



**GOPENG BERHAD**

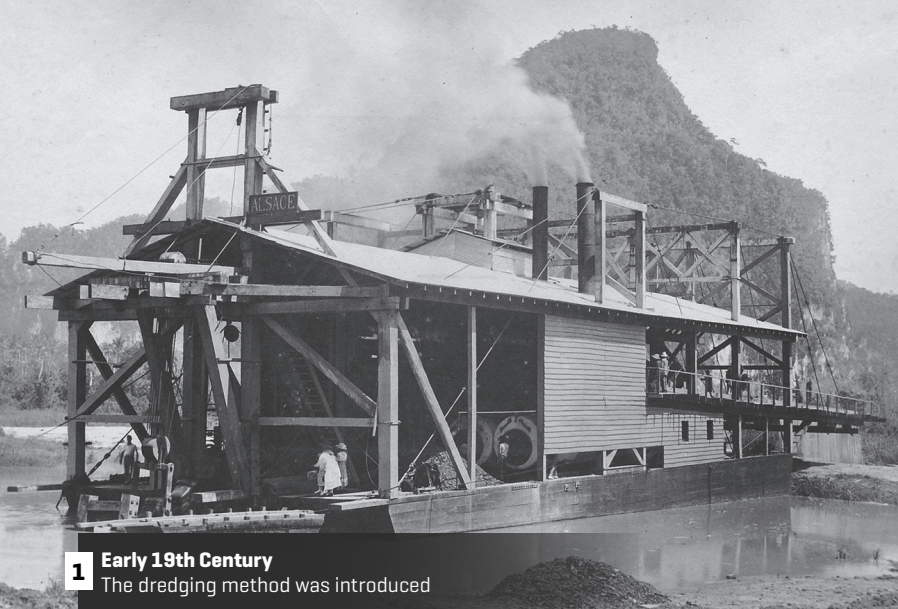
# ANNUAL REPORT 2019



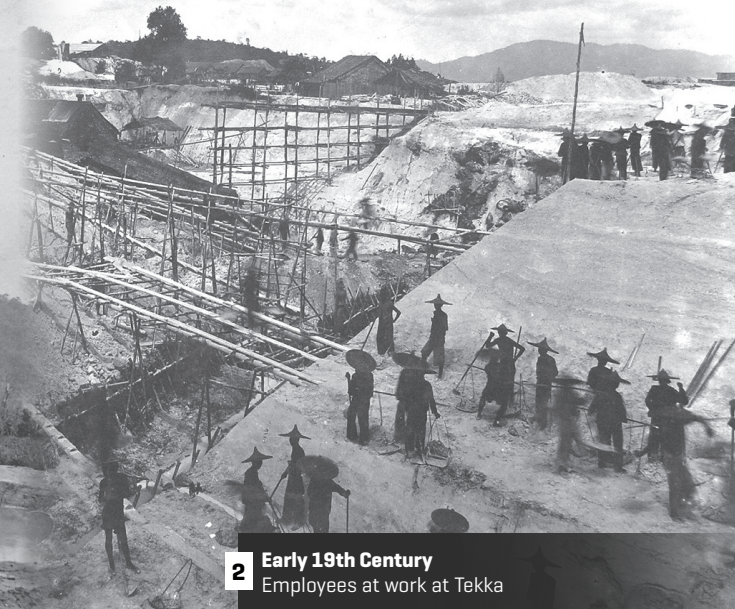


## **GOPENG BERHAD** **ANNUAL REPORT 2019**

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**1 Early 19th Century**  
The dredging method was introduced

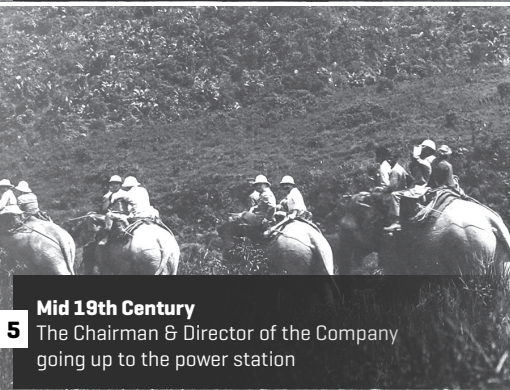


**2 Early 19th Century**  
Employees at work at Tekka



**3 Early 19th Century**  
The electric power station

**4 Early 19th Century**  
Monitors cutting the ground



**5 Mid 19th Century**  
The Chairman & Director of the Company going up to the power station



**6 1948 - 1990**  
Early 20th century  
Gopeng Consolidated along No 2



**7 1990**  
Prime Minister Dr Mahathir visited Gopeng Berhad



## BOARD OF DIRECTORS

Dato' Mohd Salleh Bin Hashim  
DPMP, PCM, PMP  
Executive Chairman

Dato' Haji Mohamad Tahiruddin Bin Mohd Tahir  
DPMP, PMP, PPT  
Member

Dato' Chew Chee Kin  
DPMT  
Member

Dato' Robert Lim Git Hooi  
DPMP, JP, C.A. [M], CPA[M]  
Member

Manohar Hasan Bin Ameer Ali  
Member

Chong Chang Choong  
Member

Ab Ghaus Bin Ismail  
Member

## SECRETARY

Liew Thong Sin [MIA 1310]  
SSM PC No. 201908001545

## REGISTERED OFFICE

6A, Jalan Sultan Iskandar  
30000 Ipoh  
Perak Darul Ridzuan  
Tel No : 05-241 4620  
Fax No : 05-243 1923

## REGISTRARS

Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel No : 03-7890 4700  
Fax No : 03-7890 4670  
Email : info.my@boardroomlimited.com

## CORPORATE OFFICE

A-17-15, Level 17  
Menara UOA Bangsar  
No. 5, Jalan Bangsar Utama 1  
59000 Kuala Lumpur, Malaysia  
Tel No : 603-2287 7577  
Fax No : 603-2287 7578  
Website : www.gopeng.com.my

## PRINCIPAL BANKERS

Malayan Banking Berhad  
Standard Chartered Bank [Malaysia] Berhad

## AUDITORS

HLB Ler Lum PLT  
[LLP0021174-LCA & AF026]  
Chartered Accountants  
A member of HLB International  
B-7-7, Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel No : 03-2161 2113  
Fax No : 03-2161 2119

## SOLICITORS

Wan & Wan  
Ipoh

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Board  
Tel No : 03-2034 7000 / 03-2332 7000  
Fax No : 03-2026 4122

# NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty Sixth Annual General Meeting of the Company will be held at Room 5 First Floor, Impiana Hotel Ipoh, 18 Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Saturday 8 August 2020 at 12.00 noon for the following purposes :

## Ordinary Business

To consider, and if thought fit, to pass the following Ordinary Resolutions :

1. "That the financial statements for the year ended 31 December 2019 together with the reports of the Directors and Auditors, be and are hereby received and adopted."
2. "That the final single tier dividend of 2.5 sen per ordinary share in respect of the year ended 31 December 2019 as recommended by the Directors, be and is hereby approved."
3. "That Dato' Mohd Salleh Bin Hashim, who retires in accordance with Rule 77 of the Company's Constitution, be and is hereby re-elected a Director of the Company."
4. "That Dato' Chew Chee Kin, who retires in accordance with Rule 77 of the Company's Constitution, be and is hereby re-elected a Director of the Company."
5. "That Encik Manohar Hasan Bin Ameer Ali, who retires in accordance with Rule 77 of the Company's Constitution, be and is hereby re-elected a Director of the Company."
6. "That pursuant to Section 230 of the Companies Act, 2016 and Rule 84 and Rule 87 of the Company's Constitution, payment of the Directors' fees and other remuneration from the conclusion of this Annual General Meeting to the next Annual General Meeting of the Company be and are hereby approved :
  - a) Directors fees for the year ended 31 December 2019 by way of remuneration for their services, be and is hereby determined at a sum of RM40,000.00 to each of the Directors and RM50,000.00 to the Executive Chairman.
  - b) Directors fees of RM42,000.00 per annum to the Independent Non-Executive Chairman of the Audit Committee and RM36,000.00 per annum to each of the remaining two Independent Non-Executive Directors of the Audit Committee from the conclusion of the 36th Annual General Meeting to the next Annual General Meeting of the Company."
  - c) Attendance fees of RM500.00 to each and every Director for attending every Board meeting and every Committee Meeting."
7. "That HLB Ler Lum PLT, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed the Company's Auditors for the period until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the Board."

## Special Business

To consider and if thought fit, to pass the following resolutions with or without modifications as Ordinary Resolutions :

8. "That Dato' Robert Lim Git Hooi, who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."
9. "That subject always to the Companies Act 2016, the Company's Constitution and the approval of the relevant authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act, 2016 to allot and issue shares in the Company from time to time, at such price, upon such terms and conditions, for such purposes, to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

## NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF BOOKS

**NOTICE IS ALSO HEREBY GIVEN** that subject to the approval of the shareholders at the 36th Annual General Meeting to be held on 8 August 2020, the final single tier dividend of 2.5 sen per ordinary share in respect of the year ended 31 December 2019, will be paid on 14 September 2020 to shareholders whose names appear in the Record of Depositors on 24 August 2020.

A depositor shall qualify for entitlement of the dividend only in respect of :-

- a) Shares deposited to the Depositor's Securities Account before 12.30 p.m. on 19 August 2020 in respect of the shares exempted from mandatory deposit;
- b) Shares transferred to the Depositor's Securities Account on or before 4.30 p.m. on 19 August 2020 in respect of ordinary transfers; and
- c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**Liew Thong Sin** [MIA1310]  
SSM PC No. 201908001545  
Secretary  
Ipoh, Perak Darul Ridzuan  
Date : 30 June 2020

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote by poll instead of him.
2. The proxy form [as enclosed] must be deposited at the Registered Office of the Company not less than forty-eight [48] hours before the time appointed for the meeting or any adjournment thereof.
3. A corporation must complete the proxy form under its common seal or under the hand of a duly authorised officer or attorney.
4. Only depositors, whose names appear in the Record of Depositors as at 29 July 2020, shall be regarded as members and be entitled to attend, speak and vote or appoint a proxy to attend to attend, speak and vote on his/her behalf at the meeting.
5. Pursuant to Paragraph 8.29A of the Main market Listing requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of Meeting will be put to vote by poll. A scrutineer shall be appointed to verify and validate the votes cast.
6. The profile of the Directors [together with their attendance in Board Meetings] standing for re-election/re-appointment as Directors of the Company under items 3 to 5 are shown on page 10 and page 11 of the Company's 2019 Annual Report.

# STATEMENT ACCOMPANYING NOTICE OF MEETING

## Statement Accompanying Notice of Meeting

### Ordinary Business

#### A) **Re-election of Directors [Ordinary Resolutions item 3,4 & 5]**

Dato' Mohd Salleh Bin Hashim, Dato' Chew Chee Kin and Encik Manohar Hasan Bin Ameer Ali are standing for re-election as Directors of the Company. The Nomination Committee and the Board of Directors have considered the assessment of the three Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharged their respective roles as Directors as prescribed by Paragraph 2.20 of the Listing Requirements.

#### B) **Payment of Directors' Fees and Remuneration [Ordinary Resolution item 6]**

Pursuant to Section 230(1) of the Companies Act 2016, and Rule 84 and Rule 87 of the Company's Constitution, fees and benefits payable to Directors of the Company will have to be approved by shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of Directors' fees in respect of the year ended 31 December 2019, the payment of monthly fees to the Chairman and the two members of the Audit Committee and payment of fees to the Directors for attending Board and Committee meetings.

#### C) **Re-appointment of Auditors [Ordinary Resolution item 7]**

The Audit Committee and the Board have considered the re-appointment of HLB Ler Lum PLT as Auditors of the Company and collectively agree that HLB Ler Lum PLT meets the criteria of the adequacy of experience and resources of the firm and person assigned to the audit as prescribed by Paragraph 15.21 of the Listing Requirements.

### Explanatory Notes on Special Businesses

#### D) **Retention of Director as Independent Non-Executive Directors of the Company in accordance with Practice 4.2 of the Malaysian Code on Corporate Governance [Ordinary Resolution item 8]**

The ordinary resolution proposed in item 8, if passed, by shareholders through a two tier voting process, will enable Robert Lim Git Hooi to continue as Independent Non-Executive Director notwithstanding that he had served the Board as Independent Non-Executive Director for a cumulative term of more than twelve years. The Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service. To qualify as independent, a director must be independent in character and judgment, independent of management and free from any relationship or circumstances as set out in Chapter 1 of the Listing Requirements, which are likely to affect or appear to affect his or her independent judgment. Following an assessment, the Board concluded that Dato' Robert Lim Git Hooi's length of service does not interfere with his exercise of independent judgment and ability to act in the best interests of the shareholders. In addition, the Board believes that his knowledge of the Group's businesses and his proven commitment, experience and competence will greatly benefit the Company. Dato' Robert Lim Git Hooi had declared his independence and his desire to continue as Independent Non-Executive Directors of the Company. The Board had recommended that he continue to act as an Independent Director based on the following justifications :-

- ▶ He has fulfilled the criteria under the definition of Independent Directors as stated in the Listing Requirements and he will continue to function as a check and balance, providing an element of objectivity to the Board;
- ▶ He has experiences in a diverse range of businesses thereby providing constructive opinion, independent judgment and acting in the best interest of the Company; and
- ▶ He has devoted sufficient time and attention to the affairs of the Company.

Ordinary resolution in item 8 will be voted through a two tier voting process. Under the two tier voting process, shareholders' votes will be cast in the following manner :

- ▶ Tier 1 : Only the Large Shareholders of the Company vote; and
- ▶ Tier 2 : Shareholders other than Large Shareholders vote



E] **Authority to allot and issue shares (Ordinary Resolution item 9)**

The Ordinary Resolution proposed in item 9 of the Agenda, if passed, will give a renewed mandate to the Directors of the Company from the date of the forthcoming AGM, to allot and issue ordinary shares pursuant to Sections 75 and 76 of the Companies Act, 2016 from time to time, provided that the total number of new ordinary shares to be issued does not exceed 10% of the total number of issued and paid up share capital of the Company.

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 15 June 2019 which will lapse at the conclusion of the forthcoming AGM.

The Board is always on the lookout for opportunities to broaden the Company's operating base and earnings potential. If any of the expansion/diversification proposals involves the issuance of new shares, the Directors will have to convene a general meeting to approve the issuance of new shares even though the number may be less than 10% of the total issued and paid up share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is considered expedient that the Directors be empowered, as proposed in Resolution 9, to allot and issue shares in the Company, up to an amount not exceeding in aggregate ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM of the Company.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities for the purpose of funding investment project[s] and/or acquisition[s].

**IMPORTANT NOTICE :** Owing to the COVID-19 pandemic, the Company has put in place rules and control measure for the conduct of the AGM to safeguard the health and well being of the attendees at the AGM. Shareholder/Proxy holder is requested to read and adhere to the Administrative Details, which can be downloaded from the Company's website or via announcement in Bursa Malaysia's website. The Administrative Details are summarised below.

- 1] Shareholder/proxy holder is encouraged to observe and abide by the most current regulations issued by the Ministry of Health and/or the Government of Malaysia at the time when deciding whether to attend the AGM in person.
- 2] Shareholder is encouraged to appoint the Chairman of the Meeting to act as his or her proxy to attend and vote on his/her behalf by submitting the proxy form with the predetermined voting instruction as voting is by Poll.
- 3] Shareholder/Proxy holder who had been in physical contact with a person or persons infected with COVID-19 is advised not to attend the AGM in person.
- 4] Shareholder/Proxy holder who are feeling unwell or under quarantine order/stay-at-home notice is advised not to attend the AGM in person.
- 5] Shareholder/Proxy holder attending the AGM is requested to adhere and abide to the precautionary measures in place at the venue of the meeting.



## BOARD OF DIRECTORS



### FROM LEFT TO RIGHT

Dato' Robert Lim Git Hooi  
Dato' Mohamad Tahiruddin Bin Mohd Tahir  
Dato' Chew Chee Kin  
Dato' Mohd Salleh Bin Hashim  
Ab Ghaus Bin Ismail  
Manohar Hasan Bin Ameer Ali  
Chong Chang Choong



**Dato' Mohd Salleh Bin Hashim**



**Dato' Mohamad Tahiruddin  
Bin Mohd Tahir**



**Dato' Chew Chee Kin**



**Dato' Robert Lim Git Hooi**



**Manohar Hasan Bin Ameer Ali**



**Chong Chang Choong**



**Ab Ghaus Bin Ismail**

## **DATO' MOHD SALLEH BIN HASHIM**

### *Non-Independent Executive Director*

Aged 72, Male, Malaysian

Dato' Mohd Salleh graduated from the University of Malaya in 1970 with a degree in Bachelor of Economics. He was appointed a Director on 31 March 1993 and was the Managing Director from 22 June 1996 to 26 February 2006. He was appointed Executive Chairman on 27 February 2006. Prior to joining Gopeng, he was with the Perak State Development Corporation (PSDC) and its subsidiaries.

Dato' Salleh attended all the 5 board meetings held during the financial year ended 31 December 2019. As at 31 December 2019, Dato' Salleh has a direct and indirect interests totalling 32.96% in Gopeng. He is not related to any director of the Company.

## **DATO' HAJI MOHAMAD TAHIRUDDIN BIN MOHD TAHIR**

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

Aged 77, Male, Malaysian

Dato' Haji Mohamad Tahiruddin graduated with a Bachelor of Economics degree from the University of Malaya in 1970. He also holds a Master of Business Administration obtained from the Drake University in the United States of America in 1983. He attended the Oxford Advanced Management Programme (AMP) in January 1998. Prior to his appointment as a Director of Gopeng on 4 October 1988, he was the Deputy General Manager of the Perak State Development Corporation (PSDC). He was the Managing Director of Gopeng from 1989 to 1992.

He attended all the 5 board meetings held during the financial year ended 31 December 2019. As at 31 December 2019, Dato' Tahiruddin has an direct interest of 5.78% in Gopeng. He is not related to any director of the Company and has no personal interest in any business arrangement involving the Gopeng group.

## **DATO' CHEW CHEE KIN**

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

Aged 74, Male, Malaysian

Dato' Chew Chee Kin is the President of the Sunway Group of Companies. He graduated with a Bachelor of Economics (Hons) degree from the University of Malaya. He attended the PMD program at the Harvard Business School in 1980. Dato' Chew was first appointed to the Board of Gopeng on 18 May 1998. He is a director of Sunway Berhad.

He attended 4 out of the 5 board meetings held during the financial year ended 31 December 2019. Dato' Chew represents a substantial shareholder on the Board of Gopeng. He does not have any family relationship with any director and has no personal interest in any business arrangement involving the Gopeng group.

## **DATO' ROBERT LIM GIT HOOI**

### *Independent Non-Executive Director*

Aged 81, Male, Malaysian

Dato' Robert Lim Git Hooi is a Chartered Accountant and has more than 30 years of extensive experience in all aspects of the accounting profession. From 1990 to 1996, he was the Partner-In-Charge of Messrs Ernst & Young's Ipoh office until he retired on 31 December, 1996. Currently Dato' Robert Lim is a member of the Board of Governors of Kolej Yayasan UEM. He holds directorship in YNH Property Bhd and other private limited companies. Dato' Robert Lim is a member of the Malaysia Association of Certified Public Accountants and the Malaysian Institute of Accountants. He was appointed Director of the Company on 15 November 2001 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Dato' Robert Lim attended all the 5 board meetings during the financial year ended 31 December 2019. As at 31 December 2019, Dato' Robert Lim's spouse held 20,000 shares in Gopeng. He does not have any family relationship with any director and/or major shareholder of Gopeng, nor any personal interest in any business arrangement involving the Gopeng group.

