



ANNUAL REPORT 2022



**STAYING
FOCUSED**

INSIDE THIS REPORT



| | | | |
|-----------|---|------------|---|
| 02 | Notice of Twentieth Annual General Meeting | 18 | Management Discussion and Analysis |
| 05 | Statement Accompanying Notice of Annual General Meeting | 20 | Sustainability Statement |
| 06 | Administrative Guide | 25 | Corporate Governance Overview Statement |
| 08 | Corporate Information | 34 | Statement on Risk Management and Internal Control |
| 09 | Corporate Structure | 36 | Audit Committee Report |
| 10 | Financial Highlights | 38 | Nomination Committee Report |
| 12 | Profile of Directors | 40 | Additional Compliance Information |
| 16 | Profile of Key Senior Management | 41 | Financial Statements |
| 17 | Chairman's Statement | 104 | List of Properties |
| | | 105 | Analysis of Shareholdings |
| | | | Proxy Form |

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of **GREENFIELD BERHAD** will be held at Melati Room, Level 2, Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Tuesday, 30 May 2023 at 11.00 a.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.
2. To approve the aggregate Directors' fees payable to the Directors of the Company for an amount not exceeding RM157,000 per annum for the financial year ending 31 December 2023.
3. To approve the payment of Directors' benefits for an amount not exceeding RM36,000 for the period from 31 May 2023 until the next Annual General Meeting of the Company.
4. To re-elect Tham Foo Choon who retires pursuant to Clause 76(3) of the Constitution of the Company.
5. To re-elect the following Directors who retire pursuant to Clause 78 of the Constitution of the Company:-
 - i. Mohd Ghozali Bin Yahaya
 - ii. Saryani Binti Che Ab Rahman
6. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**[Please refer to
Explanatory Note 1]**

**Ordinary
Resolution 1**

**Ordinary
Resolution 2**

**Ordinary
Resolution 3**

**Ordinary
Resolution 4
Ordinary
Resolution 5**

**Ordinary
Resolution 6**

Special Business

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

7. **Special Resolution**
Waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016

**Special
Resolution**

"THAT pursuant to Section 85 of the Companies Act 2016 ("the Act") read together with Clause 12(3) of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company.

THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution I - Authority to allot and issue shares."

8. **Ordinary Resolution I**
Authority to allot and issue shares

**Ordinary
Resolution 7**

"THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Act and pursuant to Sections 75 and 76 of the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONTINUED)

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting (“AGM”) of the Company held after the approval was given;
- b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

9. **Ordinary Resolution II** **Proposed Renewal of the Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

**Ordinary
Resolution 8**

“THAT subject to Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries (“Greenyfield Group”) to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of the Circular to the Shareholders dated 28 April 2023 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms’ length basis and not to the detriment of minority shareholders of the Company;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- a. the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time this shareholders’ mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- b. the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“the Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c. revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate.”

10. To transact any other business of the Company of which due notice shall be given.

BY ORDER OF THE BOARD

JOANNE TOH JOO ANN

SSM PC NO. 202008001119 (LS 0008574)

WONG PEIR CHYUN

SSM PC NO. 202008001742 (MAICSA 7018710)

WONG WAI FOONG

SSM PC NO. 202008001472 (MAICSA 7001358)

Company Secretaries
Kuala Lumpur
Date: 28 April 2023

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONTINUED)

NOTES :

(i) NOTES ON APPOINTMENT OF PROXY

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 23 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of an electronic appointment, the proxy form must be submitted electronically via TIIH online website at <https://tiih.online>. Please refer to the Administrative Guide for the 20th AGM on the procedure for electronic lodgement of proxy form via TIIH Online. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the Proxy Form is Sunday, 28 May 2023 at 11.00 a.m.
12. Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:
 - (a) Identity card (NRIC) (Malaysian), or
 - (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - (c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.
14. Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the 20th AGM.

(ii) EXPLANATORY NOTES

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2022

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

2. Ordinary Resolutions 1 and 2

Payment of Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Proposed Ordinary Resolution 1 is to facilitate the payment of Directors' Fees on a current financial year basis, calculated based on the current board size. The Proposed Ordinary Resolution 2 is benefits payable to the Directors such as meeting allowance. Meeting allowance is calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period from 31 May 2023 up to next Annual General Meeting. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

3. Ordinary Resolutions 3 to 5

Re-election of Directors

Please refer to the Statement Accompanying Notice of Annual General Meeting for information.

4. Ordinary Resolution 6

Re-appointment of Auditors

The Board, through the Audit Committee ("AC") has considered the re-appointment of Grant Thornton Malaysia PLT as the Auditors of the Company. The factors considered by the AC in making the recommendation to the Board to table the re-appointment of Grant Thornton Malaysia PLT at the Twentieth Annual General Meeting are disclosed in the Corporate Governance Overview Statement of 2022 Annual Report.

EXPLANATORY NOTES ON SPECIAL BUSINESS

5. Special Resolution

Waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016

The Proposed Special Resolution is pertaining to the waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to the any person without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

6. Ordinary Resolution 7

Authority to allot and issue shares

The Proposed Ordinary Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

Subject to passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016, the Proposed Ordinary Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Nineteenth Annual General Meeting held on 8 June 2022.

7. Ordinary Resolution 8

Proposed Renewal of the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Please refer to the Circular to Shareholders dated 28 April 2023 for further details.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements
of Bursa Malaysia Securities Berhad]

Election /Appointment as Directors

There are no individuals standing for election/appointment as Directors at the Twentieth Annual General Meeting ("AGM").

Tham Foo Choon, Mohd Ghazali Bin Yahaya and Saryani Binti Che Ab Rahman are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Twentieth AGM. Their profiles are set out on pages 13 and 15 respectively of the 2022 Annual Report.

The Board of Directors had via the Nomination Committee ("NC") undertook a fit and proper assessment on the retiring Directors, Tham Foo Choon, Mohd Ghazali Bin Yahaya and Saryani Binti Che Ab Rahman, and agreed that they have met the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed in the Directors' Fit and Proper Policy of the Company. They have also confirmed that they do not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Group.

In addition to the above, the Board supports and recommended the re-election of Tham Foo Choon, Mohd Ghazali Bin Yahaya and Saryani Binti Che Ab Rahman as Directors of the Company based on the following:-

1. Tham Foo Choon

Mr. Tham Foo Choon was appointed as Deputy Group Managing Director of the Company on 26 March 2005. The Board of Directors, via the NC had assessed Mr. Tham Foo Choon, who is due to retire at the forthcoming Twentieth AGM, and was satisfied that he would provide his valuable input and views to the Group based on his background, skills and vast experience in the plantation industry. In this connection the Board supports the re-election of the abovementioned Director.

2. Mohd Ghazali Bin Yahaya

Encik Mohd Ghazali Bin Yahaya was appointed as Independent Non-Executive Director of the Company on 13 April 2023. The Board of Directors, via the NC had assessed Encik Mohd Ghazali Bin Yahaya, who is due to retire at the forthcoming Twentieth AGM, and was satisfied that he would provide his valuable input and views to the Group based on his background, skills and vast experience in the plantation industry. In this connection the Board supports the re-election of the abovementioned Director.

3. Saryani Binti Che Ab Rahman

Puan Saryani Binti Che Ab Rahman was appointed as Independent Non-Executive Director of the Company on 13 April 2023. The Board of Directors, via the NC had assessed Puan Saryani Binti Che Ab Rahman, who is due to retire at the forthcoming Twentieth AGM, and was satisfied that she would provide her valuable input and views to the Group based on her background, skills and vast experience in the audit and as a board member of other entity listed on Bursa Malaysia Securities Berhad. In this connection the Board supports the re-election of the abovementioned Director.

Dr. Zainol Bin Md Eusof who retires by rotation pursuant to Clause 76(3) of the Constitution of the Company, has expressed his intention not to seek for re-election and hence, he will retire at the conclusion of the Twentieth AGM.

General Mandate for Issue of Securities

Please refer to items 5 and 6 of the Explanatory Notes on Special Business as contained in the Notice of Twentieth AGM.

ADMINISTRATIVE GUIDE

For The Twentieth Annual General Meeting ("20th AGM")

| | |
|--------------|--|
| Day and Date | : Tuesday, 30 May 2023 |
| Time | : 11.00 a.m. |
| Venue | : Melati Room, Level 2, Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan |

SAFETY MEASURES IN LIGHT OF CORONAVIRUS DISEASE 2019 ("COVID-19") INFECTION

In transitioning to the endemic phase of COVID-19, the following steps will be taken for shareholders, proxies and others who will be attending the 20th AGM in order to minimize the risks of spreading the COVID-19 virus:

1. If you are unwell with sore throat/fever/flu/cough/shortness of breath or any symptoms of the COVID-19, you will not be allowed to attend the 20th AGM. You are strongly advised to appoint a proxy or the Chairman of the meeting to attend and vote at the 20th AGM on your behalf.
2. All persons must practice proper hygiene including the use of hand sanitizer and advised to wear a face mask before entering the meeting venue and throughout the 20th AGM as well as maintain social distancing throughout the meeting.
3. Shareholders are advised to check the Company's website at <https://greenyield.com.my> and Bursa's website at www.bursamalaysia.com from time to time for any changes to the administration of the 20th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

PROXY

You may submit your proxy form at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively to submit your proxy form electronically via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding the 20th AGM or any adjournment thereof, otherwise the proxy form shall not be treated as valid. Please do read and follow the procedures below to submit proxy form electronically.

ELECTRONIC LODGMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:

| Procedure | Action |
|---|--|
| i. Steps for Individual Shareholders | |
| Register as a User with TIIH Online | <ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again. |
| Proceed with submission of form of proxy | <ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event: GREENYIELD BERHAD 20TH AGM - SUBMISSION OF PROXY FORM. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. • Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record. |

ADMINISTRATIVE GUIDE (CONTINUED)

For The Twentieth Annual General Meeting ("20th AGM")

ELECTRONIC LODGMENT OF PROXY FORM (CONTINUED)

| Procedure | Action |
|--|---|
| ii. Steps for corporate or institutional shareholders | |
| Register as a User with TIIH Online | <ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p> |
| Proceed with submission of form of proxy | <ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online • Select the corporate event: "GREENYIELD BERHAD 20TH AGM - SUBMISSION OF PROXY FORM" • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: "GREENYIELD BERHAD 20TH AGM - SUBMISSION OF PROXY FORM". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record. |

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose determining who shall be entitled to attend the 20th AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **23 May 2023** and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 20th AGM proceedings is allowed without prior written permission of the Company.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar at:

| Tricor Investor & Issuing House Services Sdn Bhd | | |
|--|--------------------------------|---|
| Telephone Number | General Line | 603-2783 9299 |
| Contact Person | Ms Nur Qaisara Naaila | 603-2783 9272 Nur.Qaisara.Naaila@my.tricorglobal.com |
| | Ms Nor Faeayzah | 603-2783 9274 Nor.Faeayzah@my.tricorglobal.com |
| Fax Number | 603-2783 9222 | |
| Email | is.enquiry@my.tricorglobal.com | |

CORPORATE INFORMATION



BOARD OF DIRECTORS

DR. ZAINOL BIN MD EUSOF *Independent Non-Executive Chairman*

THAM FOO KEONG *Group Managing Director*

THAM FOO CHOON *Deputy Group Managing Director*

THAM KIN WAI *Executive Director*

YONG SWEE LIN *Senior Independent Non-Executive Director*

THAM KIN-ON *Executive Director*

SUPRAMANIAM A/L R.RAMASAMY *Independent Non-Executive Director*

MOHD GHOZALI BIN YAHAYA *Independent Non-Executive Director*
(Appointed on 13 April 2023)

SARYANI BINTI CHE AB RAHMAN *Independent Non-Executive Director*
(Appointed on 13 April 2023)

AUDIT COMMITTEE

Chairman :

YONG SWEE LIN

Member :

SUPRAMANIAM A/L R.RAMASAMY
DR ZAINOL BIN MD EUSOF

REMUNERATION COMMITTEE

Chairman :

YONG SWEE LIN

Member :

DR ZAINOL BIN MD EUSOF

NOMINATION COMMITTEE

Chairman :

YONG SWEE LIN

Member :

DR ZAINOL BIN MD EUSOF

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Tel : 03 - 2783 9191

Fax : 03 - 2783 9111

CORPORATE OFFICE

No. 1-19, MKH Boulevard,
Jalan Bukit, 43000 Kajang,
Selangor Darul Ehsan.

Tel : 03 - 8736 8777

Fax : 03 - 8737 0723

E-mail : investors@greenyfield.com.my

COMPANY SECRETARIES

Joanne Toh Joo Ann

(LS 0008574)

SSM PC NO. 202008001119

Wong Peir Chyun

(MAICSA 7018710)

SSM PC NO. 202008001742

Wong Wai Foong

(MAICSA 7001358)

SSM PC NO. 202008001472

AUDITORS

Grant Thornton Malaysia PLT

(201906003682 & LLP0022494-LCA)

Chartered Accountants (AF: 0737)

Level 11, Sheraton Imperial Court,

Jalan Sultan Ismail,

50250 Kuala Lumpur.

Tel : 03 - 2692 4022

Fax : 03 - 2691 5119

WEBSITE

www.greenyfield.com.my

REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.

[Company No. 197101000970 (11324-H)]

Office

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Customer Service Centre

Unit G-3, Ground Floor, Vertical Podium,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Tel : 03 - 2783 9299

Fax : 03 - 2783 9222

SOLICITOR

Chooi & Company + Cheang & Ariff

39 Court @ Loke Mansion,
273A, Jalan Medan Tuanku,
50300 Kuala Lumpur.

Tel : 03 - 2691 0803

Fax : 03 - 2693 4475

LISTING

Main Market of

Bursa Malaysia Securities Berhad

Stock Name : **GREENYB**

Stock Code : **0136**

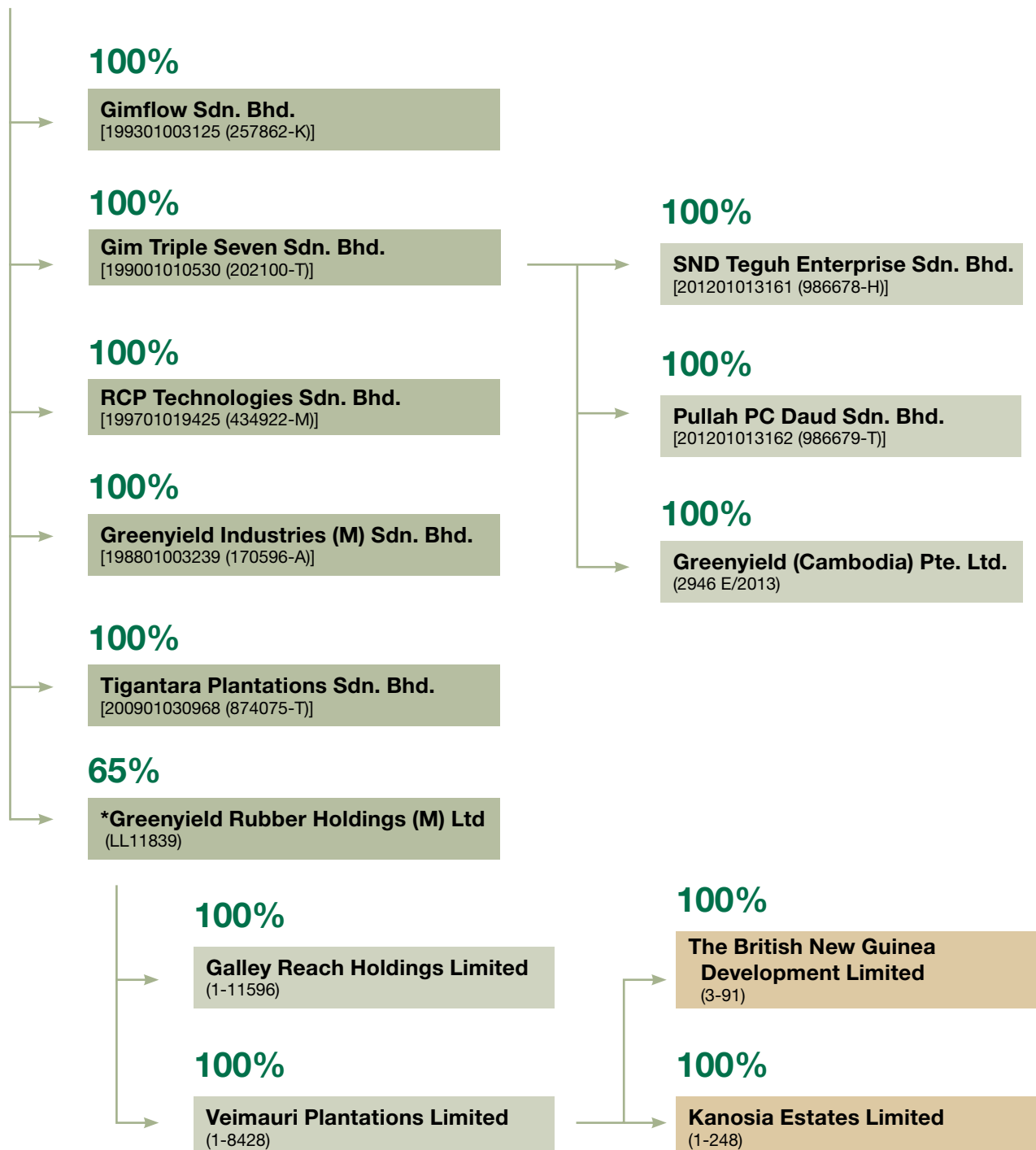
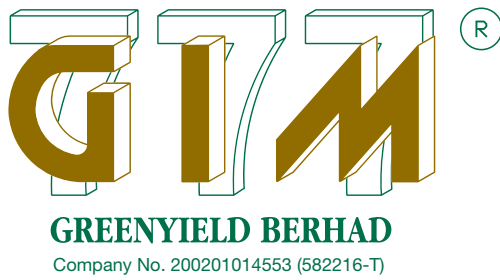
PRINCIPAL BANKERS

Public Bank Berhad

HSBC Bank Malaysia Berhad

CIMB Islamic Bank Berhad

CORPORATE STRUCTURE



Notes:-

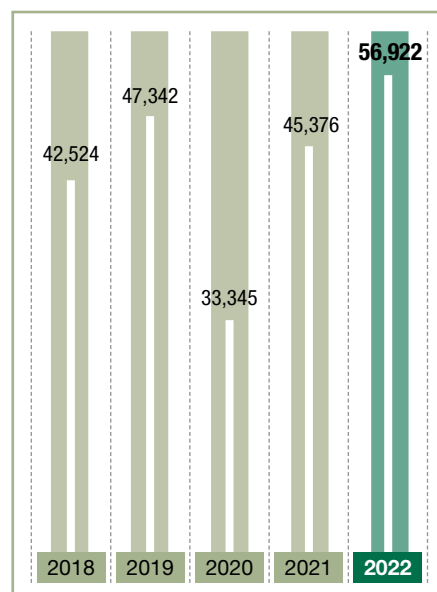
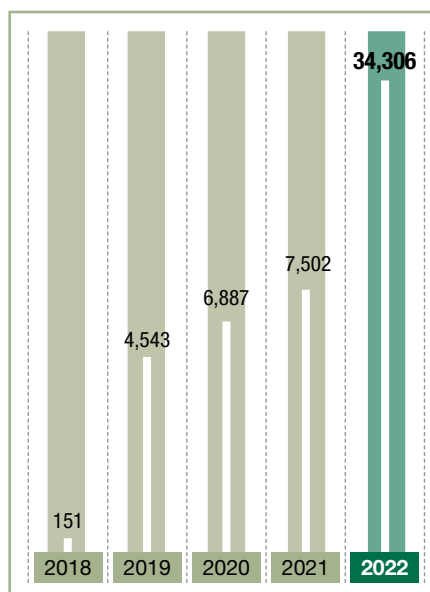
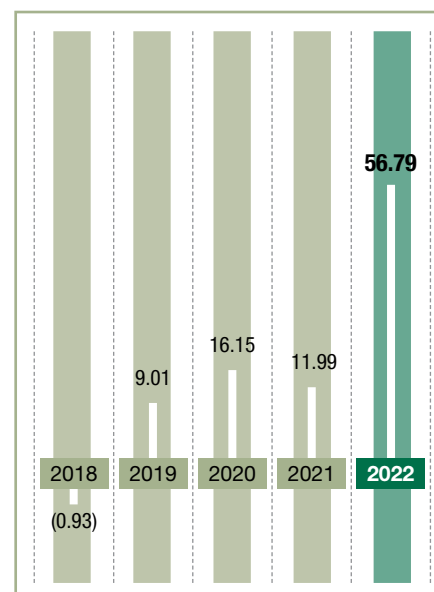
* The Group announced the completion of the acquisition of 65% equity interest on 26 October 2022.

