes to the Financial Statements

26. Financial instruments (continued)

26.3 Credit risk (continued)

Receivables (continued)*Concentration of credit risk*

At the end of reporting date, there were no significant concentrations of credit risk other than 51% (31.7.2018: 40%) of the Group's trade receivables owed by two (2) (31.7.2018: two (2)) customers. The maximum exposure to credit risk arising from receivables is represented by the carrying amount in the statements of financial position.

Group	31.12.2019 RM	31.7.2018 RM
Not past due	2,413,347	5,223,093
Past due 0 - 30 days	1,402,312	1,534,366
Past due 31 - 60 days	201,869	1,007,514
Past due 61 - 90 days	292,489	275,273
Past due 91 - 120 days	19,685	1,575,426
Past due more than 120 days	433,548	361,933
	4,763,250	9,977,605

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). 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. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. After assessing the ECLs, the Group concluded that allowance for doubtful receivables were determined to be immaterial.

The Group does not hold collateral as security.

Corporate guarantees*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounting to RM17,262,277 (31.7.2018: RM16,573,716) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

The corporate guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company balances*Risk management objectives, policies and processes for managing the risk*

The Company's exposure to credit risk arises through its receivables from related companies and associates.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the statements of financial position.

Loans and advances are only provided to associates and subsidiaries which are wholly owned by the Company.

Impairment losses

There is no allowance for impairment loss on the inter-company balances during the financial period.

Notes to the Financial Statements

26. Financial instruments (continued)

26.3 Credit risk (continued)

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group and the Company's deposit with a licensed bank is placed as fixed rate investments and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents of the Group and the Company is placed with licensed financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statements of financial position.

Impairment losses

The Group and the Company consider that its cash and cash equivalents have low credit risk. Accordingly, no impairment allowance is required.

26.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, borrowings and finance lease liabilities.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:-

	Carrying amount RM	Contractual cash flows RM	Under 1 year RM	Between 2 to 5 years RM	Over 5 years RM
Group					
31.12.2019					
<i>Non-derivative</i>					
<i>financial liabilities</i>					
Trade and other payables	5,944,311	5,944,311	5,944,311	-	-
Borrowings	17,262,277	24,202,890	2,303,590	10,039,378	11,859,922
Finance lease liabilities	753,942	816,380	233,016	583,364	-
	23,960,530	30,963,581	8,480,917	10,622,742	11,859,922
31.7.2018					
<i>Non-derivative</i>					
<i>financial liabilities</i>					
Trade and other payables	5,013,913	5,013,913	5,013,913	-	-
Borrowings	16,573,716	23,992,824	1,999,861	9,236,561	12,756,402
Finance lease liabilities	661,666	728,360	185,136	543,224	-
	22,249,295	29,735,097	7,198,910	9,779,785	12,756,402

Notes to the Financial Statements

26. Financial instruments (continued)

26.4 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual cash flows RM	Under 1 year RM	Between 2 to 5 years RM	Over 5 years RM
Company					
31.12.2019					
<i>Non-derivative</i>					
<i>financial liabilities</i>					
Trade and other payables	3,029,460	3,029,460	3,029,460	-	-
Corporate guarantees*	-	17,262,277	17,262,277	-	-
	3,029,460	20,291,737	20,291,737	-	-
31.7.2018					
<i>Non-derivative</i>					
<i>financial liabilities</i>					
Trade and other payables	4,966,475	4,966,475	4,966,475	-	-
Corporate guarantees*	-	16,573,716	16,573,716	-	-
	4,966,475	21,540,191	21,540,191	-	-

* This liquidity risk exposure is included for illustration purpose only as the related corporate guarantee has not been crystallised.

The above amounts reflected the contractual undiscounted cash flows of the financial liabilities, which may differ from carrying value of the liabilities at the end of the financial period/year.

26.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial position or cash flows.

26.5.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EUR"), Vietnam Dong ("VND"), Australian Dollar ("AUD") and Nigerian Naira ("NGN").