## MANOHAR HASAN BIN AMEER ALI

### *Independent Non-Executive Director*

Aged 64, Male, Malaysian

Encik Manohar Hasan obtained a degree in Mechanical Engineering and Business Administration from the University of Aston, Birmingham, United Kingdom in 1978 and in 1979, he obtained a Post Graduate Diploma in Operational Research, from the University of Lancaster, United Kingdom. He further obtained a Masters Degree in Management Science from the University of Warwick, United Kingdom in 1980. In 2009, he obtained a Postgraduate Certificate in Accounting and Financial Management from Charles Sturt University, Australia. He joined Anderson Consulting & Co in 1980 and in 1981 he joined Amanah Merchant Bank Berhad. His last position with the bank was as Manager of Project Finance. In 1991, he joined Shapadu Corporation Sdn Bhd as the Assistant General Manager, Corporate Affairs up to 1992 when he left for Gopeng after accumulating a total of 14 years of experience in corporate affairs. He was the General Manager of Gopeng from 1 January 1993 until 22 June 1996 when he was appointed Executive Director. He relinquished his executive functions effective 1 January 2010, but remained a Director. Encik Manohar Hasan is the Chairman of the Remuneration Committee, the Nomination Committee and is a member of the Audit Committee.

He attended all the 5 board meetings held during the financial year ended 31 December 2019. As at 31 December 2019, Encik Hasan has a direct interest of 0.37% in Gopeng. He has no family relationship with any director and/or major shareholder of the Company and has no personal interest in any business arrangement involving the Gopeng group.

## CHONG CHANG CHOONG

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

Aged 62, Male, Malaysian

Mr Chong is a member of the Institute of Chartered Accountants in England and Wales and has more than 20 years of experience in banking, stocking, corporate finance and portfolio fund management.

He graduated with a Bachelor of Arts (Hons) in Economics and Accountancy from the University of Newcastle Upon Tyne, England in 1980. After working for 5 years with Robson Rhodes, a Chartered Accountants Firm in London, he returned to Malaysia in 1984 and was a Corporate Banking Officer with Bumiputera Merchant Bankers Bhd. Subsequently he held various positions in different financial institutions, including John Hancock Life Insurance Berhad and DMG K&K Kenanga Berhad. His last position prior to joining the Sunway Group was the General Manager - Investments of Public Mutual Berhad from 1995 to 2004. Mr Chong joined the Sunway Group as the Director of Group Corporate Affairs on 1 December 2010 and he is responsible for overseeing the corporate finance and treasury functions. Upon listing of Sunway Berhad he was redesignated to Chief Financial Officer of Sunway.

Mr Chong was appointed a Director of the Company on 16 February 2015. He attended all the 5 board meetings held during the financial year ended 31 December 2019. Mr Chong represents a substantial shareholder on the Board. He does not have any family relationship with any director and has no personal interest in any business arrangement involving the Gopeng group.

## AB GHAUS BIN ISMAIL

### *Independent Non-Executive Director*

Aged 66, Male, Malaysian

Encik Ab Ghaus obtained a First Class Honours degree in Chemical Engineering from the University of New South Wales, Sydney, Australia in 1975 under the Colombo Plan scholarship. In 1976 he joined Shell Malaysia Trading Sdn Bhd taking up various technical and commercial positions. In 1982 he joined MMC Bhd as the Coal Manager in the marketing division. Encik Ghaus left MMC Bhd in 1985 and started his own company, GMA Resources Sdn Bhd in which he is the Executive Chairman. Encik Ghaus had diversified into other businesses and investments.

Encik Ghaus was appointed a Director of the Company on 3 December 2018 and is a member of the Audit Committee, the Remuneration Committee and the Nominating Committee. Encik Ghaus attended all the five board meetings held during the financial year ended 31 December 2019. As at 31 December 2019 he held 799,650 shares in Gopeng. He does not have any family relationship with any director and/or major shareholder of Gopeng, nor any personal interest in any business arrangement involving the Gopeng Group.

### **ADDITIONAL INFORMATION:**

Other than traffic offences, none of the Directors has had no convictions by a court of law within Malaysia or elsewhere, of

- ▶ an offence in connection with the promotion, formation or management of a corporation;
- ▶ an offence involving bribery, fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or
- ▶ an offence under the securities laws or the corporations laws of the listed issuer's place of incorporation,

within a period of 5 years from date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be



**FROM LEFT TO RIGHT**

Haji Nordin Bin Jalani  
Mohamad Shukri Bin Ishak  
Nasrul Shahrin Bin Mohd Nasir  
Syerleena Bt Mohd Salleh  
Mohd Fauzi Bin Parno

## SECRETARIAL



**Liew Thong Sin**  
Company Secretary

## KEY MANAGEMENT TEAM



**Haji Nordin Bin Jalani**  
General Manager,  
Ipoh Office



**Syerleena Bt Mohd Salleh**  
General Manager,  
Corporate Affairs & Human Resource



**Mohamad Shukri Bin Ishak**  
General Manager,  
Finance



**Nasrul Shahrin Bin Mohd Nasir**  
General Manager,  
Planning & Strategy



**Mohd Fauzi Bin Parno**  
Manager,  
Kota Bahroe Estate

## **LIEW THONG SIN**

### *Company Secretary*

Aged 70, Male, Malaysian

Liew Thong Sin has served the Group as Company Secretary since 1984, when the company first listed its shares on the Kuala Lumpur Stock Exchange (now Bursa Malaysia). He is responsible for overseeing the Group's corporate secretarial functions. Liew holds a Bachelor of Commerce [Accountancy] degree from the University of Otago, New Zealand and is a member of the Malaysian Institute of Accountants.

## **HAJI NORDIN BIN JALANI**

### *General Manager, Ipoh Office*

Aged 67, Male, Malaysian

Haji Nordin Bin Jalani has more than 25 years experience working in multi national manufacturing companies, prior to joining Gopeng Berhad in 2005. He subsequently assumed various position within the Group. Currently he oversees the operation of the plantation business division and Gopeng Land & Properties Sdn Bhd. Hj Nordin holds a Diploma in Accountancy from Institut Teknologi Mara, he subsequently further his study through distance learning and obtained Master's Degree in Business Administration in 2003 from Golden State University, USA.

## **SYERLEENA BT MOHD SALLEH**

### *General Manager, Corporate Affairs & Human Resource*

Aged 44, Female, Malaysian

Syerleena bt Mohd Salleh, joined the Group in 2009 to oversee and direct the Human Resource & Corporate Affairs division. She is responsible for the overall human capital and development as well as corporate communication of the Group. Prior to joining the Group, she has served in various capacities as director, consultant and recruiter. Syerleena holds a Bachelor's Degree [Hons] in Business Administration majoring in Human Resource from South Bank University London.

## **MOHAMAD SHUKRI BIN ISHAK**

### *General Manager, Finance*

Aged 50, Male, Malaysian

Mohamad Shukri Bin Ishak, was appointed to his position in 2011. He is in charge of the Group's finance, treasury and risk management functions. He has assumed finance roles at Ancom Kimia Sdn Bhd for 12 years, and prior to that, was attached to Public Bank Berhad. Mohamad Shukri graduated from Universiti Teknologi Mara with a Bachelor's Degree in Accountancy [Hons.] and is a member of the Malaysian Institute of Accountant.

## **NASRUL SHAHRIN MOHD NASIR**

### *General Manager, Planning & Strategy*

Aged 43, Male, Malaysian

Nasrul joined the Group in 2018 and has been assigned to plan & strategize the moving forward direction of the Group, for the purpose of growth, expansion and good returns on investment. Focusing his career on Corporate Planning, Restructuring and Mergers & Acquisition, he has served companies & GLGs in various capacities and was a Director in Teraju, a government agency under Economic Planning Unit prior to joining the Group. Nasrul holds a Bachelor's Degree in Accounting & Finance from Middlesex University, London.

## **MOHD FAUZI BIN PARNO**

### *Manager, Kota Bahroe Estate*

Aged 45, Male, Malaysian

Mohd Fauzi Bin Parno has more than 20 years of experience in the operations and management of the oil palm industry. He joined the Group in 2007 and has been responsible for various projects including the cultivation of mature and immature plantation, nursery seedling, development of ex mining area to oil palm plantation, and oil palm replanting. Prior to joining the Group, he served at YP Plantations Yayasan Pahang and the Island & Peninsular Group.

## **ADDITIONAL INFORMATION:**

- ▶ None of the other Key Senior Management nor the Company Secretary of Gopeng Berhad has conflict of interest with Gopeng Berhad except for Syerleena bt Mohd Salleh and Nasrul Shahrin Mohd Nasir who is a daughter and son-in-law of Dato' Mohd Salleh Bin Hashim, the Executive Chairman and a substantial shareholder.
- ▶ None of the other Key Senior Management nor the Company Secretary of Gopeng Berhad has any directorship in public companies and/or listed issuers except for Syerleena bt Mohd Salleh, being a director of a wholly owned subsidiary.
- ▶ None of the above Key Senior Management nor the Company Secretary of Gopeng Berhad has been convicted of any offence within the past five [5] years and there was no public sanction and penalty imposed by the relevant regulatory bodies during the financial year.

# 5-YEAR FINANCIAL HIGHLIGHTS

2019      2018      2017      2016      2015

FINANCIAL PERFORMANCE						
Revenue		6,891	10,555	15,509	11,371	9,237
Profit before tax		2,704	5,093	6,234	4,742	7,384
Profit for the financial year		3,240	2,165	5,567	4,439	7,970
Profit attributable to shareholders		3,240	2,165	5,567	4,439	7,970
Earning per share	sen	1.20	0.80	3.10	2.48	4.44
Return on equity	%	1.12	0.74	1.78	1.41	2.72
Return on assets	%	1.01	0.67	1.70	1.36	2.61
DIVIDENDS						
Dividend payment		6,725	6,725	7,173	7,173	5,380
GEARINGS						
Borrowings		34	63	104	144	70
Finance Costs		45	47	27	43	22
Gearing	times	0.0001	0.0002	0.0003	0.0005	0.0002
Interest Cover	times	60.82	110.22	231.89	111.50	335.52
OTHER FINANCIAL STATISTICS						
Net assets per share	sen	108	109	174	175	164
Paid-up share capital		134,497	134,497	89,665	89,665	89,665
Total equity attributable to shareholders		289,290	292,775	312,644	314,443	293,315
Total assets		320,953	324,772	326,930	327,562	305,675
Total liabilities		31,663	31,997	14,286	13,119	12,360



## INTRODUCTION

The purpose of the Management's Discussion and Analysis (MD&A) is to provide readers with the necessary information to understand the Groups' financial position, the changes in the Group's financial position and the results of the operations for the year ended 31st December 2019. A review of key financial fundamentals and how the Group performed financially is also highlighted.

Gopeng Berhad (GB)'s main business is cultivation of oil palm. Its oil palm plantation, the Kota Bahroe Group Estates, located in Gopeng, Perak, Malaysia, occupies an estimated area of 1,434 hectares, a major portion of which were ex-tin mining land which had been rehabilitated for agriculture.

The challenges being faced by the oil palm industry during the last few years prompted the Group to adopt a policy that any oil palm areas scheduled for replanting will be assessed for suitability for converting the land to grow other crops. Following an investigation, it was found that the mineral soil in the ex-mining land is suitable for the growing of pineapples. Detailed feasibility studies and assessment plans including marketing plans were mapped with the assistance of the Malaysian Pineapple Board. The first 50 acres of the Estates' land were planted with the MD 2 variety beginning March 2019.

## GROUP FINANCIAL HIGHLIGHTS

The financial year 2019 was a very challenging year for the Group as its oil palm operations encountered lower production and lower prices of the FFBs. As a result of these challenges, the Group recorded a 35% drop in revenue, from RM11 million in 2018 to just RM7 million in 2019. The end result was the loss incurred by the plantation sector by RM1 million. However, the loss incurred by the oil palm plantation was mitigated by the RM8.5 million of investment income from the Group's short-term investments.

Profit before tax dropped by 47% from RM5.1 million in 2018 to RM2.7 million in 2019. However, after taking into account the tax credit of RM540,000.00 resulting from adjustments in deferred taxation arising from the origination and reversal of temporary differences, profit for the financial year and profit attributable to shareholders increased by 50% from RM2.2 million in 2018 to RM3.2 million in 2019.

The results of the Group in the financial year ended 31 December 2019 compared to the prior year can be best illustrated in the key financial indicators tabulated below:-

## KEY FINANCIAL INDICATORS

		2019	2018	Change
Revenue	RM million	6,891	10,555	[35 %]
Profit Before Taxation (PBT)	RM million	2,704	5,093	[47 %]
Profit for the financial year	RM million	3,240	2,165	50 %
Profit attributable to shareholders	RM million	3,240	2,165	50 %
Earnings per share	Sen	1.20	0.80	0.40
Return on equity	%	1.12	0.74	0.38
Total returns to shareholders: - Dividend [per RM0.50 share]	sen	2.5	2.5	0.00
Net cash flow [used in] / from operation	RM million	[2,140]	926	[3,369]
Net Gearing	%	0.0002	0.0003	[33%]



## Five-Year Group Financial Highlights

		2019	2018	2017	2016	2015
<b>FINANCIAL PERFORMANCE</b>						
Revenue	RM '000	6,891	10,555	15,509	11,371	9,237
Profit before tax	RM '000	2,704	5,093	6,234	4,742	7,384
Profit for the financial year	RM '000	3,240	2,165	5,567	4,439	7,970
Profit attributable to shareholders	RM '000	3,240	2,165	5,567	4,439	7,970
Earning per share	sen	1.20	0.80	3.10	2.48	4.44
Return on equity	%	1.12	0.73	1.78	1.41	2.72
<b>DIVIDENDS</b>						
Dividend payment	RM '000	6,725	6,725	7,173	7,173	5,380
<b>GEARINGS</b>						
Borrowings	RM '000	34	63	104	144	70
Finance Costs	RM '000	45	47	27	43	22
Gearing	times	0.0001	0.0002	0.0003	0.0005	0.0002
Interest Cover	times	60.82	110.22	231.89	111.50	335.52
<b>OTHER FINANCIAL STATISTICS</b>						
Net assets per share	sen	1.08	1.09	1.74	1.75	1.64
Paid-up share capital	RM '000	134,497	134,497	89,665	89,665	89,665
Total equity attributable to shareholders	RM '000	289,290	292,775	312,644	314,443	293,315
Total assets	RM '000	320,953	324,772	326,930	327,562	305,675
Total liabilities	RM '000	31,663	31,997	14,286	13,119	12,360

With higher net earnings, the Group recorded, a Return on Equity (ROE) of 1.12% for the financial year 2019 based on an average shareholder's equity of RM289 million as compared to 0.73% based on an average shareholder's equity of RM293 million recorded in the 2018 financial year.

Despite all the setbacks in the Malaysian palm oil industry which had badly affected the Groups' profitability, the Group's balance sheet remained strong with high valued assets, low liabilities and low gearing as can be seen from the table.

## RETURNS TO SHAREHOLDERS

The Company has been paying steady dividends to its shareholders every financial year since 2007. The Company does not have a dividend policy at present. The amount of dividends declared each year will take into consideration the Group's profit growth, cash position, cash flow generated from operations, projected capital requirements for business growth and other factors which the Board may deem appropriate.

A final single-tier dividend of 2.5 sen, per share had been proposed in respect of the results for the year ended 31 December 2019, on the share capital of 268,993,452 shares. This final single-tier dividend is subject to shareholders' approval at the 36th Annual General Meeting scheduled to be held on 8 August 2020. Payment of this single tier dividend will cost the Company RM 6,724,837.

The Group continues to manage its capital efficiently and there was a healthy cash and bank balance of RM12,183,133 as at end of 2019.

## PALM OIL PLANTATIONS

The cultivation of oil palm is the core business of the Group and contributes 80% of the Group's revenue for 2019. Its Kota Bahroe Group Estates cover a planted land area of 1,434 hectares comprising 1,144 hectares of mature trees and 290 hectares of immature trees.

A five year statistics of our achievement in palm oil industry is tabulated below which clearly highlighted the drop in production, prices and yields.

### Five-Year Statistics of Kota Bahroe Group Estates

		2019	2018	2017	2016	2015
<b>PRODUCTION</b>						
Tonnage produced	MT	13,505	16,345	25,138	19,404	21,209
Price per MT	RM	409.89	456.14	602.17	573.77	437.96
Proceeds – FFB sales	RM	5,535,613	7,455,476	15,136,962	11,261,230	9,236,800
<b>YIELD</b>						
Mature hectarage	HA	1,144	1,203	1,155	1,155	1,284
Immature hectarage	HA	290	231	279	279	150
Total hectarage	HA	1,434	1,434	1,434	1,434	1,434
YIELD PER HECTARE	MT	11.81	13.59	21.76	16.80	16.52

The average prices of FFB per MT dropped from RM456.14 in 2018 to RM409.89 in 2019. In term of yields, the Group recorded a decrease from 13.59 MT per hectare in 2018 to 11.81 MT per hectare in 2019. These caused a substantial drop in the Profit Before Tax (PBT).

The production of fresh fruit bunches (FFB) in 2019 was also badly affected by the bagworm attack which reduced the quality causing in a drop of production of FFB by 17% from 16,345 MT in 2018 to 13,505 MT in 2019.



The Estate Management had tabulated the bagworm attacks into the following categories:-

Zones	Area of attack	Hectarage affected	Treatment	Cost
Red zone	> 70%	532	a) Trunk injection b) Mechanical spraying c) Fogging treatment	RM301,749
Yellow zone	50% to 60%	425	Mechanical spraying	RM129,321
Green zone	< 10%	408	-	minimal

The Estates Management had worked hard in trying out various ways to best treat and contain the bag worm attacks effectively in an economic and timely manner. More than 70% of the bad worm attacks had been effectively treated and production of FFB is expected to return to normal.

### PINEAPPLE PLANTATION

The Group had been toying with the idea of diversifying into the cultivation of other crops instead of just relying on oil palm plantation. Oil palm posed many problems such as bagworm attacks which resulted in lower production, lower yields and the depressed prices which sometimes affects the Group's feasibility of continuing production of FFB. .Pineapple was identified as a suitable alternative crop for the following reasons :-

- The promising demand for pineapples in the local and export markets due to its health benefits
- The fruit is naturally immune to diseases and viruses, hence it does not require much care.
- Harvesting cycle of 12 to 24 months, depending on the type of seeds used (tops or crowns, suckers or off-springs and slips).
- The wide varieties of pineapples

After careful study and evaluation, The Group commenced the development of MD2 (Millie Dillard-2) pineapple plantation in March 2019. A total size of 200 acres had been earmarked for the development and it is done in 5 phases. As at December 2019, a total of approximately 1.53 million suckers had been planted and the first harvest and production has been targeted to take place in April 2020.

In addition, The Group is also planning to develop own pineapple nursery for the purpose of producing own suckers to be sold in the market as well as for own future use.

## SHORT TERM INVESTMENTS

Income from short-term investments had increased significantly in 2019 from just RM2 million in 2018 to nearly RM8.5 million. However, a number of redemptions were made to finance the Group's pineapple project and also to pay the dividend.

The year-end fair value of the short term investments and the yearly income generated for the past five years are tabulated below :-

### Five-Year Group Short Term Investments

		2019	2018	2017	2016	2015
Closing Balance	RM	85,042,928	96,235,107	93,777,412	102,405,423	109,967,716
Income (Distributions and fair values)	RM	8,427,454	2,021,126	4,507,902	6,137,876	4,448,367
Open ended fund (no maturity date)	RM	64,400,139	67,095,447	57,721,089	25,111,996	53,732,038
Close ended fund (with maturity date)	RM	20,642,789	29,139,660	41,056,323	77,293,427	56,235,678

To maximize income from the short term investments, any excess of funds generated from the plantation and other business activities will be placed in short term investments.

## OUTLOOK AND PROSPECTS

The Group continues to remain focused and prudent in its investment activities and the need to re-look and re-evaluate any plans to expand the plantation sector in view of the prevailing headwinds and tribulations. Management will also continue striving to strengthen and diversify the earnings base by exploring alternative uses of the available land resources to bring in better returns to sustain the operations and profitability of the Group.