FINANCIAL HIGHLIGHTS

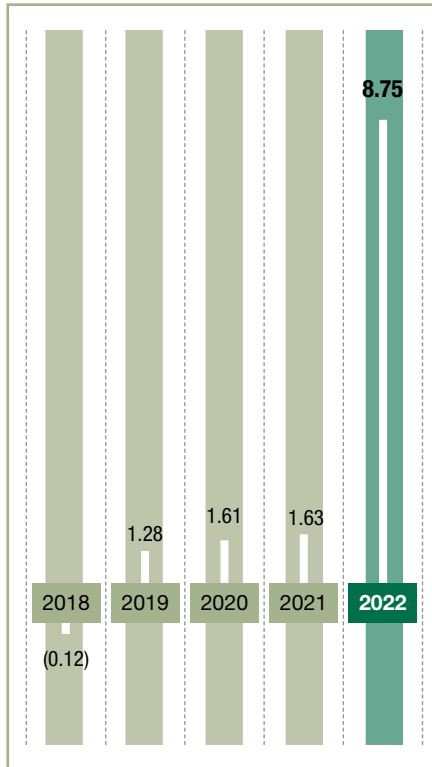
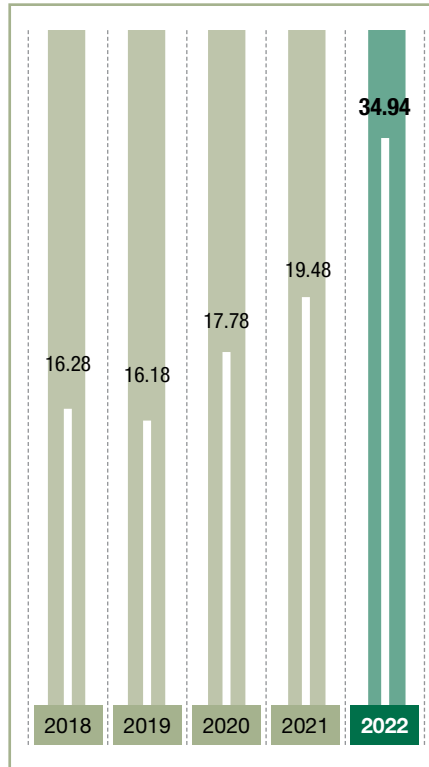
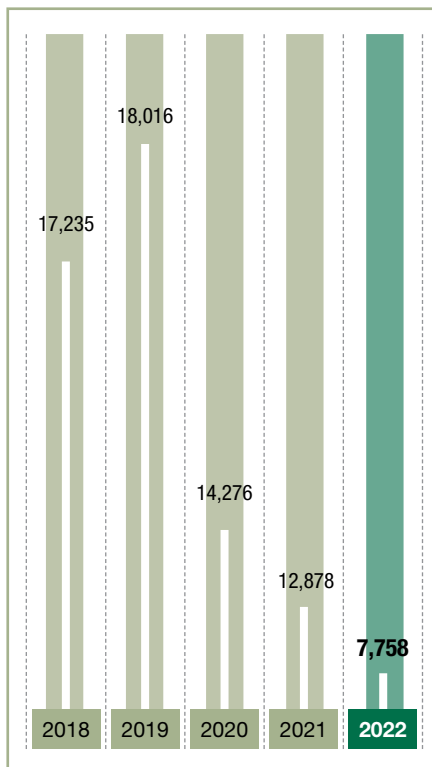
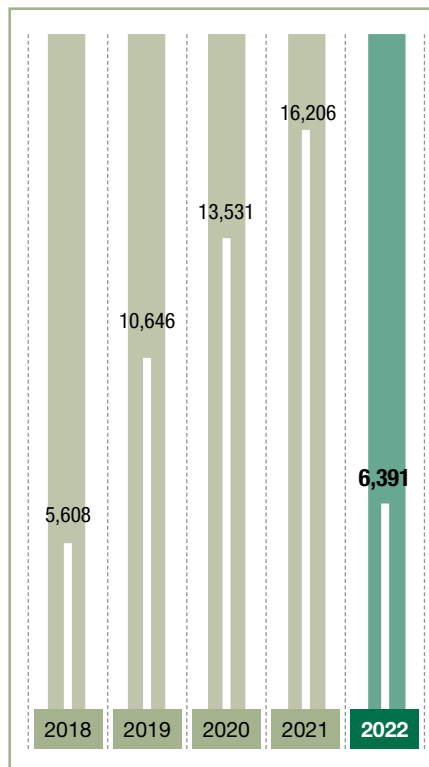
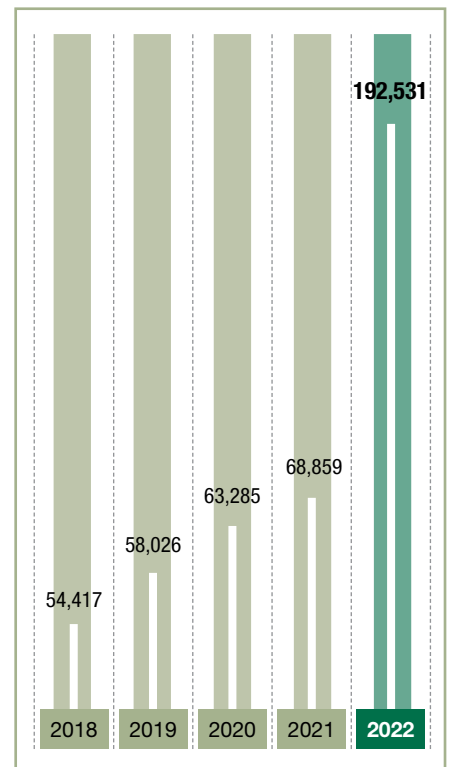
| | 31.7.2018 (RM'000) | 31.12.2019 (RM'000) (17 months) | 31.12.2020 (RM'000) | 31.12.2021 (RM'000) | 31.12.2022 (RM'000) |
|---|-----------------------|---------------------------------------|------------------------|------------------------|------------------------|
| Turnover | 42,524 | 47,342 | 33,345 | 45,376 | 56,922 |
| Earnings Before Interest, Depreciation, Amortisation and Tax | 2,726 | 8,288 | 9,507 | 9,672 | 36,537 |
| Profit Before Tax | 151 | 4,543 | 6,887 | 7,502 | 34,306 |
| Tax Expense | 548 | 278 | 1,501 | 2,060 | 1,978 |
| (Loss)/Profit After Tax and Non-controlling Interest | (397) | 4,265 | 5,386 | 5,442 | 32,328 |
| Net (Loss)/Profit Margin (%) | (0.93) | 9.01 | 16.15 | 11.99 | 56.79 |
| Net Tangible Assets | 54,338 | 53,995 | 59,352 | 65,027 | 188,772 |
| Net Tangible Assets Per Share (sen) | 16.28 | 16.18 | 17.78 | 19.48 | 34.94 |
| Net (Loss)/Earnings Per Share (sen) | (0.12) | 1.28 | 1.61 | 1.63 | 8.75 |
| Gross Dividend (sen) | - | 0.20 | - | 0.30 | - |
| Total Borrowings | 17,235 | 18,016 | 14,276 | 12,878 | 7,758 |
| Cash and Cash Equivalents | 5,608 | 10,646 | 13,531 | 16,206 | 6,391 |
| Shareholders' Fund | 54,417 | 58,026 | 63,285 | 68,859 | 192,531 |
| Gearing Ratio (%) | 31.67 | 31.05 | 22.56 | 18.70 | 4.03 |
| Fully Paid-Up Share Capital ('000 units) | 333,740 | 333,740 | 333,740 | 333,740 | 542,290 |
| Weighted Average Share Capital ('000 units) | 333,740 | 333,740 | 333,740 | 333,740 | 542,290 |

Notes:-

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

Turnover
(RM'000)Profit Before Tax
(RM'000)Net (Loss)/Profit Margin
(%)

FINANCIAL HIGHLIGHTS (CONTINUED)

Net (Loss)/Earnings Per Share
(sen)Net Tangible Assets Per Share
(sen)Gross Dividend
(sen)Total Borrowings
(RM'000)Cash and Cash Equivalents
(RM'000)Shareholders' Fund
(RM'000)

PROFILE OF DIRECTORS

DR. ZAINOL BIN MD EUSOF

Independent Non-Executive Chairman

| | | |
|------|----|-----------|
| Male | 73 | Malaysian |
|------|----|-----------|

Dr Zainol Bin Md Eusof, is the Independent Non-Executive Chairman of Greenyard. He was appointed to the Board of Greenyard on 26 March 2005 and was re-designated as Independent Non-Executive Chairman on 24 March 2014. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of Greenyard.

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

He was attached to the Rubber Research Institute of Malaysia ("RRIM") from 1974 until 2002, where he last served as Head of the Crop Management Unit. During his tenure with the RRIM, he represented RRIM in several national and international conferences and headed the RRIM collaborative research projects with the International Board for Soil Research and Management. He has published over 72 papers in soil science, agronomy and land management during the course of his career, and carried out post-doctorate research at the Ohio State University and the University of West Indies.

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

Dr. Zainol has wide experience in soil survey, technical diligence and feasibility studies of rubber plantations, and has carried out consultancy projects in Cambodia, Indonesia, Laos, Vietnam, Ivory Coast, Gabon and Nigeria. In Malaysia, Dr Zainol has carried out technical assessment of plantations under RISDA, SAFODA, Tabung Haji and FELDA.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 10 Board Meetings which were held in financial year ended 31 December 2022.

THAM FOO KEONG

Group Managing Director

| | | |
|------|----|-----------|
| Male | 67 | Malaysian |
|------|----|-----------|

Mr Tham Foo Keong, is the Group Managing Director of Greenyard. He was appointed to the Board of Greenyard on 26 March 2005.

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

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

He is brother of Mr Tham Foo Choon and deemed substantial shareholders, namely Mr Tham Chong Sing and Mr Tham Fau Sin. He is the spouse of Madam Twong Yoke Peng and father of Mr Tham Kin-On, Director of the Company. He is also the uncle of Mr Tham Kin Wai. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 10 Board Meetings which were held in financial year ended 31 December 2022.

PROFILE OF DIRECTORS (CONTINUED)

THAM FOO CHOON

Deputy Group Managing Director

| | | |
|------|----|-----------|
| Male | 63 | Malaysian |
|------|----|-----------|

Mr Tham Foo Choon, is the Deputy Group Managing Director of Greenyard. He was appointed to the Board of Greenyard on 26 March 2005.

He is a businessman with over 20 years of experience in the agriculture related industry. He started his involvement in the agricultural related industry soon after completing his secondary education, assisting the family business. Through his hard work, he has generated success for the companies. He assumes an active role in the implementation of the marketing and operational strategy and activities of the companies within the Greenyard Group.

He is brother of Mr Tham Foo Keong and deemed substantial shareholders, namely Mr Tham Chong Sing and Mr Tham Fau Sin. He is also the uncle of Mr Tham Kin Wai and Mr Tham Kin-On, Directors of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 10 Board Meetings which were held in financial year ended 31 December 2022.

YONG SWEE LIN

Senior Independent Non-Executive Director

| | | |
|------|----|-----------|
| Male | 55 | Malaysian |
|------|----|-----------|

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

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

He started his career with KK Chow & Wong in 1988, and subsequently he joined Loh & Co in 1991 and left in 1993 to join Adab Trading Sdn. Bhd. Then he left Adab Trading Sdn. Bhd. and was self-employed from January 1995 to June

THAM KIN WAI

Executive Director

| | | |
|------|----|-----------|
| Male | 55 | Malaysian |
|------|----|-----------|

Mr Tham Kin Wai, is an Executive Director of Greenyard. He was appointed to the Board of Greenyard on 23 January 2009.

He graduated with a Bachelor of Science degree in Business Administration from National College, United States of America. He started his career after graduation in 1994 as a Finance and Administrative Executive in Greenyard Industries (M) Sdn. Bhd. ("GYI") and subsequently, he rose to the rank of General Manager of GYI in 2001. Thereafter, he was appointed as an Executive Director of Greenyard in 2009.

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

He is the son of deemed substantial shareholder, namely, Mr Tham Chong Sing. He is also the nephew of Mr Tham Foo Keong and Mr Tham Foo Choon. He is also the cousin of Mr Tham Kin-On, Director of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 10 Board Meetings which were held in financial year ended 31 December 2022.

1997. He then joined Horwarth Mok & Poon as Audit Senior Assistant from 1997 to 1999. Then, he was appointed as an Audit Manager at L. H. Loo & Co and left in 2018. Currently, he was attached to YPLSL Management Services PLT.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 10 Board Meetings which were held in financial year ended 31 December 2022.

PROFILE OF DIRECTORS (CONTINUED)

MR THAM KIN-ON

Executive Director

| | | |
|------|----|-----------|
| Male | 35 | Malaysian |
|------|----|-----------|

Mr Tham Kin-On, is an Executive Director of Greenyield Berhad. He was appointed to the Board of Greenyield on 20 December 2016.

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

He started his career with Khazanah Nasional Bhd in 2012 as an Associate in the Investments division. Prior to that, he also interned with Credit Suisse, Hong Leong Investment Bank, and KPMG. Mr Tham Kin-On joined Greenyield in 2014. He oversees the Corporate Finance, Finance, and Human Resources & Administration teams in Greenyield and is also responsible for the development of the Groups strategies and businesses.

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

He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended all the 10 Board Meetings which were held in financial year ended 31 December 2022.

SUPRAMANIAM A/L R.RAMASAMY

Independent Non-Executive Director

| | | |
|------|----|-----------|
| Male | 65 | Malaysian |
|------|----|-----------|

Mr Supramaniam A/L R.Ramasamy, is an Independent Non-Executive Director of Greenyield Berhad. He was appointed to the Board of Greenyield on 24 January 2022 and also appointed as Audit Committee Member of Greenyield on 12 September 2022.

He graduated with a Master Science in Plantation Management and obtained his Bachelor Science of Agriculture from the Agricultural University of Malaysia. He has studied a Plantation Management Course at Malaysian Institute of Management and Executive Management at University of Chicago, Graduate School of Business.

Mr Supramaniam is a member of Incorporated Society of Planters as well as a member of Malaysian Society of Soil Science.

He started his career with Kumpulan Guthrie Sdn. Bhd. in 1984 and joined PT Agro Indomas Group & Agro Hope Sdn. Bhd. as General Manager for Plantations and appointed as Director Operations from 2003 to 2010. He joined Felda Global Ventures from 2010 to 2011. Then, he was appointed as President & Global Head of Plantations in year 2010 until 2019 at Olam International Ltd, after which was appointed as Advisor for Olam International Ltd (Palm & Rubber Upstream) from 2019 to 2021. Currently, he is attached to Palmiss Sdn. Bhd. as Managing Director. He has deep expertise in green field development, manufacturing of plantation processing plants and management of rubber, palm oil plantations and cocoa in Malaysia, Indonesia and Africa.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers. He attended 7 Board Meetings which were held in financial year ended 31 December 2022.

PROFILE OF DIRECTORS (CONTINUED)

ENCIK MOHD GHOZALI BIN YAHAYA

Independent Non-Executive Director

| | | |
|------|----|-----------|
| Male | 63 | Malaysian |
|------|----|-----------|

Encik Mohd Ghozali Bin Yahaya, is an Independent Non-Executive Director of Greenyard Berhad. He was appointed to the Board of Greenyard on 13 April 2023.

He graduated with a Master in International Business from University of East London and obtained his Diploma in Planting Industry Management from Mara Institute Of Technology, Perlis.

Encik Mohd Ghozali was a Planter for 35 years with expertise in managing Oil Palm, Rubber and Cocoa estates and factories in both Malaysia and Indonesia including supervising Kernel Crushing Plants and Oil Palm Research Station.

He started his career as an Estate Assistant Manager with the Guthrie Group from 1981 to 1991 and joined Guthrie Training Center as Training officer for 2 years (1992-1994). Then, he was appointed as an Estate Manager with the Guthrie Group from 1994 to 2001. In 2002 to 2006, he worked as General Manager Estates in Riau, Sumatera, Indonesia with the Guthrie Group. He joined Sime Darby as Region Head (Senior Vice President) for Northern Malaysia Plantation from 2007 to 2010. He then worked as President Director of PT Minamas Gemilang and Head of Upstream Plantation Indonesia, a Sime Darby subsidiary company in Indonesia, based in Jakarta (2011-2015), he was managing about 230,000 hectares of oil palm plantation and 25 palm oil mills with 33,000 employees and also supervising two (2) Kernel Crushing Plants and an Oil Palm Research Station.

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

PUAN SARYANI BINTI CHE AB RAHMAN

Independent Non – Executive Director

| | | |
|--------|----|-----------|
| Female | 56 | Malaysian |
|--------|----|-----------|

Puan Saryani Binti Che Ab Rahman, is an Independent Non-Executive Director of Greenyard Berhad. She was appointed to the Board of Greenyard on 13 April 2023.

She holds a Diploma in Accountancy from Universiti Teknologi MARA, Bachelor of Arts in Accountancy from London Guildhall University, United Kingdom and ACCA (Association of Chartered Certified Accountants) from Emile Woolf College, United Kingdom.

She started her career as Audit Semi Senior at Arthur Andersen/Hanafiah Raslan & Mohamed from 1987 to 1991. She joined Sime Darby Berhad in 1995 as Assistant Audit Manager – Group Head Office. During the period from 1998 to 2007, she worked as Audit Manager in different divisions within the Group before she left Sime Darby Berhad as Head of Group Compliance Audit in Plantation Division.

She then joined Sime Darby Plantation Sdn. Bhd. as Head of Food Division (2007 - 2009) and continued as Vice President - Strategy & Business Development, Downstream from 2010 to 2011. Then, she was appointed as Chief Finance Officer at Sime Darby Unimills B.V, The Netherlands (2011 - 2012) before appointed as Vice President - Finance Operations, Sime Darby Plantation Sdn. Bhd. from 2012 to 2013. Currently, she is attached to CJ Century Logistics Holdings Berhad as an Independent Non-Executive Director and the Chairman of Audit Committee.

She has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

CHAN WEN HONG

Head of Corporate Finance

| | | |
|------|----|-----------|
| Male | 43 | Malaysian |
|------|----|-----------|

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

He started off his career with the Big 4 accounting firms in the areas of external audit and financial advisory in Kuala Lumpur and London. He later joined Khazanah Nasional Bhd in 2011 as an Assistant Vice President in the Investments Division. He was subsequently nominated in 2014 to assume the position of Financial Controller at Ideate Media Sdn. Bhd., a media content company jointly owned by Rhizophora Ventures Sdn. Bhd. (a wholly owned company of Khazanah Nasional Bhd) and Astro Overseas Limited.

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

THAM KIN SHUN

Assistant General Manager

| | | |
|------|----|-----------|
| Male | 30 | Malaysian |
|------|----|-----------|

Mr Tham Kin Shun, is with Greenyfield since October, 2021 and is currently Assistant General Manager. He graduated with Bachelor of Engineering (Honors) from Monash University and he started his career in the construction industry in Australia, focusing on areas such building designs and customer relations. He later joined Bombardier transportation in Victoria, Australia in 2018, involving in process management, labor management and customer relations.

He does not hold any directorship in public companies and listed issuers. He is the son of Mr Tham Foo Choon. He is also the nephew of Mr Tham Foo Keong and deemed substantial shareholders, namely Mr Tham Chong Sing and Mr Tham Fau Sin. He is also the cousin of Mr Tham Kin-On and Mr Tham Kin Wai. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year.

WONG MAY YAN

Manager, Human Resource and Administration

| | | |
|--------|----|-----------|
| Female | 50 | Malaysian |
|--------|----|-----------|

Ms Wong May Yan, is the Human Resource and Administration Manager of Greenyfield Berhad since May 2020. She graduated with Master of Business Administration in Human Resource Management from University of Wales, UK.

She has more than twenty (20) years’ experience in human resource and administration in various companies, mainly in manufacturing.

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

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Greenfield Berhad and its subsidiaries ("Greenfield" or the "Group"), it gives me pleasure to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 December 2022 ("FYE2022").

ECONOMIC REVIEW

For FYE2022, the Group recorded a net profit of RM32.33 million (FYE2021: RM5.44 million) mainly due to the recording of RM29.06 million bargain purchase arising from the acquisition of 65% equity stake in Greenfield Rubber Holdings (M) Ltd ("GRHM"). The bargain purchase was mainly due to the difference in the market value of the share price which were issued as part of the purchase consideration. The market value was RM0.20 per share as at acquisition date compared to the share price of RM0.29 per share included in the Share Sale Agreement. The business environment continues to be challenging due to continuing geopolitical risks and high inflationary environment impacting consumer demand. Nevertheless, the Group will continue to monitor the situation and take necessary measures to reduce any adverse impact to the Group.

FINANCIAL PERFORMANCE

For FYE2022, the Group recorded a revenue of RM56.92 million over 12 months compared to FYE2021 of RM45.38 million. The profit before tax in FYE2022 was RM34.31 million (FYE2021: RM7.50 million).

The revenue from the plantation inputs segment in FYE2022 was RM30.82 million (FYE2021: RM18.63 million), rubber estate segment RM1.12 million (FYE2021: RM1.41 million), and household goods segment RM24.99 million (FYE2021: RM25.34 million).

BUSINESS OUTLOOK AND PROSPECTS

The Board is cautiously optimistic of growth prospects in 2023 due to the end of the ZERO Covid strategy by China and its subsequent reopening which is expected to boost business and consumer sentiment and demand. However, the continuing Russia-Ukraine conflict and high global inflationary environment create uncertainties and volatilities for economic growth.

The Board is hopeful that the reopening of China provides opportunities for better commodity prices and improved plantation inputs sales. Our rubber estate segment is also expected to benefit from the progressive opening of rubber trees for tapping and higher cup lump prices as well as better availability of foreign workers.

The Group will continue to look for growth opportunities while managing costs to ensure the viability of the business.

DIVIDEND

The Board of Directors do not recommend a dividend payment for FYE2022 in order to conserve funds for working capital and potential investments in viable assets which are expected to generate future revenue streams.

CORPORATE DEVELOPMENTS

On 26 October 2022, the Group announced the completion of the acquisition of a 65% equity interest in GRHM Group for a purchase consideration of up to RM61,489,415. With the completion of the acquisition, the Group has significantly expanded its plantation business and will focus efforts on managing operations to obtain a stable source of recurring income.

ACKNOWLEDGEMENT

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

Dr Zainol Bin Md Yusof
Independent Chairman

MANAGEMENT DISCUSSION AND ANALYSIS



The following Management Discussion and Analysis (“MD&A”) for Greenyield Berhad and its subsidiaries (“Greenyield” or the “Group”) should be read in conjunction with the annual audited consolidated Financial Statements and the accompanying notes on pages 46 to 99 of this Annual Report that are prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”).

OVERVIEW

Greenyield Berhad is a company listed on the Main Market of Bursa Securities under the Consumer Products and Services Sector, with a sub-sector of Agricultural Products. The Company has an issued share capital of RM84,641,923 comprising 542,289,728 ordinary shares and 47,789,885 irredeemable convertible preference shares.

OPERATIONS REVIEW

The Group turnover for the financial year ended 31 December 2022 (“FYE2022”) was RM56.92 million (financial year ended 31 December 2021 (“FYE2021”): RM45.38 million). Meanwhile, for FYE2022, the Group’s recorded a profit before tax of RM34.31 million which includes a gain on bargain purchase of RM29.06 million (FYE2021: RM7.50 million).

Growth and Strategy

Management is cautiously optimistic of growth prospects in 2023. The end of the ZERO Covid strategy by China and its subsequent reopening are expected to boost business and consumer sentiment and demand. The reopening of Malaysia’s international borders from 1 April 2022 has also been positive for the country’s economy. Next, developed economies where the Group exports most of its household goods to are expected to record low but positive growth rates. The World Bank January 2023 report expects 2023 and 2024 output growth of 0.5% and 1.6% in the United States and 0% and 1.6% in the Euro Area. However, the Russia-Ukraine conflict and high global inflationary environment create uncertainties and volatilities for world economic growth. The Group will remain vigilant and take proactive steps to mitigate any risks to the business operations of the Group.

The recent strengthening of commodity prices including natural rubber prices will provide new opportunities for the Group’s plantation inputs and rubber estate segments.

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

- i. Growing sales of Artcera and ArtLumin plant pots in export markets via new and existing distributors;
- ii. Building a retail/consumer brand, Jardin Craft, for gardening products in the Malaysia market;
- iii. Progressive opening of rubber trees in the Kelantan estates for tapping to produce cup lumps for sale; and
- iv. Optimising performance for the recently acquired Greenyield Rubber Holdings (M) Ltd (“GRHM”) Group plantations.

On 26 October 2022, the Group announced the completion of the acquisition of a 65% equity interest in GRHM Group for a purchase consideration of up to RM61,489,415. With the completion of the acquisition, the Group significantly expanded its plantation business and will focus efforts on managing operations to obtain a stable source of recurring income.

To note, pursuant to approval from shareholders for Recurrent Related Party Transactions obtained on 8 June 2022. The Group had during FYE2022 purchased RM14.62 million of rubber and sold RM1.55 million of goods to the GRHM Group.