Risk management objectives, policies and processes for managing the risk

The Group manages its currency risk by regularly monitoring the foreign currency movement on an ongoing basis with hedging performed if deemed necessary.

As at the reporting date, the contracted underlying principal amount of currency forward contract is RM107,121 (31.7.2018: RM3,717,717).

The forward foreign currency contracts have not been recognised since the fair value on initial recognition was not material.

Notes to the Financial Statements

26. Financial instruments (continued)

26.5 Market risk (continued)

26.5.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:-

	USD RM	EUR RM	VND RM	AUD RM	NGN RM
Group					
31.12.2019					
Trade and other receivables	3,258,788	661,976	9,837	65,678	-
Trade and other payables	(5,213,695)	-	(584,958)	-	-
Cash and cash equivalents	2,778,462	85,940	453,818	162,791	368
Exposure in the statements of financial position	823,555	747,916	(121,303)	228,469	368
31.7.2018					
Trade and other receivables	7,152,550	1,233,014	12,839	535,174	-
Trade and other payables	(4,173,261)	(13,442)	(8,862)	-	-
Cash and cash equivalents	1,519,767	13,348	32,228	155,222	368
Exposure in the statements of financial position	4,499,056	1,232,920	36,205	690,396	368

Currency risk sensitivity analysis

A 10% (31.7.2018: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Equity		Profit or loss	
	31.12.2019 RM	31.7.2018 RM	31.12.2019 RM	31.7.2018 RM
Group				
USD	(62,590)	(341,928)	(62,590)	(341,928)
EUR	(56,842)	(93,702)	(56,842)	(93,702)
VND	9,219	(2,752)	9,219	(2,752)
AUD	(17,364)	(52,470)	(17,364)	(52,470)
NGN	(28)	(28)	(28)	(28)

A 10% (31.7.2018: 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Notes to the Financial Statements

26. Financial instruments (continued)

26.5 Market risk (continued)

26.5.2 Interest rate risk

The Group's and Company's exposure to a risk of change in their fair value due to changes in interest rates relates primarily to its deposits with licensed banks, term loans and finance lease liabilities. Investments in short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:-

	Group	
	31.12.2019 RM	31.7.2018 RM
Fixed rate instruments		
Financial assets	3,813,114	2,158,983
Financial liabilities	(753,942)	(661,666)
	3,059,172	1,497,317
Floating rate instrument		
Financial liabilities	(17,262,277)	(16,573,716)
	Company	
	31.12.2019 RM	31.7.2018 RM
Fixed rate instrument		
Financial assets	6,868	6,544

*Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points ("bp") in the interest rates as at the end of the financial year would have (decreased)/increased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Group	Equity		Profit or loss	
	100 bp increase RM	100 bp decrease RM	100 bp increase RM	100 bp decrease RM
31.12.2019				
Financial liabilities	(131,193)	131,193	(131,193)	131,193
31.7.2018				
Financial liabilities	(125,960)	125,960	(125,960)	125,960

26.6 Fair value measurement

The carrying amounts of financial assets and financial liabilities of the Group and the Company at the reporting date approximate their fair values due to their short-term nature or they are floating rate instruments re-priced to market interest rates on or near the reporting date.

Notes to the Financial Statements

26. Financial instruments (continued)

26.7 Reconciliation of liabilities arising from financing activities

	1 August 2017 RM	Cash flows RM	New lease RM	31 July 2018 RM	Cash flows RM	New lease RM	31 December 2019 RM	
Group								
Borrowings	16,929,507	(355,791)	-	16,573,716	688,561	-	17,262,277	
Finance lease liabilities	108,289	(140,123)	693,500	661,666	(257,724)	350,000	753,942	
Amount due to Directors	510	21,756	-	22,266	(12,067)	-	10,199	
Total liabilities from financing activities	17,038,306	(474,158)	693,500	17,257,648	418,770	350,000	18,026,418	
				1 August 2017 RM	Cash flows RM	31 July 2018 RM	Cash flows RM	31 December 2019 RM
Company								
Amount due to subsidiaries			4,050,000	885,000	4,935,000	(2,611,020)	2,323,980	
Total liability			4,050,000	885,000	4,935,000	(2,611,020)	2,323,980	

27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During the financial period, the Group's strategy, which was unchanged from the previous financial year, was to maintain an optimal debt-to-equity ratio.