**GOPENG BERHAD**

## INTRODUCTION

Gopeng Berhad (GB) is an established company listed on the Main Market of Bursa Malaysia Securities Berhad. GB has quite a remarkable corporate presence in Malaysia that has grown significantly for many years. Its history dated back to the early 19th century as a premier tin mining company operating in the name of Gopeng Consolidated Limited, which was founded on 24 September 1912 with its registered office in London. GB was incorporated in Malaysia on 9 November 1983 to take over the management and ownership of the assets and business operations of Gopeng Consolidated Limited as part of the Malaysianisation programme to meet the objectives of the New Economic Policy.

Over the years, the company progressively expanded and changed its business operation. Currently GB's core business is the cultivation of palm oil and also as an investment holding company. GB has been recognized as an efficient plantation company producing high yields of fresh fruit bunches (FFB) in the industry. However, the global problem of the palm oil industry in 2018 that had badly affected the CPO prices and to sustain operations and profitability prompted the company to venture into the cultivation of other crops instead of just relying on oil palm. 200 acres of oil palm trees which were due for replanting were cleared to cultivate pineapples in stages of 50 acres each.

The Group's oil palm and pineapple operations are operated by its Kota Bahroe Group Estate (KBGE), located in Gopeng, Perak which currently operates on 1,434 hectares of planted areas. KBGE practices a sustainable production of oil palm fresh fruit bunches (FFB) and pineapple based on core values of integrity, transparency and commitment to excellence. We recognize the importance of developing our business in a sustainable and responsible manner and as such, we continue with our culture of hard work, diligence and commitment in our effort towards maintaining sustainable business.

We stay committed to comply with all applicable legislation and code of practice and implements sustainability standard for environment management, high standards of occupational safety, health and welfare of the workforce as well as exercise corporate social responsibility towards the local communities within the Group's operating landscape.

We are proud to present this sustainability report which should be read together with other GB's financial statements including that of its subsidiaries to enable readers to have a comprehensive overview of the Group's performance for the year ended 31 December 2019.

Sustainability is practiced throughout out every business development, planning and operation management in consistence with social, economic and environmental obligations. In line with being sustainable, The Group had set some important areas to be covered by KBGE.

### ▪ **Integrated Pest Management**

Integrated Pest Management (IPM) is a system of managing pests which is designed to be sustainable and this involves using the best combination of cultural, biological and chemical measures for particular circumstances, including plant biotechnology. This provides the most cost effective, environmentally and socially acceptable method of managing diseases, insects, weeds and other pests in agriculture.

### ▪ **Waste to Fertilizer**

Waste can be turned into fertilizers. Molasses has been used as fertilizers in KBGE. Molasses is thick syrup juice, a by-product from the processing of sugar cane plants or sugar beets. It is added to waste materials as one of the most effective carbon sources for microorganism and soil organism to enhance the soil microbial activity with high concentration of sulphur, iron, potash and micronutrients.

Even the waste produced by extracting rare earth metals from the ores during the tin mining days is beneficial in sustaining the plantation activities. This waste contains phosphates which is a component of fertilizers and can therefore provide the agriculture sector an alternative supply of the nutrients essential for plants. The residue which contains iron phosphate can be used as fertilizers or soil conditioner.

## ▪ Land Management and Rehabilitation

Land rehabilitation is the environmental remedial process to restore an area of land back to its natural state after it has been damaged or degraded, making it safe for wildlife and flora. Gopeng Berhad began as a mining settlement town in early 19th century, along with many other mining towns which contributed to Malaya becoming the world's largest tin producers and supplied more than half of the world's tin until mid-1980 when prices dropped and more than 300 tin mines stopped operations. GB has set a good example of successfully rehabilitating its ex-mining sites for agricultural purposes to sustain operations and enables it to continue as a going concern. Rehabilitation did not pose any significant problem because of presence of high grade of iron ore and low volume of waste rock and tailings.

## Risk Management

Being in the plantation industry, the Company is exposed to certain risk factors, which is beyond the Company's control. In this instance, the main risks associated are;

### 1. Weak Commodity Price

The fluctuation of Crude Palm Oil (CPO) prices has been categorized as the main risk in this business, as the factor involves global supply and demand of major edible oils. Prices released by Malaysian Palm Oil Board (MPOB) uses the combination of estimation, average traded price, changes in the derivative exchange, adjustments and other factors as well.

In order to mitigate the effect of the above such risks, the Group undertakes to ;

- defer major expenditure to a more suitable time.
- implement cost cutting measures in all areas within the plantation activities.
- initiate a complimenting diversification into other plantation and/or agricultural sector

### 2. Adverse weather and climatic effect

El Nino is a periodic warming of the ocean surface in the tropical equatorial Pacific Ocean which causes a shift in the atmospheric circulation, resulting in an extreme weather condition with reduced rainfall and increased temperature. Agriculture produce would be badly affected with low production and low yield.

However, the commitment to maintain the plantation has been consistent throughout the year, regardless of the risks associated whereby in this case, the weather factor.

### 3. Pest & Disease attack

Tropical climate with ample sunshine, heat and moisture would naturally mean that weeds thrive and may compete with crops for space, water and nutrients, and shade the crop plants. A large number of annual and perennial weeds and worms infest oil palm plantations.

The attack of bagworm (Lepidoptera) has been prevalent lately. This had resulted in lower FFB quality and lower production and ultimately lowering profits to the Group. The costs incurred to combat the disease were also very significant.

Nonetheless, measures to contain the disease had been undertaken by specifically belting the tree trunks and injecting them with Bacillus Thuringiensis (Bt) products instead of typical chemicals. In addition, fogging system using biological chemical had also been implemented which could stop larvae from feeding upon ingestion.

The implementation of Integrated Pest Management System for the control of Lepidopteran palm defoliators is environmentally friendly and we believe that it is the way forward for sustainable pest management in oil palm plantations.



## SUSTAINABILITY IN PRACTICE

### Governing Bodies

As a palm oil plantation company, Gopeng Berhad is governed by the Malaysian Palm Oil Board (MPOB), a government agency under Malaysian's Ministry of Plantation Industries and Commodities which is presently responsible for the promotion and development of the palm oil industry in Malaysia.

GB is also an active member of Malaysian Palm Oil Association (MPOA), an umbrella body for the private growers of plantation tree crops in Malaysia. The Association has been tasked with an important function of balancing the needs and interests of the various sectors, promoting synergy and development of the plantation industry as a whole. MPOA also serves the interests of other plantation crops such as rubber, cocoa, tea, coconut and bananas, and including non-crop issues relating to land, labour, trade and pricing.

### Drainage System

Significant steps have been taken to protect our local environment by establishing an effective effluent drainage system. With such proper drainage system, it also ensures smooth flow of excess water, particularly during heavy rainfall.

### Waste as Fertilizer

The use of Molasses has significantly contributed to the growth and health of our plantation and we are in the midst of implementing the use in the entire plantation. It was observed that the use of molasses had in fact reduced the risk of plants from being attacked by diseases.

### Occupational Safety & Health (OSH)

Safety at workplace has always been a priority and important aspects in our operations. It is our ultimate goal to build a strong safety-conscious culture. GB has been in compliance to the OSH requirements as per Occupational Safety & Health Act 1994 [Act 514].

### MSPO Certification

GB strongly supports the Malaysian Sustainable Palm Oil (MSPO) standards. We have obtained the certification for our estate. The details are as follows :

Certificate No	:	MSPO-03-005
MPOB License No	:	512991002000
Validity Period	:	8 August 2019 to 7 November 2024

This illustrates our commitment with a collective responsibility to strengthen and sustain the Malaysian palm oil industry.

Certificate No : MSPO-03-005  
MPOB License No : 512991002000

# CERTIFICATE

FOR  
MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

**MR3 CERTIFICATION INTERNATIONAL SDN BHD**

HEREBY CERTIFIES THAT

**GOPENG BERHAD** (109456-X)  
**KOTA BAHROE GROUP ESTATE**  
BATU 5, JALAN KOTA BAHRU,  
31600 GOPENG, PERAK DARUL RIDZUAN  
(GPS COORDINATES: N 4.4305, E 101.1222)

has complied with the  
requirements specified in the

**MS2530-3:2013**  
**GENERAL PRINCIPLES FOR OIL PALM PLANTATIONS**  
**AND ORGANISED SMALLHOLDERS**

under the MSPO Certification Scheme

**SCOPE: CULTIVATION OF OIL PALM FRESH FRUIT**  
**BUNCH IN COMPLIANCE TO MSPO MS2530-3:2013**

**1365.00 HA TOTAL OIL PALM PLANTED AREA**  
**1365.00 HA TOTAL CERTIFIED AREA**

  
AUTHORISED BY  
**Ir. Mohamed Sufian Bin Ab. Rahman**  
Director



**ISSUE 1**  
Certified since 08/11/2019

**VALIDITY PERIOD**  
This certificate is valid from  
08/11/19 to 07/11/24

**MR3**  
Certification International

MR3 Certification International Sdn. Bhd. Level 6 & 7, The Tribeca, No.215, Jalan Imbi, 55100 Kuala Lumpur

## **Social responsibility/Community**

GB believes in having good support and positive relation with surrounding communities within the vicinity of our estate. We also continuously assist orphanages and the less fortunate surrounding our Kota Bahroe Group Estates, in the town of Gopeng, Perak.

Occasionally, we also upgrade and maintain the access road for the villagers and at the same time facilitating transport operators for our own operations.

## **SUSTAINABILITY : AN ONGOING PROCESS**

We are progressing in our sustainability targets and it is important to highlight that our achievements were the results of sustained commitment from all levels of workforce. We are fully committed to our role as a responsible corporate citizen to uphold our fundamental philosophy of sustainability, not only in our current operations, but also in the initiatives we will be taking in the coming years.

GB has identified two major areas that have been an ongoing determining force for the execution of sustainability namely:

- [i] Land Management and Rehabilitation
- [ii] Labour Force

## **LAND MANAGEMENT AND REHABILITATION IN KOTA BAHROE ESTATE**

GB has identified an unproductive area in the Kota Bahroe Estate whereby the area is basically not optimal for plantation.

The rehabilitation process mainly focuses on draining and improving water flow to ensure that water will not be clogged. The process of rehabilitation would normally take about six months. At times, lime dust was applied to neutralise the soil before planting is carried out. In addition for oil palm growth, fertilizer and organic waste such as molasses and EFB composting are incorporated for the solution of organic solutions to land management.

A particular case in point was to build perimeter fencing in order to prevent young trees from being damaged by the intrusion of wild animals. These processes made it feasible to reuse land to support our key business.

## **LAND MANAGEMENT AND REHABILITATION (LMR) AND LOCAL ECONOMIES**

The LMR key policy has carved a pathway to support local economies making it a viable policy for instrumental material benefits.

The land preparation would normally need to be outsourced to the local manpower through the rental of their machinery and labour. The exercise of LMR creates a sustainable network through the participation of the local small/medium enterprise, where work packages covers few categories such as planting, manuring, weeding and other related work. These works are continuously in active mode, lending not only to biodiversity but sustainable diversity in the plantation industry.

## **LABOUR FORCE (LF)**

With a systemic and structural assessment of redundancy causes, GB sought to improve the ratio of manpower to work load for the creation of sustainability and efficiency.

The adoption mechanization concept has taken over the rest of work in the field such as manuring, weeding, pest & diseases control and harvesting. This has improved productivity tremendously. Nevertheless, we do recognize the need of labour especially in the management of machinery, hence reorganization of work is implemented.

## CLOSING STATEMENT

GB continuously seeks ways in which business sustainability can be created across myriad of factors. This is a process that is continuing to evolve and develop as sustainability is embedded in our ethos. The key policies undertaken by GB is a consistent exercise for the creation of sustainability in the achievement of the goals.

We uphold the highest level of sustainability through oversight by our Board of Directors, which is accountable for the Group's sustainability strategy and performance.

# 2019 CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company [the Board] is committed to achieving a high standard of corporate governance throughout the Company and its subsidiaries [the Group] and has always recognized the importance of good governance to enhance corporate performance, accountability, shareholders' value and protection of stakeholders' interests as well as the financial performance of the Group.

## Compliance Statement

The Board is pleased to report that for the financial year ended 31 December 2019, the Group has adhered to the principles, practices and guidelines set out in the Malaysian Code of Corporate Governance [MCCG], except where otherwise stated. The Board will continue to improve its practices with developments by enhancing its principles and framework. Application of each practice for the financial year ended 31 December 2019 is set out in the prescribed Corporate Governance Report published in the Company's website at [www.gopeng.com.my](http://www.gopeng.com.my).

## A. BOARD OF DIRECTORS

### Board Responsibilities

The Board oversees the conduct of the Group's affairs and is accountable to the shareholders for the long term performance and financial soundness of the Group. Apart from its statutory duties and responsibilities, the Board supervises the management of the business and affairs of the Group. The Board reviews and advises on the Group's strategic plans, key operational initiatives, major funding and investment proposals, principal risks of the Group's business and ensures the implementation of appropriate systems to manage these risks, reviews the financial performance of the Group and evaluates the performance and compensation of senior management personnel.

The Board has a Board Charter, which sets out the Board's strategic intent, authority and terms of reference of the Board, Board Committees, individual directors and management and serves as a primary source of reference and induction literature. As the Board Charter is an avenue to communicate the Company's approach to important governance matters, it is made accessible to all stakeholders via the Company's website.

The Board is generally responsible for the approval of the quarterly and yearly announcements, annual report and financial statements, major investments and funding, material acquisitions and disposal of assets.

The Board meets at least four [4] times a year, with additional meetings convened as necessary. The deliberations of the Board in terms of the issues discussed, and the conclusions in discharging its duties and responsibilities are recorded. During the year ended 31 December 2019, five [5] scheduled Board meetings were held. The attendance record of each of the directors is as follows :

Name of Director	Attendance
Dato' Mohd Salleh Bin Hashim	5/5
Dato' Haji Mohamad Tahiruddin Bin Mohd Tahir	5/5
Dato' Chew Chee Kin	4/5
Dato' Robert Lim Git Hooi	5/5
Manohar Hasan Bin Ameer Ali	5/5
Chong Chang Choong	5/5
Ab Ghaus Bin Ismail	5/5

### Board Balance

Dato' Robert Lim Git Hooi is the Senior Independent Director and Chairman of the Audit Committee to whom any concern regarding the Company should be addressed. The Board has seven members, comprising three Independent Directors and four Non-Independent Directors. The three Independent Directors, provide an independent element on the Board capable of exercising independent judgment on corporate affairs of the Group and provide management with diverse and objective perspective to enable balanced and well considered decisions to be made. The Board consists of high caliber members



with a wealth of experience and knowledge in business. They contribute valuable insights and direction drawing from their vast experience in matters relating to accounting, finance, legal, business and general corporate matters. The current Board composition represents a well balanced mix of expertise and experience among the Directors. The Board will look into the need to re-structure for diversity in age and gender. To-date, the Company had not appointed any female director. However, the Nomination Committee and the Board will keep this in mind when considering candidates in filling a vacancy and/or when a suitable female candidate presents herself.

The Board has adopted a policy for the Group, which provides a channel for employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the Chairman and /or any member of the Audit Committee. The policy is to assist the Audit Committee in managing allegations of fraud and other misconduct and also to ensure that the disciplinary and other actions that are initiated following the completion of the investigations are appropriate and fair, and actions taken to correct weakness in the system of internal processes which allowed the perpetration of the fraud and to prevent recurrence.

#### **Non-Independent Executive Chairman**

Dato' Mohd Salleh Bin Hashim

#### **Non-Independent Non-Executive Directors**

Dato' Haji Mohamad Tahiruddin Bin Mohd Tahir

Dato' Chew Chee Kin

Chong Chang Choong

#### **Independent Non-Executive Directors**

Dato' Robert Lim Git Hooi [Senior]

Manohar Hasan Bin Ameer Ali

AB Ghaus Bin Ismail

The personal profiles of the directors are set out in pages 10 and 11

The Board had established a Code of Conduct and Ethics for the Company and together with Management implements its policies and procedures, which include managing conflict of interest, preventing the abuse of power, corruption, insider trading and money laundering. The Code of Conduct and Ethics is published on the Company's website.

Practice 4.2 of MCCG states that the tenure of an independent director does not exceed a cumulative term of 9 years and if the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two tier voting process. Dato' Robert Lim Git Hooi, had served the Board for more than 12 years and the Board intends to retain him as an independent director as the Board is of the view that his length of service does not in any way affect with his exercise of independent judgement and ability to act independently in the best interests of the Company and its shareholders. At the last AGM held on 15 June 2019, shareholders had approved the continuing in office of Dato' Robert Lim Git Hooi as an Independent Director until the conclusion of the forthcoming AGM. Dato' Robert Lim Git Hooi had declared his independence and his desire to continue as an Independent Non-Executive Director of the Company. To this end, a resolution has been proposed for shareholders to decide, through a two tier voting process, whether to retain Dato' Robert Lim Git Hooi as an Independent Non-Executive Director of the Company at the Company's 36th Annual General Meeting scheduled to be held on 8 August 2020. The Board recommends that Dato' Robert Lim Git Hooi be retained as an Independent Director as he ensures effective checks and balances in the Board proceedings, provide objectivity in the decision making through unbiased and independent views, provides constructive opinions through his vast experience in businesses and that he had devoted sufficient time and attention in carrying out his responsibility as an Independent Director.

The Board is aware of Practice 1.3, which provides for the separation in the role of Chairman and Chief Executive Officer [CEO]. Dato' Mohd Salleh Bin Hashim, is both the Chairman and Chief Executive Officer of the Company. As Chairman, he is responsible for instilling good corporate governance, practices, leadership and effectiveness of the Board, supported and counseled by the other Directors on the Board and as Chief Executive Officer, he is responsible for spearheading the business and the day-to-day operations of the Group supported and assisted by members of senior management. The Group believes that a single leadership structure will facilitate the decision making process in relation to business opportunities and operational matters. The Board

had determined that his role as Chairman of the Board does not affect his role as CEO of the Company taking into consideration the size, the nature of operations and accepted practices of the Group and there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance having regard that Dato' Mohd Salleh Bin Hashim is also the largest single shareholder of the Company. The Board had resolved that Dato' Mohd Salleh Bin Hashim is capable and had acted equally well in carrying out his duties as Chairman of the Board and as CEO of the Company. The presence of the independent non-executive directors fulfills a pivotal role in corporate accountability. The role of the independent non-executive directors is particularly important in providing unbiased and independent views, advice and judgment notwithstanding that all the directors have an equal responsibility for the Group's operations.

## Supply of Information

The directors have full and timely access to information with an agenda and Board papers distributed, at least five days before meetings so as to enable the directors to obtain further explanation/clarification, where necessary, in order to be properly briefed before the meeting. The Board papers include, amongst others, the quarterly financial report and a report on the Group's cash and funds position and the minutes of the meetings of the Board Committees.

Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

## Company Secretary

The Board is supported by a professionally qualified and competent Company Secretary. Liew Thong Sin has acted as the Company Secretary since the day the Company was formed. The role and responsibilities of the Company Secretary are:

- ensuring that Board procedures and applicable rules are observed;
- ensuring an effective system of corporate governance is in place;
- maintaining the statutory records and registers of the Company;
- preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded and that the minutes are circulated in a timely manner;
- timely release of Company's information for the shareholders and investing public via Bursa Link;
- ensuring timely and accurate filing of Company's information to SSM in compliance with the provisions of the Companies Act 2016;
- ensuring the Board receives appropriate and timely information for its decision making;
- facilitating the orientation of new Directors and assist in Director's training and development;
- advising the Board on corporate disclosures and compliance with Company and securities regulations and listing requirements;
- managing processes pertaining to the annual shareholder meeting; and
- carrying out other functions as deemed appropriate by the Board from time to time.