Business Risks

Foreign Currency

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

Global Economy

The management expects the world economy to continue its recovery from the COVID-19 pandemic. However, the ongoing Russia-Ukraine conflict and subsequent shocks to the global commodities and financial markets resulting in high inflationary environment pose significant risks to the world economy.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Commodity Prices

The Group sells inputs to plantations and is impacted by fluctuation in commodity prices. The Group is hopeful for improvements in commodity prices including natural rubber as the world economy recovers. Hence, the Group will continue pushing sales and developing plantation input products which are value added and differentiated from its competitors.

Financial Results

The Group's key financial information for the FYE2022 and FYE2021 is summarised as follows:

| | FYE2022 RM Million | FYE2021 RM Million |
|---|-----------------------|-----------------------|
| Turnover | 56.92 | 45.38 |
| Earnings Before Interest, Depreciation, Amortisation and Tax (EBITDA) | 36.54 | 9.67 |
| Profit Before Tax | 34.31 | 7.50 |
| Tax expense | 1.98 | 2.06 |
| Profit After Tax and Non-controlling Interest | 32.33 | 5.44 |
| Net Tangible Assets | 188.77 | 65.03 |
| Net Profit Margin (%) | 56.79 | 11.99 |

Turnover

The Group's turnover is derived from three key business segments – (i) plantation inputs comprising plantation related products such as chemicals and fertilizers, tools and equipment, technical support services, consultancy services, rubber; (ii) rubber estate comprising the production and sale of rubber cup lumps; and (iii) household goods primarily comprising plant pots. For FYE2022, the Group's turnover was RM56.92 million.

Plantation Inputs

During FYE2022, the Group's plantation inputs segment turnover was RM30.82 million (FYE2021: RM18.63 million). The increase in turnover was largely a result of higher sales of plantation inputs due to higher demand.

Rubber Estate

During FYE2022, the Group's rubber estate products provided a turnover of RM1.12 million (FYE2021: RM1.41 million). The decrease in turnover was mainly due to worker availability issues resulting in lower number of rubber trees being tapped during the financial year causing lower sales of rubber cup lumps.



Household Goods

During FYE2022, the Group's household goods business segment provided a turnover of RM24.99 million (FYE2021: RM25.34 million). The decrease in turnover was primarily due to lower orders from key buyers in United States, Australia, and Japan during the year.

Profit

During the FYE2022, profit before taxation was RM34.31 million (FYE2021: RM7.50), mainly due to the recording of RM29.06 million bargain purchase of arising from the acquisition of 65% equity interest in GRHM Group and also supported by sales from plantation inputs operating segment. The bargain purchase was mainly due to the difference in share price of RM0.20 per share as at acquisition date compared to the share price of RM0.29 per share included in the Share Sale Agreement.

Investment

During the FYE2022, the Group invested RM1.31 million on plantation development expenditure for the Group's rubber estates in Kelantan and Papua New Guinea.

Financing and Expansion

The Group will continue to be on the lookout for potential investments in viable assets which are expected to generate future revenue streams.

CONCLUSION

Management is optimistic that various business opportunities exist and will proceed cautiously to ensure sustainability of the business while seeking new growth areas.

SUSTAINABILITY STATEMENT



About Sustainability Statement

The Board of Directors of Greenfield Berhad (“the Company” or “the Group”) is pleased to present the Sustainability Statement of the Group in respect of financial year ended 31 December 2022 (“FYE2022”). Our sustainability practices and preparation of this Sustainability Statement (“this Statement”) are guided by Bursa Malaysia Securities Berhad (“Bursa Securities”)’s Main Market Listing Requirements (“MMLR”) and Sustainability Reporting Guide.

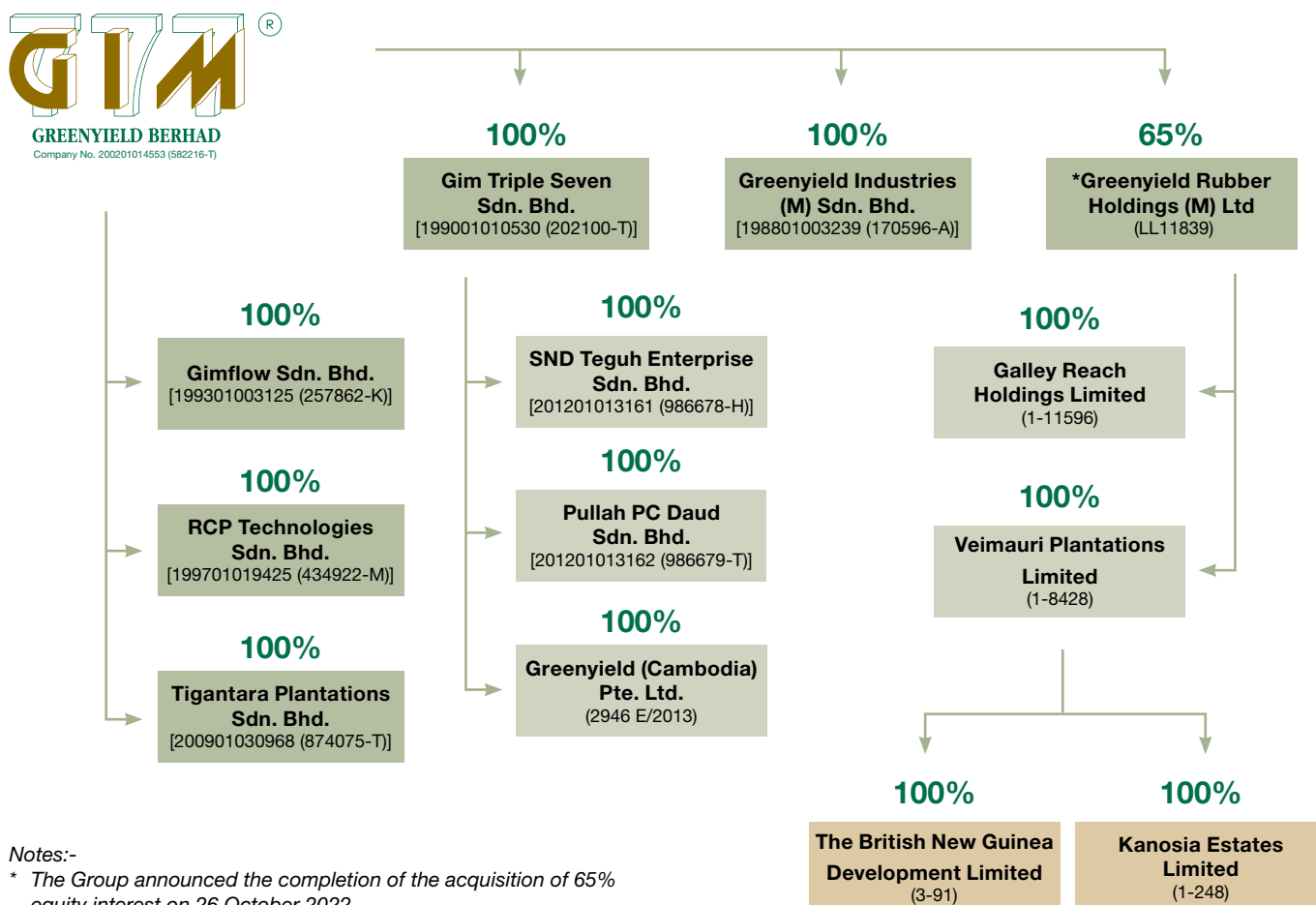
This Statement discloses the Group’s effort, progress, and performance in managing the Environmental, Social and Governance (ESG) aspects. Through this Statement, we endeavour to report issues that are material to the Group and our stakeholders, outlined under three sustainability pillars. These pillars demonstrate how sustainability is incorporated in everything that we do.

Our Sustainability Governance Structure

Our sustainability governance structure, ensures the implementation of our sustainability plans and promotes accountability. Our Board of Directors review and approve overall strategic plans for the Group, as well as approved the sustainability statement for the inclusion in Annual Report. The Board of Directors set high - level ESG direction, and strategic focus for the business.

Scope and Basis of Scope

The reporting scope encompasses Greenfield and our active subsidiaries operating in Malaysia and Papua New Guinea. They are collective referred to as the “Company” or “Group”, as shown in Diagram below:









Notes:-

* The Group announced the completion of the acquisition of 65% equity interest on 26 October 2022.

SUSTAINABILITY STATEMENT (CONTINUED)

Identification of Sustainability Matters

The key stakeholder groups that have been identified includes our employees, shareholders, business partners, external interest groups and customers, to plan future sustainability commitments and resource allocation. Our goal is to understand and address the different needs of each group in order to build a sustainable and successful business. A summary of the key areas considered and our approach for each stakeholder group is as follows:

| Stakeholder Group | Key Area of Concerns | Addressing these Concerns |
|---|--|---|
| Employees  | <ul style="list-style-type: none"> • Career development • Compensation, welfare and benefits • Work-life balance • Value diversity and equal | <ul style="list-style-type: none"> • Staff development & training • Staff Events & Functions • Performance review • Employee Handbook • Code of Conduct & Ethics |
| Community and Public  | <ul style="list-style-type: none"> • Social responsibility • Community development • Environment Awareness | <ul style="list-style-type: none"> • Local employment creation • Community development • Contribution to society |
| Customers  | <ul style="list-style-type: none"> • Product Quality • Customer Appreciation • Ethical business conduct | <ul style="list-style-type: none"> • Product affordability and quality • Product impact to the environment • Exhibitions and trade shows |
| Suppliers  | <ul style="list-style-type: none"> • Procurement Process • Strategic Partnership • Payment Terms | <ul style="list-style-type: none"> • Supply chain management • Yearly supplier evaluation |
| Investors and Shareholders  | <ul style="list-style-type: none"> • Business direction and prospects • Corporate developments • Financial performance • Timely & transparent disclosure • Business ethics & compliance | <ul style="list-style-type: none"> • Annual General Meeting and Extraordinary General Meeting • Bursa Malaysia announcements • Corporate website • Annual report |
| Government and Regulators  | <ul style="list-style-type: none"> • Regulatory Compliance • Annual reporting and disclosure • Sustainability reporting | <ul style="list-style-type: none"> • Ad hoc public invitations • Participation in organized programmes |

Material Sustainability Matters and Prioritisation

Sustainability covers a variety of topics that affect the present business landscape; hence, it is crucial that Greenfield's sustainability strategies address and report the relevant issues of great importance to the Group and our stakeholders. For FYE2022, we have identified ten (10) material topics which are impacting our business operations and the stakeholders, which would be emphasized in our Statement, as follows:

| Economic  | Environment  | Social  |
|---|--|--|
| Shareholder's Wealth Corporate Governance Corporate Liability Provision | Solid Waste Management Environmental Management System Go Green Practice | Diversity and Inclusion Training and Development Occupational Safety and Health Corporate Social Responsibility |

SUSTAINABILITY STATEMENT (CONTINUED)



ECONOMIC

i. Shareholder's Wealth

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

ii. Corporate Governance

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

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

iii. Corporate Liability Provision

The Group has established and adopted a new Anti-Corruption Policy which incorporates elements of the MACC Act 2009 from 1 June 2020. The Group is committed to conducting business ethically, as well as complying with all applicable laws, which include compliance with the MACC Act 2009 and the MACC (Amendment) Act 2018 or re-enactments that may be made by the relevant authority from time to time. This Policy provides principles, guidelines and requirements on how to deal with corrupt practices that may arise in the course of daily business and operational activities undertaken by the Group. To ensure that our organisation is fully informed of new developments, the Group has conducted internal briefing and awareness sessions among employees to update our employees on the implementation of the Group's Anti-Corruption Policy.



ENVIRONMENT

i. Solid waste management

During the financial year, the Group continued to encourage separation of waste into paper, plastics, and metal/aluminium products, in its headquarters and factory. Our factory has appointed a licensed collector to ensure proper handling of solid waste collection and disposal.



ii. Environmental Management System

Greenyield Industries (M) Sdn. Bhd., a subsidiary of the Group continues to maintain the ISO 14001: Environmental Management System certification. The Company formed a Health and Safety Committee to monitor and control the processes related to environmental management to ensure that our Company are continuously aligned and in compliance with the requirements of ISO 14001.

iii. Go Green Practice

Employees are encouraged to conserve resources, for example, by reusing paper for notes, minimising energy usage, double sided printing and avoiding printing in colour. Moving towards green practices, we will continue to strive to reduce paper consumption and carbon footprints from year to year.

SUSTAINABILITY STATEMENT (CONTINUED)



SOCIAL

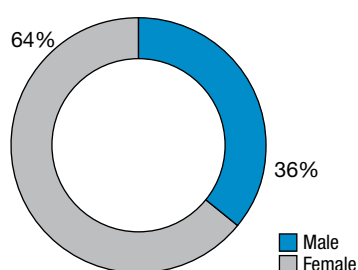
i. Diversity and Inclusion

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

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

a. Gender diversity

As at 31 December 2022, the Group recorded a male to female ratio of 36:64 for all 129 Malaysians within its workforce.

Workforce in terms of Gender

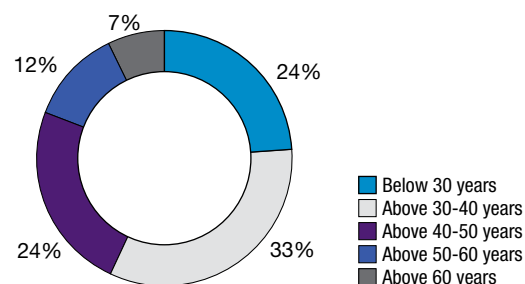
Source: Management

b. Age diversity

As at 31 December 2022, the largest age group is those aged "above 30-40 years' old" at 33%. Meanwhile, 24% of our employees belong to the age group of "above 40 to 50 years old" as well as "below 30 years" each. The Group also provides employment opportunities to older employees with specific skill sets and are still able to contribute their expertise and experience.

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

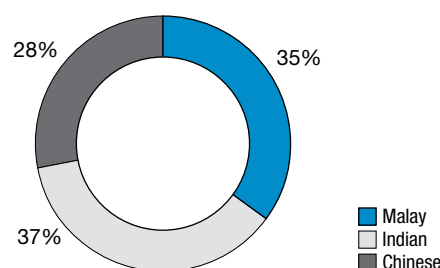
The Group's age demographics broadly reflected the demographics in Malaysia where younger employees form the majority of the workforce.

Workforce in terms of Age

Source: Management

c. Ethnic diversity

As at 31 December 2022, the largest ethnic group based on the total Malaysian workforce in our Company would be Indian at 37% while 35% of the workforce are of Malay descent. Staff of Chinese descent forms 28% of the total workforce. The ethnic diversity in the workforce is important in order to service a multi-racial society.

Workforce in terms of Ethnicity

Source: Management

SUSTAINABILITY STATEMENT (CONTINUED)



SOCIAL

ii. Training and development

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

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

- Safety & Health
- Environment
- Accounting system
- Corporate Governance

iii. Occupational Safety and Health

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

iv. Corporate Social Responsibility

Greenyield believes in giving back to the society, in specific, the communities in which we are located and operating our business. These communities are the significant pillars to our growth.

We provide internship opportunities to students and graduates of local universities and colleges. Through the internship programme, our young generation can gain practical experience and enhance their knowledge from the real working environment. During the financial year, the Group took in four (4) interns from a local university to work in the Finance, Human Resource & Admin, Sales & Marketing and Production Departments.

In Papua New Guinea, Galley Reach Holdings Limited ("Galley Reach"), a subsidiary of the Group, provides free transport for school children. The children of employees and those from the communities along the route from the Group's rubber plantation to the local school (Primary and Lower Secondary) benefit from the Group's commitment. The Group also provides aid in the form of cash and in kind to the school.

Besides that, Galley Reach employs medical assistants for two dispensaries within its rubber plantation, and provides free basic healthcare and medicines for its employees and their dependants. The communities surrounding the company's plantation also benefit from this service. The dispensary is supported by experienced government health extension officers with fortnightly allowances paid by the Galley Reach. Galley Reach also provides diesel fuel for the ambulance belonging to the nearby Government Health Centre to do emergency runs to the General Hospital at Port Moresby.

CONCLUSION

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board is pleased to present this statement of corporate governance which outlines how the Company applied the Principles and Best practices set out in the MCCG for the financial year ended 31 December 2022. Where there are gaps in the Company’s observation of any of the Best Practices of the MCCG, they are disclosed herein with explanations. The detailed application by the Company for each practices set out in the MCCG during the financial year is disclosed in the Corporate Governance Report (“CG Report”) in the Bursa Securities’ website. The CG Report is also available at www.greenfield.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

FUNCTIONS OF THE BOARD

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

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

DUTIES AND RESPONSIBILITIES OF THE BOARD

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

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

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

- i) Reviewing and adopting the overall strategic plans and programs for the Company and the Group;
- ii) Overseeing and evaluating the conduct and performance of the Company’s and Group’s businesses including its control and accountability systems;
- iii) Reviewing, challenging and deciding on management’s proposals for the Group, and monitoring its implementation by Management;
- iv) Identifying principal risks and ensuring the implementation of a proper risk management system to manage such risks;
- v) Overseeing the development and implementation of shareholder and stakeholder communications policies;
- vi) Reviewing and approving financial statements;
- vii) Reviewing the adequacy and the integrity of the management information and internal controls system of the Company;
- viii) Ensuring that appropriate plans are in place in respect of the succession plan for the senior management of the Group; and
- ix) Undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, the Board Committees and each individual Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITIES (CONTINUED)

CODE OF ETHIC AND CONDUCT

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

The Board has also formalised in writing the Company's Whistle-Blowing Policy, which provides appropriate communication and feedback channels to facilitate whistle-blowing. In addition, the Board has formalised in writing the Company's Anti Corruption Policy which provides principles, guidelines and requirements on how to deal with corrupt practices that may arise in the course of daily business and operational activities undertaken by the Company. The Code of Conduct, Whistle-Blowing Policy and Anti Corruption Policy are available for reference at the company's website at www.greenyield.com.my.

STRATEGIES PROMOTING SUSTAINABILITY

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

ACCESS TO INFORMATION AND ADVICE

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

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

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

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

QUALIFIED AND COMPETENT COMPANY SECRETARIES

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITIES (CONTINUED)

TIME COMMITMENT

BOARD CHARTER

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

Any amendment to the Board Charter can only be approved by the Board. The Board Charter was last reviewed on 28 November 2022.

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened as and when deemed necessary. During the financial year, ten (10) Board Meetings were held. The attendance at Board Meetings of the Directors during the financial year under review is set out hereunder:-

| Directors | Position | Reflect the number of Board Meetings scheduled during the time the Director held office | Percentage of Attendance (%) |
|--|---|---|------------------------------|
| Dr Zainol Bin Md Eusof | Independent Non-Executive Chairman | 10/10 | 100 |
| Tham Foo Keong | Group Managing Director | 10/10 | 100 |
| Tham Foo Choon | Deputy Group Managing Director | 10/10 | 100 |
| Tham Kin Wai | Executive Director | 10/10 | 100 |
| Yong Swee Lin | Senior Independent Non-Executive Director | 10/10 | 100 |
| Tham Kin-On | Executive Director | 10/10 | 100 |
| Suhnnyla Kaur Kler (resigned on 10 August 2022) | Independent Non-Executive Director | 6/8 | 75 |
| Supramaniam A/L R.Ramasamy (appointed on 24 January 2022) | Independent Non-Executive Director | 7/9 | 78 |

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

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

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

DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAMME

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities. Save for Mohd Ghazali Bin Yahaya who was appointed as Director on 13 April 2023, will be attending Mandatory Accreditation Programme ("MAP") within 4 months from the appointment date (due date for attending MAP : 13 August 2023), all directors have successfully attended the MAP prescribed by the Bursa Securities. Directors are encouraged to undergo continuous training programmes and seminars organised by the relevant regulatory authorities and professional bodies to keep abreast with the current development in the business environment as well as, to further enhance their business acumen, and professionalism in discharging their duties to the Company effectively.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITIES (CONTINUED)

DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAMME (CONTINUED)

During the financial year ended 31 December 2022, the Directors have attended trainings, conferences, seminars, site visits and/or workshops as listed below:-

| Directors | Training/Seminar/Conference | Date |
|----------------------------|---|--------------------|
| Dr. Zainol Bin Md Eusof | 1. AOB Conversation with Audit Committees | 06 December 2022 |
| Tham Foo Keong | 1. Circular Economy Webinar - Rubber Industry: Shaping the Malaysian Industry for Global Competitiveness | 05 April 2022 |
| Tham Foo Choon | 1. Circular Economy Webinar - Rubber Industry: Shaping the Malaysian Industry for Global Competitiveness | 05 April 2022 |
| Tham Kin Wai | 1. The Digital Supply Chain | 01 December 2022 |
| Yong Swee Lin | 1. MIA Webinar Series : Contract & Procurement Fraud - Internal Controls, 3rd Party Due Diligence and Reporting Mechanism | 05 April 2022 |
| | 2. MIA Webinar Series : Financial Due Diligence | 8 -9 December 2022 |
| | 3. MIA Webinar Series : Companies Act 2016 Voluntary Winding Up, Judicial Management & Corporate Voluntary Arrangement | 16 December 2022 |
| Tham Kin-On | 1. M&A Due Diligence: How it Benefits Purchasers and Impacts the Purchase Price | 22 September 2022 |
| Supramaniam A/L R.Ramasamy | 1. Mandatory Accreditation Programme | 6 -8 April 2022 |

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

II. BOARD COMPOSITION

The Board of the Company comprises nine (9) Directors, four (4) of whom are Executive Directors and the balance five (5) are Independent Non-Executive Directors, who fulfil the prescribed Listing Requirement that a minimum one-third (1/3) of the Board members be independent. The Board has reviewed its size and composition and is satisfied that its current size and composition are effective for the proper functioning of the Group. The profiles of each Director are set out in the Profile of the Board of Directors on pages 12 to 15 of this Annual Report.

SEPARATION OF POSITIONS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

Yong Swee Lin is the Senior Independent Non-Executive Director to facilitate effective communication with other stakeholders and shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. REMUNERATION

REMUNERATION POLICIES AND PROCEDURES

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors. The members of the Remuneration Committee as at 31 December 2022 are as follows:-

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

The main responsibility of the Remuneration Committee is to review and determine the remuneration packages for Directors, Group Managing Director and key senior management officers to ensure that the rewards commensurate with their contribution and is reflective of their respective roles and responsibilities.

The terms of reference of the Remuneration Committee can be found at our website www.greenfield.com.my.

The Remuneration Committee held three (3) meetings during FYE2022 with full attendance and the main activities undertaken are as follows:-

- (i) Reviewed and recommended the remuneration packages for newly appointed Independent Non-Executive Director;
- (ii) Reviewed and recommended the Directors' fees and benefits for the Independent Non-Executive Directors; and
- (iii) Reviewed and recommended the remuneration packages of the Executive Directors.

