



# WOODLANDOR HOLDINGS BERHAD

Registration No. 199601004347 (376693-D)



# 2020 ANNUAL REPORT



# CONTENTS

|  |    |
|--|----|
| Notice of the Twenty-Fourth Annual General Meeting | 2  |
| Corporate Information                              | 6  |
| Profile of the Members of the Board                | 7  |
| Management Discussion & Analysis                   | 9  |
| Sustainability Statement                           | 10 |
| Corporate Governance Overview Statement            | 15 |
| Report of the Audit Committee                      | 24 |
| Additional Compliance Information                  | 27 |
| Directors' Responsibility Statement                | 28 |
| Statement on Risk Management and Internal Control  | 29 |
| Financial Statements                               | 31 |
| List of Properties                                 | 95 |
| Shareholding Statistics                            | 96 |
| List of 30 Largest Shareholders                    | 97 |
| Form of Proxy                                      |    |

# NOTICE OF 24<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of the Company will be held at Ballroom 2, Level LG, Eastin Hotel, No. 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Thursday, 26 November 2020, at 10.00 a.m. for the transaction of the following businesses: -

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of:
  - (a) additional Directors' fees of RM60,000 for the financial period ended 30 June 2020 to meet the shortfall due to more meetings held during the financial period. **(Ordinary Resolution 1)**
  - (b) Directors' fees up to RM120,000 for the financial year ending 30 June 2021 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **(Ordinary Resolution 2)**
3. To re-elect the following Directors who retire in accordance with Clause 90 of the Company's Constitution:-
  - (a) Dato' Seri Mun Weng Sum **(Ordinary Resolution 3)**
  - (b) Mr. Chay Ng **(Ordinary Resolution 4)**
4. To approve the re-appointment of Messrs. Morison AAC PLT [converted from a conventional partnership, Morison AAC (formerly known as Morison Anuarul Azizan Chew)] as Auditors of the Company and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 5)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without any modification: -

5. **Authority to Issue Shares pursuant to the Companies Act 2016 ("the Act")**

"THAT, subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and approval and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be hereby empowered pursuant to the provisions of the Act to allot and issue new ordinary shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of the issued shares (excluding treasury shares) of the Company for the time being. AND THAT the Board of Directors be also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities")."

**(Ordinary Resolution 6)**
6. **Retention of Independent Director**

"THAT Mr. Lim Soo Hee, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

**(Ordinary Resolution 7)**

7. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

PANG KAH MAN  
SSM PC No.: 202008000183  
MIA No.: 18831  
Company Secretary

Kuala Lumpur  
3 November 2020

**Notes:-**

1. Only depositors whose names appear in the Record of Depositors as at 19 November 2020 shall be regarded as members and be entitled to attend, participate, speak and vote at the 24th Annual General Meeting.
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Act. There shall be no restriction as to the qualification of the proxy.
3. 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.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. Any alterations in the Proxy Form must be initialed by the member.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 6-3A, 3rd Mile Square, No. 151, Jalan Kelang Lama, Batu 3 1/2, 58100 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof.

**Explanatory Notes to the Agenda**

**8. Item No. 1 of the Agenda  
Audited Financial Statements**

This Agenda item is meant for discussion only as provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

**9. Item No. 2(a) of the Agenda – Ordinary Resolution 1  
Approval of additional Directors' fees for the financial period ended 30 June 2020**

Additional Directors' fees approved for the financial period ended 30 June 2020 was RM60,000.

This resolution is to facilitate payment of additional Directors' fees to meet the shortfall due to more meetings as a result of change of financial year end from 31 December 2019 to 30 June 2020.

**10. Item No. 2(b) of the Agenda - Ordinary Resolution 2**  
**Approval of Directors' fees for the financial year ending 30 June 2021**

Directors' fees approved for the financial year ended 31 December 2019 (prior to the change of year end from December to June) was RM120,000. The Directors' fees proposed for the financial year ending 30 June 2021 are calculated based on the number of scheduled Board and Committee Meetings for financial year 2021 and assuming that all the Non-Executive Directors will hold office until the end of the subject financial year.

This resolution is to facilitate payment of Directors' fees on a monthly basis and/or as and when required. In the event the Directors' fees proposed are insufficient (e.g due to more meetings), approval will be sought at the next Annual General Meeting for additional Directors' fees to meet the shortfall.

**11. Item No. 4 of the Agenda - Ordinary Resolution 5**  
**Re-appointment of Auditors**

The Audit Committee and the Board had, at the respective meetings held on 17 September 2020, considered the re-appointment of Messrs. Morison AAC PLT [converted from a conventional partnership, Morison AAC (formerly known as Morison Anuarul Azizan Chew)] as Auditors of the Company and collectively agreed that Messrs. Morison AAC PLT has the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**12. Item No. 5 of the Agenda - Ordinary Resolution 6**  
**Authority to Allot and Issue Shares pursuant to the Act**

- (a) The proposed resolution, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the 24th Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding in total of ten percent (10%) of the total issued shares (excluding treasury shares, if any) of the Company for the time being for such purposes as they may think fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, shall continue to be in full force until the conclusion of the next annual general meeting of the Company.
- (b) The General Mandate is a renewal from the previous mandate obtained at the last annual general meeting held on 18 June 2019 which will expire at the conclusion of the 24th Annual General Meeting of the Company.
- (c) As at the date of this Notice, the Company did not issue any new shares based on the previous mandate obtained at the last annual general meeting.
- (d) The General Mandate, if granted will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placement of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisitions.

**13. Item No. 6 of the Agenda - Ordinary Resolution 7**  
**Retention of Independent Director**

Mr Lim Soo Hee was appointed as an Independent Non-Executive Director of the Company on 30 August 2001 and has, therefore served for more than nine (9) years. As at the date of this Notice, he has served the Company for nineteen (19) years.

The Board is satisfied that the Director has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements ("Listing Requirements"). Based on the recommendation of the Nomination Committee, the Board considers him to be independent and believes that he should be retained as Independent Non-Executive Director as the length of service does not interfere with his ability and exercise of independent judgement as Independent Director.

Given Mr Lim Soo Hee has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, the Board therefore recommended the approval of the shareholders for the retention of Mr Lim Soo Hee as Independent Director of the Company to be sought through a two-tier voting process.

**14. Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Company's 24th Annual General Meeting and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 24th Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 24th Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE LISTING REQUIREMENTS OF BURSA SECURITIES)

**Details of Individuals Standing for Election as Directors**

No individual is seeking election as a Director at the 24th Annual General Meeting of the Company.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Seri Mun Weng Sum**

Executive Chairman  
cum Chief Executive Officer

**Mun Li Choo**

Executive Director

**Dato' Teh Boon Sing**

Independent Non-Executive Director

**Lim Soo Hee**

Independent Non-Executive Director

**Chay Ng**

*Independent Non-Executive Director*

## AUDIT COMMITTEE

**Lim Soo Hee**

Chairperson

**Dato' Teh Boon Sing**

**Chay Ng**

Members

## NOMINATION COMMITTEE

**Chay Ng**

Chairperson

**Dato' Teh Boon Sing**

**Lim Soo Hee**

Members

## REMUNERATION COMMITTEE

**Dato' Teh Boon Sing**

Chairperson

**Chay Ng**

Member

## SECRETARIES

Pang Kah Man (MIA 18831)

## AUDITORS

**Morison AAC PLT**

[converted from a conventional partnership, Morison AAC  
(formerly known as Morison Anuarul Azizan Chew)]  
(AF001977)

Chartered Accountants

18 Jalan Pinggir 1/64

Jalan Kolam Air

Off Jalan Sultan Azlan Shah (Jalan Ipoh)

51200 Kuala Lumpur.

Tel: 03-4048 2888

Fax: 03-4048 2999

## REGISTRAR

**Systems Associates Sdn Bhd**

(839532-A)

Plaza 138, Suite 18.03

18th Floor, 138 Jalan Ampang

50450 Kuala Lumpur.

Tel: 03-2161 5466

Fax: 03-2163 6968

## PRINCIPAL BANKERS

Affin Bank Berhad

Malayan Banking Berhad

CIMB Bank Berhad

Public Bank Berhad

## REGISTERED OFFICE

6-3A, 3rd Mile Square

No. 151, Jalan Kelang Lama

Batu 3 1/2

58100, Kuala Lumpur.

Tel: 03-7980 7717

Fax: 03-7981 1717

## STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia**

**Securities Berhad**

Stock Name : WOODLAN

Stock Code : 7025



# PROFILE OF THE MEMBERS OF THE BOARD

## **DATO' SERI MUN WENG SUM**

Aged 48, Male, Malaysian

Executive Chairman cum Chief Executive Officer

Dato' Seri Mun was appointed to the Board on 18 April 2001. He holds a Bachelor Degree in Accounting from the University of Essex, England and a Master of Business Administration from Preston University, USA. Upon graduation he had a short stint with a professional accounting firm in England before joining the Company's Finance Department. He is also the Business Development Director of the Group.