	Group		GISB	
	31.12.2019 RM	31.7.2018 RM	31.12.2019 RM	31.7.2018 RM
Total borrowings	18,016,219	17,235,382	7,847,190	9,069,844
Total equity	58,026,031	54,416,892	16,729,107	16,170,922
Debt-to-equity ratio	0.31	0.32	0.47	0.56

There were no changes in the Group's approach to capital management during the financial year.

GISB, a wholly-owned subsidiary of the Group is also required to maintain a maximum debt-to-equity ratio of 2:1 to comply with a bank covenant, failing which, the bank may call an event of default (see Note 14). At the reporting date, GISB has complied with the bank covenant.

28. Capital commitment

	Group	
	31.12.2019 RM	31.7.2018 RM
Capital expenditure commitments:-		
Property, plant and equipment		
- Authorised and contracted for	2,100,000	893,566

Notes to the Financial Statements

29. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related party also included key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding company, subsidiaries, associates and Directors.

Significant related party transactions

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and Company, other than key management personnel compensation as disclosed in Notes 20 and 24, are shown below:-

	Group		Company	
	Transaction amount for the financial period/ year ended		Transaction amount for the financial period/ year ended	
	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM	1.8.2018 to 31.12.2019 RM	1.8.2017 to 31.7.2018 RM
Subsidiary				
Dividend income	-	-	500,000	1,000,000
Associates				
Sales	-	380,695	-	-

Significant related party balances related to the above transactions are disclosed in Note 11 and Note 17 to the financial statements.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the financial statements set out on pages 38 to 91 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 2019 and of their financial performance and cash flows for the financial period then ended.

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

Tham Foo Keong

Tham Foo Choon

Kajang, Selangor Darul Ehsan
Date: 16 March 2020

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, **Chan Wen Hong**, the Officer primarily responsible for the financial management of Greenyield Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 38 to 91 are 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 in Kajang, Selangor Darul Ehsan on 16 March 2020.

Chan Wen Hong
(No: 35521)
Chartered Accountant

Before me:

Badlisham Talhah
(No. B475)
Commissioner of Oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GREENYIELD BERHAD

REGISTRATION NO: 200201014553 (582216-T)(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Greenyield Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 91.

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 2019, and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current financial period. 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.

Inventory valuation

The risk

Refer to Note 10 to the financial statements. The Group holds an amount of inventories that amounted to RM8,236,862 which is subject to a risk that the inventories become slow-moving or obsolete and rendering it not saleable or can only be sold for selling prices that are less than their carrying value. There is inherent subjectivity and estimation involved in determining the accuracy of inventory obsolescence and in making an assessment of its adequacy due to risks of inventories not stated at the lower of cost or market.

Our response

We tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions made. In doing so, we obtained the ageing profile of inventories and obtained understanding on the process for identifying specific problem inventory.

Allowance for expected credit losses

The risk

Refer to Note 26 to the financial statements. We focused on this area because the Group has trade receivables that are past due but not impaired amounted to RM2,349,903. The key risk was recoverability of billed trade receivables as management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the period-end trade receivables.

Independent Auditors' Report

To the Members of Greenfield Berhad

Registration No: 200201014553 (582216-T)(Incorporated In Malaysia)

Our response

We have obtained an understanding on how the Group identifies and assesses the allowance for expected credit losses of trade receivables and how the Group makes the accounting estimates for allowance. We have also reviewed the ageing analysis of the trade receivables and tested the reliability thereof and assessed the recoverability of the overdue trade receivables through examination of subsequent year end cash receipts.

Furthermore, we have challenged the management's justification on the sufficiency of allowance for expected credit losses on trade receivables.