Details of the Directors' Remuneration

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

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

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 December 2022 is as follows:-

| For FYE 2022 - In RM'000 | | | | | | |
|--|------------|----------|------------------------------------|-------------------|----------|------------|
| Category | Fees | Salaries | Bonuses and Other Emoluments | EPF and SOCSCO | BIK | Total |
| Received from the Company: | | | | | | |
| <u>Non-Executive Directors</u> | | | | | | |
| Dr. Zainol Bin Md Eusof | 60 | - | 7 | - | - | 67 |
| Mr. Yong Swee Lin | 24 | - | 7 | - | - | 31 |
| Mr. Supramaniam A/L R.Ramasamy (appointed on 24 January 2022) | 23 | - | 4 | - | - | 27 |
| Ms. Suhnylla Kaur Kler (resigned on 10 August 2022) | 14 | - | 4 | - | - | 18 |
| Total of Non-Executive Directors | 121 | - | 22 | - | - | 143 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. REMUNERATION (CONTINUED)

REMUNERATION POLICIES AND PROCEDURES (CONTINUED)

Details of the Directors' Remuneration (continued)

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 December 2022 is as follows (continued):-

| For FYE 2022 - In RM'000 | | | | | | |
|-------------------------------------|------------|--------------|------------------------------|---------------|----------|--------------|
| Category | Fees | Salaries | Bonuses and Other Emoluments | EPF and SOCSO | BIK | Total |
| Received on Group basis: | | | | | | |
| <u>Executive Directors</u> | | | | | | |
| Mr. Tham Foo Keong | - | 613 | 89 | 85 | - | 787 |
| Mr. Tham Foo Choon | - | 536 | 76 | 75 | - | 687 |
| Mr. Tham Kin Wai | - | 286 | 58 | 43 | - | 387 |
| Mr. Tham Kin-On | - | 382 | 108 | 61 | - | 551 |
| Total of Executive Directors | - | 1,817 | 331 | 264 | - | 2,412 |
| Grand Total | 121 | 1,817 | 353 | 264 | - | 2,555 |

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

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

For details on the functions, composition, membership and summary of work of the AC in the financial year ended 31 December 2022 are listed down in the AC Report in the Annual Report.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

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

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

The composition and summary of work of the AC are discussed in the AC Report set out on pages 36 to 37 of this Annual Report.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

I. AUDIT COMMITTEE (CONTINUED)

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS (CONTINUED)

The total fees paid to the External Auditors for the financial year ended 31 December 2022 are as follows:-

1) Audit Fees

The total audit fees (including both statutory and non-statutory audits) charged by the External Auditors for the Group and the Company, exclusive of expenses and applicable taxes, amounted to RM177,500 and RM43,000 respectively for the financial year ended 31 December 2022.

2) Non-Audit Fees

The total non-audit fees charged by the External Auditors for other services performed for the Company, exclusive of expenses and applicable taxes, amounted to RM40,000 for the financial year ended 31 December 2022.

A report on the AC which includes the AC's role in relation to the External Auditors is set out on page 37 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

UPHOLD INTEGRITY IN FINANCIAL REPORTING

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

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

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

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

In preparing the financial statements for the financial year ended 31 December 2022, the Directors have:-

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS (CONTINUED)

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

STATE OF INTERNAL CONTROLS

The Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Listing Requirements of Bursa Securities is set out on pages 34 to 35 of this Annual Report.

SOUND FRAMEWORK TO MANAGE RISK

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

INTERNAL AUDIT FUNCTION

The Board and AC have appointed Talent League Sdn. Bhd. for an independent internal audit function which is in compliance with the Listing Requirements of Bursa Securities.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP

I. COMMUNICATION WITH STAKEHOLDERS

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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

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

LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

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

These information include:-

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

I. COMMUNICATION WITH STAKEHOLDERS (CONTINUED)

LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION (CONTINUED)

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

II. CONDUCT GENERAL MEETING

ENCOURAGE SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

The Board is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2022, which is in compliance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers".

THE BOARD'S RESPONSIBILITY

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

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

RISK MANAGEMENT FRAMEWORK

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

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

INTERNAL AUDIT

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

During the financial year ended 31 December 2022, the internal auditors carried out reviews in accordance to the approved Internal Audit Plan. The internal audit review covered areas related to the (i) Plantation Management for Tigantara Plantations Sdn. Bhd.; and (ii) Corporate Governance Review and Human Resource Management for Greenyeld Group. In addition, the internal auditors conducted follow-up review on the (i) Plantation Management for SND Teguh Enterprise Sdn. Bhd.; and (ii) Business Continuity Management and Malaysian Anti-Corruption Commission Act 2009 Section 17A ("MACC S17A") Corporate Liability for Greenyeld Group. The internal audit reviews covered the assessments on the adequacy and effectiveness of internal controls on key processes of the Group. Upon completion of the internal audit reviews, the internal audit observations, recommendations and management comments were reported to the Audit Committee. Issues arising thereon were reviewed, deliberated, and acted upon by the Audit Committee for remedial action to address, mitigate, manage, and address the identified risks.

Periodic updates on the remedial actions were reported to the Audit Committee to ensure that issues raised in the internal audit report were satisfactorily resolved. During the financial year under review, as a result of the internal audit recommendations, standard operating procedures for the Plantation Management of Tigantara Plantations Sdn. Bhd. and areas relating to Corporate Governance and Human Resource Management for Greenyeld Group were improved. The Board is ultimately responsible for the implementation and maintenance of the Group's internal processes and procedures. The Board is conscious of the fact that the systems of internal control and risk management practices must continuously evolve to support the Group's operations. Therefore, the Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's system of internal control and risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with International Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information as adopted by the Malaysian Institute of Accountants and Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the annual report issued by Malaysian Institute of Accountants for inclusion in the annual report of the Group for the financial year ended 31 December 2022, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

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

CONCLUSION

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

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

This statement has been made in accordance with a resolution passed by the Board on 13 April 2023.

AUDIT COMMITTEE REPORT

The Board of Directors of Greenyield Berhad is pleased to present the Audit Committee Report of the Board for the financial year ended 31 December 2022.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises the following three (3) Independent Non-Executive Directors as at 31 December 2022:-

| Name | Designation |
|-----------------------------------|--|
| Yong Swee Lin | Chairman, Senior Independent Non-Executive Director |
| Dr. Zainol Bin Md. Eusof | Member, Independent Non-Executive Director |
| Suhnylla Kaur Kler | Member, Independent Non-Executive Director (resigned on 10 August 2022) |
| Supramaniam A/L R.Ramasamy | Member, Independent Non-Executive Director (appointed on 12 September 2022) |

Terms of Reference

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

Attendance of Audit Committee Meetings

For the financial year ended 31 December 2022, the attendance of Audit Committee members is as follows:-

| Audit Committee Members | Attendance at the Audit Committee Meeting |
|---|---|
| Yong Swee Lin (Chairman) <i>Senior Independent Non-Executive Director</i> | 5/5 |
| Dr. Zainol Bin Md. Eusof <i>Independent Non-Executive Director</i> | 5/5 |
| Suhnylla Kaur Kler (resigned on 10 August 2022) <i>Independent Non-Executive Director</i> | 2/3 |
| Supramaniam A/L R.Ramasamy (appointed on 12 September 2022) <i>Independent Non-Executive Director</i> | 1/1 |

SUMMARY OF THE WORK OF THE COMMITTEE

The Audit Committee carried out the following work in the discharge of its functions and duties through review and deliberation during Audit Committee meetings for the financial year ended 31 December 2022 held on 24 February 2022, 7 April 2022, 25 May 2022, 25 August 2022 and 28 November 2022:-

Financial Reporting

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

AUDIT COMMITTEE REPORT (CONTINUED)

SUMMARY OF THE WORK OF THE COMMITTEE (CONTINUED)

External Audit

- Reviewed the external auditors' audit plan and scope of work for the financial year ended 31 December 2022 and the proposed audit fees;
- Reviewed the external auditors' performance and conducted assessment of their independence; and
- The Audit Committee met with the external auditors once during the year without the presence of management, to review key issues within their interest and responsibility.

Internal Audit

- Reviewed the internal audit reports on the Plantation Management for Tigantara Plantations Sdn. Bhd.; and Corporate Governance Review; and Human Resource Management for Greenyild Group including recommendations made by the internal auditors and management's comments;
- Reviewed the Corrective and Preventive Action Plan ("CAPA") and follow up management's progress in improving specific areas of internal controls; and
- Reviewed the effectiveness of the audit process and assessed the performance of the overall Internal Audit Function.

Malaysian Code on Corporate Governance

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

Recurrent Related Party Transactions ("RRPT")

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

Acquisition of 65% Equity in Greenyild Rubber Holdings (M) Ltd ("GRHM") – A Related Party Transaction

- Reviewed the proposals including but not limited to the salient terms of the Share Sale Agreement and Shareholders' Agreement, basis and justification for the Purchase Consideration and the issue price of the Consideration Ordinary Shares and Irredeemable Convertible Preference Shares, rationale and benefits of the proposals, prospects of the GRHM Group as well as the evaluation of the Independent Adviser, and subsequently recommended to the Board to proceed in seeking shareholders' approval.

INTERNAL AUDIT FUNCTION

The Company is aware that an internal audit function is essential to ensure the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. During the financial year ended 31 December 2022, the Group outsourced the internal audit function to an independent professional audit firm to provide an assurance on the adequacy, efficiency and integrity of the Group's system of internal control. In line with good corporate governance practices, the outsourced internal audit function is independent of the activities and operations of the Group. The professional audit firm conducting the internal audit function reports directly to the Audit Committee and thereafter to the Board of Directors.

The cost incurred by the Company in connection with the outsourced internal audit function for the financial year ended 31 December 2022 amounted to RM27,710.14.

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

NOMINATION COMMITTEE REPORT

The Board of Directors of Greenyild Berhad is pleased to present the Nomination Committee Report for the financial year ended 31 December 2022.

COMPOSITION OF NOMINATION COMMITTEE

The Nomination Committee comprises exclusively of Independent Non-Executive Directors. The members of the Nomination Committee as at 31 December 2022 are as follows:-

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

Terms of Reference

The Terms of Reference of the Nomination Committee are available on the Company's website at <http://www.greenyild.com.my>.

Attendance of Nomination Committee Meetings

For the financial year ended 31 December 2022, the attendance of Nomination Committee members is as follows:-

| Nomination Committee Members | Attendance at the Nomination Committee Meeting |
|---|--|
| Yong Swee Lin (Chairman) <i>Senior Independent Non-Executive Director</i> | 3/3 |
| Dr. Zainol Bin Md. Eusof <i>Independent Non-Executive Director</i> | 3/3 |

SUMMARY OF THE WORK OF THE COMMITTEE

The Nomination Committee carried out the following work in discharging its duties for the financial year ended 31 December 2022:-

Composition of the Board and Board Committees

The Board acknowledges the benefits of board diversity, including age, gender and ethnic diversity, to the effective functioning of the Board. Nevertheless, when considering new appointments to the Board, the Nomination Committee and the Board will evaluate the suitability of candidates solely in meeting the needs of the Company based on a set of criteria / candidates' experience, competency, character, time commitment, integrity and potential contribution to the company with the primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives. Such evaluation criteria does not make age, gender, and ethnicity of the proposed new director determining factors for appointment to the Board. On 25 May 2022, the Board had introduced a Directors' Fit and Proper Policy, covering the scope of character and integrity, experience and competence, as well as time and commitment, to serve as a reference for the Nomination Committee in determining the appointment and re-election of Directors. The said policy is accessible on the Company's website at www.greenyild.com.my.

The Board has on 13 April 2023 appointed Mohd Ghozali Bin Yahaya and Saryani Binti Che Ab Rahman as the Independent Directors of the Company. The newly appointed Independent Directors had been sourced from Institute of Corporate Directors Malaysia and Industry referral. The Nomination Committee had assessed and considered their background, professional qualification, knowledge integrity and competencies, independence as well as fulfilment of criteria as set out in the Directors' Fit and Proper Policy before recommending their appointment to the Board for approval.

Following the appointment of Saryani Binti Che Ab Rahman as a Independent Director, the Board currently has one (1) women Director out of nine (9) Directors which represents 11.11% female representation. The Nomination Committee will take steps to identify more female candidates subject to appropriate due diligence on the candidate's compatibility, competency, character, time commitment, integrity and experience, to meet the recommendation of the Malaysian Code of Corporate Governance, where the board should comprises at least 30% women directors.

NOMINATION COMMITTEE REPORT (CONTINUED)

SUMMARY OF THE WORK OF THE COMMITTEE (CONTINUED)

Retirement and Re-election

The Nomination Committee is responsible for recommending to the Board, the Directors who are due for retirement and re-appointment and are eligible to stand for the re-election and re-appointment accordingly.

The Board, via the Nomination Committee had on 13 April 2023, undertook an fit and proper assessment on the retiring directors, namely Tham Foo Choon, Mohd Ghozali Bin Yahaya and Saryani Binti Che Ab Rahman, who are seeking for re-election pursuant to Clauses No. 76(3) and 78 of the Constitution of the Company, at the forthcoming Twentieth Annual General Meeting.

The Nomination Committee collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed in the Directors' Fit and Proper Policy. The Nomination Committee was satisfied with the outcome of the fit and proper assessment on Tham Foo Choon, Mohd Ghozali Bin Yahaya and Saryani Binti Che Ab Rahman and recommended to the Board for approval.

Our shareholders are stayed informed on any appointment or re-appointment of Directors through the Statement Accompanying Notice of Annual General Meeting which is attached as part of the Annual Report. This shall ensure the shareholders obtain sufficient information to consider in exercising their voting rights during Annual General Meeting.

Annual Performance Assessment

The Board's performance is assessed annually by each of its members through self as well as peer assessments. The results of the performance evaluations are reviewed by the Nomination Committee and subsequently by the Board.

- Performance Evaluation on Directors

The Nomination Committee is satisfied that each Director has performed and discharged their duties within their respective portfolios well.

- Effectiveness of the Board as a whole and Board Committees

The Nomination Committee is satisfied with the size of the Company's Board and that there is an appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board. The Board Committees had carried out their duties and discharged their responsibilities effectively in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and their respective Terms of Reference.

The Nomination Committee had assessed the terms of office of the Audit Committee and each of its members and is satisfied with their performance.

Annual Assessment of Independence

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

The Nomination Committee and Board are of the view that all five (5) Independent Non-Executive Directors continue to remain objective and independent in expressing their views and in participating in deliberations and decision making actions of the Board and the Board Committees, and that no individual or small group of individuals dominates the Board's decision-making process. All evaluations carried on the independence of the Independent Directors were tabled to the Board and are properly documented.

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

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

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2022.

2. MATERIAL CONTRACTS

During the financial year under review, the Company had on 21 March 2022 entered into the following:

- (i) a conditional share sale agreement ("SSA") for the acquisition by the Company of 11,700,000 ordinary shares in Greenyfield Rubber Holdings (M) Ltd ("GRHM"), representing 65.0% equity interest in GRHM, from Greenyfield Holdings Sdn. Bhd. ("GHSB")⁽¹⁾, Premium Commodities Sdn. Bhd., Tham Foo Keong⁽²⁾, Tham Foo Choon⁽³⁾, Tham Kin-On⁽⁴⁾ and Foong Sai Cheong for a purchase consideration of up to RM61,489,415, subject to the adjustments as set out in the SSA ("Proposed Acquisition"); and
- (ii) a shareholders' agreement with GHSB (being a shareholder of GRHM which will hold the remaining 35.0% equity interest in GRHM upon completion of the Proposed Acquisition), to record certain commitments and regulate the rights as shareholder.

Save for the above (which had been completed on 26 October 2022), there were no material contracts entered into by the Company and its subsidiaries which involved Directors' and/or major shareholders' interest.

⁽¹⁾ GHSB is a major shareholder of the Company and a shareholder of GRHM.

⁽²⁾ Tham Foo Keong, a Vendor, is the Group Managing Director and a major shareholder of the Company. He is a director and shareholder of GRHM. He is the brother of Tham Foo Choon, Tham Chong Sing and Tham Fau Sin and the father of Tham Kin-On.

⁽³⁾ Tham Foo Choon, a Vendor, is the Deputy Group Managing Director and a major shareholder of the Company. He is a director and shareholder of GRHM. He is the brother of Tham Foo Keong, Tham Chong Sing and Tham Fau Sin.

⁽⁴⁾ Tham Kin-On, a Vendor, is an Executive Director and shareholder of the Company. He is a director and shareholder of GRHM. He is the son of Tham Foo Keong.

Notes:

- Tham Chong Sing, a shareholder of GHSB, is a major shareholder of the Company. He is deemed as a shareholder of GRHM by virtue of his shareholdings in GHSB. He is the brother of Tham Foo Keong, Tham Foo Choon and Tham Fau Sin and the father of Tham Kin Wai.
- Tham Fau Sin, a shareholder of GHSB, is a major shareholder of the Company. He is deemed as a shareholder of GRHM by virtue of his shareholdings in GHSB. He is the brother of Tham Foo Keong, Tham Foo Choon and Tham Chong Sing.
- Tham Kin Wai is an Executive Director and shareholder of the Company. He is the son of Tham Chong Sing.

3. MATERIAL CONTRACTS RELATING TO LOANS

During the financial year ended 31 December 2022, there were no material contracts relating to loans involving directors and/ or major shareholders.

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

At the Annual General Meeting ("AGM") held on 8 June 2022, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT").

In accordance with Practice Note 12 of the the MMLR, details of RRPT for the financial year ended 31 December 2022 pursuant to the shareholders' mandate were as follows:-

| Related Party | Company(ies) within our Group | Nature of transactions | Amount transacted (RM) |
|---------------------------------|--|---|------------------------|
| Galley Reach Holdings Ltd, GRHM | Gim Triple Seven Sdn. Bhd., Greenyfield Industries (M) Sdn. Bhd., RCP Technologies Sdn. Bhd. | Sale of plantation related products and services by Company within our Group to Related Parties | 1,515,837 |
| | | Sale of plantation related products and services by Company within our Group to - Related Parties* | 31,015 |
| Galley Reach Holdings Ltd | Tigantara Plantations Sdn. Bhd. | Purchase of rubber and plantation related products and services by Companies within our Group from Related Parties | 13,326,877 |
| | | Purchase of rubber and plantation related products and services by Companies within our Group from - Related Parties* | 1,294,341 |

* Post completion of the Proposed Acquisition as disclosed under Item 2 - Material Contracts.



FINANCIAL STATEMENTS

| | |
|------------|--|
| 42 | Directors' Report |
| 46 | Statements of Financial Position |
| 47 | Statements of Profit or Loss and Other Comprehensive Income |
| 48 | Statements of Changes in Equity |
| 49 | Statements of Cash Flows |
| 51 | Notes to the Financial Statements |
| 100 | Statement by Directors |
| 100 | Statutory Declaration |
| 101 | Independent Auditors' Report |

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant changes in the nature of these principal activities during the financial year.

RESULTS

| | Group RM | Company RM |
|-------------------------------|-------------|---------------|
| Profit for the financial year | 32,327,536 | 5,538,728 |
| Attributable to:- | | |
| Owners of the Company | 32,562,244 | 5,538,728 |
| Non-controlling interests | (234,708) | - |
| | 32,327,536 | 5,538,728 |

RESERVES AND PROVISIONS

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

DIVIDENDS

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

| | RM |
|--|-----------|
| In respect of the financial year ended 31 December 2022 | |
| Final dividend of 0.30 sen per ordinary share, paid on 4 July 2022 | 1,001,220 |

DIRECTORS OF THE COMPANY AND SUBSIDIARIES

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

Tham Foo Keong*
 Tham Foo Choon*
 Dr. Zainol Bin Md. Eusof
 Tham Kin Wai*
 Yong Swee Lin
 Tham Kin-On*
 Supramaniam A/L R.Ramasamy
 Saryani Binti Che Ab Rahman (Appointed on 13 April 2023)
 Mohd Ghozali Bin Yahaya (Appointed on 13 April 2023)
 Suhnylla Kaur Kler (Resigned on 10 August 2022)

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

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

Tham Kin Hoe
 Michael Galia Bai

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' REMUNERATION AND BENEFITS

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

| | Incurring by the Company RM | Incurring by the subsidiaries RM | Group RM |
|-------------------------|-----------------------------------|--|-------------|
| Directors' fees | 121,161 | - | 121,161 |
| Directors' remuneration | 21,500 | 2,412,104 | 2,433,604 |
| | 142,661 | 2,412,104 | 2,554,765 |

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company might 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 as disclosed above and Note 28 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company of which Director has a substantial financial interest.

DIRECTORS' INTERESTS

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

| | At 1.1.2022 | Number of ordinary shares | | At 31.12.2022 |
|--|----------------|---------------------------|-----------|------------------|
| | | Bought | Sold | |
| Interests in the Company: | | | | |
| Greenfield Berhad | | | | |
| Tham Foo Keong | | | | |
| - own | 7,473,160 | 30,771,281 | - | 38,244,441 |
| Tham Foo Choon | | | | |
| - own | 6,099,160 | 20,514,188 | 4,000,000 | 22,613,348 |
| Dr. Zainol Bin Md. Eusof | 210,000 | - | - | 210,000 |
| Tham Kin Wai | 2,000,000 | - | - | 2,000,000 |
| Yong Swee Lin | 20,000 | - | - | 20,000 |
| Tham Kin-On | 500,000 | 26,668,445 | - | 27,168,445 |
| Deemed interests in the Company: | | | | |
| Greenfield Berhad | | | | |
| Tham Foo Keong | | | | |
| - others* | 19,162,560 | - | - | 19,162,560 |
| Tham Foo Choon | | | | |
| - others* | 903,900 | 4,000,000 | - | 4,903,900 |
| Deemed interests in the Company via its ultimate holding company: | | | | |
| Greenfield Holdings Sdn. Bhd. | | | | |
| Tham Foo Keong | 162,121,320 | 79,310,345 | - | 241,431,665 |
| Tham Foo Choon | 162,121,320 | 79,310,345 | - | 241,431,665 |

DIRECTORS' REPORT (CONTINUED)**DIRECTORS' INTERESTS (CONTINUED)**

| | Number of irredeemable convertible preference shares | | | |
|--|--|------------|------|------------------|
| | At 1.1.2022 | Bought | Sold | At 31.12.2022 |
| Deemed interests in the Company via its ultimate holding company: Greenfield Holdings Sdn. Bhd. | | | | |
| Tham Foo Keong | - | 47,789,885 | - | 47,789,885 |
| Tham Foo Choon | - | 47,789,885 | - | 47,789,885 |

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 208,549,728 new ordinary shares and 47,789,885 irredeemable convertible preference shares ("ICPS") at RM0.20 per ordinary share being the fair value of the ordinary shares pursuant to acquisition of subsidiaries, Greenfield Rubber Holdings (M) Ltd and its subsidiaries on 25 October 2022.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There are no debentures issued during the financial year.

OTHER STATUTORY INFORMATION

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

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
- any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (CONTINUED)**OTHER STATUTORY INFORMATION (CONTINUED)**

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

HOLDING COMPANY

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and the Company are covered by the Directors' and Officers' Liability Insurance for any liability incurred in discharged of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM7,605.

AUDITORS

The amount of audit and other fees paid or payable to the external auditor and its member firms by the Group and the Company for the financial year ended 31 December 2022 amounted to RM217,500 and RM83,000 respectively. Further details are disclosed in Note 19 to the financial statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the requirements of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year.