The Company Secretary also acts as Secretary for the Board Committees. All directors have access to the advice and services of the Company Secretary in carrying out their duties. The Board believes that the Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board. The Company Secretary keeps himself abreast with the many developments in corporate and securities law, listing rules and corporate governance practices by attending relevant training.

The appointment and removal of the Company Secretary rest with the Board.

## Board Committees

To assist the Board in discharging of its duties, three [3] Board Committees were established. The functions and terms of references of the Board Committees are clearly defined and, where applicable, comply with the recommendations of the Code.



### Appointments to the Board

#### Nominating Committee

The Nomination Committee ensures that there is a structured oversight process in recruiting, retaining, training and developing the best available Executive and Non-Executive Directors and that the Board renewal and succession are managed effectively. The terms of reference of the Nomination Committee are published on the Company's website

The Nomination Committee held two (2) meetings during the financial year, which were attended by all the three Committee members. The Committee consists of three independent non-executive directors as follows ;

Manohar Hasan Bin Ameer Ali [Chairman]	Independent Non-Executive Director
Dato' Robert Lim Git Hooi	Independent Non-Executive Director
Ab Ghaus Bin Ismail	Independent Non-Executive Director

#### Appointment Process

The Committee is authorized to propose new nominees to the Board. The actual decision as to who shall be appointed a director remains the responsibility of the full Board after considering the recommendations of the Committee. In making its recommendations, the Committee should consider the candidates' :-

- ▶ leadership;
- ▶ skills, knowledge, expertise and experience;
- ▶ work ethics;
- ▶ professionalism;
- ▶ gender;
- ▶ age;
- ▶ integrity; and
- ▶ in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

The Nomination Committee, through a process implemented by the Board, assess the effectiveness of the Board as a whole, the Committees of the Board, and the contribution of each individual director, including independent non-executive directors as well as the chief executive officer annually. Annually, the Nomination Committee will review the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are properly documented.

#### Directors' Training

The Board through the Nomination Committee ensures that it recruits to the Board individuals of sufficient calibre, knowledge and experience to fulfil the duties of a director. All the directors had attended and completed the Mandatory Accreditation Programme ["MAP"] conducted by the Research Institute of Investment Analysis Malaysia ["RIIAM"]. The directors had also attended the relevant Continuing Education Programme ["CEP"] in the manner prescribed by the Bursa Malaysia Securities Bhd.



Following the repeal of the CEP requirements with effect from 1 January 2005, the Board has to evaluate and determine the training needs of its directors on a continuous basis. The directors are mindful that they should continuously update their knowledge and skills and to keep abreast with developments in the marketplace as well as the new statutory and regulatory requirements. The seminars and briefings attended by the directors during the year are set out below :

Name of Directors	Seminars/Briefings
Dato' Mohd Salleh Bin Hashim Dato' Haji Mohamad Tahiruddin Bin Mohd Tahir Manohar Hasan Bin Ameer Ali Ab Ghaus Bin Ismail	<ul style="list-style-type: none"> <li>▶ MPERS : Practical Issues and Fair Value Measurements by Malaysian Institute of Accountants</li> </ul>
Dato' Chew Chee Kin	<ul style="list-style-type: none"> <li>▶ Sunway Leaders Conference 2019 Good Health and Well Being, Sustain 3.0</li> </ul>
Chong Chang Choong	<ul style="list-style-type: none"> <li>▶ Session with Sue Lloyd, Vice Chairman - IASB</li> <li>▶ Cosmic Freedom Qiqong Sunway Leadership</li> <li>▶ Investment Malaysia</li> <li>▶ Investor Relation Affin Hwang</li> <li>▶ Asian Innovators Summit 2019</li> <li>▶ Integrated Reporting Sunway University</li> <li>▶ Financial Industry Conference 2019 Bank Negara</li> <li>▶ Citi Malaysia Corporate Day</li> <li>▶ UBS Pme Asean Conference, Bangkok</li> <li>▶ Sunway leaders Conference 2019</li> <li>▶ Khazanah Mega Trend Forum 2019</li> <li>▶ 2020 Budget Talk by BDO</li> </ul>
Dato' Robert Lim Git Hooi	<ul style="list-style-type: none"> <li>▶ Companies Act 2016 – Impact on Listing Requirements.</li> <li>▶ Malaysian Code on Corporate Governance</li> <li>▶ Key Amendments to Listing Requirements arising from Companies Act 2016</li> <li>▶ Introduction to Malaysian Business Reporting System [MBRS]</li> </ul>

## Re-election

The Company's Constitution provides that at least one-third of the Board are subject to retirement by rotation at each Annual General Meeting and the directors to retire in each year are the directors who have been longest in office since their appointment or re-appointment. A retiring director is eligible for re-appointment. The Company's Constitution also provides for all directors to retire at least once in each three years and shall be eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings of each director are furnished.

## Re-election / Retention

The Board recommends that Dato' Robert Lim Git Hooi who had served the Board as an Independent Non-Executive Director for a cumulative period of more than twelve years be retained as an Independent Non-Executive Director and pursuant to the requirements, his retention as an Independent Non-Executive Directors be put to the vote by shareholders through a two tier poll voting at the 36th Annual General Meeting. The Board also recommends that Dato' Mohd Salleh Bin Hashim, Dato' Chew Chee Kin and Encik Manohar Hasan Bin Ameer Ali, all of whom will retire by rotation pursuant to the Rule 77 of the Company's Constitution, and all of whom being eligible have offered themselves for re-appointment at the 36th Annual General Meeting, scheduled to be held on 8 August 2020.



## B. DIRECTORS' REMUNERATION

### Remuneration Committee

The Remuneration Committee implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Board and Senior Management. The Committee's written terms of reference which deal with its authority and duties are disclosed on the Company's website.

The Remuneration Committee held two (2) meetings during the financial year, which were attended by all the three members of the Committee. The Committee consists of three independent non-executive directors as follows :

Manohar Hasan Bin Ameer Ali (Chairman)	Independent Non-Executive Director
Dato' Robert Lim Git Hooi	Independent Non-Executive Director
Ab Ghaus Bin Ismail	Independent Non-Executive Director

The Remuneration Committee develops and administers fair and transparent procedures for setting policy on remuneration of Directors and Senior Management and this is published on the Company's website.

The remuneration package of the executive director has been structured to commensurate with the Company and individual performance. The remuneration of the non-executive directors is a matter for the Board as a whole and it should reflect their experience and level of responsibilities.. The fees payable to the directors will be recommended by the Board for approval by shareholders at each Annual General Meeting.

In compliance with Practice 7.1 of MCCG details of remuneration paid or payable or otherwise made to all directors of the Company who served during the financial year are disclosed below –

Directors	*Fees (RM)	Salaries (RM)	Bonus (RM)	Benefits- in kind (RM)	Other Emoluments (RM)
Dato' Mohd Salleh Bin Hashim	50,000	960,000	160,000	462,682	294,700***
Dato' Haji Mohamad Tahiruddin Bin Mohd Tahir	40,000				2,500**
Dato' Chew Chee Kin	40,000				2,000**
Dato' Robert Lim Git Hooi	82,000 *				7,000**
Manohar Hasan Bin Ameer Ali	76,000 *				7,000**
Chong Chang Choong	40,000				2,500**
Ab Ghaus Bin Ismail	76,000 *				7,000**

\* Include Audit Committee Fees

\*\* Board and Committee Meeting Attendance Fees of RM500.00 per meeting.

\*\*\* Include EPF, Allowances, Meeting Attendance Fees.

Only the Executive Chairman has a Service Agreement with the Company.

Directors of the two wholly owned subsidiaries are not paid any fees or other remuneration.

In compliance with Practice 7.2 of MCCG, the salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.00 of the five Senior Managers are disclosed below.

Range of Remuneration	Salary RM50,000 to RM100,000* RM100,000 to RM150,000**	Bonus Below RM50,000	Benefits-in Kind Below RM50,000	Other Emoluments Below RM50,000
Company had only 5 Senior Managers in 2019	Senior Manager 1**	Senior Manager 1		Senior Manager 1
	Senior Manager 2**	Senior Manager 2		Senior Manager 2
	Senior Manager 3**	Senior Manager 3		Senior Manager 3
	Senior Manager 4**	Senior Manager 4	Senior Manager 4	Senior Manager 4
	Senior Manager 5*	Senior Manager 5	Senior Manager 5	Senior Manager 5

## C. SHAREHOLDERS

The Company believes that shareholders have the right to be sufficiently informed of changes in the Company or its business and to ensure that all shareholders are treated fairly and equitably the Company strives to share pertinent information with the investing community in a timely manner to keep them informed on the latest developments via the Bursa Link . The Board acknowledges the need of shareholders to be informed of all material business matters affecting the Company. By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. In addition to the announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations. The Company has been using the Annual General Meeting usually held in June each year as a means of communicating with shareholders. Shareholders are informed of general meetings through the announcement released via the Bursa Link and notices contained in the annual report or circulars sent to all shareholders. These notices are dispatched to shareholders at least 28 days before the meeting are also advertised in a national newspaper. Such notices will contain the relevant rules and procedures governing the conduct of general meetings. All shareholders are entitled to attend the general meetings and if any shareholder is unable to attend, he/she is allowed to appoint a proxy to attend and vote on his/her behalf at the general meetings through proxy forms sent in advance. Shareholders are strongly encouraged to participate at general meetings, which provide a major platform for shareholders to engage and dialogue with the Company directly. All Directors, key management staff and the Company's external Auditors attend the general meetings and shareholders are encouraged to have open communication with the Directors on their views on matters relating to the Company.

## D. ACCOUNTABILITY AND AUDIT

### Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects.

### Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their operations and cash-flows for the period then ended. In preparing the financial statements, the directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 have been applied.

In preparing the financial statements, the directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

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



### Audit Committee

The Audit Committee's terms of reference, which outlines the Committee's functions and duties and a summary of the Committee's activities are furnished in the Audit Committee report. The Committee reviews issues of accounting policies and presentation for external financial reporting. The Committee will meet with the external auditors without the presence of the executive director at least twice a year. The Committee has full access to the external auditors, who in turn have access at all times to the Chairman of the Audit Committee. The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Group.

### Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is stated on pages 38 to 41.

### Risk Management and State of Internal Control

The directors acknowledge their responsibility of maintaining an effective risk management and a sound system of internal control and the need to review their effectiveness and adequacy regularly to safeguard the Group's assets and shareholders' investments. These systems, by nature, can provide reasonable and not absolute assurance against misstatement, fraud or loss. In view of its size and nature of operations, the present Risk Management Committee comprises Senior Management and the Committee reports to the Audit Committee.

The Statement on Risk Management and Internal Control set out in the Annual Report provides an overview of the Group's approach in maintaining an effective risk management and a sound system of internal control to safeguard shareholders' investment and the Group's assets.

## E. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company continues to play a part in being a good corporate citizen by providing financial assistance to the less fortunate citizens of the country. As part of its CSR initiatives, the Company contributed RM17,440.00 to orphanages, RM5,000.00 to a religious centre, RM2,000.00 to a Rotary Club and RM16,383.00 to immediate family members of staff who passed away.

## F. OTHER INFORMATION

### Material Contracts

There was no material contract other than in the ordinary course of business entered into by the Company or its subsidiaries involving directors' and major shareholders' interests during the financial year.

### Recurrent Related Party Transactions of a Revenue or Trading in Nature

There was no recurrent related party transaction of a revenue or trading in nature for the year ended 31 December 2019.

### Group Audit and Non-audit Fees

Group audit fees for the financial year ended 31 December 2019 amounted to RM67,800.00. Non-audit fees paid to the external auditors and their affiliated companies for the financial year ended 31 December 2019 amounted to RM8,000 being fees in reviewing the Statement on Risk Management and Internal Control and RM18,815.00 being tax agent fees respectively.

*This statement is made in accordance with a resolution of the Board of Directors dated 23 June 2020.*

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

Paragraph 15.26(b) of the Bursa Malaysia Listing Requirements require the Board of Directors (“the Board”) of public listed companies to include in its annual reports a “statement about the state of internal control of the listed issuer as a group”. The Board of Gopeng Berhad (“Gopeng” or “the Group”) is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the year.

## Board Responsibility

The Board acknowledges its ultimate responsibility on the Group’s system of Risk Management and Internal Control (“RMIC”) and for reviewing the adequacy and effectiveness of internal control systems to ensure shareholders’ interests and the Group’s assets are safeguarded. The responsibility on reviewing the adequacy and effectiveness of the internal control system has been delegated to the Audit Committee, which seeks the assurance on the adequacy and effectiveness of the RMIC system through reports from independent reviews conducted by internal audit function and the Management. The Board has received assurances from the Management which comprises the Executive Chairman and the Managers, that the Group’s system if RMIC is operating adequately and effectively in all material aspects. The Board also considers the performance improvement observations from external auditors. The Board acknowledges that the RMIC system can only provide reasonable and not absolute assurance against material misstatement or loss.

## Enterprise Risk Management Framework

Management is responsible for the management of risk on the internal control system in accordance with the Risk Management Policies adopted by the Board to provide reasonable assurance to the Board. The key elements of the enterprise risk management framework:-

- ▶ Risk Management Policy, which outlines guidance to employees on risk management issues; and
- ▶ A database of all risks and controls encompassing a detailed risk register, and individual risk profiles of the Group [excluding associates]. Key risks to each business unit’s objectives were identified and scored for likelihood of the risks occurring and the magnitude of the impact.

During the year, the Risk Management Policy together with its database, were revised and updated, taking into consideration the changes in the business environment of the Group. The Board considers the enterprise risk management framework is robust, but is still subject to continuous improvement on the framework taking into consideration better practices and changes in business environment.

## Other Key Components of Internal Control System

### Internal Audit Function

The Group outsourced its internal audit function to a professional firm to carry out its internal audit function which aims to provide the Board with reasonable assurance regarding the adequacy effectiveness and efficiency of the RMIC system based on the Group’s financial manual.

The internal auditors carried out the following audit exercises during the year:-

- ▶ Internal audit on “Upkeep, Cultivation, Harvesting and Collection of Mature Oil Palms” at Kota Bahroe Group Estate from 11th to 15th March 2019.

The objectives of this audit were to determine the existence, adequacy, effectiveness and efficiency of internal control systems in operation. The financial period covered was from 1st March 2018 to 28th February 2019.

The internal auditor reported that the internal controls were in place and operating satisfactorily with some minor non-compliance findings and some areas for improvement.

- ▶ Follow-up audit on “Upkeep and Cultivation of Immature Oil Palms” at Kota Bahroe Group Estate on 15th March 2019.

The objectives of this audit was to review the Internal Audit Report issued on 22nd March 2018 in regards to the internal control system of the Upkeep and Cultivation of Immature Oil Palms function of Kota Bahroe Group Estate for the financial year ending 31 December 2018.

The internal auditor confirmed that all of the recommendations suggested to the management of the Company have been implemented accordingly.

- ▶ Internal audit on “Control Over Expenditure Cycle” at Gopeng Berhad, KL office from 23rd to 27th September 2019.

The objectives of this internal audit were to determine the existence, adequacy, operating effectiveness and efficiency of the internal control system in operation. The financial period covered was from 1st September 2018 to 31st August 2019.

The internal auditor reported that the internal controls were in place and operating satisfactorily with some areas for improvement.

- ▶ Follow-up audit on “Security Management” at Kota Bahroe Group Estate on 23rd September 2019.

The objectives of this audit was to review the Internal Audit Report issued on 28th August 2018 in regards to the internal control system of the Security Management function of Kota Bahroe Group Estate for the financial year ending 31 December 2018.

The internal auditor confirmed that all of the recommendations suggested to the management of the Company have been implemented accordingly.

The internal auditors gave their recommendations and guidance to the management for any non-compliance and for any areas of improvement. On quarterly basis, internal audit reports are presented and tabled at the Audit Committee meetings. Significant internal audit findings and status updates on outstanding management action plan would be highlighted and brought to the attention of the Group’s audit committee. The management followed through with these recommendations and monitored the status of actions taken. The internal audit function had really assisted significantly to the improvements of the Group’s business operations.

## Other risks and control processes

The other key elements of the Group’s internal control systems are as follows:

- ▶ an organizational structure with defined delegation of responsibilities to committees of the Board;
- ▶ all purchases and payments are approved according to formalised limits of authority. There are defined authorisation levels for management, including limits of authority for all aspects of the business;
- ▶ the Board reviews the operational and financial performance of the Group every quarter; and
- ▶ budgets are prepared annually and variances from the budgets are monitored on monthly basis by Management and discussed during the management meetings.

The Audit Committee reviews the reports from Management before submission to the Board for consideration.

## Conclusion

The Board has received assurance that the Group’s risk management framework and internal control system were operating adequately and effectively, in all material aspects during the financial year under review. There were no material losses incurred and contingencies requiring disclosure in the Group’s annual report during the current financial year as a result of weaknesses in internal control. Nevertheless, the Management will continue taking measures in strengthening the internal control environment.

# REPORT OF THE AUDIT COMMITTEE

The Board of Directors of Gopeng Berhad is pleased to present the report of the Audit Committee of the Board for the year ended 31 December 2019.

The Audit Committee was established in 1994. For the financial year ended 31 December 2019, the Audit Committee, which comprised three Directors, met a total of five [5] times. At the invitation of the Audit Committee, the Executive Chairman and the Senior Managers attended the meetings. The Group's external auditors and internal audit service provider were also present at the relevant juncture during the meetings. The composition of the Audit Committee and the attendance of meetings are listed below.

Name	Status of Directorship	Attendance of Meetings
Dato' Robert Lim Git Hooi [Chairman]	Independent Non-Executive Director	Attended all 5 meetings
Manohar Hasan Bin Ameer Ali	Independent Non-Executive Director	Attended all 5 meetings
Ab Ghaus Bin Ismail	Independent Non-Executive Director	Attended all 5 meetings

Dato' Robert Lim Git Hooi became the Chairman of the Audit Committee on 24 October 2018. Manohar Hasan Bin Ameer Ali was appointed on 24 October 2018 and Ab Ghaus Bin Ismail was appointed on 3 December 2018.

All the members of the Audit Committee are independent non-executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board. The members of the Audit Committee have years of experience in accounting, business and financial management and its Chairman, Dato' Robert Lim Git Hooi is a member of the Malaysian Institute of Accountants. The members of the Audit Committee are appropriately qualified, having the necessary accounting or related financial management experience, to discharge the duties and responsibilities of the Audit Committee.

## Terms of Reference

### Membership

The Committee shall be appointed by the Board from amongst their numbers and shall consists of not less than three [3] members, all of whom shall be independent directors and at least one of whom shall be a member of the Malaysian Institute of Accountants or one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967. The Chairman of the Committee shall be an independent non-executive director. Any vacancy in the Audit Committee must be filled within 3 months. There is a cooling period of at least two [2] years before a former key audit partner of the Company could be appointed a member of the Audit Committee.

### Meetings and Minutes

Meetings shall be held not less than four [4] times a year and the head of finance, and representatives of the external auditors and the internal audit service provider shall normally be invited to attend meetings. Any member of the Committee, the external auditors and the internal audit service provider may request a meeting without any Executive Board member present whenever deem necessary. A quorum shall be two [2] members present. The minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report to the Board as and when deem necessary. The Company Secretary shall be the Secretary to the Committee.

### Authority

The Committee is authorised by the Board :

- i) to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- ii) to have the resources in order to perform its duties as set out in its terms of reference;
- iii) to have full and unrestricted access to information pertaining to the Company and the Group;

- iv) to have direct communication channels with the external auditors and persons carrying out the internal audit function; and
- v) to obtain external legal or other independent professional advice as necessary.

## Responsibility

Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Bhd, the Committee shall promptly report such matter to Bursa Malaysia Securities Bhd. The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of the external auditors and internal audit service provider in order to be kept informed of matters affecting the Company.