Information other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining other information expected to be included in the annual report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the remaining other information expected to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit is 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.

Independent Auditors' Report

To the Members of Greenyeld Berhad

Registration No: 200201014553 (582216-T)(Incorporated In Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- 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.

We communicated 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 identified during our audit.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 8 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & AF: 0737)
CHARTERED ACCOUNTANTS

LUI LEE PING
(NO: 03334/11/2021(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
16 March 2020

LIST OF PROPERTIES

Location	Registered/ Beneficial Owner	Existing use/ Description of property	Tenure/ Expiry date	Age of Building (Years)	Land Area/ Built-up Area	Date of Acquisition (A)/ Valuation (V)	Audited Net Book ValueAs At 31.12.2019 (RM)
No. 116, Jalan Lapan Kompleks Perabot Olak Lempit Tg. Duabelas 42700 Banting Selangor Darul Ehsan	Greenyield Industries (M) Sdn Bhd	Factory and land; Single storey factory with a 3-storey office annexe	Leasehold expiring on 26.09.2087	17	128,801 sq.ft/ *75,110 sq.ft	31.01.1995 (A)/23.03.2004 (V)	3,246,458.39
No. 21 & 23 Jalan Seksyen 3/7 Taman Kajang Utama 43000 Kajang Selangor Darul Ehsan	Gim Triple Seven Sdn Bhd	Land and office building; 4-storey shophouses	Freehold	21	3,728 sq.ft/ *14,098 sq.ft	24.01.1997 (A)	1,370,940
No. 10, VSIP II, Street 7 Vietnam Singapore Industrial Park II Binh Duong Industry-Service-Urban Complex Hoa Phu Ward Thu Dau Mot City Binh Duong Province Vietnam	Givnflow Company Limited (Vietnam)	Factory and office building; 2-storey office building and a single storey of factory annexe	Leasehold expiring on 16.10.2055	10	73,830 sq.ft/ *24,585 sq.ft	04.03.2008 (A)	838,664
No. 18 Jalan Bukit Puteri 9/12 Bandar Puteri Jaya 08000 Sungai Petani Kedah Darul Aman	Gimflow Sdn Bhd	Office building; 2-storey shophouses	Freehold	7	1,400 sq.ft/ *2,660 sq.ft	02.03.2012 (A)	270,588
Slab Kdong Village Chup Commune Thboung Khmom District Thboung Khmom Province Kingdom of Cambodia	Greenyield (Cambodia) Pte Ltd	Land with single storey factory	Leasehold expiring on 23.8.2114	4	286,671 sq.ft/ *15,984 sq.ft	24.08.2014 (A)	1,443,942
PN 92538 Lot 4, Seksyen 2 Pekan Bukit Changgang Daerah Kuala Langat Selangor Darul Ehsan	Greenyield Industries (M) Sdn Bhd	Industrial land	Leasehold expiring on 30.12.2098	4	114,743 sq.ft	10.09.2014 (A)	3,505,563.23
No. G-19, No. 1-19 No. 2-19, No. 3-19 No. 3A-19 and No. 5-19 MKH Boulevard Jalan Bukit 43000 Kajang Selangor Darul Ehsan	Gim Triple Seven Sdn Bhd	Office building; 6-storey shophouses	Leasehold expiring on 05.10.2111	1	*10,421 sq.ft	20.06.2017 (A)	5,224,999

Note: * Building only

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MAY 2020

Issued Share Capital : RM33,374,000.00 comprising 333,740,000 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
1 - 99	7	0.413	240	0.00007
100 - 1,000	127	7.501	62,004	0.01858
1,001 - 10,000	514	30.360	3,333,596	0.99886
10,001 - 100,000	824	48.670	32,692,900	9.79592
100,001 to less than 5% of issued shares	219	12.935	116,367,380	34.86768
5% and above of issued shares	2	0.118	181,283,880	54.31889
Total	1,693	100.00	333,740,000	100.00