Dato' Seri Mun attended Six (6) out of Six (6) Board Meetings held in the financial period ended 30 June 2020. He is the brother of Ms Mun Li Choo, the Executive Director. He does not have any conflict of interest and/or personal interest in any business arrangement or material contract involving the Company or its subsidiaries either still subsisting at the end of the financial period ended 30 June 2020 or entered into since the end of the previous financial year. He has no conviction for any offences within the past five (5) years other than traffic offences.

## **MUN LI CHOO**

Aged 50, Female, Malaysian

Executive Director

Ms Mun was appointed to the Board on 20 April 2013. She holds a Bachelor Degree in Commerce majoring in Marketing from the Curtin University of Technology, Perth, Australia. She joined Woodlandor Wood Products Sdn Bhd, a wholly-owned subsidiary of the Company as Export Marketing Executive on 1 April 1997 in the Furniture Division. She was promoted to Acting General Manager on 1 May 2003 and subsequently on 1 March 2008, she was appointed as the General Manager of the Furniture Division. Since 2010, she manages the overall operations of the subsidiary.

Ms Mun attended six (6) out of six (6) Board Meetings held in the financial period ended 30 June 2020. She is the sister of Dato' Seri Mun Weng Sum, the Executive Chairman. She does not have any conflict of interest and/or personal interest in any business arrangement or material contract involving the Company or its subsidiaries either still subsisting at the end of the financial period ended 30 June 2020 or entered into since the end of the previous financial year. She has no conviction for any offences within the past five (5) years other than traffic offences.

## **LIM SOO HEE**

Aged 76, Male, Malaysian

Independent Non-Executive Director

Mr Lim was appointed to the Board on 30 August 2001. Mr Lim holds a Bachelor Degree in Accounting from Nanyang University, Singapore and a Master of Business Administration from Ohio University, USA. He is a fellow of the Association of Chartered Certified Accountants, UK and a member of the Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia. He has served in a number of commercial firms holding various positions such as Administration and Finance Manager and Corporate Finance Manager. Since 1987, he runs his own management consultancy firm.

Mr Lim attended six (6) out of six (6) Board Meetings held in the financial period ended 30 June 2020. He is currently the Chairperson of the Audit Committee and a member of the Nomination Committee. He is not related to any substantial shareholder or Directors of the Company or its subsidiaries. He does not have any conflict of interest and/or personal interest in any business arrangement or material contract involving the Company or its subsidiaries either still subsisting at the end of the financial period ended 30 June 2020 or entered into since the end of the previous financial year. He has no conviction for any offences within the past five (5) years other than traffic offences.

## **PROFILE OF THE MEMBERS OF THE BOARD (CONT'D)**

### **CHAY NG**

Aged 77, Male, Malaysian  
Independent Non-Executive Director

Mr Chay was appointed to the Board on 27 August 2012. He holds a two years study certificate of Economic from Nanyang University, Singapore and a Master of Business Administration from Honolulu University, USA. He has been the Chairman of Forerank Corporation Sdn Bhd, Forerank Travel Sdn Bhd and Aigner Technologies (M) Sdn Bhd since year 1989. Prior to that he was also on the Board of various private companies. He has vast experience in travel line.

Mr Chay attended six (6) out of six (6) Board meetings held in financial period ended 30 June 2020. He is currently the Chairperson of the Nomination Committee and a member of the Audit and the Remuneration Committees respectively. He is not related to any substantial shareholder or Directors of the company or its subsidiaries. He does not have any conflict of interest and /or personal interest in any business arrangement or material contract involving the Company or its subsidiaries either still subsisting at the end of the financial period ended 30 June 2020 or entered into since the end of the previous financial year. He has no conviction for any offences within the past five (5) years other than traffic offences.

### **DATO' TEH BOON SING**

Aged 68, Male, Malaysian  
Independent Non-Executive Director

Dato' Teh was appointed to the Board on 7 December 2017. He attained the Higher School Certificate (HSC) Singapore. Dato' Teh has 46 years of sales and agency management experience with Great Eastern Life. His professional qualification includes ANZIIF (Associate) and LUTCF (USA) which accorded Dato' Teh, a Certified Insurance Professional. His professional achievements are twenty nine (29) years Life Membership of the Million Dollar Round Table (MDRT) USA, an esteem organization which recognizes its member of excellent performances and twelve (12) consecutive years Million Dollar Agency Builder. Presently, Dato' Teh is the Executive Chairman on the Board of various private companies.

Dato' Teh attended six (6) out of six (6) Board meetings held in financial period ended 30 June 2020. He is currently the Chairperson of the Remuneration Committee and a member of the Audit and the Nomination Committees respectively. He is not related to any substantial shareholder or Directors of the company or its subsidiaries. He does not have any conflict of interest and /or personal interest in any business arrangement or material contract involving the Company or its subsidiaries either still subsisting at the end of the financial period ended 30 June 2020 or entered into since the end of the previous financial year. He has no conviction for any offences within the past five (5) years other than traffic offences.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE

The Group recorded revenue of RM13.540 million and net loss after taxation of RM6.509 million for the financial period ended 30 June 2020 compared to the preceding year's revenue of RM24.720 million and net profit after taxation of RM1.882 million.

## OVERVIEW

Malaysia's GDP growth slowed to 4.3% in 2019. Following the COVID-19 outbreak globally, there is a significant commercial impact in addition to the human impact. The ensuing economic crisis from COVID-19 pandemic paralyzes the global economy as a whole and recovery is expected to take a long time, and contracted 17.1% for Q2 2020, steepest fall since Q4, 1998. This is in addition to the continuous slow property market experienced since beginning 2019. The overall depressed property market demand had resulted in slowdown in the property construction sector for the financial period ended 30 June 2020.

## REVIEW OF OPERATIONS

The Group posted lower revenue due to the challenging market conditions and operating environment throughout the financial period ended 30 June 2020.

The net profit after taxation for previous year was due to operation profit and fair value adjustment on the investment properties.

In the pursuit of the corporate objectives, the Group focuses on key success factors which form the pillars of value proposition i.e. high quality innovative products, excellent customers' services, reliability and competitive pricing.

## PROSPECT

Malaysia's GDP is expected to contract between -1.7% and -3.8% for the year 2020 as the Covid-19 pandemic has had a more negative impact on global activity in the first half of 2020 than anticipated. The Board expects the market outlook to remain challenging during Recovery Movement Control Order. Albeit as such, the Board shall strive to improve revenue and uphold its values.

The Group views that business operation will continue to be very challenging in view of the increasing prices of raw materials, inflationary cost pressure and moderate growth. The Group will further closely observing and setting sights on residential and commercial developments in Malaysia, leveraging on our core strengths. The Group shall develop new product mix with focus on quality and customers' satisfaction to remain competitive.

The Group will continue exploring viable business ventures to propel its growth.

## APPRECIATION

On behalf of the Board, I would like to express our appreciation to the shareholders, customers and business associates for their unwavering support.

We would also like to thank the staff for their relentless commitment and contribution over the past period.

Finally, I would like to thank all the Directors for your advice and unrelenting support given to me.

**Dato' Seri Mun Weng Sum**

Executive Chairman cum Chief Executive Officer

# SUSTAINABILITY STATEMENT

The Board of Directors (“Board”) is pleased to present the Sustainability Statement in accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements.

## GOVERNANCE STRUCTURE

Our sustainability management is governed by the Board, assisted by a working group of various operating units comprising Quality Management, Human Resource, Finance, Production, Purchasing, Domestic and International Sales and Marketing and Research and Development.

The Board of Woodlandor recognizes that sustainability is important to create long term value and fulfill the expectations and requirements of its stakeholders.

## SCOPE AND APPROACH

The scope of our Statement covers the core businesses of the Group in Malaysia. Woodlandor’s approach towards sustainability covers economic, environmental and social risks and opportunities that are congruent with our corporate social responsibility values and governance framework.

## MATERIAL SUSTAINABILITY MATTERS

### 1. ECONOMIC

#### i. Group’s Business

The Group places utmost importance on achieving sustainable business during the current challenging economic environment. Our immediate and key initiatives for business sustainability are focused on increasing revenue, lean operations and implementing costs cutting and control.

In addition, the Group continuously exploring new markets and new products to mitigate the risks associated within our current markets.

Risk management is as important to identify and manage risks that could negatively impact the achievement of our goals and objectives. Measures taken by the Management with Board input and continuous monitoring mitigate risk elements to ensure sustainability.

#### ii. Government, Local Authorities and Regulators

The Group complies with all the applicable laws, regulations, standards and requirements.

We communicate by letters and emails. We have undertaken initiatives to attend seminars and meetings with the relevant regulators on related regulatory issues towards the achievement of long-term sustainability. In addition, we update ourselves on any changes by regulatory bodies through their website.

#### iii. Product Quality

We understand our role in manufacturing high quality and reliable products as quality and reliability are essential in building the foundation of business sustainability.

We place great emphasis on the delivery of quality products and services with the aim to create long-term and sustainable business relationships with customers. In this regard, the Group continuously emphasises on “Quality” and “Customer-focus”, being watchwords that reflect the quality commitment of the Group towards its customers.