## Duties

The duties of the Committee are :

- i) to review the following and report the same to the Board :
  - ▶ with the external auditor, the audit plan;
  - ▶ with the external auditor, his evaluation of the system of internal controls;
  - ▶ with the external auditors, his audit report;
  - ▶ the assistance given by the Company's employees to the external auditor;
  - ▶ any letter of resignation from the external auditors of the Company; and
  - ▶ whether there is any reason [supported by grounds] to believe that the Company's external auditors are not suitable for re-appointment.
- ii) to recommend the nomination of a person or persons as external auditors
- iii) to consider the appointment, resignation and dismissal of the external and internal auditors and the audit fees;
- iv) to review the quarterly and annual financial statements of the Company and the Group before submission to the Board of Directors, focusing particularly on ;
  - ▶ any changes in or implementation of major accounting policy changes;
  - ▶ significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed;
  - ▶ significant adjustments resulting from the audit;
  - ▶ the going concern assumption;
  - ▶ compliance with accounting standards; and
  - ▶ compliance with Bursa Malaysia Securities Bhd's Listing Requirements, the Capital Markets and Services Act, 2007 and other legal requirements.
- v) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss [in the absence of management if necessary];
- vi) to review the external auditor's management letter and management's response thereto;
- vii) to do the following, in relation to the internal audit function, which has been outsourced :-
  - ▶ assessment of outsourcing risks;
  - ▶ scope of internal audit work to be outsourced;
  - ▶ service provider selection process including the independence, qualification, skills and experience, as well as knowledge;
  - ▶ adequacy of resources deployed and remuneration of the outsourced provider;
  - ▶ roles and responsibilities of the outsourced provider;
  - ▶ internal audit framework adopted by the outsourced provider
  - ▶ access to information, records, physical properties, and personnel as well as reporting workflow; and
  - ▶ effectiveness of the internal audit service rendered by the outsourced provider and the continuity of such service.



- viii] to ensure that the internal audit function, which had been outsourced, is involved in the following :
- ▶ review and objective evaluation of the governance, risk and control environment of the Company and entities throughout the Group;
  - ▶ systematic analysis of business processes to identify the associated controls in place;
  - ▶ assessment of how information on fraud and irregularities is reported including providing feedback on adherence to the Company's code of conduct and/or code of ethics;
  - ▶ ad-hoc reviews of other areas where there is a concern that affects financial reporting or a treat on the safeguarding of the Company's assets;
  - ▶ reviews of the compliance framework and specific compliance issues;
  - ▶ follow-up visits to determine the status of management implementation of plans to address observations reported in preceding internal audits visits; and
  - ▶ value added recommendations for more effective and efficient use of Company's resources.
- ix] to consider any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- x] to consider other topics as defined by the Board.

## Activities during the year :

Pursuant to the terms of reference of the Audit Committee, the following activities were carried out by the Committee during the year ended 31 December 2019 in the discharge of its functions and duties :

- i] review of audit plans for the Company and its subsidiaries for the year prepared by the external auditors and the internal audit service provider;
- ii] review of the audit reports for the Company and its subsidiaries prepared by the external auditors and consideration of the major findings by the external auditors and management response thereto;
- iii] review of unaudited quarterly interim reports and year end audited annual reports of the Company and the Group prior to submission to the Board for consideration and approval. The review was to ensure that the quarterly interim reports and the year-end annual report were in compliance with the Listing Requirements of Bursa Malaysia Securities Bhd, the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements;
- iv] review of the internal audit reports for the Company and the Group and approved recommendations to management on improvements in internal control process and procedures;
- v] meeting with the external auditors on 3 April 2019 and on 28 November 2019 in the absence of management. In the first meeting the state of the Group's internal controls during the year- end audit was discussed. In the second meeting the manpower requirements and protection of the Group's assets were discussed.
- vi] review and discuss the amendments to Bursa Malaysia Listing Requirements, the New Companies Act, 2016, SSM's Malaysian Business Reporting System (MBRS) and the Malaysian Financial Reporting Standards (MFRS framework) as the Group and Company will be required to prepare financial statements using the MFRS Framework for the financial year ended 31 December 2019; and
- vii] review of the risk management report, the risks profile and registers of the Group and the soundness and adequacy of the Group's system of internal controls with management;
- viii] reviewing the scope and results of the audit and its effectiveness, and the independence and objectivity of the external auditors. Where the external auditors also supply non-audit services to the Group, the Audit Committee should keep the nature and extent of such services under review, seeking to balance between the maintenance of objectivity and obtaining valuable services.

## Internal Audit Function

The internal audit function includes an annual review and evaluation of the adequacy and effectiveness of the processes by which significant risks are identified, assessed and managed, thereby ensuring that the instituted controls are appropriate and effectively applied and that the risk exposure are in line with the Group's risk management policies. In reviewing the adequacy and effectiveness of the internal audit function, the Audit Committee ensures the co-ordination between the external and internal auditors and Management, the assistance given by Management to the auditors and discussing problems and concerns, if any arising from the audits and any matters which the auditors may wish to discuss in the absence of Management. In the discharge of its duties and responsibilities under the internal audit function of the Group, the Audit Committee was assisted by the services of a consulting firm acting as the internal auditors of the Company. The internal audit function was adequately outsourced to IBDC (Malaysia) Sdn Bhd and Mr Wong Een Joon, a Chartered Accountant and a Chartered Audit Committee Director, was in charge of the internal audit assisted by Kanagaa A/P Balasubramaniam and Tan Han Min, both of whom are Associate Member of Institute of Internal Auditors Malaysia and IBDC had allocated adequate human and other resources in carrying out the internal audit work for the Group in compliance with the International Standards for the Professional Practice of Internal Auditing. The internal audit personnel do not have any relationship or conflict of interest, which could impair their objectivity and independence. During the year the Company's internal auditors carried out two cycles of audit.

### First Cycle

Upkeep and Cultivation of Immature Oil Palms at Kota Bahroe Group Estates [KBGE] The report was presented and discussed at the Audit Committee meeting held on 15 May 2019. The internal auditors were of the view that KBGE generally had in place an internal control system in the upkeep and cultivation of oil palms. There was an area of non-compliance and two recommendations for improvements were made to management.

### Second Cycle

Security Management at Kota Bahroe Group Estates [KBGE]. The report was presented and discussed at the Audit Committee meeting held on 28 November 2019. The internal auditors were of the view that internal controls were in place and satisfactory. However, depreciation computation discrepancies were observed and also the fixed assets register did not assign unique code to all individually identifiable asset. These were subsequently rectified by Management.

### Follow Up Audit

In addition to the above, three Follow-Up Audits were also conducted during the year:

- a) Follow-Up Audit on Human Resources Management and Payroll System : The follow-up report was tabled for discussion at the Audit Committee held on 15 May 2019 and it was reported that out of the five recommendations made, three of them had yet to be implemented and the delay in implementation of the remaining two recommendations was due to shortage of staff. These were subsequently implemented.
- b) Follow-Up Audit on Control over Expenditure at Head Office : This follow-up report was discussed at the Audit Committee Meeting held on 28 November 2019 and it was reported that the two recommendations made were fully implemented.

In addition to the above, the internal auditors also assessed and updated the Risk Profile and Register of the Group. Some areas which required changes to improve the internal control environment were identified and the findings were reported to the Audit Committee which recommended appropriate actions to be taken to address the weaknesses identified. A follow-up system is in place to ensure that all the agreed remedial actions would be effectively implemented.

The total cost incurred in managing the internal audit function in 2019 was RM24,000.00.

*This report is made in accordance with a resolution of the Board of Directors dated 23 June 2020*



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

### PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the business of cultivation of oil palm, investment holding and deriving income therefrom and property development.

The principal activities of the subsidiaries are disclosed in Note 14 to the Financial Statements.

There has been no significant change in the nature of these activities during the financial year.

### FINANCIAL RESULTS

	Group RM	Company RM
<u>Attributable to owners of the parent</u>		
Profit for the year	3,239,989	3,678,436

### DIVIDENDS

The amount of dividends paid since the end of the last financial year are as follows :-

	RM
In respect of the financial year ended 31 December 2018 :-	
Final single tier dividend of 2.5 sen per ordinary share paid on 19 July 2019	6,724,837

The Board of Directors recommends the payment of a final single tier dividend of 2.50 sen in respect of the financial year ended 31 December 2019, subject to shareholders' approval.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## DIRECTORS

Directors who served on the Board of the Company during the financial year and during the period from the end of the financial year to the date of the report are :-

Dato' Mohd Salleh Bin Hashim  
 Dato' Haji Mohamad Tahiruddin Bin Mohd Tahir  
 Dato' Chew Chee Kin  
 Dato' Robert Lim Git Hooi  
 Manohar Hasan Bin Ameer Ali  
 Chong Chang Choong  
 Ab Ghaus Bin Ismail

## DIRECTORS OF SUBSIDIARIES

The following is a list of directors of the subsidiaries [excluding Directors who are also Directors of the Company] in office during the financial year until the date of this Report :-

Syerleena Binti Mohd Salleh [f]

## DIRECTORS' INTERESTS

The Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act 2016, interests in the shares of the Company as follows :-

	NUMBER OF ORDINARY SHARES			
	AT 1.1.2019	ADDITIONS	DISPOSALS	AT 31.12.2019
<b>Direct shareholdings in the Company</b>				
Dato' Mohd Salleh Bin Hashim	55,950,000	-	-	55,950,000
Dato' Haji Mohamad Tahiruddin Bin Mohd Tahir	15,546,549	-	-	15,546,549
Manohar Hasan Bin Ameer Ali	1,000,000	-	-	1,000,000
Ab Ghaus Bin Ismail	739,650	60,000	-	799,650
<b>Indirect shareholdings in the Company</b>				
Dato' Mohd Salleh Bin Hashim	32,700,000	-	-	32,700,000
Dato' Robert Lim Git Hooi	30,000	-	-	30,000
<b>Direct shareholdings in Gopeng Precision &amp; Engineering Sdn. Bhd.</b>				
Dato' Haji Mohamad Tahiruddin Bin Mohd Tahir	1	-	-	1

**DIRECTORS' INTERESTS - (Continued)**

Dato' Mohd Salleh Bin Hashim is deemed to have an indirect interest in the shares in the Company by virtue of his shareholdings in the substantial corporate shareholder of the Company, Juitaneka Sdn Bhd.

By virtue of Dato' Mohd Salleh Bin Hashim's interest in the shares in the Company, he is deemed to be interested in the shares of the subsidiaries during the financial year to the extent of that the Company has an interest.

Dato' Robert Lim Git Hooi is deemed to have an indirect interest in the shares in the Company by virtue of his spouse's shareholdings in the Company pursuant to Section 59(ii)(c) of the Companies Act 2016.

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any interest in shares in the Company or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS**

There was no amount of insurance premium paid or payable for the directors or officers of the Company in respect of their liability for any act or omission in their capacity as directors or officers of the Company or in respect of costs incurred by them in defending or settling any claim or proceedings relating to any such liability for the financial period.

The Group and the Company have agreed to indemnify the Auditors, HLB Ler Lum PLT as permitted under Section 289 of the Companies Act 2016 in Malaysia.

**DIRECTORS' REMUNERATION**

Details of Directors' remuneration are set out in Note 8 to the Financial Statements.

**SUBSIDIARIES**

Details of subsidiaries are set out in Note 14 to the Financial Statements. None of the auditors' report on the accounts of subsidiaries is qualified.

None of the subsidiaries held shares in the holding company and other related corporations.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No option was granted to any person to take up unissued shares of the Company during the financial year.

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:-

- (a) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business 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 :-

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

## OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that :-

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

In their opinion,

- (a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

**AUDITORS' REMUNERATION**

Details of auditors' remuneration are set out in Note 7 to the Financial Statements.

**AUDITORS**

The auditors, HLB Ler Lum PLT, Chartered Accountants, have expressed their willingness to continue in office.

HLB Ler Lum PLT [LLP0021174-LCA & AF 0276] was registered on 9 August 2019 and with effect from the date, HLB Ler Lum [AF 0276], a conventional partnership was converted to a limited liability partnership.

**Dato' Mohd Salleh Bin Hashim**

**Dato' Robert Lim Git Hooi**

Dated : 23 June 2020  
Kuala Lumpur



# STATEMENT BY DIRECTORS

We, DATO' MOHD SALLEH BIN HASHIM and DATO' ROBERT LIM GIT HOOI, being two of the Directors of GOPENG BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian 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 year then ended.

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

**Dato' Mohd Salleh Bin Hashim**

**Dato' Robert Lim Git Hooi**

Dated : 23 June 2020  
Kuala Lumpur

## STATUTORY DECLARATION

I, MOHAMAD SHUKRI BIN ISHAK, being the Officer primarily responsible for the financial management of GOPENG BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements 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.

**Mohamad Shukri Bin Ishak (MIA 23190)**

Subscribed and solemnly declared by the abovenamed MOHAMAD SHUKRI BIN ISHAK at Kuala Lumpur on 23 June 2020

Before me :

Commissioner for Oaths

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of Gopeng 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 109.

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

### BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for 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 Malaysia Institute of Accountants' Code of Ethics for Professional Accountants ["IESBA Code"], and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA code.

### KEY AUDIT MATTERS

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

### REVENUE RECOGNITION

We refer to Note 6 to the Financial Statements.

Based on the nature of business operations of the Group and the Company, we identified revenue recognition in respect of fresh fruit bunches to be an area of audit focus as we consider the high volume of transactions to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

### OUR RESPONSE:

Our procedures for revenue recognition included:

- tested the internal control over timing and revenue recognised upon satisfaction of performance obligation;
- inspected the terms of significant sales contracts to determine the point in time when control of the goods has transferred to the customer;
- inspected documents which evidenced the delivery of goods to customers;
- performed recalculation on revenue by verifying the accuracy of total fresh fruit bunch harvested and market price of fresh fruit bunch prices released by Malaysian Palm Oil Board; and
- focused on testing the recording of sales transactions close to the year end, including any credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

# INDEPENDENT AUDITORS' REPORT

## to The Members Of Gopeng Berhad - (CON'T)

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- ▶ Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

# INDEPENDENT AUDITORS' REPORT

to The Members Of Gopeng Berhad - (CON'T)

## **OTHER MATTERS**

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.

### **HLB LER LUM PLT**

LLP0021174-LCA & AF 0276

Chartered Accountants

### **DATO' LER CHENG CHYE**

00871/03/2021

Chartered Accountant

Dated : 23 June 2020

Kuala Lumpur

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for The Financial Year ended 31 December 2019

	Note	GROUP		COMPANY	
		2019	2018	2019	2018
		RM	RM [Restated]	RM	RM [Restated]
Revenue	6	6,890,613	10,555,476	6,890,613	10,555,476
Cost of sales		[6,940,801]	[8,085,059]	[6,940,801]	[8,085,059]
Gross [loss]/profit		[50,188]	2,470,417	[50,188]	2,470,417
Other income		9,517,581	10,066,698	10,050,710	11,803,452
Administrative expenses		[4,836,696]	[5,016,637]	[4,934,901]	[5,062,122]
Other expenses		[1,931,608]	[2,460,764]	[1,931,608]	[2,460,764]
		2,699,089	5,059,714	3,134,013	6,750,983
Interest income		49,619	79,977	49,619	65,300
Finance costs		[45,196]	[46,630]	[45,196]	[46,630]
Profit before tax	7	2,703,512	5,093,061	3,138,436	6,769,653
Tax credit / [expense]	9	536,477	[2,927,711]	540,000	[2,924,030]
<b>Profit for the financial year</b>		<b>3,239,989</b>	<b>2,165,350</b>	<b>3,678,436</b>	<b>3,845,623</b>
Profit attributable to: -					
Owners		3,239,989	2,165,350	3,678,436	3,845,623
Earnings per share attributable to owners					
Basic earnings per ordinary share [sen]	10	1.20	0.80		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for The Financial Year ended 31 December 2019 - (CON'T)

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Profit for the financial year	3,239,989	2,165,350	3,678,436	3,845,623
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	<u>3,239,989</u>	<u>2,165,350</u>	<u>3,678,436</u>	<u>3,845,623</u>
Total comprehensive income attributable to : -				
Owner of the parent	<u>3,239,989</u>	<u>2,165,350</u>	<u>3,678,436</u>	<u>3,845,623</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

GROUP	Note	2019	2018
		RM	RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	209,935,424	204,539,261
Investment properties	12	7,960,000	6,960,000
Land and deferred development expenditure	13	2,371,006	2,872,096
Available-for-sale investments	15	186,000	186,000
		220,452,430	214,557,357
<b>CURRENT ASSETS</b>			
Inventories	16	338,673	68,001
Biological assets	17	131,791	175,662
Properties under development	18	-	29,075
Trade and other receivables	19	2,653,334	1,172,630
Tax recoverable		150,639	347,226
Short term investments	20	85,042,928	96,235,107
Deposits, cash and bank balances	21	12,183,133	12,187,077
		100,500,498	110,214,778
<b>TOTAL ASSETS</b>		<b>320,952,928</b>	<b>324,772,135</b>
<b>EQUITY</b>			
Share capital	22	134,496,725	134,496,725
Reserves		154,793,434	158,278,282
<b>TOTAL EQUITY</b>		<b>289,290,159</b>	<b>292,775,007</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	23	-	23,512
Provision for retirement benefits	24	249,883	248,100
Deferred tax liabilities	25	28,885,000	29,425,000
		29,134,883	29,696,612
<b>CURRENT LIABILITIES</b>			
Trade and other payables	26	2,492,627	2,260,505
Current tax payable		1,750	-
Borrowings	23	33,509	40,011
		2,527,886	2,300,516
<b>TOTAL LIABILITIES</b>		31,662,769	31,997,128
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>320,952,928</b>	<b>324,772,135</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