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors on 13 April 2023.

Tham Foo Keong

Tham Foo Choon

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

| | Note | 2022 RM | Group 2021 RM | Company 2022 RM | 2021 RM |
|---|------|--------------------|---------------------|-----------------------|-------------------|
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 3 | 215,787,677 | 39,599,023 | 18,736 | 33,725 |
| Right-of-use assets | 4 | 10,724,186 | 9,636,277 | - | - |
| Investment properties | 5 | 2,631,792 | 3,998,379 | - | - |
| Intangible assets | 6 | 3,759,456 | 3,831,988 | - | - |
| Investment in subsidiaries | 7 | - | - | 103,362,561 | 39,613,146 |
| Other investment | 8 | 1,242 | - | - | - |
| Cash and cash equivalents | 9 | 150,053 | 1,328,728 | - | - |
| Total non-current assets | | 233,054,406 | 58,394,395 | 103,381,297 | 39,646,871 |
| Current assets | | | | | |
| Inventories | 10 | 10,976,466 | 8,333,550 | - | - |
| Trade and other receivables | 11 | 11,292,041 | 7,448,531 | 2,139,389 | 4,800,829 |
| Tax recoverable | | 406,804 | 95,531 | 2,817 | 2,202 |
| Cash and cash equivalents | 9 | 6,241,428 | 14,877,332 | 40,218 | 76,896 |
| Total current assets | | 28,916,739 | 30,754,944 | 2,182,424 | 4,879,927 |
| Total assets | | 261,971,145 | 89,149,339 | 105,563,721 | 44,526,798 |
| Equity | | | | | |
| Share capital | 12 | 84,641,923 | 33,374,000 | 84,641,923 | 33,374,000 |
| Reserves | 12 | (822,441) | 381,359 | - | - |
| Retained earnings | 12 | 66,665,139 | 35,104,115 | 13,027,306 | 8,489,798 |
| Total equity attributable to the owners of the Company | | 150,484,621 | 68,859,474 | 97,669,229 | 41,863,798 |
| Non-controlling interests | | 42,046,252 | - | - | - |
| Total equity | | 192,530,873 | 68,859,474 | 97,669,229 | 41,863,798 |
| Liabilities | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 13 | 4,941,536 | 10,638,231 | - | - |
| Lease liabilities | 14 | 1,139,772 | 368,978 | - | - |
| Deferred tax liabilities | 15 | 49,738,086 | 2,370,025 | - | - |
| Total non-current liabilities | | 55,819,394 | 13,377,234 | - | - |
| Current liabilities | | | | | |
| Trade and other payables | 16 | 11,728,165 | 3,435,046 | 7,894,492 | 2,663,000 |
| Contract liabilities | 17 | 215,316 | 1,392,060 | - | - |
| Borrowings | 13 | 1,254,110 | 1,583,913 | - | - |
| Lease liabilities | 14 | 423,019 | 286,603 | - | - |
| Tax payable | | 268 | 215,009 | - | - |
| Total current liabilities | | 13,620,878 | 6,912,631 | 7,894,492 | 2,663,000 |
| Total liabilities | | 69,440,272 | 20,289,865 | 7,894,492 | 2,663,000 |
| Total equity and liabilities | | 261,971,145 | 89,149,339 | 105,563,721 | 44,526,798 |

The accompanying 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 2022

| | | Group | | Company | |
|--|------|--------------|--------------|-------------|------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Revenue | 18 | 56,921,989 | 45,376,172 | 7,820,000 | 4,500,000 |
| Cost of sales | | (40,541,353) | (29,447,741) | - | - |
| Gross profit | | 16,380,636 | 15,928,431 | 7,820,000 | 4,500,000 |
| Other income | | 2,201,717 | 424,512 | - | - |
| Gain on bargain purchase | | 29,061,057 | - | - | - |
| Distribution expenses | | (324,201) | (168,625) | - | - |
| Administrative expenses | | (12,464,194) | (8,480,225) | (2,281,620) | (924,581) |
| (Loss)/Reversal on impairment of financial asset | | (222,387) | 31,005 | - | - |
| Other expenses | | (120,405) | (3,450) | - | - |
| Results from operating activities | | 34,512,223 | 7,731,648 | 5,538,380 | 3,575,419 |
| Interest expense | | (328,935) | (363,090) | - | - |
| Interest income | | 122,294 | 133,482 | 348 | 3,143 |
| Net interest (expense)/income | | (206,641) | (229,608) | 348 | 3,143 |
| Profit before tax | 19 | 34,305,582 | 7,502,040 | 5,538,728 | 3,578,562 |
| Tax expense | 20 | (1,978,046) | (2,060,385) | - | - |
| Profit for the financial year | | 32,327,536 | 5,441,655 | 5,538,728 | 3,578,562 |
| Other comprehensive (loss)/income for the financial year, net of tax Items that are or may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translation differences for foreign operations | | (1,852,000) | 132,846 | - | - |
| | | (1,852,000) | 132,846 | - | - |
| Total comprehensive income for the financial year | | 30,475,536 | 5,574,501 | 5,538,728 | 3,578,562 |
| Profit/(Loss) attributable to:- | | | | | |
| Owners of the Company | | 32,562,244 | 5,441,655 | 5,538,728 | 3,578,562 |
| Non-controlling interests | | (234,708) | - | - | - |
| | | 32,327,536 | 5,441,655 | 5,538,728 | 3,578,562 |
| Total comprehensive income/(loss) attributable to:- | | | | | |
| Owners of the Company | | 31,358,444 | 5,574,501 | 5,538,728 | 3,578,562 |
| Non-controlling interests | | (882,908) | - | - | - |
| | | 30,475,536 | 5,574,501 | 5,538,728 | 3,578,562 |
| Earnings per ordinary share (sen): | 21 | | | | |
| - Basic | | 8.75 | 1.63 | | |
| - Diluted | | 8.55 | 1.63 | | |

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2022

| | | Attributable to owners of the Company | | | | | | |
|--|------|---------------------------------------|-----------|------------------------|----------------------|-------------|------------------------------|-----------------|
| | | Non-distributable | | Distributable | | | | |
| Group | Note | Share capital RM | ICPS RM | Translation reserve RM | Retained earnings RM | Total RM | Non-controlling interests RM | Total equity RM |
| At 1 January 2021 | | 33,374,000 | - | 248,513 | 29,662,460 | 63,284,973 | - | 63,284,973 |
| Foreign currency translation differences for foreign operations | | - | - | 132,846 | - | 132,846 | - | 132,846 |
| Profit for the financial year | | - | - | - | 5,441,655 | 5,441,655 | - | 5,441,655 |
| Total comprehensive income for the financial year | | - | - | 132,846 | 5,441,655 | 5,574,501 | - | 5,574,501 |
| At 31 December 2021 | | 33,374,000 | - | 381,359 | 35,104,115 | 68,859,474 | - | 68,859,474 |
| Foreign currency translation differences for foreign operations | | - | - | (1,203,800) | - | (1,203,800) | (648,200) | (1,852,000) |
| Profit for the financial year | | - | - | - | 32,562,244 | 32,562,244 | (234,708) | 32,327,536 |
| Total comprehensive income for the financial year | | - | - | (1,203,800) | 32,562,244 | 31,358,444 | (882,908) | 30,475,536 |
| Transactions with owners:- | | | | | | | | |
| Issuance of ordinary shares pursuant to acquisition of subsidiaries | | 41,709,946 | - | - | - | 41,709,946 | - | 41,709,946 |
| Issuance of ICPS pursuant to acquisition of subsidiaries | | - | 9,557,977 | - | - | 9,557,977 | - | 9,557,977 |
| Dividends to owners of the Company | 22 | - | - | - | (1,001,220) | (1,001,220) | - | (1,001,220) |
| Non-controlling interests arising from redeemable convertible preference shares issued by a subsidiary | | - | - | - | - | - | 10,824,888 | 10,824,888 |
| Acquisition of subsidiaries | | - | - | - | - | - | 32,104,272 | 32,104,272 |
| Total transactions with owners | | 41,709,946 | 9,557,977 | - | (1,001,220) | 50,266,703 | 42,929,160 | 93,195,863 |
| At 31 December 2022 | | 75,083,946 | 9,557,977 | (822,441) | 66,665,139 | 150,484,621 | 42,046,252 | 192,530,873 |

| | Note | Attributable to owners of the Company | | | Total equity RM |
|---|------|---------------------------------------|-----------|----------------------|-----------------|
| | | Share capital RM | ICPS RM | Retained earnings RM | |
| Company | | | | | |
| At 1 January 2021 | | 33,374,000 | - | 4,911,236 | 38,285,236 |
| Profit and total comprehensive income for the financial year | | - | - | 3,578,562 | 3,578,562 |
| At 31 December 2021 | | 33,374,000 | - | 8,489,798 | 41,863,798 |
| Profit and total comprehensive income for the financial year | | - | - | 5,538,728 | 5,538,728 |
| Transactions with owners:- | | | | | |
| Issuance of ordinary shares pursuant to acquisition of subsidiaries | | 41,709,946 | - | - | 41,709,946 |
| Issuance of ICPS pursuant to acquisition of subsidiaries | | - | 9,557,977 | - | 9,557,977 |
| Dividend to owners of the Company | 22 | - | - | (1,001,220) | (1,001,220) |
| Total transactions with owners | | 41,709,946 | 9,557,977 | (1,001,220) | 50,266,703 |
| At 31 December 2022 | | 75,083,946 | 9,557,977 | 13,027,306 | 97,669,229 |

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2022

| | Note | Group 2022 RM | 2021 RM | Company 2022 RM | 2021 RM |
|--|------|---------------------|-------------|-----------------------|--------------|
| Cash flows from operating activities | | | | | |
| Profit before tax | | 34,305,582 | 7,502,040 | 5,538,728 | 3,578,562 |
| Adjustments for:- | | | | | |
| Amortisation of intangible assets | | 25,414 | 15,714 | - | - |
| Amortisation of investment properties | | 65,497 | 85,460 | - | - |
| Gain on bargain purchase | | (29,061,057) | - | - | - |
| Bad debts written off | | 134 | 12,613 | - | - |
| Depreciation of property, plant and equipment | | 1,531,330 | 1,518,776 | 14,989 | 14,989 |
| Depreciation of right-of-use assets | | 402,803 | 320,746 | - | - |
| Dividend income | | - | - | (7,820,000) | (4,500,000) |
| Interest expense | | 328,935 | 363,090 | - | - |
| Interest income | | (122,294) | (133,482) | (348) | (3,143) |
| Inventories written off | | - | 444 | - | - |
| Gain on disposal of property, plant and equipment | | (141,173) | (13,053) | - | - |
| Gain on disposal of investment properties | | (405,143) | - | - | - |
| Loss/(Reversal) on impairment of financial asset | | 222,387 | (31,005) | - | - |
| Property, plant and equipment written off | | 9,255 | 1,952 | - | - |
| Unrealised loss/(gain) on foreign exchange | | 50,844 | (27,222) | - | - |
| Operating profit/(loss) before changes in working capital | | 7,212,514 | 9,616,073 | (2,266,631) | (909,592) |
| Changes in:- | | | | | |
| Inventories | | 608,604 | (1,184,746) | - | - |
| Contract liabilities | | (1,176,744) | 721,703 | - | - |
| Trade and other receivables | | (1,658,219) | (965,535) | (4,019) | (9,857,988) |
| Trade and other payables | | (167,257) | (134,324) | 48,000 | - |
| Cash from/(used in) operations | | 4,818,898 | 8,053,171 | (2,222,650) | (10,767,580) |
| Tax paid | | (2,153,583) | (1,986,641) | (615) | (615) |
| Tax refunded | | 205,447 | - | - | - |
| Net cash from/(used in) operating activities | | 2,870,762 | 6,066,530 | (2,223,265) | (10,768,195) |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | (i) | (2,003,666) | (1,471,599) | - | - |
| Acquisition of right-of-use assets | (ii) | (679,934) | (73,800) | - | - |
| Acquisition of intangible assets | | (44,530) | (6,700) | - | - |
| Acquisition of subsidiaries | 7 | (2,363,006) | - | (3,000,000) | - |
| Proceeds from disposal of property, plant and equipment | | 658,000 | 75,000 | - | - |
| Proceeds from disposal of investment properties | | 1,706,233 | - | - | - |
| Withdrawal/(Placement) of pledged deposits with licensed banks | | 1,178,675 | (36,681) | - | - |
| Additional investment in subsidiaries | | - | - | (2,260,000) | (825,000) |
| Dividend received | | - | - | 7,820,000 | 4,500,000 |
| Interest received | | 122,294 | 133,482 | 348 | 3,143 |
| Repayment from subsidiaries | | - | - | 2,665,459 | 5,987,000 |
| Net cash (used in)/from investing activities | | (1,425,934) | (1,380,298) | 5,225,807 | 9,665,143 |
| Cash flows from financing activities | | | | | |
| Dividend paid to owners of the Company | | (1,001,220) | - | (1,001,220) | - |
| Interests paid | | (416,534) | (536,923) | - | - |
| (Repayment to)/Advances from subsidiaries | | - | - | (2,038,000) | 844,020 |
| Advances from/(Repayment to) Directors | | 13,867 | (2,007) | - | - |
| Repayment of term loans | | (6,026,498) | (1,355,306) | - | - |
| Repayment of lease liabilities | | (319,889) | (282,529) | - | - |
| Net cash (used in)/from financing activities | | (7,750,274) | (2,176,765) | (3,039,220) | 844,020 |

STATEMENTS OF CASH FLOWS (CONTINUED)

for the financial year ended 31 December 2022

| | Note | 2022 RM | Group 2021 RM | 2022 RM | Company 2021 RM |
|--|-------|------------------|---------------------|---------------|-----------------------|
| Net changes in cash and cash equivalents | | (6,305,446) | 2,509,467 | (36,678) | (259,032) |
| Effect of exchange rate fluctuation on cash and cash equivalents | | (2,330,458) | 129,099 | - | - |
| Cash and cash equivalents at beginning of financial year | | 14,877,332 | 12,238,766 | 76,896 | 335,928 |
| Cash and cash equivalents at end of financial year | (iii) | 6,241,428 | 14,877,332 | 40,218 | 76,896 |

NOTES TO THE STATEMENTS OF CASH FLOWS*(i) Acquisition of property, plant and equipment*

| | 2022 RM | Group 2021 RM | 2022 RM | Company 2021 RM |
|---|------------|---------------------|------------|-----------------------|
| Total addition of property, plant and equipment | 2,275,236 | 1,706,838 | - | - |
| Depreciation of property, plant and equipment included in additions of immature bearer plant (Note 3.2) | (143,295) | (143,312) | - | - |
| Depreciation of right-of-use assets capitalised (Note 3.2) | (36,627) | - | - | - |
| Amortisation of intangible assets included in additions of immature bearer plant (Note 3.2) | (91,648) | (91,927) | - | - |
| Total cash payment | 2,003,666 | 1,471,599 | - | - |

(ii) Acquisition of right-of-use assets

| | 2022 RM | Group 2021 RM | 2022 RM | Company 2021 RM |
|---------------------------------------|------------|---------------------|------------|-----------------------|
| Total addition of right-of-use assets | 1,556,934 | 313,800 | - | - |
| Acquired under lease arrangements | (877,000) | (240,000) | - | - |
| Total cash payment | 679,934 | 73,800 | - | - |

(iii) Cash and cash equivalents

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

| | 2022 RM | Group 2021 RM | 2022 RM | Company 2021 RM |
|------------------------------|------------|---------------------|------------|-----------------------|
| Deposits with licensed banks | 1,763,779 | 7,654,253 | 7,379 | 7,200 |
| Cash and bank balances | 4,627,702 | 8,551,807 | 32,839 | 69,696 |
| | 6,391,481 | 16,206,060 | 40,218 | 76,896 |
| Less: Deposits pledged | (150,053) | (1,328,728) | - | - |
| | 6,241,428 | 14,877,332 | 40,218 | 76,896 |

The deposits with licensed banks of the Group amounted to RM150,053 (2021: RM1,328,728) have been pledged as security for banking facility granted to subsidiaries and hence, are not available for general use.

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

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business

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

Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant changes in the nature of these principal activities during the financial year.

The ultimate holding company during the financial year was Greenyfield Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 April 2023.

1. Basis of preparation**(a) Statement of compliance**

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

(i) Adoption of new standards and amendments to MFRSs

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

At the beginning of current financial year, the Group and the Company adopted new standards and amendments to MFRSs which are mandatory for the current financial.

The initial application of the new standards and amendments to the standards did not have a material impact to the financial statements.

(ii) Standards issued but not yet effective

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

MFRSs and amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

| | |
|------------------------|---|
| MFRS 17* | Insurance contracts |
| Amendments to MFRS 17* | Insurance contracts |
| Amendments to MFRS 17* | Insurance contracts: Initial application of MFRS 17 and MFRS 9 – Comparative information |
| Amendments to MFRS 101 | Presentation of financial statements: Classification of liabilities as current or non-current |
| Amendments to MFRS 101 | Presentation of financial statements: Disclosure of accounting policies |
| Amendments to MFRS 108 | Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates |
| Amendments to MFRS 112 | Income taxes: Deferred tax related to assets and liabilities arising from a single transaction |

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024

| | |
|------------------------|--|
| Amendments to MFRS 16 | Lease: Lease liability in a sale and leaseback |
| Amendments to MFRS 101 | Presentation of financial statements: Non-current liabilities with covenants |

Amendments to MFRSs effective for a date yet to be confirmed

| | |
|-------------------------------------|---|
| Amendments to MFRS 10 and MFRS 128* | Consolidated financial statements and investments in associates and joint ventures: Sale or contribution of assets between an investor and associate or joint venture |
|-------------------------------------|---|

* Not applicable to the Group's and the Company's operation

The initial application of the above applicable standards and amendments are not expected to have any material financial impact to the financial statements upon their first adoption.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Key sources of estimation uncertainties

Key assumptions concerning the future and accounting estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of property, plant and equipment, right-of-use assets and investment properties

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

Impairment of property, plant and equipment, right-of-use assets and investment properties

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

Impairment of intangible asset

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

Income taxes/Deferred tax liabilities

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

Deferred tax assets

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

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1. Basis of preparation (continued)****(d) Significant accounting estimates and judgements (continued)**Key sources of estimation uncertainties (continued)**Provision for expected credit losses ("ECL") of trade receivables**

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

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every quarterly reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

Significant management judgements

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

Deferred tax assets

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

2. Significant accounting policies

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

(a) Basis of consolidation**(i) Subsidiaries**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

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

(iii) Transactions eliminated on consolidation

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

Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 2(r) of the financial statements.

(b) Foreign currency

(i) Foreign currency transaction and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

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

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. Significant accounting policies (continued)****(b) Foreign currency (continued)****(i) Foreign currency transaction and balances (continued)**

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

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

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

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

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

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Initial recognition and measurement (continued)

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

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

The Group and the Company only have the financial assets at amortised cost and FVTPL on their statements of financial position.

Financial assets at amortised cost

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

FVTPL

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Net changes in fair value is recognised in profit or loss in the period which it arises.

The Group's financial asset at FVTPL includes other investment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. Significant accounting policies (continued)****(c) Financial instruments (continued)****(i) Financial assets (continued)****Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

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).

Impairment for trade receivables

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

To measures ECLs, trade receivables are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Impairment (continued)

Impairment for financial assets other than trade receivables

The Group and the Company consider the probability of default upon initial recognition of the asset and whether there have been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

Credit impaired

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments.

(ii) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; or
- Financial liabilities at amortised cost.

The Group and the Company only have financial liabilities at amortised cost on their statements of financial position.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

The Group's and the Company's financial liabilities at amortised cost include trade payables, most of other payables and borrowings.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. Significant accounting policies (continued)****(c) Financial instruments (continued)****(iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Property, plant and equipment**(i) Recognition and measurement**

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which it is located. All other repair and maintenance costs are recognised in the profit or loss as incurred.

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

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

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

(e) Investment property

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

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

The principal annual amortisation rate used are as follows:-

| | |
|----------|----|
| Building | 2% |
|----------|----|

Investment property is derecognised when either it is disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. When an item of property, plant and equipment is transferred to investment property following a change in its use, property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

(f) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(f) Leases (continued)

As a lessee (continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

| | |
|----------------|---------------------------|
| Leasehold land | Over remaining lease term |
| Buildings | Over remaining lease term |
| Motor vehicles | 6 - 10 years |
| Laboratory | 3 years |

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use asset is also subject to impairment as detailed in Note 2(j) to the financial statements.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises and office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(g) Intangible assets

(i) Trademarks

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

(ii) Concession rights

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

(iii) Subsequent expenditure

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

(iv) Amortisation

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

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

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

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

(h) Inventories

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

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

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

(i) Cash and cash equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. Significant accounting policies (continued)****(j) Impairment of non-financial assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly trade subsidiaries or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(k) Equity, reserves and distribution to owners

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

Retained earnings include all current and prior periods' retained earnings.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(k) Equity, reserves and distribution to owners (continued)

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

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

(l) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Borrowing costs

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

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

All other borrowing costs are expensed in the period in which 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.

(n) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. Significant accounting policies (continued)****(o) Employee benefits****(i) Short-term employee benefits**

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

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

(ii) Defined contribution plan

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

(p) Revenue and other income**Sales of goods**

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

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

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

Dividend income

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

Interest income

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

(q) Contract liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(r) Tax expense

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

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

(s) Sales and service tax

Expenses and assets are recognised net of the amount of sales and service tax ("SST"), except:

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

The net amount of sales and service tax payable to taxation authority is included as part of payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. Significant accounting policies (continued)****(t) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statements of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(u) Value added tax

Revenue, expenses and assets are recognised net of value added tax ("VAT") except for the VAT in a purchase of assets or services which are not recoverable from the taxation authority, the VAT are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are stated with the amount of VAT included (where applicable).

The net amount of VAT recoverable from, or payable to taxation authority at the end of reporting date is included in other receivables or other payables in the statements of financial position.