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 1. ECONOMIC (CONT'D)

#### iii. Product Quality (cont'd)

Alongside its efforts to create and offer innovative products to customers, the Group has undertaken measures to achieve and maintain quality in its products, including the establishment of a manufacturing process that ensures product quality standards, in-process quality control measures and final quality inspections. The manufacturing process accords with the principles of ISO 9001:2015 Quality Management Systems.

Our main product, fire resistant door sets are certified by Sirim Qas International Sdn Bhd and Jabatan Bomba dan Penyelamat Malaysia as well. With the quality system in place, our role is achieved and maintained effectively. In order to ensure completeness and integrity of our ISO system, we conduct internal audit annually. This audit is inter-department oriented and conducted by our trained key officers. Besides, the Group has an outsourced assurance provider who performs audit on various functions and reports all the outcomes to the Audit Committee and Board.

We invest in advanced machineries, upgrade our production facilities including research and development to enhance production efficiency, increase production capacity to cater for increased demand and improve product quality and reliability.

Social responsibility is always part of our business philosophy and we work towards continuous improvement to provide quality and reliable products including services consistently to our valued customers

#### iv. Customer Satisfaction

Our objective is to fulfill customer satisfaction. Customers' trust and confidence in our products and services are critical to our business success and sustainability.

The Group continuously establishes and maintains good relationship with its customers. Our sales personnel are constantly in touch with customers to ensure timely delivery, good service and prompt actions are taken on any issues.

We continuously review our products to meet customers' demands and changing market trends. We make continuous effort to achieve high customer satisfaction in all areas.

Engagement platforms include meetings, discussions, email and letter correspondence. We also conduct annual customer satisfaction survey to evaluate our customers' feedback for actions and improvements in order to meet their expectations.

#### v. Shareholders and Investors

Our shareholders and investors are important to the Group and it is our objective to enhance their value.

The Company ensures effective communication via the following manners:

- **Dialogue between the Company and Shareholders**

The Group recognizes the importance of accountability to its shareholders through proper and timely dissemination of information of the Group's performance and developments via appropriate channels of communication. Woodlandor maintains a website at [www.woodlandor.com.my](http://www.woodlandor.com.my) to facilitate easy accessibility to the Company's announcements to Bursa Malaysia Securities Berhad, Annual Reports and quarterly financial performance reports of the Group and corporate information.

An Investor Relations email address in our above website to attend to all enquiries relating to the Group.

## **MATERIAL SUSTAINABILITY MATTERS (CONT'D)**

### **1. ECONOMIC (CONT'D)**

#### **v. Shareholders and Investors (cont'd)**

##### **• Annual General Meeting (AGM)**

The AGM is a platform for the Board and shareholders to communicate on the Group's performance. At the AGM, shareholders are encouraged to seek clarification on any matters pertaining to the performance of the Group.

#### **vi. Suppliers**

Sustainability in supply chain is an important aspect. We have Selection & Evaluation of External Provider Procedure in place to make responsible sourcing decisions. Suppliers are selected based on specified criteria and annual evaluation is carried out to assess product quality, pricing and delivery performance. The Group ensures that materials and components are supplied by licensed suppliers approved by the Management. We source from more suppliers to have best pricing and terms. We visit and have regular meetings with our suppliers to build strong relationship.

We also ensure continuous supply of all raw materials and components to prevent disruption of our business.

#### **vii. Corporate Governance and Ethical Business Conduct**

The Group is committed to good corporate governance and ethical business practices to maintain a sustainable business.

Our business practices are governed by the Malaysian Code on Corporate Governance, Bursa Malaysia Securities Berhad Listing Requirements, Code of Conduct and Ethics and Whistle- Blowing Policy.

Woodlandor strives to maintain a high standard of corporate governance and ethics as we believe that high standard of integrity, ethical behavior and accountability are fundamental keys to sustainable business.

### **2. ENVIRONMENT**

The Group is conscious of its responsibility to reduce the environmental impacts of its manufacturing operation and therefore, is committed to continually taking measures to reduce such impacts.

We have integrated environmental management into our business operations with the following measures:

- All materials are used wisely to minimise wastages.
- Raw material wastages are recycled for reuse as part of our efforts and commitment to reduce wastages, care for our environment and minimize the use of natural resources.
- All workstations are fitted with filtered extractors to minimise air pollution in the workplace.
- All workers are trained to use proper applications and working methods to reduce any risk of environmental hazard.

The Group continues to promote energy, water and paper conservation.

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 3. SOCIAL

#### i. Safety and Health

The Group has in place a Safety and Health policy to ensure a safe, conducive and healthy working environment for all its employees. To accomplish this, Woodlandor has safety and health standards, safe practices in production, machineries and forklift operation and resources in place to implement this policy. We have a Safety and Health Committee, responsible for cultivating safe working practices and carrying out regular checks to ensure conformance of the safety requirements including wearing personal protective equipment, reporting of any hazardous working conditions to the Management to prevent work-related injuries / accidents as well as ensuring cleanliness and proper maintenance in the workplace.

The Group also undertakes preventive actions and risk reduction measures such as fire drills, fire extinguisher training and periodical briefings to educate and update all the employees on factory safety issues and increase employees' awareness of hygiene.

Woodlandor has reviewed and revised its safety policy and procedure for accident prone areas to reduce the rate of accidents and avoid any serious accidents. We have been effectively managing the risk factors for workplace injuries/ accidents.

The Group also maintains a workplace free of any form of abuse, both physical and verbal harassment and discrimination.

In overcoming the Covid-19 pandemic, Woodlandor has complied with the guidelines issued by the Government for the health and safety of its employees.

#### ii. Employees

Our employees are an important asset of the Group. Woodlandor recognizes that employees' performance will contribute to its success. The Group adopts a diversity policy without discrimination in gender, race, religion and age.

Woodlandor engages with its employees through internal communication, lunches, dinners and get-togethers.

New employees are required to participate in orientation to get clear insights into the Group and its product brand.

We continue to focus on talent management by providing relevant training, coaching and mentoring to ensure our employees are equipped with appropriate skills, knowledge and up to date with industry requirements as the Board believes that continuous learning, self-improvement and human capital development will produce effective performance.

Below are some of the seminars / training programs attended by the employees for the financial period ended 30 June 2020:

- Webinar – Covid-19: Cash Flow Management Strategies during MCO
- Program Neighbourhood Watch Kontigen Selangor Siri 1/2020
- Economic Stimulus Package for SMEs
- Webinar - Collection (In Uncertain Times) Webinar
- Future of Branding

The Group's policies on recruitment, working hours and remuneration and welfare exceed the minimum requirements stipulated by relevant authorities. Employees are also accorded with medical benefits, hospitalization and Group Personal Accident insurance, long service award in recognition of loyalty, dedication and commitment, annual bonus and incentive as well as trips based on individual and Group performance, amongst others.

**MATERIAL SUSTAINABILITY MATTERS (CONT'D)**

**3. SOCIAL (CONT'D)**

**ii. Employees (cont'd)**

The Group treats its employees fairly with due regard to basic human rights and rewards employees' performance on the basis of merits.

**iii. Society**

Woodlandor continuously make contributions to charitable organizations, temples, orphanage, old folks, etc as part of its corporate social responsibility efforts.

The Group upholds sustainability practices in creating long-term business value and will continue to monitor the sustainability performance of its business. The Board will implement other sustainability practices as appropriate to further create long-term economic, environmental and social value with regard to its business.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Woodlandor Holdings Berhad (“the Company”) recognises its responsibilities for good corporate governance and is committed to ensuring that a high standard of corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities.

The Board is pleased to report the extend of the principles and best practices set out in the Malaysian Code on Corporate Governance (“Code”) are being observed and practised throughout the Group. The Statement below is prepared in compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read together with the Corporate Governance Report 2020 (“CG Report”) of the Company which is available on the Company’s website at [www.woodlandor.com.my](http://www.woodlandor.com.my).

## (A) BOARD LEADERSHIP AND EFFECTIVENESS

### (I) BOARD RESPONSIBILITIES

The Board is responsible to the shareholders for the strategic direction and proper management of the business of the Company and the Group with the objective of creating and enhancing shareholders’ value.

To achieve that objective, the Board reserves certain strategic and financial matters for its collective decisions.

The Board has approved a board charter (“Board Charter”) which sets out the composition, roles and responsibilities and processes of the Board and those delegated to Management. It is a reference and induction literature in providing the Board members and Management insight into the functions of the Board. The Board Charter is made available for reference in the Company’s website at [www.woodlandor.com.my](http://www.woodlandor.com.my).

- **Time commitment**

Paragraph 15.06 of Listing Requirements provides a director of a listed company must not hold more than five (5) directorships in listed companies. As at the date of this Statement, none of the Executive Directors of the Company serves as a director of other listed companies.

Directors are expected to give sufficient time and attention to carry out their responsibilities. The Board Charter sets out a policy where a director shall notify the Chairman officially before accepting any new directorships in other companies and the notification shall explain the expectation and an indication of time commitment that will be spent on the new appointments.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities.