COMPANY	Note	2019	2018
		RM	RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	209,935,424	204,539,261
Investment properties	12	7,960,000	6,960,000
Available-for-sale investments	15	186,000	186,000
		<u>218,081,424</u>	<u>211,685,261</u>
<b>CURRENT ASSETS</b>			
Inventories	16	338,673	68,001
Biological assets	17	131,791	175,662
Properties under development	18	-	29,075
Trade and other receivables	19	2,567,067	1,144,648
Tax recoverable		150,639	348,976
Short term investments	20	85,042,928	96,235,107
Deposits, cash and bank balances	21	12,042,660	12,048,463
		<u>100,273,758</u>	<u>110,049,932</u>
<b>TOTAL ASSETS</b>		<b><u>318,355,182</u></b>	<b><u>321,735,193</u></b>
<b>EQUITY</b>			
Share capital	22	134,496,725	134,496,725
Reserves		152,170,399	155,216,800
<b>TOTAL EQUITY</b>		<u>286,667,124</u>	<u>289,713,525</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	23	-	23,512
Provision for retirement benefits	24	249,883	248,100
Deferred tax liabilities	25	28,885,000	29,425,000
		<u>29,134,883</u>	<u>29,696,612</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	26	2,519,666	2,281,544
Amount due to a subsidiary	14	-	3,501
Borrowings	23	33,509	40,011
		<u>2,553,175</u>	<u>2,325,056</u>
<b>TOTAL LIABILITIES</b>		<u>31,688,058</u>	<u>32,021,668</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>318,355,182</u></b>	<b><u>321,735,193</u></b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

for the Financial Year ended 31 December 2019

GROUP	Share capital	Share premium	Retained profits	Total reserve	Total equity
	RM	RM	RM	RM	RM
<b>Balance at 1 January 2019</b>	<b>134,496,725</b>	-	<b>158,278,282</b>	<b>158,278,282</b>	292,775,007
Total comprehensive income for the financial year	-	-	3,239,989	3,239,989	3,239,989
Final single tier dividend - 2018	-	-	[6,724,837]	[6,724,837]	[6,724,837]
<b>Balance at 31 December 2019</b>	<b>134,496,725</b>	-	<b>154,793,434</b>	<b>154,793,434</b>	<b>289,290,159</b>
<b>Balance at 1 January 2018</b>	<b>89,664,491</b>	<b>42,349,828</b>	<b>165,768,497</b>	<b>208,118,325</b>	<b>297,782,816</b>
Total comprehensive income for the financial year	-	-	2,165,350	2,165,350	2,165,350
Final single tier dividend - 2017	-	-	[7,173,159]	[7,173,159]	[7,173,159]
Bonus Issue	44,832,234	[42,349,828]	[2,482,406]	[44,832,234]	-
<b>Balance at 31 December 2018</b>	<b>134,496,725</b>	-	<b>158,278,282</b>	<b>158,278,282</b>	<b>292,775,007</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

for the Financial Year ended 31 December 2019

COMPANY	Share capital	Share premium	Retained profits	Total reserve	Total equity
	RM	RM	RM	RM	RM
<b>Balance at 1 January 2019</b>	<b>134,496,725</b>	-	<b>155,216,800</b>	<b>155,216,800</b>	<b>289,713,525</b>
Total comprehensive income for the financial year	-	-	3,678,436	3,678,436	3,678,436
Final single tier dividend - 2018	-	-	[6,724,837]	[6,724,837]	[6,724,837]
<b>Balance at 31 December 2019</b>	<b>134,496,725</b>	-	<b>152,170,399</b>	<b>152,170,399</b>	<b>286,667,124</b>
<b>Balance at 1 January 2018</b>	<b>89,664,491</b>	<b>42,349,828</b>	<b>161,026,742</b>	<b>203,376,570</b>	<b>293,041,061</b>
Total comprehensive income for the financial year	-	-	3,845,623	3,845,623	3,845,623
Final single tier dividend - 2017	-	-	[7,173,159]	[7,173,159]	[7,173,159]
Bonus Issue	44,832,234	[42,349,828]	[2,482,406]	[44,832,234]	-
<b>Balance at 31 December 2018</b>	<b>134,496,725</b>	-	<b>155,216,800</b>	<b>155,216,800</b>	<b>289,713,525</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF OF CASH FLOWS

for the Financial Year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	2,703,512	5,093,061	3,138,436	6,769,653
Adjustments for: -				
Amortisation/Depreciation	3,182,460	3,134,644	3,182,460	3,134,644
Bad debt written off	2,481	-	-	-
Fair value loss/(gain) on biological assets	43,871	[12,662]	43,871	[12,662]
Fair value gain on investment properties	[1,000,000]	-	[1,000,000]	-
Fair value gain on short term investments	[8,427,454]	[2,021,126]	[8,427,454]	[2,021,126]
Gain on disposal of property, plant and equipment	-	[6,945,941]	-	[6,945,941]
Gain on disposal of associate	-	[800,000]	-	[800,000]
Impairment loss on subsidiaries	-	-	-	53,888
Interest expenses	45,196	46,630	45,196	46,630
Interest income	[49,619]	[79,977]	[49,619]	[65,300]
Provision for retirement benefits (net)	1,784	67,747	1,784	67,747
Property, plant and equipment written off	-	434,200	-	434,200
Reversal of amount owing to subsidiary	-	-	[3,501]	-
Reversal of provision of doubtful debt	-	-	[395,247]	[1,968,552]
Waiver of debt	-	[231,800]	-	-
	[6,201,281]	[6,408,285]	[6,602,510]	[8,076,472]
<b>Operating profit/(loss) before changes in working capital</b>	[3,497,769]	[1,315,224]	[3,464,074]	[1,306,819]
Change in inventories	[270,672]	1,463,160	[270,672]	1,497,461
Change in properties under development	530,165	-	29,075	-
Change in trade and other receivables	[1,486,686]	441,194	[1,422,419]	441,194
Change in trade and other payables	235,623	380,811	238,123	388,325
	[991,570]	2,285,165	[1,425,893]	2,326,980
<b>Cash generated from/(absorbed by) operations</b>	[4,489,339]	969,941	[4,889,967]	1,020,161

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF OF CASH FLOWS

for the Financial Year ended 31 December 2019 - (CON'T)

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Cash flows from operating activities - (Continued)</b>				
<b>Cash generated from / (absorbed by) operations</b>	[4,489,339]	969,941	[4,889,967]	1,020,161
Income tax paid	[140,185]	[160,768]	[136,663]	[157,087]
Income tax refunded	335,000	210,000	335,000	210,000
Real property gain tax paid	-	[93,000]	-	[93,000]
	194,815	[43,768]	198,337	[40,087]
Net cash [used in] / from operating activities	[4,294,524]	926,173	[4,691,630]	980,074
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	[8,578,623]	[4,809,094]	[8,578,623]	[4,809,094]
Repayment from / (Advance to) subsidiaries	-	-	395,247	646,112
Proceeds from disposal of property, plant and equipment	-	10,760,300	-	10,760,300
Proceeds from disposal of associate	-	800,000	-	800,000
Placement of short term investments	[10,000,000]	[46,997,269]	[10,000,000]	[46,997,269]
Redemption/withdrawal of short term investment	29,619,632	46,560,701	29,619,632	46,560,701
Repo and fixed deposits interest received	49,619	79,977	49,619	65,300
<b>Net cash from investing activities</b>	11,090,628	6,394,615	11,485,875	7,026,050

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF OF CASH FLOWS

for the Financial Year ended 31 December 2019 - (CON'T)

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Cash flows from financing activities</b>				
Dividend paid	[6,724,837]	[7,173,159]	[6,724,837]	[7,173,159]
Hire purchase interests	[3,925]	[5,180]	[3,925]	[5,180]
Interest on short term borrowings	[41,271]	[41,450]	[41,271]	[41,450]
Repayment of hire purchase liabilities	[30,015]	[40,012]	[30,015]	[40,012]
Net cash used in financing activities	[6,800,048]	[7,259,801]	[6,800,048]	[7,259,801]
Net changes in cash and cash equivalents	[3,944]	60,987	[5,803]	746,323
Cash and cash equivalents brought forward	12,187,077	12,126,090	12,048,463	11,302,140
Cash and cash equivalents carried forward (Note 21)	12,183,133	12,187,077	12,042,660	12,048,463
<b>NOTE TO THE STATEMENTS OF CASH FLOWS</b>				
Analysis of acquisition of property, plant and equipment :-				
Cash	8,578,623	4,809,094	8,578,623	4,809,094
Finance lease arrangement	-	-	-	-
	8,578,623	4,809,094	8,578,623	4,809,094

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## 1. GENERAL INFORMATION

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

### Principal place of business

A-17-15, 17th Floor  
Menara UOA Bangsar  
5 Jalan Bangsar Utama 1  
59000 Kuala Lumpur

### Registered office

6A Jalan Sultan Iskandar  
30000 Ipoh  
Perak Darul Ridzuan

The principal activities of the Company consist of the business of cultivation of oil palm, investment holding and deriving income therefrom and property development.

The principal activities of the subsidiaries are disclosed in Note 14 to the Financial Statements.

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ["MFRS"], International Financial Reporting Standards ["IFRS"] and the requirements of the Companies Act 2016.

The financial statements of the Group and of the Company have been prepared under historical cost convention [unless stated otherwise in the significant accounting policies below].

The preparation of financial statements in conformity with the MFRS and the Companies Act 2016 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. It also requires the Directors to exercise their judgements in the process of applying the Group's accounting policies. Although these estimates and judgements are based on Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

### 3. ACCOUNTING STANDARDS AND INTERPRETATIONS

#### 3.1 Adoption of new and revised MFRSs

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year, except as follows:

MFRS 16	Leases
IC Interpretation 23	Uncertainly over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interest in Associates and Joint Ventures
Annual improvement to MFRS Standards 2015-2017 Cycle	

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group and of the Company.

#### 3.2 Standards, Amendments to MFRSs and IC Interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards if applicable, when they become effective.

##### For the financial year beginning 1 January 2020

- Amendments to MFRS 3 Business Combinations
- Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

##### For the financial year beginning 1 January 2021:

- MFRS 17 Insurance Contracts

##### Deferred:

- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of these amendments to MFRSs and IC Int does not have any significant financial impact to the Group and the Company.



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities [including structured entities] over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the financial statements of subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date when control ceases. The consideration is measured as the fair value of the assets given, equity instruments issued and liabilities incurred. Contingent consideration is recorded at fair value as a component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair value, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill [see accounting policy Note 4.5 on goodwill]. Any gain from bargain purchase is recognised directly in the profit or loss.

All inter-company transactions and balances are eliminated on consolidation. Unrealised losses on transactions with and between Group companies are eliminated on consolidation to the extent of the cost of the asset that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in the profit or loss.

When control ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the Group's share of its net assets as of that date. The difference together with the carrying amount of allocated goodwill and the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the profit or loss as gain or loss on disposal of the subsidiary.

Non-controlling interests are presented on the Statements of Financial Position and changes in equity separate from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented in the Statements of Profit or Loss and Other Comprehensive Income as an allocation of the total profit or loss and total comprehensive income for the financial year between owners of non-controlling interests and the Company.

Transactions with owners of non-controlling interests without a change in control are treated as transactions with equity owners of the Group. For purchases of additional interests from owners of non-controlling interests, the difference between the consideration paid and the non-controlling interests acquired is recorded in equity.

Similarly, in the case of partial disposal of interests to owners of non-controlling interests, the difference between the consideration received and the amount by which the non-controlling interest is adjusted is recognised in equity.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 4.2 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Cost includes expenditures that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

All costs directly related to bearer plants are capitalised until such time as the bearer plant reach maturity, at which point all further costs are expensed and depreciation commences. Such costs include seedling and planting costs, other upkeep costs, and an allocation of overhead costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Freehold land is not depreciated as it has an infinite life. 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. Depreciation on assets under construction commences and when the bearer plants mature when the assets are ready for their intended use. Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives.

The principal annual rates of depreciation used are as follows :-

Leasehold land	30 – 99 years
Other properties	2% – 15%
Bearer plant – oil palm	20 years or the lease term if shorter
Plant and equipment	10% – 20%
Earthmoving equipment	20%
Motor vehicles	20%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

At the end of each reporting period, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount [see accounting policy Note 4.10 on non-financial asset impairment].

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

##### 4.3 Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation which are not substantially occupied for use by the Group.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

On disposal of an investment property or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss in the period of retirement or disposal.

##### 4.4 Investments

Investments in subsidiaries are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount [see accounting policy Note 4.10 on non-financial asset impairment].

##### 4.5 Goodwill

Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill on acquisition of subsidiaries is recognised as an intangible asset. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing [see accounting policy Note 4.10 on non-financial asset impairment]. When control of a subsidiary ceases, the gains and losses on disposal includes the carrying amount of allocated goodwill.

##### 4.6 Inventories

###### a) Land and deferred development expenditure

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current assets is carried at the lower of cost and net realisable value.

Land and deferred development expenditure consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 3 years. Such land is classified as non-current assets and is stated at cost less accumulated impairment losses.

Land and deferred development expenditure are reclassified as property development expenditure at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 4.6 Inventories - [Continued]

#### b) Finished goods, raw materials and consumable stores

Inventories are measured at the lower of cost and net realisable value. Cost includes all direct expenses and attributable overheads incurred in the production. Cost is determined on weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

#### c) Completed development units

Units of development properties acquired or completed for sale of ordinary course of business, rather than to be held for the Company own use, rental or capital appreciation. Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes cost of land, construction cost, planning and design cost, costs of site preparation, professional fees for legal services, property transfer taxes and other related costs.

Net realisable value is the estimated selling price in the ordinary course of business, less cost to completion and selling expenses.

### 4.7 Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are classified as current assets for bearer plants that are expected to be harvested and sold or used for production on a date not more than 4 weeks after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

### 4.8 Financial instruments

#### i) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the Statement of Financial Position when and only when, an entity in the Group and the Company becomes a party to the contractual provision of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group and the Company assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group and the Company becomes a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group and the Company do not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities are measured at fair value at fair value through profit or loss. For instruments measured at fair value through profit or loss, transactions costs are expensed to profit or loss when incurred.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

#### 4.8 Financial instruments - (Continued)

##### ii) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial assets, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial assets expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or not continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as a substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

##### iii) Financial assets

For the purpose of subsequent measurement, the Group and the Company classify financial assets into three measurement categories, namely:

- (i) financial assets at amortised cost;
- (ii) financial assets at fair value through other comprehensive income; and
- (iii) financial assets at fair value through profit or loss.

The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follow:

##### (i) Financial asset at amortised cost ["AC"]

A financial asset is measured at amortised cost if:

- (a) It is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

##### (ii) Financial asset at fair value through other comprehensive income ["FVOCI"]

A financial asset is measured at FVOCI if

- (a) It is held within the Group's and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and
- (b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 4.8 Financial instruments - (Continued)

- (iii) Financial asset at fair value through profit or loss ("FVPL")

A financial asset is measured at FVPL if it is an equity instruments, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

- (iv) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

- (i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.
- (ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.
- (iii) Financial guarantee contracts issued, and commitments to provided loans at a below-market interest rate given, by the Group and the Company are measured at the higher of; [a] the amount of impairment loss determined and [b] the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 Revenue from Contracts with Customers.

- (v) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 28 to the financial statements.

- (vi) Impairment of financial assets

The Group and the Company apply the expected credit loss model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12 month expected credit loss is recognised in profit or loss on the date of origination or purchase of the financial assets.

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

##### 4.8 Financial instruments - (Continued)

###### (vi) Impairment of financial assets - (Continued)

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

##### 4.9 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets are re-measured in accordance with the Group's and the Company's accounting policies. Depreciation ceases when an asset is classified as non-current assets held for sale. Non-current assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

##### 4.10 Non-financial asset Impairment

The carrying amounts of assets, other than inventories, investment properties and biological assets 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 to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

An impairment loss is charged to the profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

##### 4.11 Cash and cash equivalents

For the purpose of the Statements of Cash Flows, cash and cash equivalents comprise cash in hand, bank balances, other short term, highly liquid investments with original maturities of three months or less, net of pledged deposits, which have an insignificant risk of changes in value.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 4.12 Share capital

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends to shareholders are recognised in equity in the period in which they are declared.

### 4.13 Borrowing costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

### 4.14 Employee benefits

#### [a] Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

#### [b] Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity [a fund] and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ["EPF"]. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

#### [c] Retirement benefits

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefit basis. Full provision has been made for retirement benefits payable to all eligible employees based on the last drawn salaries at the year end and the length of service rendered. The present value of the defined benefit obligations as required by MFRS 119 Employee Benefits has not been used in arriving at the provision, as the amount involved is insignificant to the Group and the Company. Accordingly, no further disclosure as required by the standard is made.



### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

#### 4.15 Revenue recognition

Revenue from contracts with customer is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, return, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

##### [a] Property development

Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

##### [b] Sale of agricultural produce

Revenue from sales of agricultural produce are recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract of the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer.\)

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, 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.

##### [c] Dividend income

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

##### [d] Rental income

Rental income is recognised on accrual basis.

##### [e] Interest income

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 4.16 Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unabsorbed tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and the Group and the Company intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

### 4.17 Functional and presentation currency

The financial statements of the Group and of the Company are prepared using the functional currency i.e. the currency of the primary economic environment in which the Group and the Company operate.

The financial statements are presented in Ringgit Malaysia ["RM"], which is also the Group's and Company's functional and presentation currency.

### 4.18 Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. These are affected predominantly by differences in the products and services provided. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Inter-segment pricing is based on similar terms as those available to other external parties.

### 4.19 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event[s] not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the Statements of Financial Position of the Group and of the Company.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

#### 4.20 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

##### Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets [except for those which meets the definition of an investment property] are presented within "Property, plant and equipment".

##### Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### 4.20 Leases - (Continued)

#### Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

#### Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's result and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are outlined below.

### 5.1 Bearer plant

Bearer plant comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful economic lives of the crop. Management estimated the useful economic lives of the Group's and the Company's oil palm to be 20 years.

### 5.2 Biological assets

The biological assets of the Group and the Company comprise of fresh fruit bunch ["FFB"]. The valuation model to be adopted by the Group and the Company considers the present value of the net cash flows expected to be generated from the sale of FFB.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for the valuation purpose. The value of the unripe FFB was estimated based on actual oil extraction rate and kernel extraction rate of the unripe FFB from tests. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

## 6. REVENUE

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Revenue from contract customers consist of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	5,535,613	7,455,476	5,535,613	7,455,476
Sales of property	1,355,000	3,100,000	1,355,000	3,100,000
	<u>6,890,613</u>	<u>10,555,476</u>	<u>6,890,613</u>	<u>10,555,476</u>

## 7. OPERATING PROFIT

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Operating profit is arrived at after charging :-</b>				
Amortisation/Depreciation	3,182,460	3,134,644	3,182,460	3,134,644
Auditors' remuneration:				
- audit fees				
- current financial year	67,800	67,800	60,000	60,000
- non-audit fees				
- current financial year	8,000	11,000	8,000	11,000
Bad debt written off	2,481	-	-	-
Expenses related to leases:				
- of short-term lease	295,614	295,614	295,614	295,614
- low value asset	3,880	4,289	3,880	4,289
Fair value loss on biological assets	43,871	-	43,871	-
Impairment loss on receivables	-	-	-	53,888
Interest expenses on				
- finance lease liabilities	3,925	5,180	3,925	5,180
- short-term borrowing	41,271	41,450	41,271	41,450
Property, plant and equipment written off	-	434,200	-	434,200
Personnel expenses (excluding key management personnel)				
- contributions to EPF	222,172	222,786	222,172	222,786
- provision on retirement benefits	1,784	67,747	1,784	67,747
- wages, salaries and others	2,219,404	2,259,208	2,219,404	2,259,208
<b>and after crediting (other than those disclosed in Note 6):-</b>				
Fair value gain on short term investments	8,427,454	2,021,126	8,427,454	2,021,126
Fair value gain on biological assets	-	12,662	-	12,662
Fair value gain on investment property	1,000,000	-	1,000,000	-
Gain on disposal of property, plant and equipment	-	6,945,941	-	6,945,941
Gain on disposal of associate	-	800,000	-	800,000
Interest income				
- deposits with licensed financial institutions	49,619	79,977	49,619	65,300
Reversal of amount owing to subsidiary	-	-	3,501	-
Reversal of provision of doubtful debt	-	-	395,247	1,968,552
Rental income	50,800	42,850	50,800	42,850
Waiver of debt	-	231,800	-	-

### 8. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows :-

	GROUP / COMPANY	
	2019	2018
	RM	RM
Executive Directors		
- fees	52,500	52,500
- remuneration	1,412,200	1,412,200
- other short term benefits (including estimated monetary value of benefits-in-kind)	462,683	396,570
Non-executive Directors		
- fees	354,000	416,000
Total short-term Directors' remuneration	<u>2,281,383</u>	<u>2,277,270</u>
Other key management personnel :-		
- short-term employee benefits	886,220	936,500
	<u>3,167,603</u>	<u>3,213,770</u>

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

## 9. TAX (CREDIT) / EXPENSE

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Current taxation</b>				
Malaysian income tax				
- current financial year	-	2,000	-	-
- under/(over) provision in prior year	3,523	1,681	-	-
	3,523	3,681	-	-
Real property gains tax				
- current financial year	-	581,030	-	581,030
- under/(over) provision in prior financial year	-	-	-	-
	-	581,030	-	581,030
	3,523	584,711	-	581,030
<b>Deferred taxation</b>				
Origination and reversal of temporary differences	[540,000]	2,343,000	[540,000]	2,343,000
	[536,477]	2,927,711	[540,000]	2,924,030