(v) Earnings per ordinary share

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

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

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

(w) Operating segments

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

(x) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

(x) Fair value measurements (continued)

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

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

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

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

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

(y) Related parties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Property, plant and equipment

| Group Cost | Freehold land and building* RM | Buildings RM | Plant and machinery RM | Motor vehicles RM | Reno-vations RM | Mature bearer plant RM | Immature bearer plant RM | Factory, office fittings and equipment RM | Capital work-in-progress RM | Total RM |
|---|--------------------------------|--------------|------------------------|-------------------|-----------------|------------------------|--------------------------|---|-----------------------------|-------------|
| At 1 January 2021 | 358,603 | 4,931,891 | 8,646,049 | 1,693,090 | 1,110,796 | 5,927,999 | 23,697,042 | 10,198,122 | 542,349 | 57,105,941 |
| Additions | - | - | 250,020 | 58,830 | - | - | 1,101,045 | 172,848 | 124,095 | 1,706,838 |
| Borrowing costs capitalised ranging from 5.50% to 6.75% per annum | - | - | - | - | - | - | 173,833 | - | - | 173,833 |
| Disposals | - | - | - | (323,200) | - | - | - | - | - | (323,200) |
| Written off | - | - | - | - | - | - | - | (8,200) | - | (8,200) |
| Reclassification | - | 352,817 | - | - | - | 2,073,923 | (2,073,923) | - | (352,817) | - |
| At 31 December 2021 | 358,603 | 5,284,708 | 8,896,069 | 1,428,720 | 1,110,796 | 8,001,922 | 22,897,997 | 10,362,770 | 313,627 | 58,655,212 |
| Additions | 15,764 | - | 444,865 | 88,706 | - | - | 1,417,243 | 294,563 | 14,095 | 2,275,236 |
| Addition through acquisition of subsidiaries | - | 10,853,682 | 7,743,982 | 10,640,771 | - | 165,374,272 | 12,734,483 | 2,196,762 | - | 209,543,952 |
| Borrowing costs capitalised ranging from 5.75% to 6.75% per annum | - | - | - | - | - | - | 87,599 | - | - | 87,599 |
| Disposals | - | - | - | (1,233,683) | - | - | (171,666) | (5,500) | - | (1,410,849) |
| Written off | - | - | (1,900) | - | - | - | - | (623,738) | - | (625,638) |
| Reclassification | - | - | - | - | - | 1,672,155 | (1,672,155) | - | - | - |
| Transfer from right-of-use assets | - | - | - | 460,986 | - | - | - | - | - | 460,986 |
| Translation difference | - | (775,923) | (553,610) | (853,046) | - | (1,422,978) | 85,730 | (155,411) | - | (3,675,238) |
| At 31 December 2022 | 374,367 | 15,362,467 | 16,529,406 | 10,532,454 | 1,110,796 | 173,625,371 | 35,379,231 | 12,069,446 | 327,722 | 265,311,260 |
| Accumulated depreciation | | | | | | | | | | |
| At 1 January 2021 | - | 401,969 | 6,950,005 | 1,037,627 | 891,981 | 340,719 | - | 8,039,301 | - | 17,661,602 |
| Depreciation for the financial year | - | 91,714 | 299,443 | 176,953 | - | 400,096 | - | 693,882 | - | 1,662,088 |
| Disposals | - | - | - | (261,253) | - | - | - | - | - | (261,253) |
| Written off | - | - | - | - | - | - | - | (6,248) | - | (6,248) |
| At 31 December 2021 | - | 493,683 | 7,249,448 | 953,327 | 891,981 | 740,815 | - | 8,726,935 | - | 19,056,189 |
| Depreciation for the financial year | - | 146,421 | 312,846 | 183,484 | - | 592,464 | - | 439,410 | - | 1,674,625 |
| Addition through acquisition of subsidiaries | - | 6,600,340 | 6,408,969 | 10,193,171 | - | 7,459,753 | - | 1,779,719 | - | 32,441,952 |
| Disposals | - | - | - | (890,585) | - | - | - | (3,437) | - | (894,022) |
| Written off | - | - | (522) | - | - | - | - | (615,861) | - | (616,383) |
| Transfer from right-of-use assets | - | - | - | 234,334 | - | - | - | - | - | 234,334 |
| Translation difference | - | (471,833) | (458,145) | (784,304) | - | (533,236) | - | (125,594) | - | (2,373,112) |
| At 31 December 2022 | - | 6,768,611 | 13,512,596 | 9,889,427 | 891,981 | 8,259,796 | - | 10,201,172 | - | 49,523,583 |
| Carrying amount | | | | | | | | | | |
| At 31 December 2022 | 374,367 | 8,593,856 | 3,016,810 | 643,027 | 218,815 | 165,365,575 | 35,379,231 | 1,868,274 | 327,722 | 215,787,677 |
| At 31 December 2021 | 358,603 | 4,791,025 | 1,646,621 | 475,393 | 218,815 | 7,261,107 | 22,897,997 | 1,635,835 | 313,627 | 39,599,023 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Property, plant and equipment (continued)

- * The cost and carrying amount of the freehold land and building amounted to RM270,588 (2021: RM270,588) are not segregated from the buildings as required details are not available.

The depreciation of property, plant and equipment of RM143,295 (2021: RM143,312) is capitalised under immature bearer plant while the remaining depreciation is included in cost of sales and administrative expenses.

3.1 Security

Group

The carrying amount of RM2,985,709 (2021: RM3,077,423) of certain buildings have been pledged for term loans granted to subsidiaries as stated in Note 13 to the financial statements.

3.2 Immature bearer plant

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

| | Group | |
|---|------------|--------------------------------|
| | 2022 RM | 2021 RM |
| Land clearing costs | 5,900 | 39,600 |
| Planting costs | 49,956 | 25,970 |
| Depreciation of property, plant and equipment | 143,295 | 143,312 |
| Depreciation right-of-use asset | 36,627 | - |
| Amortisation of intangible assets | 91,648 | 91,927 |
| Personnel expenses: | | |
| - Wages, salaries and other employee benefits | 480,038 | 351,177 |
| - Defined contribution plan | 17,284 | 16,275 |
| | | |
| | | Motor vehicles/ Total RM |
| Company | | |
| Cost | | |
| At 1 January 2021/31 December 2021/31 December 2022 | | 149,888 |
| Accumulated depreciation | | |
| At 1 January 2021 | | 101,174 |
| Depreciation for the financial year | | 14,989 |
| At 31 December 2021 | | 116,163 |
| Depreciation for the financial year | | 14,989 |
| At 31 December 2022 | | 131,152 |
| Carrying amount | | |
| At 31 December 2022 | | 18,736 |
| At 31 December 2021 | | 33,725 |

4. Right-of-use assets

As a lessee

The Group has leases for leasehold land, buildings, motor vehicles and laboratory that run between 3 to 99 years.

The Group also has leases of premises and office equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Right-of-use assets (continued)

| | Leasehold land RM | Buildings RM | Motor vehicles RM | Laboratory RM | Total RM |
|---|-------------------------|-----------------|-------------------------|------------------|-------------|
| Group | | | | | |
| At 1 January 2021 | 6,087,931 | 2,373,511 | 1,181,781 | - | 9,643,223 |
| Additions | - | - | 313,800 | - | 313,800 |
| Depreciation for the financial year | (77,854) | (53,132) | (189,760) | - | (320,746) |
| At 31 December 2021 | 6,010,077 | 2,320,379 | 1,305,821 | - | 9,636,277 |
| Additions | - | - | 1,457,152 | 99,782 | 1,556,934 |
| Additions through acquisition of subsidiaries | 212,226 | - | - | - | 212,226 |
| Depreciation for the financial year | (56,286) | (49,810) | (327,790) | (5,544) | (439,430) |
| Transfer to property, plant and equipment | - | - | (226,652) | - | (226,652) |
| Translation reserve | (15,169) | - | - | - | (15,169) |
| At 31 December 2022 | 6,150,848 | 2,270,569 | 2,208,531 | 94,238 | 10,724,186 |

The above motor vehicles are under lease arrangement and pledged as security for the related finance lease.

The depreciation of motor vehicles of RM36,627 (2021: Nil) is capitalised under immature bearer plant in property, plant and equipment while the remaining depreciation is included in cost of sales and administrative expenses.

The strata title of the above buildings is yet to be issued by the relevant authority.

The carrying amount of right-of-use assets that have been pledged for term loans granted to subsidiaries as stated in Note 13 to the financial statements are as follows:-

| | Group | |
|----------------|--------------------|--------------------|
| | 2022 RM | 2021 RM |
| Leasehold land | 647,247 | 656,353 |
| Buildings | 2,270,569 | 1,856,303 |
| | <u>2,917,816</u> | <u>2,512,656</u> |

5. Investment properties

| | Freehold land RM | Building RM | Total RM |
|-------------------------------------|------------------------|----------------|-------------|
| Group | | | |
| Cost | | | |
| At 1 January 2021/31 December 2021 | 532,754 | 3,756,023 | 4,288,777 |
| Disposal | (532,754) | (869,230) | (1,401,984) |
| At 31 December 2022 | - | 2,886,793 | 2,886,793 |
| Accumulated amortisation | | | |
| At 1 January 2021 | - | 204,938 | 204,938 |
| Amortisation for the financial year | - | 85,460 | 85,460 |
| At 31 December 2021 | - | 290,398 | 290,398 |
| Amortisation for the financial year | - | 65,497 | 65,497 |
| Disposal | - | (100,894) | (100,894) |
| At 31 December 2022 | - | 255,001 | 255,001 |
| Carrying amount | | | |
| At 31 December 2022 | - | 2,631,792 | 2,631,792 |
| At 31 December 2021 | 532,754 | 3,465,625 | 3,998,379 |

The Group's building amounting to RM2,631,792 (2021: RM2,689,528) meet the definition of right-of-use assets but does not required to be reclassified to right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Investment properties (continued)

5.1 Security

The investment properties have been pledged for term loan granted to a subsidiary.

5.2 Strata title

The strata title of the above building is yet to be issued by the relevant authority.

5.3 Fair value

The fair value of the investment properties is amounted to RM5,216,785 (2021: RM8,175,698). Fair value is estimated by the Directors by reference to the published selling price for property in vicinity location. The investment properties are classified as Level 3 in the fair value hierarchy.

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

| | 2022 RM | 2021 RM |
|---|------------|------------|
| Group | | |
| Lease income | 64,500 | 66,000 |
| Direct operating expenses: | | |
| - Income generating investment properties | 6,578 | 3,789 |
| - Non-income generating investment properties | 902 | 5,375 |

6. Intangible assets

| Group | Trademarks RM | Concession rights RM | Total RM |
|-------------------------------------|------------------|----------------------------|-------------|
| Cost | | | |
| At 1 January 2021 | 151,563 | 4,044,551 | 4,196,114 |
| Additions | 6,700 | - | 6,700 |
| Expiration of contracts | (1,530) | - | (1,530) |
| At 31 December 2021 | 156,733 | 4,044,551 | 4,201,284 |
| Additions | 44,530 | - | 44,530 |
| Expiration of contracts | (2,080) | - | (2,080) |
| At 31 December 2022 | 199,183 | 4,044,551 | 4,243,734 |
| Accumulated amortisation | | | |
| At 1 January 2021 | 79,609 | 183,576 | 263,185 |
| Amortisation for the financial year | 15,714 | 91,927 | 107,641 |
| Expiration of contracts | (1,530) | - | (1,530) |
| At 31 December 2021 | 93,793 | 275,503 | 369,296 |
| Amortisation for the financial year | 25,414 | 91,648 | 117,062 |
| Expiration of contracts | (2,080) | - | (2,080) |
| At 31 December 2022 | 117,127 | 367,151 | 484,278 |
| Carrying amount | | | |
| At 31 December 2022 | 82,056 | 3,677,400 | 3,759,456 |
| At 31 December 2021 | 62,940 | 3,769,048 | 3,831,988 |

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

The amortisation of trademarks is included in administrative expenses while the amortisation of concession rights is capitalised under immature bearer plant in property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Investment in subsidiaries

| | Company | |
|--|-------------|-------------|
| | 2022 RM | 2021 RM |
| At cost:- | | |
| Unquoted shares | | |
| - Ordinary shares | 69,488,739 | 21,279,146 |
| - Redeemable convertible preference shares | 22,134,000 | 19,874,000 |
| - ICPS | 13,279,822 | - |
| | 104,902,561 | 41,153,146 |
| Less: Impairment losses | (1,540,000) | (1,540,000) |
| | 103,362,561 | 39,613,146 |

The movement of the impairment losses is as follows:-

| | Company | |
|---|------------|------------|
| | 2022 RM | 2021 RM |
| At beginning of financial year/At end of financial year | 1,540,000 | 1,540,000 |

The impairment losses were recognised to adjust the carrying amount of investment in subsidiaries as the recoverable amounts were lower than the carrying amount.

Details of the Level 3 fair value method used in obtaining the recoverable amounts are as follows:-

| Valuation method and key inputs | Significant unobservable assets and liabilities | Relationship of unobservable inputs and fair value |
|---|---|--|
| Adjusted net asset method which derives the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities | Fair value of individual assets and liabilities | The higher the net assets, the higher the fair value |

Details of the subsidiaries are as follows:-

| Name of subsidiaries | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest | |
|---|--|---|------------------------------|-----------|
| | | | 2022 % | 2021 % |
| Greenyard Industries (M) Sdn. Bhd. ("GISB") | Malaysia | Manufacturing and marketing of agricultural related systems and products and plastic related products | 100 | 100 |
| Gim Triple Seven Sdn. Bhd. | Malaysia | Marketing and distribution of agricultural related systems and products | 100 | 100 |
| Givnflow Company Limited* | Vietnam | Dissolved | - | 100 |
| Greenyard (Cambodia) Pte. Ltd.* | Cambodia | In member's voluntary liquidation | 100 | 100 |
| Gimflow Sdn. Bhd. | Malaysia | Marketing and distribution of agricultural related systems and products | 100 | 100 |
| RCP Technologies Sdn. Bhd. | Malaysia | Trading of agricultural and plantation tools and providing technical and consultancy services | 100 | 100 |
| Tigantara Plantations Sdn. Bhd. | Malaysia | Rubber planting and estate management | 100 | 100 |
| SND Teguh Enterprise Sdn. Bhd. | Malaysia | Rubber planting and estate management | 100 | 100 |
| Pullah PC Daud Sdn. Bhd. | Malaysia | Rubber planting and estate management | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):-

| Name of subsidiaries | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest | |
|---|--|---|------------------------------|-----------|
| | | | 2022 % | 2021 % |
| Greenyard Rubber Holdings (M) Ltd# ("GRHM") | Labuan | Agent for foreign, investee and sell rubber | 65 | - |
| Subsidiaries of GRHM:- | | | | |
| Galley Reach Holdings Limited# | Papua New Guinea | Extraction, processing and supply of rubber | 65 | - |
| Veimauri Plantations Limited# ("Veimauri") | Papua New Guinea | Agriculture | 65 | - |
| Kanosia Estates Limited# | Papua New Guinea | Agriculture | 65 | - |
| The British New Guinea Development Limited# | United Kingdom | Investment, agriculture, transportation and retail sale of general consumer goods | 65 | - |

* The subsidiary is in member's voluntary liquidation and has been consolidated based on unaudited financial statements.

Not audited by member firms of Grant Thornton Malaysia PLT.

Acquisition of subsidiaries

On 21 March 2020, the Company entered into Conditional Share Sale Agreement with Greenyard Holdings Sdn. Bhd., Premium Commodities Sdn. Bhd., Tham Foo Keong, Tham Foo Choon, Tham Kin-On and Foong Sai Cheong for the proposed acquisition of 65% equity interest in Greenyard Rubber Holdings (M) Ltd ("GRHM"). The acquisition was completed on 26 October 2022 for a total consideration of RM61,489,415 which was satisfied in the following manner:

- i) RM3,000,000 in cash;
- ii) 226,047,962 new ordinary shares of the Company at fair value of RM0.20 each which amounting to RM45,209,593, whereby the fair value of the share is published price of the share as of acquisition date of which:
 - (a) up to 208,549,728 new ordinary shares amounting to RM41,709,946 issued on the date of completion;
 - (b) up to 9,095,246 new ordinary shares amounting to RM1,819,049 shall be issued as and when the renewal for any one of the nine parcels of the expired agricultural lease lands has been granted; and
 - (c) up to 8,402,988 new ordinary shares amounting to RM1,680,598 shall be issued progressively upon utilisation of the historical tax losses by Veimauri prior to 1 January 2016 via filed tax returns for the year of assessment ("YA") 2021 to 2024 of Veimauri.
- iii) 66,399,113 new ICPS at fair value of RM0.20 each which amounting to RM13,279,822, whereby the fair value of the share is published price of the share as of acquisition date of which:
 - (a) up to 47,789,885 new ICPS amounting to RM9,557,977 issued on the date of completion;
 - (b) up to 9,672,716 new ICPS amounting to RM1,934,543 shall be issued as and when the renewal for any one of the nine parcels of the expired agricultural lease lands has been granted; and
 - (c) up to 8,936,512 new ICPS amounting to RM1,787,302 shall be issued progressively upon utilisation of the historical tax losses by Veimauri prior to 1 January 2016 via filed tax returns for the YA 2021 to 2024 of Veimauri.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Investment in subsidiaries (continued)

Acquisition of subsidiaries (continued)

The net assets of GRHM as at the acquisition date is as follows:-

| | 2022 RM |
|-------------------------------|--------------------|
| Property, plant and equipment | 177,102,000 |
| Right-of-use assets | 212,226 |
| Other investment | 1,343 |
| Inventories | 3,251,521 |
| Trade and other receivables | 2,464,891 |
| Cash and cash equivalents | 636,994 |
| Trade and other payables | (3,110,348) |
| Lease liabilities | (266,858) |
| Deferred tax liabilities | (46,812,137) |
| | <hr/> 133,479,632 |
| Non-controlling interests | (42,929,160) |
| Gain on bargain purchase | (29,061,057) |
| | <hr/> 61,489,415 |

| | Note | 2022 RM |
|---|-------------|--------------------|
| <u>Details of cash flows arising from acquisition are as follow:-</u> | | |
| Purchase consideration | | 61,489,415 |
| Less: Issuance of ordinary shares | | (41,709,946) |
| Less: Issuance of ICPS | | (9,557,977) |
| Less: Other payables | 16.3 | (7,221,492) |
| | | <hr/> 3,000,000 |
| Less: Cash and cash equivalents in subsidiaries acquired | | (636,994) |
| Net cash outflows on acquisition | | <hr/> 2,363,006 |

In accordance with MFRS 3, business combination, a fair value adjustment for mature and immature bearer plant amounting to RM156,040,457 and deferred tax liabilities of RM46,812,137 were recognised upon acquisition.

There were no acquisition in previous financial year.

Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") during the financial year (2021: Nil) are as follows:-

| | GRHM Group |
|---|-----------------------|
| Percentages of ownership interest and voting interest (%) | 35% |
| Carrying amount of NCI (RM) | 42,046,252 |
| Loss allocated to NCI (RM) | (234,708) |
| Total comprehensive loss allocated to NCI (RM) | <hr/> (882,908) |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Investment in subsidiaries (continued)

Acquisition of subsidiaries (continued)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests during the financial year (2021: Nil) are as below:-

| | GRHM Group RM |
|---|---------------------|
| Financial position as at 31 December 2022 | |
| Non-current assets | 19,737,756 |
| Current assets | 6,140,377 |
| Non-current liabilities | (204,117) |
| Current liabilities | (3,824,473) |
| | <u>21,849,543</u> |
| Summary of financial performance for the financial year ended 31 December 2022 | |
| Revenue | 16,599,718 |
| Loss for the financial year | (14,523,569) |
| Total comprehensive loss for the financial year | <u>(14,548,487)</u> |
| Summary of cash flows for the financial year ended 31 December 2022 | |
| Net cash flows used in operating activities | (2,396,027) |
| Net cash flows used in investing activities | (998,409) |
| Net cash flows from financing activities | 687,654 |
| | <u>(2,706,782)</u> |
| Other information | |
| Dividend | <u>-</u> |

8. Other investment

| | Group 2022 RM | 2021 RM |
|--|---------------------|------------|
| Unquoted shares, financial assets at FVTPL | 1,242 | - |

9. Cash and cash equivalents

| | Note | Group 2022 RM | 2021 RM | Company 2022 RM | 2021 RM |
|-------------------------------------|------|---------------------|-------------------|-----------------------|---------------|
| Non-current | | | | | |
| Deposits placed with licensed banks | 9.1 | 150,053 | 1,328,728 | - | - |
| Current | | | | | |
| Cash and bank balances | | 4,627,702 | 8,551,807 | 32,839 | 69,696 |
| Deposits placed with licensed banks | 9.1 | 1,613,726 | 6,325,525 | 7,379 | 7,200 |
| | | <u>6,241,428</u> | <u>14,877,332</u> | <u>40,218</u> | <u>76,896</u> |
| | | 6,391,481 | 16,206,060 | 40,218 | 76,896 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Cash and cash equivalents (continued)

9.1 The non-current deposits placed with licensed banks is pledged for bank guarantee facilities. The effective interest rates for deposits placed with licensed banks are ranging from 1.76% to 2.87% (2021: 1.89% to 3.10%) per annum.

10. Inventories

| | Group | |
|---|-------------------|------------------|
| | 2022 RM | 2021 RM |
| Raw materials | 3,167,428 | 3,476,967 |
| Work-in-progress | 1,086,111 | 1,927,804 |
| Packaging materials | 528,651 | 759,602 |
| Finished goods | 6,194,276 | 2,169,177 |
| | <u>10,976,466</u> | <u>8,333,550</u> |
| Recognised in profit or loss:- | | |
| Inventories recognised as cost of sales | 32,762,433 | 21,924,660 |
| Inventories written off | - | 444 |

11. Trade and other receivables

| | Note | Group | | Company | |
|-------------------------------|------|-------------------|------------------|------------------|------------------|
| | | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Trade | | | | | |
| Trade receivables | 11.1 | 8,716,385 | 6,413,064 | - | - |
| Less: | | | | | |
| Accumulated impairment losses | 11.2 | (231,662) | (9,275) | - | - |
| | | <u>8,484,723</u> | <u>6,403,789</u> | <u>-</u> | <u>-</u> |
| Non-trade | | | | | |
| Amount due from subsidiaries | 11.3 | - | - | 2,130,561 | 4,796,020 |
| Other receivables | | 292,258 | 148,639 | 500 | 500 |
| Deposits | | 436,597 | 354,900 | 4,000 | 4,000 |
| GST recoverable | | 1,459,262 | - | - | - |
| Prepayments | | 619,201 | 541,203 | 4,328 | 309 |
| | | <u>2,807,318</u> | <u>1,044,742</u> | <u>2,139,389</u> | <u>4,800,829</u> |
| | | <u>11,292,041</u> | <u>7,448,531</u> | <u>2,139,389</u> | <u>4,800,829</u> |

11.1 Trade receivables

The trade receivables are non-interest bearing and the normal trade credit terms granted to customers ranged from current to 150 days (2021: current to 90 days). They are recognised at invoice amounts. In previous financial year, included in trade receivables of RM299,113 was an amount due from a company in which certain Directors have interests which is subject to normal trade terms, unsecured and interest free.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Trade and other receivables (continued)

11.2 Accumulated impairment losses

The movement of accumulated impairment losses on trade receivables during the financial year is as follows:-

| | Group | |
|---|------------|------------|
| | 2022 RM | 2021 RM |
| Brought forward | 9,275 | 40,280 |
| Addition/(Reversal) during the financial year | 222,387 | (31,005) |
| Carried forward | 231,662 | 9,275 |

11.3 Amount due from subsidiaries

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

12. Share capital and reserves

Share capital

| | | Group and Company | | | |
|---|------|----------------------|-------------------------------------|----------------------|-------------------------------------|
| | Note | Amount 2022 RM | Number of shares 2022 Unit | Amount 2021 RM | Number of shares 2021 Unit |
| Issued and fully paid with no par value:- | | | | | |
| <u>Ordinary shares</u> | 12.1 | | | | |
| Brought forward | | 33,374,000 | 333,740,000 | 33,374,000 | 333,740,000 |
| Issuance of ordinary shares pursuant to acquisition of subsidiaries | | 41,709,946 | 208,549,728 | - | - |
| Carried forward | | 75,083,946 | 542,289,728 | 33,374,000 | 333,740,000 |
| <u>ICPS</u> | | | | | |
| | 12.2 | | | | |
| Brought forward | | - | - | - | - |
| Issuance of ICPS pursuant to acquisition of subsidiaries | | 9,557,977 | 47,789,885 | - | - |
| Carried forward | | 9,557,977 | 47,789,885 | - | - |
| Total | | 84,641,923 | 590,079,613 | 33,374,000 | 333,740,000 |

Reserves

| | | Group | | Company | |
|--------------------------|------|------------|------------|------------|------------|
| | | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Non-distributable | | | | | |
| Translation reserve | 12.3 | (822,441) | 381,359 | - | - |
| Distributable | | | | | |
| Retained earnings | | 66,665,139 | 35,104,115 | 13,027,306 | 8,489,798 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**12. Share capital and reserves (continued)****12.1 Share capital**

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

12.2 ICPS

Main features of the ICPS are as follows:

i) Dividends

The ICPS holders carry the right to receive such dividends and/or distributions declared in respect of one Company's share, subject however to any adjustment to the conversion ratio.

ii) Conversion rights

The ICPS is convertible into ordinary shares at the ratio of one ICPS held for one ordinary share in the Company at any time from the date of issuance of the ICPS. The conversion of ICPS shall be exercised by ICPS holder delivering a duly completed and signed notice to convert to the share registrar of the Company. A holder of ICPS who has issued a Conversion Notice shall furnish to the Company such supporting documents or information as may be prescribed by the Company or as may be required under any applicable laws and regulations. Subject to the applicable laws and regulations, within eight market days from the date of receipt by the Company of a Conversion Notice or such other period as may be prescribed or allowed by Bursa Securities Malaysia Berhad, the Company shall:

- (a) issue and/or allot to the relevant converting ICPS holders, such number of ordinary shares to which such holders are entitled to receive, credited as fully paid-up ("Conversion Shares"), and shall cause the securities account of the said holders to be credited with such number of Conversion Shares; and
- (b) despatch a notice of allotment to relevant Converting ICPS Holders in respect of the Conversion Shares.