- **Board meetings**

The dates of the meetings of the Board, Board Committees and annual general meeting (“AGM”) for each financial year were fixed in advance for the whole year to ensure all Directors/Board Committees members’ dates are booked and also to facilitate Management’s planning for the whole financial year.

The Board meets at least four (4) times a year, with additional meetings convened when necessary. Six (6) Board Meetings were held during the financial period ended 30 June 2020. Details of the attendance of the Directors are as follows:

| Name                    | 25.02.2019 | 10.04.2019 | 16.08.2019 | 18.11.2019 | 18.02.2020 | 03.06.2020 | Total Meetings Attended |
|-------------------------|------------|------------|------------|------------|------------|------------|-------------------------|
| Dato’ Seri Mun Weng Sum | √          | √          | √          | √          | √          | √          | 6/6                     |
| Dato’ Teh Boon Sing     | √          | √          | √          | √          | √          | √          | 6/6                     |
| Mun Li Choo             | √          | √          | √          | √          | √          | √          | 6/6                     |
| Lim Soo Hee             | √          | √          | √          | √          | √          | √          | 6/6                     |
| Chay Ng                 | √          | √          | √          | √          | √          | √          | 6/6                     |

## (A) BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (I) BOARD RESPONSIBILITIES (CONT'D)

- **Board meetings**

All the above meetings were held in the Company's office at 9, Jalan Kuchai Maju 4, Kuchai Entrepreneurs' Park, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

In the intervals between Board meetings, any matters requiring urgent Board's decisions or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made and the same for the Board Committees.

The Board decisions made at the Board meetings shall be by a majority as prescribed by the Constitution of the Company.

- **Directors' Training**

During the financial period ended 30 June 2020 ("FP2020"), the Directors have participated in the development and training programme as below to equip themselves and to effectively discharge their duties as Directors as and when beneficial:

| No. | Name of Director        | Course Attended   | Date       |
|-----|-------------------------|---|------------|
| 1.  | Dato' Seri Mun Weng Sum | - IR4.0 And Sustainable Manufacturing                                   | 13.06.2019 |
|     |                         | - Malaysia SME Business Summit 2019                                     | 25.06.2019 |
| 2.  | Dato' Teh Boon Sing     | - Motor Add-Ons   | 08.03.2019 |
|     |                         | - Great Ride Shield (Understanding of Product Benefits)                 | 08.03.2019 |
|     |                         | - Why Medical Insurance (External)                                      | 21.03.2019 |
|     |                         | - Why Personal Accident Insurance (External)                            | 21.03.2019 |
|     |                         | - Taklimat Program Kesedaran (Akta Wang Tak Tuntut 1965 (Akta 370))     | 22.08.2019 |
|     |                         | - Seminar Pencegahan Kemalangan Dalam Sektor Pembinaan                  | 30.10.2019 |
|     |                         | - Doing Business With China   | 09.04.2019 |
| 3.  | Mun Li Choo             | - Leadership Greatness in Turbulent Times: Building Corporate Longevity | 26.06.2019 |
|     |                         | - MTC Technical Seminar   | 03.07.2019 |
|     |                         | - The Future Is Now   | 25.07.2019 |
|     |                         | - Collection (In Uncertain Times) Webinar                               | 28.04.2020 |
|     |                         | - Seminar Percukaian Kebangsaan 2019                                    | 15.10.2019 |
| 4.  | Lim Soo Hee             | - Business Transformation & Digitalization                              | 06.12.2019 |
|     |                         | - The Convergence of Digitisation And Sustainability                    | 23.08.2019 |
| 5.  | Chay Ng                 | - China Kunming CITM  | 15.11.2019 |

The Company will continue to arrange further development and training programmes for the Directors in order to update and enhance their skills and knowledge, which are important for carrying out their role effectively as a director.

All the Directors have attended the Mandatory Accreditation Programme as required by Bursa Securities. The Directors continue to attend relevant seminars and programmes to keep their knowledge and expertise updated.

## (A) BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (II) BOARD BALANCE

- **Board Composition**

The Company is led and managed by a Board comprising five (5) members with a wide range of business, banking, accounting, financial and technical background.

The Board currently consists of the Executive Chairman with one (1) Executive Director and three (3) Independent Non-Executive Directors. The Company has met Listing Requirements in respect of having at least one third (1/3) of the membership of the Board comprising independent directors. The composition of the Board reflects a sufficiently wide and relevant mix of backgrounds, skills and experience vital for the successful direction and management of the Group's business operations. A brief profile of each Director is set out in pages 7 and 8 of this Annual Report.

The Executive Directors have the responsibility of making and implementing operational decisions and running of the Group's business. The Non-Executive Directors play key supporting roles, contributing their knowledge, skills and experience towards the formulation of strategies and policies and in the decision making process. Where a potential conflict of interest may arise, it is mandatory practice for the director concerned to declare his interest and abstain from deliberations of the Board on the matter.

The Executive Chairman assumes the position of Chief Executive Officer as he brings with him a wealth of about 20 years experiences in wood working industry and a calibre to ensure that strategies and policies approved by the Board are effectively implemented. Nonetheless, the number of Non-Executive Directors constituting 60% of the Board has brought strong independent views, judgement, knowledge, experience and support to the Board's deliberation to ensure a balanced Board decision making process. Taking into consideration the experience of the Executive Chairman, the size of the Group's operations and other factors stated above, the Board considers that the departure from the recommended practice as set out in the Code of separating the functions of the Chairman and that of the Chief Executive Officer is appropriate in the circumstance.

Dato' Teh Boon Sing is the Independent Non-Executive Director to whom concerns and enquiries of shareholders & other stakeholders may be conveyed.

Based on the review of the Board composition in September 2020, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group's strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

- **Board Committees**

Presently, the Board is supported by three (3) Board Committees namely, Audit Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). Each Board Committee will review, report and make recommendation to the Board during the Board meeting on matters relevant to their roles and responsibilities. The Board Committees also table the minutes of the Board Committees meetings at the quarterly Board meetings as to keep the Board abreast of the decision and discussion made by each Board Committee.

- **Nomination Committee**

The composition of the Nomination Committee is as follows:

Mr. Chay Ng – Chairperson

Dato' Teh Boon Sing – Member

Mr. Lim Soo Hee – Member

## (A) BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (II) BOARD BALANCE (CONT'D)

- **Nomination Committee (cont'd)**

The duties of the Nomination Committee include considering candidates for Board vacancies and recommending all appointments to the Board. The Board will consider such recommended appointment and approve if they are found to be appropriate and suitable. The TOR of the Nomination Committee is published on the Company's website at [www.woodlandor.com.my](http://www.woodlandor.com.my).

The Nomination Committee meets at least once in each financial year and additional meeting(s) may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of circular resolutions.

During the financial period under review, the Nomination Committee met one (1) time and the summary of the activities of the Nomination Committee during the financial period are as follows: -

- Reviewed the mix of skill and experience and other qualities of the Board.
- Assessed the effectiveness of the Board as a whole, the Board committees and the Directors.
- Discussed the Directors' retirement by rotation.
- Discussed the retention of the Independent Director who has served the Company for more than nine (9) years.

- **Criteria for recruitment and assessment**

The Nomination Committee is responsible to recommend identified candidate to the Board to fill vacancy arises from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession to the Board in order to close the competency gap in the Board. The potential candidate may be proposed by existing director, senior management staff, shareholders or third party referrals.

Upon receipt of the nomination, the Nomination Committee is responsible to conduct an assessment and evaluation on the potential candidate.

The Board does not set specific criteria for the assessment and selection of candidate. The assessment/evaluation process may include, at the Nomination Committee's discretion, reviewing the candidate's resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as formal or informal interview at the Nomination Committee's discretion. The Nomination Committee would also assess the candidate's integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to discharge the duties/functions of the Board.

Upon completion of the assessment and evaluation of the potential candidate, the Nomination Committee would make its recommendation to the Board. Based on the recommendation of the Nomination Committee, the Board would evaluate and decide on the appointment of the potential candidate.

The Chairman of the Board would then make an invitation or offer to the potential candidate to join the Board as a director. With the acceptance of the offer/invitation, the potential candidate would be appointed as director of the Company.

## (A) BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (II) BOARD BALANCE (CONT'D)

- **Annual Assessment of Existing Directors**

The Board, through the Nomination Committee undertakes annual evaluation for the FP2020 via an assessment system to review their own performance, the effectiveness of the Board as a whole, the contribution of each individual Director and peers and the Board's mix and skillset on an annual basis. For newly appointed director, the annual assessment will be conducted at the next annual assessment exercise following the completion of one year of service.

The evaluations were facilitated by the Company Secretary making references to the guides available.

The results of the evaluations indicated that the Board as a whole, has been competently and effectively discharging its oversight responsibilities. The results and comments from the Directors, concerning the Board as a whole and the general performance of the Directors with recommendations, were also presented to the Board upon reviewed by the Nomination Committee.

The Director who is subject to re-election and/or re-appointment at next AGM shall be assessed by the Nomination Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Such assessment would be based on the annual assessment conducted as well.