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Profit before tax	2,703,512	5,093,061	3,138,435	6,769,653
Tax at Malaysian tax rate of 24% (2018: 24%)	648,843	1,222,335	753,224	1,624,717
Non-deductible expenses	1,098,690	3,860,749	1,122,260	3,873,187
Income not subject to tax	[2,287,533]	[2,738,084]	[2,415,484]	[3,154,904]
Under/(Over) provision for income tax in prior year	3,523	1,681	-	-
Real property gains tax	-	581,030	-	581,030
Tax (credit)/expense	[536,477]	2,927,711	[540,000]	2,924,030



### 10. EARNINGS PER SHARE

#### Basic earnings per ordinary share

The basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2019	2018
	RM	RM
Profit attributable to owners of the parent [RM]	3,239,989	2,165,350
Number of shares in issue at beginning of the year	268,993,452	179,328,982
Effect of bonus issue	-	89,604,470
Weighted average number of shares in issue for basic EPS	268,993,452	268,993,452
Basic earnings per share [sen]	1.20	0.80

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Bearer plant	Total
	RM	RM	RM	RM	RM	RM	RM
Deemed cost							
At 1 January 2018	98,780,000	82,199,976	2,459,656	1,585,882	1,868,956	33,001,857	219,896,327
Additions	-	-	47,800	667,000	21,513	4,072,782	4,809,095
Disposal	-	(3,880,000)	-	(547,816)	-	-	(4,427,816)
Written off	-	-	-	-	-	(434,200)	(434,200)
At 31 December 2018/1 January 2019	98,780,000	78,319,976	2,507,456	1,705,066	1,890,469	36,640,439	219,843,406
Additions	-	-	314,902	154,280	55,119	8,054,322	8,578,623
Disposal	-	-	-	-	-	-	-
Written off	-	-	-	-	-	-	-
At 31 December 2019	98,780,000	78,319,976	2,822,358	1,859,346	1,945,588	44,694,761	228,422,029

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

GROUP	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Bearer plant	Total
	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation/amortisation							
At 1 January 2018							
- Accumulated depreciation	-	-	-	1,311,111	1,585,785	-	2,896,896
- Accumulated amortisation	-	1,931,698	969,743	-	-	6,984,621	9,886,062
	-	1,931,698	969,743	1,311,111	1,585,785	6,984,621	12,782,958
Charge for the financial year	-	1,588,163	47,617	282,003	108,781	1,108,080	3,134,644
Disposals	-	(65,641)	-	(547,816)	-	-	(613,457)
Written off	-	-	-	-	-	-	-
At 31 December 2018							
- Accumulated depreciation	-	-	-	1,045,298	1,694,566	-	2,739,864
- Accumulated amortisation	-	3,454,220	1,017,360	-	-	8,092,701	12,564,281
	-	3,454,220	1,017,360	1,045,298	1,694,566	8,092,701	15,304,145
Charge for the financial year	-	1,598,438	15,995	240,846	76,330	1,250,851	3,182,460
Disposals	-	-	-	-	-	-	-
Written off	-	-	-	-	-	-	-
At 31 December 2019							
- Accumulated depreciation	-	-	-	1,286,144	1,770,896	-	3,057,040
- Accumulated amortisation	-	5,052,658	1,033,355	-	-	9,343,552	15,429,565
	-	5,052,658	1,033,355	1,286,144	1,770,896	9,343,552	18,486,605

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

GROUP	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Bearer plant	Total
	RM	RM	RM	RM	RM	RM	RM
<b>Accumulated impairment loss</b>							
At 31 December 2018	-	-	-	-	-	-	-
Written off	-	-	-	-	-	-	-
At 31 December 2019	-	-	-	-	-	-	-
<b>Net carrying value</b>							
At 31 December 2018	98,780,000	74,865,756	1,490,096	659,768	195,903	28,547,738	204,539,261
At 31 December 2019	98,780,000	73,267,318	1,789,003	573,202	174,692	35,351,209	209,935,424

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

COMPANY	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Bearer Plant	Total
	RM	RM	RM	RM	RM	RM	RM
Deemed cost							
At 1 January 2018	98,780,000	82,199,976	2,459,656	1,585,882	1,708,690	33,001,857	219,736,061
Additions	-	-	47,800	667,000	21,513	4,072,782	4,809,095
Disposal	-	(3,880,000)	-	(547,816)	-	-	(4,427,816)
Written off	-	-	-	-	-	(434,200)	(434,200)
At 31 December 2018/1 January 2019	98,780,000	78,319,976	2,507,456	1,705,066	1,730,203	36,640,439	219,683,140
Additions	-	-	314,902	154,280	55,119	8,054,322	8,578,623
Disposal	-	-	-	-	-	-	-
Written off	-	-	-	-	-	-	-
At 31 December 2019	98,780,000	78,319,976	2,822,358	1,859,346	1,785,322	44,694,761	228,261,763

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

COMPANY	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Bearer plant	Total
	RM	RM	RM	RM	RM	RM	RM
<b>Accumulated depreciation/amortisation</b>							
At 1 January 2018							
- Accumulated depreciation	-	-	-	1,311,111	1,425,519	-	2,736,630
- Accumulated amortisation	-	1,931,698	969,743	-	-	6,984,621	9,886,062
	-	1,931,698	969,743	1,311,111	1,425,519	6,984,621	12,622,692
Charge for the financial year	-	1,588,163	47,617	282,003	108,781	1,108,080	3,134,644
Disposal	-	(65,641)	-	(547,816)	-	-	(613,457)
At 31 December 2018							
- Accumulated depreciation	-	-	-	1,045,298	1,534,300	-	2,579,598
- Accumulated amortisation	-	3,454,220	1,017,360	-	-	8,092,701	12,564,281
	-	3,454,220	1,017,360	1,045,298	1,534,300	8,092,701	15,143,879
Charge for the financial year	-	1,598,438	15,995	240,846	76,330	1,250,851	3,182,460
Disposal	-	-	-	-	-	-	-
At 31 December 2019							
- Accumulated depreciation	-	-	-	1,286,144	1,610,630	-	2,896,774
- Accumulated amortisation	-	5,052,658	1,033,355	-	-	9,343,552	15,429,565
	-	5,052,658	1,033,355	1,286,144	1,610,630	9,343,552	18,326,339

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

COMPANY	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Bearer plant	Total
	RM	RM	RM	RM	RM	RM	RM
At 31 December 2018	98,780,000	74,865,756	1,490,096	659,768	195,903	28,547,738	204,539,261
At 31 December 2019	98,780,000	73,267,318	1,789,003	573,202	174,692	35,351,209	209,935,424

(j) The carrying amounts of motor vehicle of the Group and of the Company acquired under hire purchase arrangements are RM24,841 (2018: RM59,902)

## 12. INVESTMENT PROPERTIES

Cost/Valuation	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
At 1 January	6,960,000	6,960,000	6,960,000	6,960,000
Gain on fair value	1,000,000	-	1,000,000	-
At 31 December	7,960,000	6,960,000	7,960,000	6,960,000

Fair value hierarchy	Fair value measurements at 31 December 2019 using		
	Quoted prices in active markets for identical assets [Level 1]	Significant other observable inputs [Level 2]	Significant unobservable inputs [Level 3]
	RM	RM	RM
Recurring fair value measurements			
- Investment properties:			
- land	-	7,960,000	-

Investment properties are stated at fair value based on valuations performed by external, independent and qualified valuers based on the properties' highest and best use.

No rental income [2018: Nil] was generated from these properties during the year. The direct operating expenses are RM101,183 [2018: RM108,341].

The Group's investment properties are valued based on sale comparison approach and classified in Level 2 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 28.1 to the financial statements.

There were no transfers between the levels during the year.

Level 2 fair values of the Group's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre.



## 13. LAND AND DEFERRED DEVELOPMENT EXPENDITURE

	GROUP	
	2019	2018
	RM	RM
<b>Cost</b>		
<b>Land</b>		
At 1 January	765,190	842,756
Addition	32,039	6,841
Disposal	[533,129]	[84,407]
At 31 December	<u>264,100</u>	<u>765,190</u>
<b>Deferred expenditure</b>		
At 1 January	2,106,906	3,263,591
Additions	-	27,461
Disposal	-	[1,184,146]
At 31 December	<u>2,106,906</u>	<u>2,106,906</u>
<b>Carrying amounts</b>		
At 31 December	<u>2,371,007</u>	<u>2,872,096</u>

## 14. SUBSIDIARIES

	COMPANY	
	2019	2018
	RM	RM
<b>Investment in subsidiaries</b>		
Unquoted shares, at cost	3,225,000	3,225,000
Less : Accumulated impairment losses	<u>[3,225,000]</u>	<u>[3,225,000]</u>
Carrying amount	<u>-</u>	<u>-</u>
<b>Amount due to a subsidiary</b>		
- Non-trade	<u>-</u>	<u>[3,501]</u>

Amounts due from/to subsidiaries are unsecured, interest free and repayable on demand. Full impairment losses had been provided for the amounts due from subsidiaries.

## 14. SUBSIDIARIES - (CONTINUED)

The Group had the following subsidiaries at 31 December 2019 and 31 December 2018. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares and incorporated in Malaysia. The country of incorporation is also their place of principal place of business.

Name of Company	Principal Activities	Proportion of ordinary shares held by the parent/group [%]	Proportion of ordinary shares held by non-controlling interests [%]
Gopeng Land & Properties Sdn. Bhd. ["GLP"]	Property developer	100	-
Gopeng Precision And Engineering Sdn. Bhd. ["GPE"]	Dormant	77.8	22.2

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the group.

The accumulated non-controlling interest as at 31 December 2019 is not material.

### Summarised financial information on subsidiaries with material non-controlling interests

The summarised financial information for each subsidiary that has non-controlling interests are not presented as they are not material to the Group.

### Changes in the Group's ownership interest in subsidiaries

There were no changes during the period (2018: NIL) in the Group's ownership interest in its significant subsidiaries

## 15. FINANCIAL ASSET THROUGH PROFIT OR LOSS

	GROUP/COMPANY	
	2019	2018
	RM	RM
Unquoted shares in Malaysia, at fair value	60,000	60,000
Other investment, at fair value	126,000	126,000
	186,000	186,000

Arising from initial application of MFRS 9 on 1 January 2018, the Group and the Company has irrevocably elected to present in profit or loss the fair value changes in equity instruments, which was classified as available for sale financial asset. It was not practicable within the constraints of timeliness and cost to estimate the fair value of the unquoted investment and other investment reliably.

### 16. INVENTORIES

	GROUP/COMPANY	
	2019	2018
	RM	RM
Developed properties	-	9,130
Stores and spares	338,673	58,871
	<u>338,673</u>	<u>68,001</u>

### 17. BIOLOGICAL ASSETS

	GROUP/COMPANY	
	2019	2018
	RM	RM
Carrying amount at 1 January	175,662	163,000
Fair value changes	[43,871]	12,662
Carrying amount at 31 December	<u>131,791</u>	<u>175,662</u>
The biological assets of the Group/Company comprise of: oil palm	<u>131,791</u>	<u>175,662</u>

The biological assets of the Group and of the Company comprise of oil palm fresh fruit bunches ("FFB") prior to harvest. The valuation model to be adopted by the Group and the Company considers the present value of the net cash flows expected to be generated from the sale of FFB.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

The change in fair value of the biological assets in each accounting period is recognised in profit or loss.

The Group's and the Company's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

18. PROPERTIES UNDER DEVELOPMENT

COST	GROUP/COMPANY	
	2019	2018
	RM	RM
At beginning of year	29,075	29,075
Disposal	(29,075)	-
At end of year	<u>-</u>	<u>29,075</u>

19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade receivables	1,691,145	339,100	1,691,145	336,619
Less:				
Expected credit losses	-	-	-	-
	<u>1,691,145</u>	<u>339,100</u>	<u>1,691,145</u>	<u>336,619</u>
Other receivables				
Other debtors	221,915	587,732	135,743	584,231
Deposits	699,374	215,983	699,279	193,983
Prepayments	40,900	29,865	40,900	29,865
	<u>962,189</u>	<u>833,530</u>	<u>875,922</u>	<u>808,029</u>
Total trade and other receivables	<u>2,653,334</u>	<u>1,172,630</u>	<u>2,567,067</u>	<u>1,144,648</u>

### 19. TRADE AND OTHER RECEIVABLES - (CONTINUED)

#### 19.1 Trade receivables

Trade receivables of the Group and of the Company are non-interest bearing and are generally on 30 days (2018: 30 days) terms. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at original invoiced amount which represents their fair values on initial recognition.

Ageing analysis of trade receivables

The aging analysis of the Group's and the Company's trade receivables are as follows :-

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Neither past due nor impaired	1,691,145	336,619	1,691,145	336,619
More than 120 days past due not impaired	-	2,481	-	-
	<u>1,691,145</u>	<u>339,100</u>	<u>1,691,145</u>	<u>336,619</u>

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

The Group have trade receivables amounting to nil (2018: RM2,481) that are past due at the end of the reporting period but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature.

#### Receivables that are impaired

None of the group and the company's trade receivable have been impaired at the reporting date.

#### 19.2 Other receivables

Amount due from other debtors are non-trade, unsecured, non-interest bearing and repayable on demand.

## 20. SHORT TERM INVESTMENTS

	GROUP/COMPANY	
	2019	2018
	RM	RM
Financial assets at fair value through profit or loss - unquoted unit trusts in Malaysia	85,042,928	96,235,107

The fair value of all unit trusts is based on their net assets value as at the end of the reporting period.

## 21. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Deposits with licensed banks	616,138	10,227,052	616,138	10,227,052
Cash at banks and on hand	11,566,995	1,960,025	11,426,522	1,821,411
Cash and cash equivalents	<u>12,183,133</u>	<u>12,187,077</u>	<u>12,042,660</u>	<u>12,048,463</u>

The weighted average interest rates and the range of remaining maturities as at the end of the reporting period are as follows :-

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Interest rate [%]	3.20 to 3.70	3.20 to 3.70	3.20 to 3.70	3.20 to 3.70
Maturities [days]	<u>22 to 365</u>	<u>22 to 365</u>	<u>22 to 365</u>	<u>22 to 365</u>

## 22. SHARE CAPITAL

	GROUP/COMPANY			
	2019		2018	
	Number of share Unit	Amount RM	Number of share Unit	Amount RM
<b>Issued and fully paid:</b>				
Ordinary shares with no par value				
At the beginning of the year	268,993,452	134,496,725	179,328,982	89,664,491
Bonus issue	-	-	89,664,470	44,832,234
At the end of the year	<u>268,993,452</u>	<u>134,496,725</u>	<u>268,993,452</u>	<u>134,496,725</u>

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

## 23. BORROWINGS

	MATURITY	GROUP/COMPANY	
		2019	2018
		RM	RM
Long term borrowings			
Unsecured :-			
Finance lease liabilities [Note 23.1]		-	23,512
Short term borrowings			
Unsecured :-			
Finance lease liabilities [Note 23.1]		33,509	40,011
Short term borrowings [Note 23.2]		-	-
		<u>33,509</u>	<u>40,011</u>
Total borrowings		<u>33,509</u>	<u>63,523</u>

## 23. BORROWINGS - (CONTINUED)

The remaining maturities of the borrowings as at 31 December are as follows :-

	GROUP/COMPANY	
	2019	2018
	RM	RM
On demand or within 1 financial year	33,509	40,011
More than 1 financial year and less than 2 financial years	-	23,512
More than 2 financial years and less than 5 financial years	-	-
	33,509	63,523

### 23.1 Finance lease liabilities

	GROUP/COMPANY	
	2019	2018
	RM	RM
Future minimum lease payments :-		
Not later than one year	37,736	45,192
Later than 1 year and not later than 2 years	-	26,483
Later than 1 year and not later than 5 years	-	-
	37,736	71,675
Less : Financing charges	[4,227]	[8,152]
Present value of minimum lease payments	33,509	63,523
Present value of minimum lease payments :-		
Not later than 1 year	33,509	40,011
Later than 1 year and not later than 2 years	-	23,512
Later than 1 year and not later than 5 years	-	-
	33,509	63,523

The finance lease liabilities of the Group and of the Company carried interest rate at the end of the reporting period was 2.51% [2018: 2.51%] per annum.

### 23.2 Overdrafts

The bank overdrafts of the Group and of the Company are unsecured and there is a negative pledge on the Group's and the Company's assets for the above credit facilities. The bank overdraft facility with the limit of RM100,000 was not utilised at the financial year end.



### 24. PROVISION FOR RETIREMENT BENEFITS

	GROUP/COMPANY	
	2019	2018
	RM	RM
At 1 January	248,100	180,353
Charge for the financial year	7,821	67,747
Reversal	[6,038]	-
At 31 December	<u>249, 883</u>	<u>248,100</u>

### 25. DEFERRED TAX

#### 25.1 Deferred tax movement

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
At beginning of the year [net]	(29,425,000)	(27,082,000)	(29,425,000)	(27,082,000)
Transferred to profit or loss	540,000	[2,343,000]	540,000	[2,343,000]
At end of the year [net]	<u>(28,885,000)</u>	<u>(29,425,000)</u>	<u>(28,885,000)</u>	<u>(29,425,000)</u>

## 25. DEFERRED TAX - (CONTINUED)

### 25.2 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:-

	Assets		Liabilities	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>GROUP</b>				
Biological assets	-	-	(7,511,000)	(6,498,000)
Investment properties	-	-	(699,000)	(599,000)
Property, plant and equipment	-	-	(102,000)	(23,000)
Revaluation surplus	-	-	(26,908,000)	(26,808,000)
Unabsorbed capital allowances	1,843,000	736,000	-	-
Unused tax losses	4,432,000	3,707,000	-	-
Provision for retirement benefits	60,000	60,000	-	-
Before offsetting	<u>6,335,000</u>	<u>4,503,000</u>	<u>(35,220,000)</u>	<u>(33,928,000)</u>
Offset	<u>(6,335,000)</u>	<u>(4,503,000)</u>	<u>6,335,000</u>	<u>4,503,000</u>
After offsetting	<u>-</u>	<u>-</u>	<u>(28,885,000)</u>	<u>(29,425,000)</u>

### 25.3 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items :-

	GROUP	
	2019	2018
	RM	RM
Unutilised tax losses carry-forward	<u>5,297,000</u>	<u>6,035,000</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the group can utilise the benefits these from.

The unutilised tax losses as disclosed above which give rise to unrecognised deferred tax asset, are subject to agreement with the Inland Revenue Board

### 26. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade payables	614,998	752,397	614,998	752,397
Other payables:				
Other creditors	1,343,338	701,288	1,381,337	732,287
RPGT payable	-	167,021	-	167,021
Directors' fee and staff cost	448,611	547,915	448,611	547,915
Accruals	85,680	91,884	74,720	81,924
	<u>1,877,629</u>	<u>1,508,108</u>	<u>1,904,668</u>	<u>1,529,147</u>
Total trade and other payables	<u>2,492,627</u>	<u>2,260,505</u>	<u>2,519,666</u>	<u>2,281,544</u>

#### 26.1 Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group and the Company is 30 days [2018: 30 days]. Other credit terms are assessed and approved on a case-by-case basis.

#### 26.2 Other creditors

Amount due to other creditors are non-trade, unsecured, non-interest bearing and repayable on demand.

### 27. DIVIDEND

	GROUP / COMPANY			
	2019		2018	
	Gross per share sen	Amount of dividend RM	Gross per share sen	Amount of dividend RM
Dividend paid in respect of :-				
Final single tier dividend for the financial year ended 31 December 2018				
- tax exempt	2.50	6,724,837	-	-
Final single tier dividend for the financial year ended 31 December 2017				
- tax exempt	-	-	4.00	7,173,159
	<u>-</u>	<u>-</u>	<u>4.00</u>	<u>7,173,159</u>

The Board of Directors recommends the payment of a final single tier dividend of 2.50 sen in respect of the financial year ended 31 December 2019, subject to shareholders' approval.