Once converted, the ICPS shall not be capable of re-issuance.

iii) Meeting and voting rights

Each ICPS holder shall have the right to receive notices, reports and audited financial statements and attending general meeting but shall not be entitled to vote in any way except at a meeting in each of the following circumstances:

- (a) when the dividend or part of the dividend on the ICPS is in arrear for more than six months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole or substantial part of the Company's assets, businesses or undertakings;
- (d) on a proposal that directly affects rights and privileges attached to the ICPS;
- (e) on a proposal to wind-up the Company; or
- (f) during the winding-up of the Company.

iv) Redemption

The ICPS shall not be redeemable.

v) Transferability

The ICPS is transferable at any time, provided that such transfer, sale, disposal or dealing shall be in accordance with the Company's Constitution.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Share capital and reserves (continued)

12.2 ICPS (continued)

Main features of the ICPS are as follows (continued):

vi) Priority in winding up or liquidation

On winding up or liquidation, the ICPS holder shall be entitled to repayment of the capital paid up on these ICPS in priority to any payment to the holders of the ordinary shares.

vii) Listing status

The ICPS will not be listed, quoted or traded on the Main Market of Bursa Securities Malaysia Berhad. The new ordinary shares in the Company to be issued upon the conversion of ICPS will be listed and quoted on the Main Market of Bursa Securities Malaysia Berhad.

viii) Ranking of new ordinary shares

The new ordinary shares to be issued upon conversion of the ICPS shall, upon allotment and issue, rank equally in all respects with the existing issued ordinary shares, except that the new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date is before the date of allotment of such new ordinary shares.

ix) Governing law

The ICPS will be governed under the laws of Malaysia.

12.3 Translation reserve

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

13. Borrowings

| | Group | |
|-------------------------|------------|------------|
| | 2022 RM | 2021 RM |
| Non-current | | |
| Term loans (secured) | 4,941,536 | 10,638,231 |
| Current | | |
| Term loans (secured) | 1,254,110 | 1,583,913 |
| Total borrowings | 6,195,646 | 12,222,144 |

13.1 Security

The term loans are secured over freehold land, leasehold land and building of the Group (see Notes 3, 4 and 5) and corporate guarantees issued by the Company.

The interest is charged at rates ranging from 3.20% to 6.75% (2021: 3.20% to 6.75%) per annum.

13.2 Significant covenants

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

- Maintain a debt-to-equity ratio of not more than 2:1 at all times by GISB.
- Dividend payments made by the GISB, a wholly owned subsidiary of the Company does not exceed its respective year's profit after tax.
- Tangible net worth of the Group to be at least RM50,000,000 (2021: RM50,000,000) at all times.

As at the end of reporting period, the Group has complied with above significant covenants.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Lease liabilities

| | Group | |
|-------------|------------------|----------------|
| | 2022 RM | 2021 RM |
| Non-current | 1,139,772 | 368,978 |
| Current | 423,019 | 286,603 |
| | <u>1,562,791</u> | <u>655,581</u> |

The maturity analysis of lease liabilities is disclosed in Note 25.4 to the financial statements.

The expenses relating to payments not included in the measurement of lease liabilities is as follows:-

| | Group | |
|-------------------|------------|------------|
| | 2022 RM | 2021 RM |
| Short-term leases | 608,060 | 452,996 |

The total cash outflows for leases amounted to RM974,003 (2021: RM770,101).

The effective interest rates for the lease liabilities are ranging from 4.06% to 7.50% (2021: 4.06% to 6.25%) per annum.

15. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:-

| | Group | |
|--------------------------------|-------------------|------------------|
| | 2022 RM | 2021 RM |
| Property, plant and equipment: | | |
| - capital allowances | 3,487,950 | 3,188,835 |
| - fair value adjustments | 48,058,217 | 1,246,080 |
| Right-of-use assets | 555,910 | 567,787 |
| Unabsorbed business losses | (1,187,000) | (1,489,671) |
| Unutilised capital allowances | (1,180,000) | (1,144,000) |
| Provisions | 5,009 | 2,994 |
| Accumulated impairment losses | (2,000) | (2,000) |
| | <u>49,738,086</u> | <u>2,370,025</u> |

Movement in temporary differences during the financial year

| | At 1.1.2021 RM | Recognised in profit or loss (Note 20) RM | At 31.12.2021 RM | Acquisition (Note 7) RM | Recognised in profit or loss (Note 20) RM | At 31.12.2022 RM |
|--------------------------------|----------------------|---|------------------------|-------------------------------|---|------------------------|
| Group | | | | | | |
| Property, plant and equipment: | | | | | | |
| - capital allowances | 3,211,775 | (22,940) | 3,188,835 | - | 299,115 | 3,487,950 |
| - fair value adjustments | 1,246,080 | - | 1,246,080 | 46,812,137 | - | 48,058,217 |
| Right-of-use assets | 566,050 | 1,737 | 567,787 | - | (11,877) | 555,910 |
| Unabsorbed business losses | (1,640,924) | 151,253 | (1,489,671) | - | 302,671 | (1,187,000) |
| Unutilised capital allowances | (1,146,068) | 2,068 | (1,144,000) | - | (36,000) | (1,180,000) |
| Provisions | 17,072 | (14,078) | 2,994 | - | 2,015 | 5,009 |
| Accumulated impairment losses | (10,000) | 8,000 | (2,000) | - | - | (2,000) |
| | <u>2,243,985</u> | <u>126,040</u> | <u>2,370,025</u> | <u>46,812,137</u> | <u>555,924</u> | <u>49,738,086</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Deferred tax liabilities (continued)

Unrecognised deferred tax assets

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

| | 2022 RM | Group 2021 RM |
|----------------------------|------------|---------------------|
| Unabsorbed business losses | 1,140,903 | 931,413 |

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

Unabsorbed business losses for which no deferred tax assets were recognised expire as follows. Any amounts not utilised upon expiry period of the below year of assessment will be disregarded.

| | 2022 RM | Group 2021 RM |
|-------------------------|------------|---------------------|
| Year of assessment 2028 | 1,140,903 | 870,239 |
| Year of assessment 2029 | - | 4,000 |
| Year of assessment 2030 | - | 28,802 |
| Year of assessment 2031 | - | 28,372 |
| | 1,140,903 | 931,413 |

16. Trade and other payables

| | Note | Group 2022 RM | 2021 RM | Company 2022 RM | 2021 RM |
|--|------|---------------------|------------|-----------------------|------------|
| Trade | | | | | |
| Trade payables | 16.1 | 1,453,641 | 1,469,304 | - | - |
| Amount due to ultimate holding company | 16.2 | - | 840 | - | - |
| | | 1,453,641 | 1,470,144 | - | - |
| Non-trade | | | | | |
| Other payables | 16.3 | 8,141,138 | 1,173,229 | 7,221,492 | - |
| Accrued expenses | | 2,105,276 | 756,685 | 83,000 | 35,000 |
| Amount due to subsidiaries | 16.4 | - | - | 590,000 | 2,628,000 |
| Amount due to Directors | 16.5 | 19,164 | 5,297 | - | - |
| SST payable | | 8,946 | 29,691 | - | - |
| | | 10,274,524 | 1,964,902 | 7,894,492 | 2,663,000 |
| | | 11,728,165 | 3,435,046 | 7,894,492 | 2,663,000 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Trade and other payables (continued)**16.1 Trade payables**

Normal trade credit period granted by suppliers to the Group ranged from current to 90 days (2021: current to 90 days).

16.2 Amount due to ultimate holding company

In previous financial year, the trade amount due to ultimate holding company was unsecured, interest free and subject to normal trade credit term of 30 days.

16.3 Other payables

Included in other payables is an amount of RM7,221,492 (2021: Nil) pursuant to deferred consideration on the ordinary shares and ICPS as stated in Note 7 to the financial statements.

16.4 Amount due to subsidiaries

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

16.5 Amount due to Directors

The non-trade amount due to Directors are unsecured, interest free and repayable on demand.

17. Contract liabilities

| | Group | |
|---|--------------|-------------|
| | 2022 | 2021 |
| | RM | RM |
| Brought forward | 1,392,060 | 670,357 |
| Decrease as a result of recognising revenue during the financial year | (1,392,060) | (670,357) |
| Increase as a result of receiving deposits from customers upon placing sales orders | 215,316 | 1,392,060 |
| Carried forward | 215,316 | 1,392,060 |

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Revenue

| | Group | | Company | |
|--|-------------------|-------------------|------------------|------------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Revenue recognised at a point in time:- | | | | |
| Sale of goods | 56,921,989 | 45,376,172 | - | - |
| Revenue from contracts with customers | 56,921,989 | 45,376,172 | - | - |
| Revenue from other sources:- | | | | |
| Dividend income - gross | - | - | 7,820,000 | 4,500,000 |
| Total revenue | 56,921,989 | 45,376,172 | 7,820,000 | 4,500,000 |

| | Group | |
|-------------------------------------|-------------------|-------------------|
| | 2022 RM | 2021 RM |
| Malaysia | 10,369,277 | 4,849,925 |
| South East Asia other than Malaysia | 1,736,352 | 3,660,758 |
| United States of America | 5,678,137 | 6,698,357 |
| Europe | 11,026,702 | 11,303,566 |
| Africa | 5,421,273 | 2,332,570 |
| Australia | 1,766,486 | 3,778,858 |
| China | 11,443,065 | 331,708 |
| Japan | 4,383,807 | 2,446,724 |
| Others | 5,096,890 | 9,973,706 |
| | 56,921,989 | 45,376,172 |

19. Profit before tax

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Profit before tax is arrived at after charging: | | | | |
| Auditors' remuneration: | | | | |
| - Statutory audit | 177,500 | 154,000 | 43,000 | 28,000 |
| - Assurance-related services | 40,000 | 7,000 | 40,000 | 7,000 |
| - Other Auditors | 261,280 | - | - | - |
| Bad debts written off | 134 | 12,613 | - | - |
| Interest expense: | | | | |
| - Borrowings | 282,881 | 328,514 | - | - |
| - Lease liabilities | 46,054 | 34,576 | - | - |
| Directors' fee | 121,161 | 132,000 | 121,161 | 132,000 |
| Unrealised loss on foreign exchange (net) | 50,844 | - | - | - |
| and after crediting: | | | | |
| Interest income: | | | | |
| - Fixed deposit | 90,341 | 80,319 | - | - |
| - Bank | 31,953 | 53,163 | 348 | 3,143 |
| Lease income | 132,484 | 78,000 | - | - |
| Unrealised gain on foreign exchange (net) | - | 27,222 | - | - |
| Realised gain on foreign exchange (net) | 1,302,838 | 299,281 | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Tax expense

Recognised in profit and loss

| | Group | | Company | |
|---|------------------|------------------|------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Current tax expense | | | | |
| In Malaysia: | | | | |
| - current financial year | 1,520,600 | 1,950,000 | - | - |
| - over provision in prior financial year | (98,478) | (15,655) | - | - |
| | 1,422,122 | 1,934,345 | - | - |
| Deferred tax expense | | | | |
| Current financial year | 422,043 | 137,768 | - | - |
| Under/(Over) recognised in prior financial year | 133,881 | (11,728) | - | - |
| | 555,924 | 126,040 | - | - |
| Total | 1,978,046 | 2,060,385 | - | - |

Reconciliation of tax expense

| | Group | | Company | |
|---|-------------|------------|-------------|-------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Profit before tax | 34,305,582 | 7,502,040 | 5,538,728 | 3,578,562 |
| Tax calculated using Malaysian tax rate of 24% | 8,233,340 | 1,800,490 | 1,329,295 | 858,855 |
| Non-deductible expenses | 1,137,653 | 718,154 | 547,589 | 221,899 |
| Non-taxable income | (7,479,344) | (249,302) | (1,876,884) | (1,080,754) |
| Different tax rates of subsidiaries in overseas | (33,277) | 637 | - | - |
| Movement of deferred tax assets not recognised | 84,271 | (182,211) | - | - |
| | 1,942,643 | 2,087,768 | - | - |
| Over provision of tax expense in prior financial year | (98,478) | (15,655) | - | - |
| Under/(Over) recognised of deferred tax liabilities in prior financial year | 133,881 | (11,728) | - | - |
| | 1,978,046 | 2,060,385 | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Earnings per share

Basic earnings per ordinary share

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

| | 2022 RM | Group 2021 RM |
|--|-------------|---------------------|
| Profit attributable to ordinary shareholders | 32,562,244 | 5,441,655 |
| Weighted average number of ordinary shares:- | | |
| Issued ordinary shares at 31 December | 372,021,731 | 333,740,000 |
| Basic earnings per ordinary share (in sen) | 8.75 | 1.63 |

Diluted earnings per ordinary share

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares.

| | 2022 RM | Group 2021 RM |
|--|-------------|---------------------|
| Profit attributable to ordinary shareholders | 32,562,244 | 5,441,655 |
| Weighted average number of ordinary shares:- | | |
| Issued ordinary shares at 31 December | 380,794,121 | 333,740,000 |
| Diluted earnings per ordinary share (in sen) | 8.55 | 1.63 |

22. Dividends

Dividends recognised by the Company are:-

| | Sen per share RM | Total amount RM | Date of payment RM |
|--------------------------------------|------------------------|-----------------------|--------------------------|
| 2022 | | | |
| Final interim ordinary (single tier) | 0.30 | 1,001,220 | 4 July 2022 |

23. Employee benefits expense

| | Group | | Company | |
|-----------------------------|------------|------------|------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Staff costs:- | | | | |
| Salaries, wages and bonuses | 9,600,008 | 7,519,929 | - | - |
| Defined contribution plan | 868,984 | 665,256 | - | - |
| Other employee expenses | 565,303 | 463,520 | 21,500 | 16,100 |
| | 11,034,295 | 8,648,705 | 21,500 | 16,100 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Employee benefits expense (continued)

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

| | Group | | Company | |
|---|------------------|------------------|---------------|---------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Directors' remuneration:- | | | | |
| Salaries and bonuses | 2,150,705 | 1,470,639 | - | - |
| Defined contribution plan | 258,110 | 176,482 | - | - |
| Other emoluments | 24,789 | 19,132 | 21,500 | 16,100 |
| | <u>2,433,604</u> | <u>1,666,253</u> | <u>21,500</u> | <u>16,100</u> |
| Other key management personnel:- | | | | |
| Salaries and other emoluments | 596,805 | 385,965 | - | - |
| Defined contribution plan | 70,371 | 46,115 | - | - |
| | <u>667,176</u> | <u>432,080</u> | <u>-</u> | <u>-</u> |

24. Operating segment

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

The following summary describes the operation in each Group's reportable segments.

- Plantation inputs Development, manufacturing and marketing of agricultural products and services based on agro-technology.
- Rubber estate Rubber planting, estate management and production of rubber cup lumps for sale to rubber processing factories.
- Household goods Manufacturing and marketing of plastic-related products.

There are varying levels of integration between the plantation inputs, rubber estate and household goods reportable segments. This integration includes marketing activities and transfer of raw materials. Inter-segment pricing is determined on negotiated basis.

Other non-reportable segment comprises operations related to investment holding as this segment does not meet the quantitative thresholds for reporting segment in 2022 and 2021.

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

Segment assets

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

Segment liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Operating segment (continued)

| | Plantation inputs | | Rubber estate | | Household goods | | Eliminations | | Consolidated | |
|---|-------------------|------------|---------------|-----------|-----------------|------------|--------------|-------------|--------------|-------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| Business segments | | | | | | | | | | |
| Revenue from external customers | 30,817,368 | 18,629,509 | 1,117,199 | 1,405,115 | 24,987,422 | 25,341,548 | - | - | 56,921,989 | 45,376,172 |
| Inter-segment revenue | 26,740,695 | 4,460,574 | - | - | 605,035 | 433,863 | (27,345,730) | (4,894,437) | - | - |
| Total segment revenue | 57,558,063 | 23,090,083 | 1,117,199 | 1,405,115 | 25,592,457 | 25,775,411 | (27,345,730) | (4,894,437) | 56,921,989 | 45,376,172 |
| Segment results* | | | | | | | | | | |
| Depreciation and amortisation | | | | | | | | | 16,380,636 | 15,928,431 |
| Gain on bargain purchase (Loss)/Reversal on impairment of financial asset | | | | | | | | | (2,025,044) | (1,940,696) |
| Unallocated income | | | | | | | | | 29,061,057 | - |
| Unallocated expenses | | | | | | | | | (222,387) | 31,005 |
| | | | | | | | | | 2,201,717 | 424,512 |
| | | | | | | | | | (10,883,756) | (6,711,604) |
| Results from operating activities | | | | | | | | | 34,512,223 | 7,731,648 |
| Interest expense | | | | | | | | | (328,935) | (363,090) |
| Interest income | | | | | | | | | 122,294 | 133,482 |
| Tax expense | | | | | | | | | (1,978,046) | (2,060,385) |
| Profit for the financial year | | | | | | | | | 32,327,536 | 5,441,655 |

* The breakdown of segment results between plantation inputs, rubber estate and household goods are not available.

Reconciliation of reportable segment revenue

| | Group | |
|---|-------------|-------------|
| | 2022 | 2021 |
| | RM | RM |
| Revenue | | |
| Total reportable segments | 56,921,989 | 45,376,172 |
| Non-reportable segments | 7,820,000 | 4,500,000 |
| Elimination of inter-segment transactions | (7,820,000) | (4,500,000) |
| Consolidated total | 56,921,989 | 45,376,172 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Operating segment (continued)

Geographical segments

The plantation inputs, rubber estate and household goods segments are managed on a worldwide basis but manufacturing facilities, plantation and sales offices are operated in Malaysia and Papua New Guinea.

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

Geographical information

| | Revenue 2022 RM | Non- current assets 2022 RM |
|-------------------------------------|-----------------------|---|
| Malaysia | 10,369,277 | 57,274,951 |
| South East Asia other than Malaysia | 1,736,352 | - |
| United States of America | 5,678,137 | - |
| Europe | 11,026,702 | - |
| Africa | 5,421,273 | - |
| Australia | 1,766,486 | - |
| China | 11,443,065 | - |
| Japan | 4,383,807 | - |
| Papua New Guinea | - | 175,778,213 |
| Others | 5,096,890 | - |
| | <hr/> 56,921,989 | <hr/> 233,053,164 |

| | Revenue 2021 RM | Non- current assets 2021 RM |
|-------------------------------------|-----------------------|---|
| Malaysia | 4,849,925 | 58,394,395 |
| South East Asia other than Malaysia | 3,660,758 | - |
| United States of America | 6,698,357 | - |
| Europe | 11,303,566 | - |
| Africa | 2,332,570 | - |
| Australia | 3,778,858 | - |
| China | 331,708 | - |
| Japan | 2,446,724 | - |
| Others | 9,973,706 | - |
| | <hr/> 45,376,172 | <hr/> 58,394,395 |

Major customers

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

| | Revenue | | Segment |
|--------------|------------------|------------------|--------------------|
| | 2022 RM | 2021 RM | |
| Group | | | |
| - Customer A | 8,921,928 | 9,687,875 | Household goods |
| - Customer B | 11,443,065 | 6,698,357 | Plantations inputs |
| - Customer C | 5,618,273 | 6,713,521 | Household goods |
| | <hr/> 25,983,266 | <hr/> 23,099,753 | |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments

25.1 Categories of financial instruments

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

- (a) Financial instruments measured at amortised cost ("AC"); and
- (b) Fair value through profit or loss ("FVTPL").

| Group | 2022 | | 2021 | |
|-----------------------------|------------|-------------|------------|-------------|
| | AC RM | FVTPL RM | AC RM | FVTPL RM |
| Financial assets | | | | |
| Other investment | - | 1,242 | - | - |
| Trade and other receivables | 9,213,578 | - | 6,907,328 | - |
| Cash and cash equivalents | 6,391,481 | - | 16,206,060 | - |
| | 15,605,059 | 1,242 | 23,113,388 | - |

| Amortised cost Financial assets | Company | |
|------------------------------------|------------|------------|
| | 2022 RM | 2021 RM |
| Trade and other receivables | 2,135,061 | 4,800,520 |
| Cash and cash equivalents | 40,218 | 76,896 |
| | 2,175,279 | 4,877,416 |

| Amortised cost Financial liabilities | Group | | Company | |
|---|--------------|--------------|-------------|-------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Trade and other payables | (11,719,219) | (3,405,355) | (7,894,492) | (2,663,000) |
| Borrowings | (6,195,646) | (12,222,144) | - | - |
| | (17,914,865) | (15,627,499) | (7,894,492) | (2,663,000) |

25.2 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments (continued)

25.3 Credit risk

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

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

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

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

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

Concentration of credit risk

At the end of reporting date, there were no significant concentrations of credit risk other than 71% (2021: 68%) of the Group's trade receivables owed by 6 (2021: 3) customers. The maximum exposure to credit risk arising from receivables is represented by the carrying amount in the statements of financial position.