- **Assessment on Independence of Directors**

Criteria have been set to assess the independence of candidate for directors and existing directors based on the guidelines set out in the Listing Requirements.

The Board takes cognisance of the provisions of the Code, which states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on the board subject to the Director's re-designation as a Non-Independent Director. It further states that in the event the Board wishes to retain an Independent Director who has served a cumulative term of nine (9) years and above, shareholders' approval shall be annually sought with justification. In the event the Board wishes to retain an Independent Director who has served a cumulative term of twelve (12) years and above, shareholders' approval shall be annually sought through a two-tier voting process.

On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

As at the date of this Statement, all the Independent Non-Executive Directors (save and except for Mr. Lim Soo Hee) have not reached nine (9) years of service since their appointment and/or election as Directors. Their tenure of service is set out in the Profile of Members of the Board.

- **Gender Diversity Policy**

A diversity policy of the 30% female representation on the Board as set out in Practice Note 4.5 of the Code has been established by the Board. The Board endeavours to have diversity of the Board as well as its workforce in terms of experience, qualification, ethnicity and age. The Board currently has 20% female representation, i.e. one (1) female Director of whom is the Executive Director.

During selection process, any list of proposed candidates to the Board shall consist of woman candidates, wherever reasonably possible. The Nomination Committee is responsible in ensuring that diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skills-set, experience and knowledge of the candidate.

## (A) BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (II) BOARD BALANCE (CONT'D)

- **Remuneration Committee**

The composition of the Remuneration Committee is as follows:

Dato' Teh Boon Sing – Chairperson

Mr. Chay Ng – Member

The duty of the Remuneration Committee is to ensure that the remuneration of the Directors and Key Management commensurate with the skills, experience and responsibility of the directors. The Directors concerned would abstain from discussion pertaining to their own remuneration. The TOR of the Remuneration Committee is published on the Company's website at [www.woodlandor.com.my](http://www.woodlandor.com.my).

- **Directors Remuneration**

The fees of Directors, including Non-Executive Directors, are enclosed by the Board for approval by the Shareholders of the Company at the AGM.

The aggregate remuneration of all the Directors of the Company during FP2020 is listed on a named basis with the detailed remuneration breakdown and is disclosed in the CG Report.

- **Retirement and Re-election of Directors**

In accordance with the Company's Constitution, all Directors shall retire from office at least once in every three (3) years. At every AGM, one third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the AGM held following their appointments.

### (III) SUPPLY OF INFORMATION

The Board and its committees are provided with notices and written reports and supporting information covering various aspects of the Group's operation and performance at least seven (7) days before the meeting date to ensure that they have sufficient time to study them and be prepared for discussion. The Board has access to all staff for any information pertaining to the Group's affairs.

All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed. The Company Secretary is qualified to act under Section 235 of the Companies Act 2016. She is a Member of the Malaysian Institute of Chartered Accountant (MIA) and holds a practising certificate issued by the Companies Commission of Malaysia. The Company Secretary supports the effective functioning of the Board, provides advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitates effective information flow amongst the Board and Board Committees. The Company Secretary attended all Board meetings and together with the Directors are responsible for the proper conduct of the meetings according to the applicable rules and regulations. The Company Secretary regularly updates the Board on compliance and governance issues that required the Board's attention.

In addition, directors have access to independent professional advice in appropriate circumstances at the Company's expense in furtherance of their duties in accordance to procedure set by the Board.

## **(B) EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **(I) RISK MANAGEMENT AND INTERNAL CONTROL**

The Board acknowledges that risk management and internal control is an integral part of achieving the Group's objectives. The Board is committed to maintain a sound system of risk management and internal control and responsible for reviewing its adequacy and effectiveness.

The Board is responsible of identifying principal risks and ensures the implementation of a dynamic system to manage risk exposure within the acceptable level of tolerance. To fulfil its oversight responsibility, the Board, as a whole or through delegation to the Audit Committee reviews the adequacy and integrity of the Group's risk management system which encapsulates the key processes of risk identification, assessment, mitigation, monitoring and reporting.

The Group has an on-going process of identifying, evaluation and managing key risks and the Board reviews the key risks highlighted on a regular basis to ensure appropriate actions are taken to mitigate the risks of the Group for continuous sustainable growth.

Investigation or special review will be carried out at the request of the Audit Committee on specific areas of concern when necessary. Significant breaches and deficiencies identified will be discussed at the Audit Committee meetings where appropriate course of actions will be recommended to the Board for consideration.

The Statement of Risk Management and Internal Control is set out on page 29. It provides an overview of the state of risk management and internal control within the Group.

### **(II) AUDIT COMMITTEE**

The Board has established an effective and independent Audit Committee. The Committee consists of three (3) members, all of which are Independent Non-Executive Directors.

In addition to the duties and responsibilities set out under its TOR, the Audit Committee contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems.

### **(III) INTERNAL AUDIT FUNCTION**

The Board has also established an internal audit function, which is currently outsourced to an independent assurance provider to provide an independent appraisal over on the adequacy, efficiency and effectiveness of the system of internal control of the Group and recommendations for improvement of the control procedures to the Audit Committee. The Audit Committee reviews and approves the internal audit plan in order to ensure that the internal audit function is effective and adequate to minimise and manage the overall risk exposure of the Group. The primary function of internal audit assignment is to undertake systematic reviews of the governance, risk and internal control systems within the Group in accordance with the approved internal audit plan.

To ensure that the responsibilities of internal auditors are fully discharged, the Audit Committee reviews the adequacy of the scope, functions and resources of the internal audit function as well as the competency i.e. qualification and experience of the internal auditors on a yearly basis.

### **(IV) RELATIONSHIP WITH EXTERNAL AUDITORS**

The Company has put in place the policies and procedures to assess the sustainability and independence of external auditors. The Audit Committee meets with the external auditors to discuss their audit plan, audit findings and the Company's financial statements. At least twice a year and whenever necessary, the Audit Committee shall meet with the external auditors without the present of executive Board members or management personnel, to allow the Audit Committee and the external auditors to communicate independently.

## **(B) EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

### **(IV) RELATIONSHIP WITH EXTERNAL AUDITORS (CONT'D)**

For FP2020, the Audit Committee undertook an annual assessment on the performance, suitability, independence and objectivity of the external auditors. No major concerns were noted from the results of the assessment. The external auditors also gave their assurance confirming their independence and objectivity throughout the conduct of the audit engagement and the internal processes undertaken by them to determine their independence.

The Audit Committee also considered the provision of non-audit services provided by the external auditors during the financial period under review and concluded the provision of these services did not compromise the external auditors' independence and objectivity as the amount of fees paid for these services were not significant as compared to the total fees paid to the external auditors.

The role of the Audit Committee in relation to the external auditors is stated on pages 24 to 26 of this Annual Report.

## **(C) INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **(I) FINANCIAL REPORTING**

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

The Board also ensures that the Group used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates. Subject to any explanation and material departures disclosed in the notes to the financial statements, all accounting standards which the Board considers to be applicable have been followed.

The Audit Committee also assists the Board in ensuring accuracy and adequacy of information by reviewing and recommending for adoption such information for disclosure.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 28 of this Annual Report.

### **(II) COMMUNICATION WITH STAKEHOLDERS**

The Company recognises the importance of continuous communication with shareholders and investors to inform about the Group's latest financial performance and business / corporate matters. Such information is made available to shareholders and investors through Annual Reports, disclosures and announcements made to Bursa Securities and on the Group's website.

Shareholders and the public can also access information on the Group's background, products and financial performance through the Company's website. Apart from general meetings, the Company encourages shareholders to provide feedback and raise queries to the Company through the Company's website [www.woodlandor.com.my](http://www.woodlandor.com.my).

The Board has implemented a shareholder communication policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed meeting and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

The Company has also reported its Sustainability Statement on page 10 to 14 of this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.



## **(C) INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

### **(III) CONDUCT OF GENERAL MEETINGS**

Shareholders are invited to attend the AGM each year. There will be Questions and Answer session at the AGM where the Executive Chairman, Directors, Company Secretary and the external auditors will be available to answer shareholders' queries. All Directors attended the last AGM held on 18 June 2019.

Due to the imposition of Recovery Movement Control Order by restricting the movement of the public as a preemptive measure to curb the spread of COVID-19, the Notice of 24th AGM to be held on 26 November 2020 is sent to shareholders at least twenty-one (21) days prior to the meeting (as compared to twenty-eight (28) days' notice period served in the previous years) so that AGM can be convened before further tightening of the standard operating procedures by the Malaysia Government. The Board would ensure that Notice of AGM will be sent to shareholders at least twenty-eight (28) days prior to the meeting in the subsequent years if the COVID-19 infections have been contained.

Due to the constant evolving COVID-19 situation, the Company may be required to change the arrangements of our 24th AGM at short notice. The Company may notify at the Company's website or release announcements for the latest updates on the status of the 24th AGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions tabled at general meetings will be put to a vote by way of a poll and the voting results will be announced at the meetings and through Bursa Securities. The Company has also adopted electronic voting for the conduct of poll on all resolutions at the AGM.