## 28. FINANCIAL INSTRUMENTS

	Notes	GROUP		COMPANY	
		2019	2018	2019	2018
		RM	RM	RM	RM
<b>Financial assets</b>					
Trade receivables	19	1,691,145	339,100	1,691,145	336,619
Other receivables	19	962,189	833,530	875,922	808,029
Short term investment	20	85,042,928	96,235,107	85,042,928	96,235,107
Cash and cash equivalents	21	12,183,132	12,187,077	12,042,660	12,048,463
Less: Prepayment	19	<u>[40,900]</u>	<u>[29,865]</u>	<u>[40,900]</u>	<u>[29,865]</u>
Total financial asset at amortised cost		<u>99,838,495</u>	<u>109,564,949</u>	<u>99,611,755</u>	<u>109,398,353</u>
<b>Financial liabilities</b>					
Trade payables	26	614,998	752,397	614,998	752,397
Other payables	26	1,877,629	1,508,108	1,904,668	1,529,147
Amount due to a subsidiary	14	-	-	-	3,501
Borrowings	23	<u>33,509</u>	<u>63,523</u>	<u>33,509</u>	<u>63,523</u>
Total financial liabilities at amortised cost		<u>2,526,136</u>	<u>2,324,028</u>	<u>2,553,175</u>	<u>2,348,568</u>

### 28.1 Fair Value of Financial Instruments

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

## 28. FINANCIAL INSTRUMENTS - (CONTINUED)

### 28.1 Fair Value of Financial Instruments - (continued)

The Group and the Company held the following financial instruments carried at fair value in the Statements of Financial Position:

	Assets/ [Liabilities]	Level 1	Level 2	Level 3
		RM	RM	RM
<b>31 December 2019</b>				
Fair value through profit or loss:				
Short term investments	85,042,928	85,042,928	-	-
Unquoted shares	60,000	-	-	60,000
Other investments	126,000	-	-	126,000
	<u>85,228,928</u>	<u>85,042,928</u>	<u>-</u>	<u>186,000</u>
<b>31 December 2018</b>				
Fair value through profit or loss:				
Short term investments	96,235,107	96,235,107	-	-
Unquoted shares	60,000	-	-	60,000
Other investments	126,000	-	-	126,000
	<u>96,421,107</u>	<u>96,235,107</u>	<u>-</u>	<u>186,000</u>

The carrying amounts of the Group's and of the Company's financial instruments are reasonable approximation of fair values due to their short term nature.

## 29. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax assets and liabilities and borrowings.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

### Business segments

The Group comprises the following main business segments :-

Property development	Development of residential and commercial properties
Plantation	Cultivation of oil palm
Others	Dormant Companies

### Geographical segments

The activities of the Group are carried out in Malaysia and accordingly no segmental reporting by geographical location is presented.

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows :-

	ASSETS		LIABILITIES	
	2019	2018	2019	2018
	RM	RM	RM	RM
Segment total	320,802,289	324,424,909	2,742,510	2,508,605
Tax assets/liabilities	150,639	347,226	28,886,750	29,425,000
Borrowings	-	-	33,509	63,523
	<u>320,952,928</u>	<u>324,772,135</u>	<u>31,662,769</u>	<u>31,997,128</u>

29. SEGMENT REPORTING - (CONTINUED)

	PROPERTY DEVELOPMENT		PLANTATION		OTHERS		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Segment revenue</b>								
Revenue from external customers	1,355,000	3,100,000	5,535,613	7,455,476	-	-	6,890,613	10,555,476
<b>Segment results</b>								
Results from operating activities	402,369	1,827,056	[964,732]	74,124	3,261,452	3,158,534	2,699,089	5,059,714
[Loss]/Profit before interest and tax	402,369	1,827,056	[964,732]	74,124	3,261,452	3,158,534	2,699,089	5,059,714
Included in results from operating activities are :-								
Depreciation and amortisation	-	-	[1,403,285]	[1,251,387]	[1,779,175]	[1,883,257]	[3,182,460]	[3,134,644]
Gain on disposal of property, plant and equipment	-	-	-	-	-	6,945,941	-	6,945,941
Gain on disposal of associate	-	-	-	-	-	800,000	-	800,000
Fair value gain on short term investments	-	-	-	-	8,427,454	2,021,126	8,427,454	2,021,126
Fair value gain on investment property	-	-	-	-	1,000,000	-	1,000,000	-
Fair value gain/(loss) on biological asset	-	-	[43,871]	12,662	-	-	[43,871]	12,662

29. SEGMENT REPORTING - (CONTINUED)

	PROPERTY DEVELOPMENT		PLANTATION		OTHERS		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Segment assets</b>								
Operating assets	2,511,575	3,035,192	38,096,927	30,273,216	280,193,787	291,116,501	320,802,289	324,424,909
<b>Segment liabilities</b>								
Liabilities	10,250	9,000	9,472,753	1,471,363	[6,740,493]	1,028,242	2,742,510	2,508,605

Additions to non-current assets, other than financial instruments are as follows :-

	PROPERTY DEVELOPMENT		PLANTATION		OTHERS		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Capital expenditure</b>								
Property, plant and equipment	-	-	518,284	114,240	6,017	622,072	524,301	736,312
Bearer plant expenditure	-	-	8,054,322	4,072,782	-	-	8,054,322	4,072,782
Land and deferred development expenditure	33,039	34,302	-	-	-	-	33,039	34,302
	33,039	34,302	8,572,606	4,187,022	6,017	622,072	8,611,662	4,843,396

Major customers

There are two (2018: two) major customer with revenue more than 10 per cent of the Group's total revenue derived from the Property development and Plantation business segment.



### 30. RELATED PARTIES

The Company has related party relationship with its subsidiaries [as disclosed in Note 14] and Directors.

For the purposes of these financial statements, parties are considered to be related to the Group or the Company 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.

Key management personnel are 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 Directors of the Group, and certain members of senior management of the Group. Key management personnel compensations are disclosed in Note 8 to the Financial Statements.

The significant related party transactions of the Company, other than those disclosed elsewhere in the financial statements are as follows :-

	COMPANY	
	2019	2018
	RM	RM
Subsidiary Company		
Transfer of land and development expenditure - at cost	<u>533,129</u>	<u>1,268,553</u>

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

### 31. CONTINGENT LIABILITIES (UNSECURED)

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concern.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's operations are subject to a variety of financial risks, including interest rate risk, credit risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The Board of the Company regularly reviews these risks and approves treasury policies, which covers the management of these risks. It is not the Group's and the Company's policy to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

### 32.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risks arises mainly from deposits with licensed banks. The deposits with licensed banks are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

The Group's and the Company's policy is to obtain the most favorable interest rate available.

Information on maturity dates and effective interest rates of deposits with licensed banks are disclosed in Note 21 to the financial statements.

As the influence of interest rate changes on the profit or loss is insignificant, no sensitivity analysis has been conducted.

### 32.2 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and advances made to its subsidiaries. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - (CONTINUED)

#### 32.2 Credit risk - (Continued)

##### Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the Statements of Financial Position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.1 to the financial statements.

##### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:-

	GROUP			
	2019		2018	
	RM	% of Total	RM	% of Total
Plantation	391,145	23	336,619	99
Property development	1,300,000	77	2,481	1
	<u>1,691,145</u>	<u>100</u>	<u>339,100</u>	<u>100</u>

##### Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 19.1 to the financial statements. Deposits with licensed bank that are neither past due nor impaired are placed with or entered into with reputable bankers with high credit ratings and no history of default

##### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is in Note 19.1 to the financial statements.

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 or groupings of various customer segments with similar loss patterns. 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 condition and forecasts of future economic condition.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward -looking information. At every reporting date, the historical observed default rates, forecast economic condition may also not be representative of customer's actual default in the future.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - (CONTINUED)

### 32.3 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities disclosed in Note 21 to the financial statements.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2019			
	On demand or within one year	One year to two years	Two years to five years	Total
	RM	RM	RM	RM
<b>GROUP</b>				
Financial liabilities :-				
Trade and other payables	2,492,627	-	-	2,492,627
Borrowings	37,736	-	-	37,736
Total undiscounted financial liabilities	2,530,363	-	-	2,530,363
<b>COMPANY</b>				
Financial liabilities :-				
Trade and other payables	2,519,666	-	-	2,519,666
Borrowings	37,736	-	-	37,736
Total undiscounted financial liabilities	2,557,402	-	-	2,557,402

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - (CONTINUED)

#### 32.3 Liquidity risk - (continued)

##### Analysis of financial instruments by remaining contractual maturities - (continued)

	2018			
	On demand or within one year	One year to two years	Two years to five years	Total
	RM	RM	RM	RM
<b>GROUP</b>				
Financial liabilities :-				
Trade and other payables	2,260,505	-	-	2,260,505
Borrowings	45,192	26,483	-	71,675
Total undiscounted financial liabilities	2,305,697	26,483	-	2,332,180
<b>COMPANY</b>				
Financial liabilities :-				
Trade and other payables	2,281,544	-	-	2,281,544
Amount due to a subsidiary	3,501	-	-	3,501
Borrowings	45,192	26,483	-	71,675
Total undiscounted financial liabilities	2,330,237	26,483	-	2,356,720

### 33. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group and the Company manage its capital structure and make adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company monitor capital using return on equity, which is the profit for the financial year as percentage of average equity.

At the end of the reporting period, the ratios were as follows :-

	2019		2018	
	GROUP %	COMPANY %	GROUP %	COMPANY %
Return on equity	1.12	1.28	0.73	1.32

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2019 and 31 December 2018.

### 34. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified to confirm to the current year's presentation.

	As previously reported	Reclassifi- cations	As restated
	RM	RM	RM
<b>GROUP</b>			
<b>Statement of Profit or Loss and Other Comprehensive income</b>			
For the financial year ended 31 December 2018			
Revenue	7,455,476	3,100,000	10,555,476
Cost of sales	(6,816,507)	(1,268,552)	(8,085,059)
Other income	<u>11,898,146</u>	<u>(1,831,448)</u>	<u>10,066,698</u>
<b>COMPANY</b>			
<b>Statement of Profit or Loss and Other Comprehensive income</b>			
For the financial year ended 31 December 2018			
Revenue	7,455,476	3,100,000	10,555,476
Cost of sales	(6,816,507)	(1,268,552)	(8,085,059)
Other income	<u>13,634,900</u>	<u>(1,831,448)</u>	<u>11,803,452</u>

### 35. SUBSEQUENT EVENTS

On 11 March 2020, the World Health Organisation (WHO) has declared the outbreak of COVID-19 to be a global pandemic. In Malaysia, to contain the spread of COVID-19, the Movement Control Order (MCO) has been imposed from 18 March to 12 May 2020. However, the Malaysian Government has relaxed the MCO on oil palm and rubber industry as these are industries that provide essential services to the country. With this decision but subject to any state or territorial restrictions which may be introduced from time to time, the Group's estate is able to operate subject to conditions to certain operating conditions. The restrictions in movement which have been implemented in the various countries where the Group operates in has not curtailed all of its operations. Additionally, the Group has implemented remote work arrangements to maintain certain operations such as financial reporting systems and fully monitoring of its operations.

Overall at this stage, the impact on the Group's business and results has been limited. Management will however continue to monitor developments and will take the necessary corrective actions. The Group will continue to run its operations in the best and safest way without jeopardising the health and safety of its employees and abiding with all government policies and directives.

### 36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 June 2020.

# SHAREHOLDING STATISTICS

as at 15 June 2020

Class of Shares

Ordinary Shares

Issued Share Capital

RM134,496,726 comprising 268,993,452 of ordinary shares

## ANALYSIS OF SHAREHOLDINGS

Size of holdings	No of Shareholders	%	No of shares	%
Less than 100	53	1.49%	1,482	0.00%
100-1,000	140	3.93%	79,228	0.03%
1,001-10,000	2,728	76.65%	9,683,789	3.60%
10,001-100,000	586	16.47%	13,964,860	5.19%
100,001 - less than 5%	47	1.32%	115,274,544	42.85%
5% & above	5	0.14%	129,989,549	48.33%
	3,559	100.00%	268,993,452	100.00%

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Holdings		Percentage
	Direct	Indirect	%
1 Dato' Mohd Salleh Bin Hashim	55,950,000	32,700,000 <sup>1</sup>	32.97%
2 Fortuna Gembira Enterpris Sdn Bhd	51,993,000		19.33%
3 Dato' Mohamad Tahiruddin Bin Mohd Tahir	15,546,549		5.78%

Notes:

<sup>1</sup> Held through Juitaneka Sdn Bhd

## THIRTY LARGEST REGISTERED SHAREHOLDERS

Name of Shareholders	Holdings	Percentage [%]
1. FORTUNA GEMBIRA ENTERPRIS SDN. BHD.	41,793,000	15.54
2. JUITANEKA SDN BHD	32,700,000	12.16
3. MOHD SALLEH BIN HASHIM	24,950,000	9.23
4. MOHAMAD TAHIRUDDIN BIN MOHD TAHIR	15,546,549	5.78
5. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	15,000,000	5.58
6. ALBULA INVESTMENT FUND LTD	13,425,000	4.99
7. LIM SUAN	12,759,480	4.74
8. TENG YEW HUAT	12,229,070	4.55
9. CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR MOHD SALLEH HASHIM	12,000,000	4.46
10. SHEKEL ENTERPRISE SDN BHD	11,850,000	4.41
11. FORTUNA GEMBIRA ENTERPRIS SDN. BHD.	10,200,000	3.79
12. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	9,949,500	3.70
13. LEAN HOEN SEW	8,116,350	3.02
14. BAKAWALI ENTERPRISES SDN BHD	6,821,794	2.54
15. MAYBANK NOMINEES (TEMPATAN) SDN. BHD PLEGGED SECURITIES ACCOUNT FOR MOHD SALLEH BIN HASHIM	4,000,000	1.49



# SHAREHOLDING STATISTICS

as at 15 June 2020 - (CON'T)

## THIRTY LARGEST REGISTERED SHAREHOLDERS - (Continued)

Name of Shareholders	Holdings	Percentage [%]
16 CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	3,382,000	1.26
17 MANOHAR HASAN BIN AMEER ALI	1,000,000	0.37
18 YTL POWER INTERNATIONAL BERHAD	750,000	0.28
19 RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK	713,700	0.27
20 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AB GHAUS BIN ISMAIL (551010)	569,850	0.21
21 AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HUAT (M03)	534,150	0.20
22 SAPIAH @ SAFIAH BINTI HUSSIN	450,000	0.17
23 JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HUAT (STA 1)	423,000	0.16
24 YEO KHEE HUAT	384,600	0.14
25 PRETAM SINGH A/L CHANAN SINGH	309,000	0.11
26 CHIN KIAN FONG	300,600	0.11
27 KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	291,150	0.11
28 AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES PTE LTD FOR SIEW WHYE YEN GERALDINE	270,000	0.10
29 ONG KAH HUAT	255,000	0.09
30 YEO KAY SEET @ YEO SIEW CHONG	234,000	0.09

# LIST OF GROUP PROPERTIES

Location	Description	Status/ Tenure	Areas (Ha)	Net Carrying Value	Date of Acquisition
<b>Kota Bahroe Division</b>					
in the Mukim of Teja	Oil Palm Estate	Freehold	255.01	28,898,346	1985
in the Mukim of Teja	Oil Palm Estate	Leasehold 15/7/2057	41.59	3,808,758	1997
			<u>296.60</u>		
<b>Gopeng Division</b>					
in the Mukim of Sg Terap	Oil Palm Estate	Freehold	92.48	10,395,256	1985
in the Mukim of Sg Raia	Oil Palm Estate	Freehold	85.21	9,578,715	1985
in the Mukim of Teja	Oil Palm Estate	Freehold	3.38	351,695	1985
			<u>180.82</u>		
<b>Sanglop Division</b>					
in the Mukim of Teja & village of Kota Bahroe	Oil Palm Estate	Freehold	431.25	48,475,988	1985
Kampar, Perak Lot 9023, 1393, 9249, 10030 16142, 19068, 19943, 25986 16944 and 20648	Agricultural Land	Freehold	7.98	1,080,000	1985
GB New Township Land in the Mukim of Sg Raia	Commercial	Leasehold 6/9/2098	1.00	960,000	1999
GB New Township Land in the Mukim of Teja	Agriculture [ex-residential]	Leasehold 1/2/2106	29.39	2,471,108	1999
in Gopeng Town	Residential	Leasehold 1/2/2106	22.12	7,000,000	1999

# LIST OF GROUP PROPERTIES - (CON'T)

Location	Description	Status/ Tenure	Areas [Ha]	Net Carrying Value	Date of Acquisition
Bandar Gopeng	Agriculture	Leasehold 29/6/2068	4.06	-	2007
Sg Raia, Perak	Agriculture	Leasehold 29/6/2068	82.30	7,673,123	2007
Teja, Perak	Agriculture	Leasehold 29/6/2068	573.99	53,538,783	2007
Sg Terap, Perak	Agriculture	Leasehold 29/6/2068	44.32	4,132,319	2007
Teja, Perak	Agriculture	Leasehold 23/6/2070	18.93	1,543,142	2010
			<b>TOTAL</b>	<b>1,727.07</b>	<b>179,907,233</b>
Taman Seri Raia	2 double storey shophouse	Leasehold 25/5/2096	381 sqm	333,425	1997
<i>Properties pending registration titles</i>					
Catchment area in Mukim Kampar	Commercial	Leasehold	137.86 ha	100,084	1996
Bandar Baru Pulai	1 double storey shop house	Leasehold 25/5/2093	171 sqm		1995

I/We..... [Full Name in Block Letters]

NRIC No./Co. No:.....

of..... [Full Address]

being a member/members of GOPENG BERHAD, hereby appoint the Chairman of the meeting or.....

to be my/our proxy to vote for me/us on my/our behalf at the 36th Annual General Meeting of the Company to be held on Saturday, 8 August 2020 at Room No. 5, First Floor, Impiana Hotel Ipoh, 18 Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan, at 12.00 noon and at any adjournment thereof, and to vote as indicated below :

Resolution	Relating To	For	Against
	<b>Ordinary Business</b>		
1	Adoption of Report and Financial Statements		
2	Approval of proposed final dividend		
3	Re-election of Dato' Mohd Salleh Bin Hashim		
4	Re-election of Dato' Chew Chee Kin		
5	Re-election of Encik Manohar Hasan Bin Ameer Ali		
6	Payment of Directors' fees and other remuneration		
7	Re-appointment of Auditors : HLB Ler Lum PLT		
	<b>Special Business</b>		
8	Retention of Dato' Robert Lim Git Hooi		
9	Authorise Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided how you wish your votes to be cast. In the absence of any specific direction, your Proxy will vote or abstain from voting at his/her discretion).

Dated this ..... day of ..... 2020

.....

Signature of Member / Common Seal

No of shares held
CDS Account No
Contact No

#### Notes :

1. A member [other than an exempt authorized nominee] is entitled to appoint only one proxy to vote in his stead. A proxy need not be a member of the Company. For the proxy to be valid, the form of proxy must reach the Registered office of the Company not less than 48 hours before the time appointed for the meeting or adjourned meeting.
2. Where a member is an exempt authorized nominee as defined under the Securities Industry [Central Depositories] Act, 1991, which holds shares in the Company for a multiple beneficial owners in one securities account [omnibus account] there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
3. Only depositors whose names appear in the Record of Depositors as at 29 July 2020 shall be regarded as members and be entitled to attend, speak and vote or appoint a proxy to attend, speak and vote on his/her behalf at the meeting.
4. If the appointor is a corporation, this Proxy should be executed under its Common Seal or the hand of an officer or attorney authorized in writing.

#### Personal Data Policy

By submitting the duly executed proxy form, the member consents to the Company [and/or its agents/service providers] collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting including any adjournment thereof.

AFFIX  
STAMP

The Secretary  
Gopeng Berhad  
[109465-X]

6A, Jalan Sultan Iskandar  
30000 Ipoh, Perak Darul Ridzuan  
Malaysia.



**GOPENG BERHAD**

(109465-X)

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