Impairment losses

| | Gross carrying amount RM | Expected credit loss- collectively impaired RM | Net carrying amount RM |
|-----------------------------|---|---|---|
| Group | | | |
| 2022 | | | |
| Not past due | 4,773,077 | (16,313) | 4,756,764 |
| Past due 1 - 30 days | 679,165 | (1,912) | 677,253 |
| Past due 31 - 60 days | 775,645 | (18,823) | 756,822 |
| Past due 61 - 90 days | 1,156,914 | (19,491) | 1,137,423 |
| Past due 91 - 120 days | 7,164 | (363) | 6,801 |
| Past due more than 120 days | 1,324,420 | (174,760) | 1,149,660 |
| | 8,716,385 | (231,662) | 8,484,723 |
| 2021 | | | |
| Not past due | 3,229,542 | (868) | 3,228,674 |
| Past due 1 - 30 days | 2,760,062 | (3,378) | 2,756,684 |
| Past due 31 - 60 days | 194,578 | (458) | 194,120 |
| Past due 61 - 90 days | 34,294 | (192) | 34,102 |
| Past due 91 - 120 days | 57,159 | (5) | 57,154 |
| Past due more than 120 days | 137,429 | (4,374) | 133,055 |
| | 6,413,064 | (9,275) | 6,403,789 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments (continued)

25.3 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11.

The Group does not hold collateral as security.

Corporate guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounting to RM6,195,646 (2021: RM12,222,144) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

Inter-company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Advances are only provided to subsidiaries which are wholly-owned by the Company.

Impairment losses

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments (continued)

25.3 Credit risk (continued)

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group and the Company's deposits with licensed banks are placed as fixed rate investments and upon which management endeavours to obtain the best rate available in the market.

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

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

25.4 Liquidity risk

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

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

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

Maturity analysis

The summary of the maturity profile based on the contractual undiscounted repayment obligations are as follow:-

| | Carrying amount RM | Contractual cash flows RM | Under 1 year RM | Between 2 to 5 years RM | Over 5 years RM |
|---|--------------------------|---------------------------------|-----------------------|----------------------------------|-----------------------|
| Group | | | | | |
| 2022 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Trade and other payables | 11,719,219 | 11,719,219 | 11,719,219 | - | - |
| Borrowings | 6,195,646 | 7,361,125 | 1,462,271 | 2,689,406 | 3,209,448 |
| Lease liabilities | 1,562,791 | 2,460,662 | 488,923 | 1,083,967 | 887,772 |
| | 19,477,656 | 21,541,006 | 13,670,413 | 3,773,373 | 4,097,220 |
| 2021 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Trade and other payables | 3,405,355 | 3,405,355 | 3,405,355 | - | - |
| Borrowings | 12,222,144 | 15,076,527 | 2,027,441 | 6,107,278 | 6,941,808 |
| Lease liabilities | 655,581 | 697,195 | 309,381 | 387,814 | - |
| | 16,283,080 | 19,179,077 | 5,742,177 | 6,495,092 | 6,941,808 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments (continued)

25.4 Liquidity risk (continued)

Maturity analysis (continued)

The summary of the maturity profile based on the contractual undiscounted repayment obligations are as follow (continued):-

| | Carrying amount RM | Contractual cash flows RM | Under 1 year RM | Between 2 to 5 years RM | Over 5 years RM |
|---|--------------------------|---------------------------------|-----------------------|----------------------------------|-----------------------|
| Company | | | | | |
| 2022 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Trade and other payables | 7,894,492 | 7,894,492 | 7,894,492 | - | - |
| Corporate guarantees* | - | 6,195,646 | 6,195,646 | - | - |
| | 7,894,492 | 14,090,138 | 14,090,138 | - | - |
| 2021 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Trade and other payables | 2,663,000 | 2,663,000 | 2,663,000 | - | - |
| Corporate guarantees* | - | 12,222,144 | 12,222,144 | - | - |
| | 2,663,000 | 14,885,144 | 14,885,144 | - | - |

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

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

25.5 Market risk

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

25.5.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

As at end of reporting date, the contracted underlying principal amount of currency forward contract is RM4,382,911 (2021: RM2,954,106).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments (continued)

25.5.1 Currency risk (continued)

Exposure to foreign currency risk

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

| | USD RM | EUR RM | AUD RM | NGN RM | SGD RM | THB RM | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Group | | | | | | | |
| 2022 | | | | | | | |
| Trade and other receivables | 6,701,570 | 850,377 | - | - | 437 | - | |
| Trade and other payables | (2,158,587) | - | - | - | - | - | |
| Cash and cash equivalents | 2,135,153 | 348,632 | 4,629 | 368 | - | 4,215 | |
| Exposure in the statements of financial position | 6,678,136 | 1,199,009 | 4,629 | 368 | 437 | 4,215 | |
| | | | | | | | |
| | USD RM | EUR RM | VND RM | AUD RM | NGN RM | SGD RM | THB RM |
| Group | | | | | | | |
| 2021 | | | | | | | |
| Trade and other receivables | 5,454,597 | 310,582 | 4,662 | 631,888 | - | 83 | - |
| Trade and other payables | (1,420,531) | (29,996) | (4,909) | - | - | - | - |
| Cash and cash equivalents | 2,954,121 | 1,031,990 | 1,785,474 | 2,143,630 | 368 | - | 4,131 |
| Exposure in the statements of financial position | 6,988,187 | 1,312,576 | 1,785,227 | 2,775,518 | 368 | 83 | 4,131 |

Currency risk sensitivity analysis

A 10% (2021: 10%) strengthening of the RM against the following currencies at the end of the reporting date would have decreased equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting date. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

| | Equity | | Profit or loss | |
|--------------|------------|------------|----------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Group | | | | |
| USD | (507,538) | (531,102) | (507,538) | (531,102) |
| EUR | (91,125) | (99,756) | (91,125) | (99,756) |
| VND | - | (135,677) | - | (135,677) |
| AUD | (352) | (210,939) | (352) | (210,939) |
| NGN | (28) | (28) | (28) | (28) |
| SGD | (33) | (6) | (33) | (6) |
| THB | (320) | (314) | (320) | (314) |

A 10% (2021: 10%) weakening of the RM against the above currencies at the end of the reporting date would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments (continued)

25.5 Market risk (continued)

25.5.2 Interest rate risk

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

Exposure to interest rate risk

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

| | Group | |
|---------------------------------|--------------------|--------------------|
| | 2022 RM | 2021 RM |
| Fixed rate instruments | | |
| Financial assets | 1,763,779 | 7,654,253 |
| Financial liabilities | (1,562,791) | (655,581) |
| | <u>200,988</u> | <u>6,998,672</u> |
| Floating rate instrument | | |
| Financial liabilities | (6,195,646) | (12,222,144) |
| | | |
| | Company | |
| | 2022 RM | 2021 RM |
| Fixed rate instrument | | |
| Financial assets | <u>7,379</u> | <u>7,200</u> |

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

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

| | Equity | | Profit or loss | |
|-----------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 100 bp increase RM | 100 bp decrease RM | 100 bp increase RM | 100 bp decrease RM |
| Group | | | | |
| 2022 | | | | |
| Financial liabilities | (47,087) | 47,087 | (47,087) | 47,087 |
| | | | | |
| 2021 | | | | |
| Financial liabilities | (92,888) | 92,888 | (92,888) | 92,888 |

25.6 Fair value measurement

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments (continued)

25.7 Reconciliation of liabilities arising from financing activities

| | 1 January 2022 RM | Cash flows RM | New lease RM | Acqui- sition (Note 7) RM | Others RM | 31 December 2022 RM |
|-------------------------|-------------------------|---------------------|--------------------|------------------------------------|--------------|------------------------------|
| Group | | | | | | |
| Borrowings | 12,222,144 | (6,026,498) | - | - | - | 6,195,646 |
| Lease liabilities | 655,581 | (319,889) | 877,000 | 266,858 | 83,241 | 1,562,791 |
| Amount due to Directors | 5,297 | 13,867 | - | - | - | 19,164 |
| | 12,883,022 | (6,332,520) | 877,000 | 266,858 | 83,241 | 7,777,601 |

| | 1 January 2021 RM | Cash flows RM | New lease RM | 31 December 2021 RM |
|-------------------------|-------------------------|---------------------|--------------------|------------------------------|
| Group | | | | |
| Borrowings | 13,577,450 | (1,355,306) | - | 12,222,144 |
| Lease liabilities | 698,110 | (282,529) | 240,000 | 655,581 |
| Amount due to Directors | 7,304 | (2,007) | - | 5,297 |
| | 14,282,864 | (1,639,842) | 240,000 | 12,883,022 |

| | 1 January 2021 RM | Cash flows RM | 31 December 2021 RM | Cash flows RM | 31 December 2022 RM |
|----------------------------|-------------------------|---------------------|------------------------------|---------------------|------------------------------|
| Company | | | | | |
| Amount due to subsidiaries | 1,783,980 | 844,020 | 2,628,000 | (2,038,000) | 590,000 |
| | 1,783,980 | 844,020 | 2,628,000 | (2,038,000) | 590,000 |

26. Capital management

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

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

| | Group | | GISB | |
|----------------------|-------------|------------|------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Total borrowings | 7,758,437 | 12,877,725 | 2,911,361 | 3,508,797 |
| Total equity | 150,484,621 | 68,859,474 | 17,984,637 | 17,552,650 |
| Debt-to-equity ratio | 0.05 | 0.19 | 0.16 | 0.20 |

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

GISB, a wholly-owned subsidiary of the Group is also required to maintain a maximum debt-to-equity ratio of 2:1 to comply with a bank covenant, failing which, the bank may call an event of default (see Note 13). At the reporting date, GISB has complied with the bank covenant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Capital commitment

| | 2022 RM | Group 2021 RM |
|--|------------|---------------------|
| Capital expenditure commitments:- | | |
| Property, plant and equipment | | |
| - Authorised and contracted for | 6,300,000 | 6,300,000 |

28. Related parties

Identity of related parties

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

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

The Group has related party relationship with its ultimate holding company, subsidiaries, Directors and related corporations connected with them.

Significant related party transactions

The significant related party transactions of the Group and of the Company, other than those disclosed elsewhere in the financial statements are shown below:-

| | Group Transaction amount for the financial year ended | | Company Transaction amount for the financial year ended | |
|--|---|-------------|---|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Subsidiaries | | | | |
| Dividend income | - | - | 7,820,000 | 4,500,000 |
| Ultimate holding company | | | | |
| Purchase of property, plant and equipment | 6,958 | - | - | - |
| Company in which certain Directors have interests | | | | |
| Sales | 1,515,837 | 1,183,314 | - | - |
| Purchases | (13,326,877) | (6,922,147) | - | - |
| A person connected to certain Directors | | | | |
| Consultancy fee paid | - | (180,569) | - | - |

Significant related party balances related to the above transactions are disclosed in Notes 11 and 16 to the financial statements.

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

In the opinion of the Directors, the financial statements set out on pages 46 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

Tham Foo Keong

Tham Foo Choon

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

I, **Chan Wen Hong**, the Officer primarily responsible for the financial management of Greenyield Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 46 to 99 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed in Kajang, Selangor Darul Ehsan on 13 April 2023.

Chan Wen Hong
(MIA No: 35521)
Chartered Accountant

Before me:

Badlisham Talhah
(No: B475)
Commissioner of Oath

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENFIELD BERHAD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Greenfield Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 99.

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 2022, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

Inventory valuation

The risk

Refer to Note 10 to the financial statements. The Group holds an amount of inventories that amounted to RM10,976,466 which is subject to a risk that the inventories become slow-moving or obsolete and rendering it not saleable or can only be sold for selling prices that are less than their carrying value. There is inherent subjectivity and estimation involved in determining the accuracy of inventory obsolescence and in making an assessment of its adequacy due to risks of inventories not stated at the lower of cost or market.

Our response

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

Allowance for expected credit losses

The risk

Refer to Notes 11 and 25 to the financial statements. We focused on this area because the Group has trade receivables that are past due but not impaired amounted to RM3,727,959. The key risk was recoverability of billed trade receivables as management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response

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

INDEPENDENT AUDITORS' REPORT (CONTNUED)

TO THE MEMBERS OF GREENFIELD BERHAD

Key audit matters (continued)

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information other than the financial statements and Auditors' report thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As at the date of our report, expect for the Directors' Report, the remaining other information has not been made available to us for our reading and according we are unable to report in this regard.

However, if after reading the other information when available and we conclude there is a material misstatement therein, we will communicate the same to the Directors of the Company.

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.

INDEPENDENT AUDITORS' REPORT (CONTNUED)

TO THE MEMBERS OF GREENFIELD BERHAD

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LUI LEE PING
(NO: 03334/11/2023(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
13 April 2023

LIST OF PROPERTIES

| Location | Registered/ Beneficial Owner | Existing use/ Description of property | Tenure/ Expiry date | Age of Building (Years) | Land Area/ Built-up Area | Date of Acquisition (A)/ Valuation (V) | Audited Net Book Value As At 31.12.2022 (RM) |
|---|---|---|---|-------------------------------|---------------------------------|--|---|
| No. 116, Jalan Lapan Kompleks Perabot Olak Lempit Tg. Duabelas 42700 Banting Selangor Darul Ehsan | Greenyield Industries (M) Sdn. Bhd. | Factory and land; Single storey factory with a 3-storey office annexe | Leasehold expiring on 26.09.2087 | 20 | 128,801 sq.ft/ *75,110 sq.ft | 31.01.1995 (A) /23.03.2004 (V) | 3,632,956 |
| No. 18 Jalan Bukit Puteri 9/12 Bandar Puteri Jaya 08000 Sungai Petani Kedah Darul Aman | Gimflow Sdn. Bhd. | Office building; 2-storey shophouses | Freehold | 10 | 1,400 sq.ft/ *2,660 sq.ft | 02.03.2012 (A) | 270,588 |
| PN 92538 Lot 4, Seksyen 2 Pekan Bukit Changgang Daerah Kuala Langat Selangor Darul Ehsan | Greenyield Industries (M) Sdn. Bhd. | Industrial land | Leasehold expiring on 30.12.2098 | 7 | 114,743 sq.ft | 10.09.2014 (A) | 3,368,324 |
| No. G-19, No. 1-19 No. 2-19, No. 3-19 No. 3A-19 and No. 5-19 MKH Boulevard Jalan Bukit 43000 Kajang Selangor Darul Ehsan | Gim Triple Seven Sdn. Bhd. | Office building; 6-storey shophouses | Leasehold expiring on 05.10.2111 | 4 | *10,421 sq.ft | 20.06.2017 (A) | 4,902,361 |
| Milinch of Goldie, Kairuku, Manu and Kase, Fourmill of Aroa, Korona, Yule, Moresby and Buna, Central Province, Papua New Guinea | Greenyield Rubber Holdings (M) Ltd and its subsidiaries | Rubber cultivation, rubber nursery and coconut cultivation | Comprising 36 separate documents of title of freehold and leasehold tenures | - | 15,313 Ha | 26.10.2022 | 3,910,511 |

Note: * Building only

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Issued Share Capital : RM75,083,946 comprising 542,289,728 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Issued Shares |
|--|---------------------|-------------------|--------------------|--------------------|
| 1 – 99 | 11 | 0.605 | 340 | 0.000 |
| 100 – 1,000 | 246 | 13.531 | 119,704 | 0.022 |
| 1,001 – 10,000 | 741 | 40.759 | 4,627,896 | 0.853 |
| 10,001 – 100,000 | 661 | 36.358 | 23,068,300 | 4.253 |
| 100,001 to less than 5% of issued shares | 156 | 8.580 | 202,206,101 | 37.287 |
| 5% and above of issued shares | 3 | 0.165 | 312,267,387 | 57.583 |
| Total | 1,818 | 100.000 | 542,289,728 | 100.00 |

LIST OF TOP 30 HOLDERS

| NO. | NAME | No. of Shares Held | % of Issued Shares |
|-----|---|--------------------|--------------------|
| 1 | GREENYIELD HOLDINGS SDN.BHD. | 241,431,665 | 44.520 |
| 2 | THAM FOO KEONG | 38,244,441 | 7.052 |
| 3 | CHEW KEE FOO | 30,871,281 | 5.692 |
| 4 | THAM KIN-ON | 26,749,645 | 4.932 |
| 5 | FOONG SAI CHEONG | 24,264,188 | 4.474 |
| 6 | THAM FOO CHOON | 19,613,348 | 3.616 |
| 7 | TWONG YOKE PENG | 19,162,560 | 3.533 |
| 8 | UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS) | 7,000,000 | 1.290 |
| 9 | CHAN POY LENG | 4,257,000 | 0.785 |
| 10 | THAM KIN SHUN | 4,000,000 | 0.737 |
| 11 | VOON SZE LIN | 3,595,900 | 0.663 |
| 12 | THAM CHONG SING | 3,277,220 | 0.604 |
| 13 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO PENG BOON (8115339) | 3,050,000 | 0.562 |
| 14 | IFAST NOMINEES (TEMPATAN) SDN BHD VOON SZE LIN | 3,016,300 | 0.556 |
| 15 | THAM KIN MUNN | 3,000,000 | 0.553 |
| 16 | THAM FAU SIN | 2,977,020 | 0.548 |
| 17 | VOON JYE WAH | 2,839,800 | 0.523 |
| 18 | GV ASIA FUND LIMITED | 2,769,100 | 0.510 |
| 19 | VOON JYE WAH | 2,580,900 | 0.475 |
| 20 | PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN AH NYOKE (B) | 2,453,200 | 0.452 |
| 21 | SIVAKUMARAN A/L SEENIVASAGAM | 2,201,420 | 0.405 |
| 22 | THAM KIN WAI | 2,000,000 | 0.368 |
| 23 | THAM KINFUEI | 2,000,000 | 0.368 |

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

AS AT 31 MARCH 2023

LIST OF TOP 30 HOLDERS (CONTINUED)

| NO. | NAME | No. of Shares Held | % of Issued Shares |
|-----|---|-----------------------|-----------------------|
| 24 | FOO PENG BOON | 1,945,000 | 0.358 |
| 25 | LEE CHAY YEW | 1,770,900 | 0.326 |
| 26 | ANG YOOK CHU @ ANG YOKE FONG | 1,631,100 | 0.300 |
| 27 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG YOOK CHU @ ANG YOKE FONG (8076574) | 1,615,800 | 0.297 |
| 28 | TAN YAU LAM | 1,548,200 | 0.285 |
| 29 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PHUAR KONG SENG | 1,480,000 | 0.272 |
| 30 | APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GV ASIA FUND LIMITED (STA 1) | 1,426,100 | 0.262 |
| | Total | 462,772,088 | 85.336 |

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

| Name of Directors | No. of Shares Held | | | |
|----------------------------|--------------------|-------|----------------------------|--------|
| | Direct | % | Indirect | % |
| Tham Foo Keong | 38,244,441 | 7.052 | 287,343,870 ⁽ⁱ⁾ | 52.987 |
| Tham Foo Choon | 19,613,348 | 3.616 | 249,335,565 ⁽ⁱ⁾ | 45.978 |
| Tham Kin Wai | 2,000,000 | 0.368 | - | - |
| Dr Zainol Bin Md Eusof | 210,000 | 0.038 | - | - |
| Yong Swee Lin | 20,000 | 0.003 | - | - |
| Tham Kin-On | 26,749,645 | 4.932 | - | - |
| Supramaniam A/L R.Ramasamy | - | - | - | - |

Note:

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

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

| Name of Directors | No. of Shares Held | | | |
|--------------------------------|--------------------|--------|----------------------------|--------|
| | Direct | % | Indirect | % |
| Greenfield Holdings Sdn. Bhd. | 241,431,665 | 44.520 | - | - |
| Tham Foo Keong ^(a) | 38,244,441 | 7.052 | 287,343,870 ^(b) | 52.987 |
| Tham Foo Choon ^(a) | 19,613,348 | 3.616 | 249,335,565 ^(b) | 45.978 |
| Tham Chong Sing ^(a) | 3,277,220 | 0.604 | 241,431,665 ^(c) | 44.521 |
| Tham Fau Sin ^(a) | 2,977,020 | 0.548 | 241,431,665 ^(c) | 44.521 |
| Chew Kee Foo | 32,591,281 | 6.009 | - | - |

Note:

^(a) Brothers

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

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

PROXY FORM

| |
|--------------------|
| CDS Account No. |
| No. of Shares held |

I/We Tel No.
(Full name in block and NRIC No. / Company No.)

of
(address)

being a member of Greenfield Berhad, hereby appoint(s):-

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings | |
|----------------------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

and / or* (*delete as appropriate)

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings | |
|----------------------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

or failing him, the Chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Melati Room, Level 2, Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Tuesday, 30 May 2023 at 11.00 a.m. or any adjournment thereof, and to vote as indicated below:-

| | Resolution | Resolution | For | Against |
|----|--|------------|-----|---------|
| 1. | Payment of Directors' Fees for the financial year ending 31 December 2023. | Ordinary 1 | | |
| 2. | Payment of Director's Benefits for the period from 31 May 2023 until the next Annual General Meeting | Ordinary 2 | | |
| 3. | Re-election of Tham Foo Choon as Director. | Ordinary 3 | | |
| 4. | Re-election of Mohd Ghazali Bin Yahaya as Director. | Ordinary 4 | | |
| 5. | Re-election of Saryani Binti Che Ab Rahman as Director. | Ordinary 5 | | |
| 6. | Re-appointment of Grant Thornton Malaysia PLT as auditors of the Company and authorise the Board of Directors to fix their remuneration. | Ordinary 6 | | |
| 7. | Waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016. | Special | | |
| 8. | Authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016. | Ordinary 7 | | |
| 9. | Approval for renewal of Shareholders' Mandate for Recurrent Related Party Transaction of Revenue or Trading Nature. | Ordinary 8 | | |

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this Signature*
Member

* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



Notes:-

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 23 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of an electronic appointment, the proxy form must be submitted electronically via TIH online website at <https://tjih.online>. Please refer to the Administrative Guide for the 20th AGM on the procedure for electronic lodgment of proxy form via TIH Online. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is Sunday, 28 May 2023 at 11.00 a.m.
12. Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:
 - (a) Identity card (NRIC) (Malaysian), or
 - (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - (c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.
14. Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the 20th AGM.

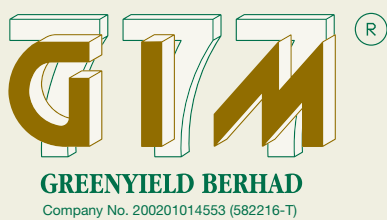
Fold Here

Affix
stamp

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

c/o Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Fold Here



No. 1-19, MKH Boulevard, Jalan Bukit,
43000 Kajang, Selangor Darul Ehsan, Malaysia.

☎ +603-8736 8777

🖨 +603-8735 0167



WWW.
GREENYIELD.COM.MY