## **COMPLIANCE STATEMENT**

The Board strives to ensure that the Company complies with the Principles and Best Practices of the Code. The Board will endeavour to improve and enhance the procedures from time to time.

The Board has provided disclosures on the applications of each Practice in its CG Report, which was announced together with the Annual Report of the Company on 3 November 2020. The Board considers and is satisfied that save and except for those disclosed herein, the Company has fully complied with the principles and recommendations of the Code, the relevant chapters of the Listing Requirements on CG and all applicable laws and regulations throughout the financial period under review.

This Statement was approved by the Board on 8 October 2020.

# REPORT OF THE AUDIT COMMITTEE

## REPORT OF THE AUDIT COMMITTEE

The Board of Directors of Woodlandor Holdings Berhad is pleased to present the report of the Audit Committee for the financial period ended 30 June 2020.

## MEMBERSHIP AND ATTENDANCE

During the financial period ended 30 June 2020 ("FP2020"), a total of six (6) meetings were held. The details of attendance of the Audit Committee members are as follows:

| Composition of Audit Committee | Attendance of Meetings |
|--------------------------------|------------------------|
| Lim Soo Hee (Chairperson)      | 6/6                    |
| Dato' Teh Boon Sing (Member)   | 6/6                    |
| Chay Ng (Member)               | 6/6                    |

## Composition

The Audit Committee shall be appointed by the directors from amongst themselves and its number shall not be less than three (3) members and all members must be non-executive directors, with a majority of whom shall be independent non-executive directors. The Chairperson of the Audit Committee shall be an Independent Director.

## Authority

- a. The Audit Committee is authorised by the Board, in accordance with the procedures to be determined by the Board and at the cost of the Company:
  - (i) to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee; and
  - (ii) to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- b. The Audit Committee may communicate directly with the external auditors and person(s) carrying out the internal audit function or activity (if any).

## Terms of Reference

The Terms of Reference of the Audit Committee are made available on the Company's website at [www.woodlandor.com.my](http://www.woodlandor.com.my).

## Meetings

Meetings shall be held not less than four (4) times a year subject to the quorum of at least two (2) independent directors or more frequently as circumstances required or upon the request of any member of the Audit Committee, the external auditors or the internal auditors with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.

The Audit Committee may invite any Board member or any member of management or any employee of the company as the Audit Committee may deem fit to attend its meetings to assist and to provide pertinent information as necessary.

## ACTIVITIES OF THE COMMITTEE DURING THE PERIOD

In accordance with the Terms of Reference of the Audit Committee, the following activities were carried out in discharging its duties during the financial period under review:

- (i) Reviewed periodic and annual audit plans set during the financial period for the Company and the Group, prepared by both the internal and external auditors;
- (ii) Reviewed periodic and annual audit reports on the Company and its subsidiaries prepared by the external auditors and considered the findings by the external auditors and management's responses thereto;
- (iii) Reviewed quarterly financial reports and the annual audited financial statements of the Company and the Group prior to submission to the Board for consideration and approval;
- (iv) Reviewed and assessed the adequacy of the internal control and risk management procedures of the Company and the Group and report any weakness or inadequacy to the Board;
- (v) Reviewed all related party transactions entered into by the Group and the Company to ensure that the transactions were entered into at arm's length basis and on normal commercial terms;
- (vi) Met with the external auditors twice a year without the presence of any Executive Directors and management personnel.
- (vii) Discussed with the external auditors the potential key audit matters and other significant audit matters identified by the external auditors.
- (viii) Reviewed the impact of the COVID-19 pandemic in preparing the financial statements of the Group for FP2020 and the external auditors' audit focus.
- (ix) Reviewed performance and objectivity of both the internal and external auditors in the provision of services and fees and recommended to the Board their re-appointment for approval. Further reviewed the provision of non-audit services by the external auditors to ascertain whether such provision of services would impair the external auditors' independence or objectivity.
- (x) Reviewed and recommended to the Board for approval the Anti-Bribery and Corruption Policy and revision thereto.
- (xi) Review its Terms of Reference annually and recommend revisions to the Board, if any.
- (xii) Review of Corporate Governance ("CG") Overview Statement, CG Report, Audit Committee Report and the Statement on Risk Management and Internal Control for adoption by the Board.

## INTERNAL AUDIT FUNCTION

For FP2020, the Group has outsourced its internal audit function to an independent assurance provider, Vaersa Advisory Sdn Bhd ("Vaersa"). Vaersa has no relationship with the Group and is independent from the Management and staff, directors and substantial shareholders of the Company. The Audit Committee is of the opinion that Vaersa is independent and able to objectively carry out its role as internal auditors. The internal audit costs incurred for the financial period under review was RM32,000.00.

The audit team which consists of five (5) members, is headed by a member of the Malaysian Institute of Accountants and also Associated of Chartered Certified Accountants.

The internal auditors adopt the International Professional Practices Framework advocated by the Institute of Internal Auditors Inc. USA and have performed their work in accordance with the international internal auditing standards.

## **REPORT OF THE AUDIT COMMITTEE (CONT'D)**

### **INTERNAL AUDIT FUNCTION (CONT'D)**

The internal audit engagement is carried out based on an annual internal audit plan as approved by the Audit Committee. Internal audit reports are discussed and issued to management for their feedback and to formulate action plans with target implementation dates for improvements. Any resulting salient control concerns are reviewed by the Audit Committee, and the implementation status of audit recommendations are monitored and reported to the Audit Committee on a quarterly basis. The areas of internal audits review during FP2020 are described in the Statement of Risk Management and Internal Control.

The internal audit activities are aligned with the Group's business risks and the following Internal Audit Charter, which has been adopted by the Company for the internal auditor:

### **INTERNAL AUDIT CHARTER**

#### **Mission**

The mission of the Internal Auditor is to independently ascertain whether the on-going processes for controlling operations throughout the Group, are adequately designed and functioning in an effective manner.

#### **Scope of Activities**

The internal auditors' scope of activities is to ascertain, through selective testing, that the processes for controlling, as they have been designed and represented by management, are adequate and functioning in an effective manner to ensure:

- Resources are adequately protected;
- Significant financial, managerial and operating information are accurate and reliable; and
- Employees' actions are in compliance with relevant laws and regulation.

#### **Accountability**

The internal auditors, in the discharge of its duties, shall be accountable to the Audit Committee of the Group to:

- Provide an assessment of the adequacy and effectiveness of the organisation's processes for controlling its activities for the financial year/period under review;
- Report significant issues related to the processes for controlling the activities of the organisation and provide information concerning such issues; and
- Provide recommendation and information on the status and results of the internal audit review on a quarterly basis.

#### **Independence**

Whenever necessary, the Audit Committee shall meet with the internal auditors without the present of Executive Board members or management personnel, to allow the Audit Committee and the internal auditors to communicate independently.

# ADDITIONAL COMPLIANCE INFORMATION

## AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, Messrs. Morison AAC PLT [converted from a conventional partnership, Morison AAC (formerly known as Morison Anuarul Azizan Chew)] in relation to the audit and non-audit services rendered to the Company and its subsidiary companies for the financial period ended 30 June 2020 are as follows:

|                | The Group<br>(RM) | The Company<br>(RM) |
|----------------|-------------------|---------------------|
| Audit fees     | 150,000           | 53,000              |
| Non-audit fees | 8,000             | 8,000               |

## VARIATION IN RESULTS

There was no variation between the financial results in the annual audited financial statements for the financial period ended 30 June 2020 and the unaudited financial results for the period ended 30 June 2020 announced by the Company on 27 August 2020.

## MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiary companies which involve Directors' and/or major shareholders' interests either still subsisting at the end of the financial period ended 30 June 2020 or entered into since the end of the previous financial year.

## UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial period.

## RELATED PARTY TRANSACTIONS ("RPT")

The Group has established appropriate procedures to ensure it complies with the Main Market Listing Requirements with regards to RPT. All RPT, if any will be reviewed by the Audit Committee on a quarterly basis.

The Group did not seek any shareholders' mandate pertaining to RPT during the financial period.

# DIRECTORS' RESPONSIBILITY STATEMENT

Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Act in Malaysia and the Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial period ended 30 June 2020, the Directors have:-

- Adopted appropriate accounting policies and applied them consistently;
- Made estimates and judgement that are prudent and reasonable;
- Ensured that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act. The Directors are also responsible for safeguarding the assets of the Group and of the Company and, hence, for taking such steps that are reasonably open to them to prevent and detect fraud and other irregularities.

This statement is made pursuant to a Directors' Resolution passed on 8 October 2020.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its ongoing efforts to practice good corporate governance. The Board is committed to practicing good standards of corporate governance and observing best practices, and will continue to improve on current practices. The Board is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial period ended 30 June 2020.