LIST OF TOP 30 HOLDERS

No.	Name	No. of Shares Held	% of Issued Shares
1	GREENYIELD HOLDINGS SDN.BHD.	162,121,320	48.577
2	TWONG YOKE PENG	19,162,560	5.741
3	THAM FOO KEONG	8,973,160	2.688
4	THAM FOO CHOON	6,099,160	1.827
5	THAM CHONG SING	4,277,220	1.281
6	THAM FAU SIN	2,977,020	0.892
7	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN AH NYOKE (B)	2,643,200	0.791
8	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD CHEN FOONG SZEEN	2,606,500	0.780
9	SIVAKUMARAN A/L SEENIVASAGAM	2,201,420	0.659
10	THAM KIN WAI	2,172,000	0.650
11	LEE CHAY YEW	2,085,700	0.624
12	TAN KA LIAN	2,025,000	0.606
13	THAM KINFUEI	2,000,000	0.599
14	THAM KIN-ON	2,000,000	0.599
15	LIM SENG KEONG	1,827,000	0.547
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO PENG BOON (8115339)	1,800,000	0.539
17	CHAN MEE YEE	1,703,900	0.510
18	GV ASIA FUND LIMITED	1,688,400	0.505
19	THAM KIN LEET	1,506,000	0.451
20	THAM KINYIQ	1,350,000	0.404
21	CHI BEE CHIN	1,276,600	0.382
22	ANG LIP CHEE	1,257,800	0.376
23	ANG LIP CHEE	1,163,100	0.348
24	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEOK CHAI GUAN (B)	1,130,000	0.338

Analysis of Shareholdings

As at 29 May 2020

LIST OF TOP 30 HOLDERS (CONTINUED)

No.	Name	No. Of Shares Held	% Of Issued Shares
25	SAW KEE THIAM	1,080,000	0.323
26	LIM CHOI THAI	1,026,000	0.307
27	LEE SUI KENG	1,004,400	0.300
28	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIAW AH KAU (LIA0222M)	1,000,000	0.299
29	CITIGROUP NOMINEES (ASING) SDN BHD PERSHING LLC FOR GREGORY ALEXANDER	1,000,000	0.299
30	ARMARU @ THARMALINGAM A/L A CHINNIHAH	915,700	0.274
Total		242,073,160	72.533

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDING

Name of Directors	Direct	No. Of Shares Held		%
		%	Indirect	
Tham Foo Keong	8,973,160	2.688	183,283,880 ⁽ⁱ⁾	54.918
Tham Foo Choon	6,099,160	1.827	163,825,220 ⁽ⁱⁱ⁾	49.088
Tham Kin Wai	2,172,000	0.650	-	-
Dr Zainol Bin Md Eusof	210,000	0.063	-	-
Yong Swee Lin	20,000	0.006	-	-
Mahbob Bin Abdullah	270,000	0.081	-	-
Tham Kin-On	2,000,000	0.599	-	-
Suhnylla Kaur Kler	-	-	-	-

Note:

⁽ⁱ⁾ Deemed interested through shares held by Greenyield Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 and shareholding held by spouse and child.

⁽ⁱⁱ⁾ Deemed interested through shares held by Greenyield Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 and shareholding held by spouse.

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct	No. Of Shares Held		%
		%	Indirect	
Greenyield Holdings Sdn. Bhd.	162,121,320	48.577	-	-
Tham Foo Keong ^(a)	8,973,160	2.688	183,283,880 ^(b)	54.918
Tham Foo Choon ^(a)	6,099,160	1.827	163,825,220 ^(c)	49.088
Tham Chong Sing ^(a)	4,277,220	1.281	162,121,320 ^(d)	48.577
Tham Fau Sin ^(a)	2,977,020	0.892	162,121,320 ^(d)	48.577
Twong Yoke Peng	19,162,560	5.741	-	-

Notes

^(a) Brothers

^(b) Deemed interested through shares held by Greenyield Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 and shareholding held by spouse and child.

^(c) Deemed interested through shares held by Greenyield Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 and shareholding held by spouse.

^(d) Deemed interested through shares held by Greenyield Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.



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