## BOARD OF DIRECTORS' RESPONSIBILITIES

The Board affirms its responsibility for the Group's system of internal control, which includes the establishment of an effective control environment and appropriate internal control framework as well as to review its adequacy and integrity. Due to limitations inherent in any internal control system, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT

Risk management is embedded in the Group's management system and is every employee's responsibility as the Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholder value. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. The process is regularly reviewed by the Board and is in accordance with the guidelines for Directors on internal control, the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*.

## SYSTEM OF INTERNAL CONTROL

The Board has engaged a professional firm to conduct internal audit on the adequacy and integrity of the system on internal control for the Group. The professional firm independently reviews the Group's internal control system and reports to the Audit Committee. The Executive Directors, through direct involvement in the operations, regular review of operational data including production, marketing and financial data, also contribute to a better control environment in the Group. Furthermore, the Executive Directors will inform the Board of any significant unresolved matters, which require the Board's intervention or Board level decision making.

## ASSURANCE FROM THE MANAGEMENT

The Board has also received reasonable assurance from the Executive Chairman and the Executive Director, that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management model adopted by the Group.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the period ended 30 June 2020 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

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

**CONCLUSION**

The Board believes that the development of the system of internal control is an ongoing process and continues to take steps to improve the internal control system. During the year under review, no material weaknesses have been identified which would result in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report. The Board is of view that the current system control in place throughout the Group is sufficient to safeguard the Group's interest. The external auditors have also reviewed this Statement on Risk Management and Internal Control and reported to the Board that no occurrence has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the internal control system. The Board continues to take appropriate measures and ongoing commitment to strengthen the internal control environment and processes. Nevertheless, Management continues to take measures to strengthen the internal controls in the organisation.

This statement is made in accordance with the resolution of the Board of Directors dated 8 October 2020.



# FINANCIAL STATEMENTS

|  |    |
|--|----|
| Directors' Report  | 32 |
| Statement by Directors   | 36 |
| Statutory Declaration  | 36 |
| Independent Auditors' Report                                   | 37 |
| Statements of Financial Position                               | 41 |
| Statements of Profit or Loss and Other<br>Comprehensive Income | 42 |
| Statements of Changes in Equity                                | 43 |
| Statements of Cash Flows                                       | 44 |
| Notes to the Financial Statements                              | 48 |

# DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2020.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are stated in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

## FINANCIAL RESULTS

|                               | Group<br>RM | Company<br>RM |
|-------------------------------|-------------|---------------|
| Loss for the financial period | 6,508,779   | 1,208,209     |

## DIVIDEND

Since the end of the previous financial year, the Company paid an interim single-tier tax exempt dividend of 1.5 sen per share amounting to RM600,014 in respect of the financial period ended 30 June 2020 on 17 January 2020.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

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

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period.

## DIRECTORS

The Directors in office during the financial period and during the period from the end of the financial period to the date of this report are:

Dato' Seri Mun Weng Sum  
Mun Li Choo  
Dato' Teh Boon Sing  
Lim Soo Hee  
Chay Ng

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial period held any shares in the Company or its subsidiaries or subsidiaries of the holding company during the financial period except as follows:

|                                | As at<br>01.01.2019 | No. of ordinary shares |          | As at<br>30.06.2020 |
|--------------------------------|---------------------|------------------------|----------|---------------------|
|                                |                     | Acquired               | Disposed |                     |
| <b>Interest in the Company</b> |                     |                        |          |                     |
| <b>Direct interest</b>         |                     |                        |          |                     |
| Dato' Seri Mun Weng Sum        | 6,162,359           | 91,100                 | -        | 6,253,459           |
| Mun Li Choo                    | 3,229,011           | -                      | -        | 3,229,011           |
| Lim Soo Hee                    | 99,999              | -                      | -        | 99,999              |
| <b>Indirect interest</b>       |                     |                        |          |                     |
| Dato' Seri Mun Weng Sum*       | 661,766             | -                      | -        | 661,766             |
| Lim Soo Hee*                   | 21,999              | -                      | -        | 21,999              |

\* Shares held directly by spouse/children. In accordance with section 59 (11)(c) of the Companies Act, 2016, the interest of the spouse/children in the shares of the Company shall be treated as the interest of the directors.

By virtue of their interest in the shares of the Company, Dato' Seri Mun Weng Sum, Mun Li Choo and Lim Soo Hee are also deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial period did not hold any interest in shares in the Company or its subsidiaries during the financial period.

## DIRECTORS' BENEFITS

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in 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 he is a member, or with a company in which he has a substantial financial interest.

There were no arrangements during and at the end of the financial period which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

Details of Directors' remuneration are disclosed in Note 25 to the financial statements.

## SUBSIDIARY COMPANIES

Details of the subsidiary companies are disclosed in Note 6 to the financial statements.

## DIRECTORS' REPORT

### AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 20 to the financial statements.

### OTHER STATUTORY INFORMATION

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

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

At the date of this report, the Directors are not aware of any circumstances which would render:

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors:

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

**AUDITORS**

The auditors, Messrs. Morison AAC PLT (LLP0022843-LCA & AF001977), have expressed their willingness to accept re-appointment.

Morison AAC PLT (LLP0022843-LCA & AF001977) was registered on 8 January 2020 and with effect from that date, Morison AAC (AF001977) which was formerly known as Morison Anuarul Azizan Chew (AF001977), a conventional partnership was converted to a limited liability partnership.

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

.....  
**DATO' SERI MUN WENG SUM**

.....  
**MUN LI CHOO**

Puchong, Selangor  
8 October 2020

# STATEMENT BY DIRECTORS

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

We, DATO' SERI MUN WENG SUM and MUN LI CHOO, being two of the Directors of WOODLANDOR HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 41 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2020 and of their financial performance and cash flows for the financial period then ended.

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

.....  
**DATO' SERI MUN WENG SUM**

.....  
**MUN LI CHOO**

Puchong, Selangor  
8 October 2020

# STATUTORY DECLARATION

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

I, DATO' SERI MUN WENG SUM, being the Director primarily responsible for the financial management of WOODLANDOR HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 41 to 94, are to the best of my knowledge and belief, 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 DATO' SERI MUN WENG SUM )  
at Puchong, Selangor )  
on 8 October 2020 )

.....  
**DATO' SERI MUN WENG SUM**

Before me,

.....  
**COMMISSIONER FOR OATHS**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WOODLANDOR HOLDINGS BERHAD

Registration No.: 199601004347 (376693-D)

(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Woodlandor Holdings Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 94.

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 30 June 2020 and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <b>Valuation of investment properties</b><br><i>Refer to Note 2.2(b), 2.8 and 4 to the financial statements</i>  |   |
| The Group owns a portfolio of investment properties amounting to RM12,711,999 as at 30 June 2020.  | We assessed the appropriateness of the independent professional valuer's scope of work and evaluated whether they had sufficient expertise, capabilities and objectivity to the competently perform the valuation of the Group's investment properties. |
| The Group adopts the fair value model for its investment properties.   | In addition, we obtained the valuation report and evaluated the valuation methodology, data relating to comparisons of the recent transactions involving similar assets and estimates used by the independent professional valuer.                      |
| The Group had engaged an external valuer to determine the fair value of the investment properties at the reporting date.   |   |
| The valuation of investment properties is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates which are based on current and future market or economic conditions. | We evaluated whether disclosures in the financial statements relating to the valuation of investment properties were in accordance with Malaysian Financial Reporting Standards.  |

**Key Audit Matters (Cont'd)**

| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Impairment assessment of inventories</b><br/> Refer to Note 2.2(a), 2.13 and 9 to the financial statements</p> <p>As at 30 June 2020, the Group carries significant inventories amounting to RM6,030,194.</p> <p>The Group constantly develops new designs to cater for customers' preference for wood products. The demand for a particular design of product will therefore naturally decline, hence, there are risks that some of these inventories may not be fully recoverable.</p> <p>Significant judgements and estimation are involved in forming expectations about the demand and future sales value of those inventories.</p>  | <p>We evaluated the Group's inventory management process over the identification of indicators which may result in the net realisable value of inventories being lower than their recorded carrying values.</p> <p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>• Inspected conditions of the inventories during the physical inventory count;</li> <li>• Discussed with the management on their action plans to address the slow-moving inventories;</li> <li>• Assessed the adequacy and reasonableness of inventory obsolescence allowance provided by management during the period; and</li> <li>• Tested the selling price of inventories sold after the financial period end against the carrying amount of the respective inventories.</li> </ul>  |
| <p><b>Impairment assessment of trade receivables</b><br/> Refer to Note 2.2(c), 2.10(d), and 10 to the financial statements</p> <p>As at 30 June 2020, trade receivables of the Group amounting to RM2,605,263.</p> <p>Management's assessment of impairment loss for trade receivables includes consideration of historical payment trends of customers and any known adverse conditions in respect of customers that would affect the collectability of these debts.</p> <p>The determination on whether the trade receivables are recoverable involves significant management judgement and inherent subjectivity given uncertainty regarding the collectability of these debts.</p> | <p>The assessment of the completeness and accuracy of the impairment loss allowance for trade receivables comprises the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding on the Group's credit control and analysed the trade receivables ageing;</li> <li>• Scrutinised the trade receivables ageing and investigated unusual trends and conditions that may indicate objective evidence of impairment;</li> <li>• Recalculated the probability of default using historical data and forward-looking information adjustments applied by the Group;</li> <li>• Inquired of management the rationale underlying the relationship between the forward-looking information and expected credit losses;</li> <li>• Challenged the appropriateness and reasonableness of the assumptions applied in the management's assessment of the impairment loss allowance;</li> <li>• Verified receipts from trade receivables subsequent to financial period end; and</li> <li>• Considered the completeness and accuracy of the disclosures.</li> </ul> |



### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

### **Responsibilities of the Directors for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

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

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

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

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

#### **OTHER MATTERS**

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

**MORISON AAC PLT**  
(LLP0022843-LCA & AF001977)  
Chartered Accountants

Kuala Lumpur  
8 October 2020

**TEH WEIL XUAN**  
Approved Number: 03453/10/2021 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

|   | Note | Group             |                   | Company           |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
|   |      | 30.06.2020<br>RM  | 31.12.2018<br>RM  | 30.06.2020<br>RM  | 31.12.2018<br>RM  |
| <b>Non-Current Assets</b>               |      |                   |                   |                   |                   |
| Property, plant and equipment           | 3    | 17,982,476        | 19,446,657        | 31,688            | 159,852           |
| Investment properties                   | 4    | 12,711,999        | 12,711,999        | -                 | -                 |
| Prepaid lease payments                  | 5    | 952,613           | 969,335           | -                 | -                 |
| Investments in subsidiaries             | 6    | -                 | -                 | 8,225,290         | 8,995,070         |
| Other investments                       | 7    | 36,363            | 22,564            | -                 | -                 |
| Amounts owing by subsidiary companies   | 8    | -                 | -                 | 19,070,136        | 18,568,853        |
| Deferred tax assets                     | 17   | 11,303            | -                 | -                 | -                 |
|   |      | <u>31,694,754</u> | <u>33,150,555</u> | <u>27,327,114</u> | <u>27,723,775</u> |
| <b>Current Assets</b>                   |      |                   |                   |                   |                   |
| Inventories                             | 9    | 6,030,194         | 6,620,494         | -                 | -                 |
| Trade receivables                       | 10   | 2,605,263         | 7,314,923         | -                 | -                 |
| Other receivables                       | 11   | 983,160           | 1,531,191         | 177,619           | 227,720           |
| Tax recoverable                         |      | 1,300,244         | 1,128,411         | -                 | -                 |
| Deposits with licensed banks            | 12   | 4,618,658         | 6,342,375         | 1,850,000         | 2,901,813         |
| Cash and bank balances                  |      | 1,466,668         | 2,219,169         | 290,789           | 776,111           |
|   |      | <u>17,004,187</u> | <u>25,156,563</u> | <u>2,318,408</u>  | <u>3,905,644</u>  |
| <b>Current Liabilities</b>              |      |                   |                   |                   |                   |
| Trade payables                          | 13   | 4,032,128         | 5,775,807         | -                 | -                 |
| Other payables                          | 14   | 1,582,978         | 2,628,787         | 141,476           | 234,827           |
| Tax liabilities                         |      | 17,137            | 35,656            | 1,050             | 522               |
| Borrowings                              | 15   | 4,044,231         | 3,067,848         | -                 | 82,851            |
|   |      | <u>9,676,474</u>  | <u>11,508,098</u> | <u>142,526</u>    | <u>318,200</u>    |
| Net current assets                      |      | <u>7,327,713</u>  | <u>13,648,465</u> | <u>2,175,882</u>  | <u>3,587,444</u>  |
|   |      | <u>39,022,467</u> | <u>46,799,020</u> | <u>29,502,996</u> | <u>31,311,219</u> |
| <b>Financed By:</b>                     |      |                   |                   |                   |                   |
| Share capital                           | 16   | 40,001,539        | 40,001,539        | 40,001,539        | 40,001,539        |
| (Accumulated losses)/ Retained earnings |      | (1,971,578)       | 5,137,215         | (10,498,543)      | (8,690,320)       |
|   |      | <u>38,029,961</u> | <u>45,138,754</u> | <u>29,502,996</u> | <u>31,311,219</u> |
| <b>Non-Current Liabilities</b>          |      |                   |                   |                   |                   |
| Borrowings                              | 15   | 340,397           | 612,348           | -                 | -                 |
| Deferred tax liabilities                | 17   | 652,109           | 1,047,918         | -                 | -                 |
|   |      | <u>992,506</u>    | <u>1,660,266</u>  | <u>-</u>          | <u>-</u>          |
|   |      | <u>39,022,467</u> | <u>46,799,020</u> | <u>29,502,996</u> | <u>31,311,219</u> |

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

|  | Note | Group  |  | Company  |  |
|--|------|--|--|--|--|
|  |      | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM |
| Revenue  | 18   | 13,540,202   | 24,720,020   | 1,782,000  | 1,188,000  |
| Cost of sales  |      | (12,638,865)   | (18,367,789)                                       | -  | -  |
| Gross profit   |      | 901,337  | 6,352,231  | 1,782,000  | 1,188,000  |
| Other income   |      | 466,170  | 4,921,468  | -  | -  |
| Selling and marketing expenses                                       |      | (2,053,836)  | (1,739,365)  | -  | -  |
| Other operating expenses   |      | (6,231,043)  | (6,641,229)  | (3,101,362)  | (1,848,828)  |
| Finance (costs)/income, net  | 19   | (55,273)   | (74,406)   | 111,153  | 84,666   |
| (Loss)/Profit before taxation  | 20   | (6,972,645)  | 2,818,699  | (1,208,209)  | (576,162)  |
| Taxation   | 21   | 463,866  | (936,925)  | -  | -  |
| (Loss)/Profit /Total comprehensive (loss)/income for the period/year |      | (6,508,779)  | 1,881,774  | (1,208,209)  | (576,162)  |
| (Loss)/Earnings per ordinary share (sen):                            |      |  |  |  |  |
| - basic and diluted  | 22   | (16.27)  | 4.70   |  |  |

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

|  | Note | Share Capital<br>RM | (Accumulated Losses)/<br>Retained Earnings<br>RM | Total<br>RM |
|--|------|---------------------|--|-------------|
| <b>Group</b>   |      |                     |  |             |
| At 1 January 2019  |      | 40,001,539          | 5,137,215  | 45,138,754  |
| Loss/Total comprehensive loss for the financial period   |      | -                   | (6,508,779)                                      | (6,508,779) |
| Interim dividend paid                                    | 24   | -                   | (600,014)  | (600,014)   |
| At 30 June 2020  |      | 40,001,539          | (1,971,578)                                      | 38,029,961  |
| <hr/>  |      |                     |  |             |
| At 1 January 2018  |      | 40,001,539          | 3,255,441  | 43,256,980  |
| Profit/Total comprehensive income for the financial year |      | -                   | 1,881,774  | 1,881,774   |
| At 31 December 2018                                      |      | 40,001,539          | 5,137,215  | 45,138,754  |
| <hr/>  |      |                     |  |             |
| <b>Company</b>   |      |                     |  |             |
| At 1 January 2019  |      | 40,001,539          | (8,690,320)                                      | 31,311,219  |
| Loss/Total comprehensive loss for the financial period   |      | -                   | (1,208,209)                                      | (1,208,209) |
| Interim dividend paid                                    | 24   | -                   | (600,014)  | (600,014)   |
| At 30 June 2020  |      | 40,001,539          | (10,498,543)                                     | 29,502,996  |
| <hr/>  |      |                     |  |             |
| At 1 January 2018  |      | 40,001,539          | (8,114,158)                                      | 31,887,381  |
| Loss/Total comprehensive loss for the financial year     |      | -                   | (576,162)  | (576,162)   |
| At 31 December 2018                                      |      | 40,001,539          | (8,690,320)                                      | 31,311,219  |
| <hr/>  |      |                     |  |             |

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

|   | Group  |  | Company  |  |
|---|--|--|--|--|
|   | Financial<br>period from<br>01.01.2019<br>to<br>30.06.2020<br>RM | Financial<br>year from<br>01.01.2018<br>to<br>31.12.2018<br>RM | Financial<br>period from<br>01.01.2019<br>to<br>30.06.2020<br>RM | Financial<br>year from<br>01.01.2018<br>to<br>31.12.2018<br>RM |
| <b>Cash Flows From Operating Activities</b>               |  |  |  |  |
| (Loss)/Profit before taxation                             | (6,972,645)  | 2,818,699  | (1,208,209)  | (576,162)  |
| Adjustments for:  |  |  |  |  |
| Amortisation of prepaid lease payment                     | 16,722   | 11,149   | -  | -  |
| Trade receivables written off                             | -  | 59,600   | -  | -  |
| Depreciation of property, plant and equipment             | 1,272,683  | 1,365,799  | 128,164  | 278,677  |
| Finance costs   | 329,106  | 286,265  | 1,017  | 7,617  |
| Finance income  | (273,833)  | (211,859)  | (112,170)  | (92,283)   |
| Impairment loss on investment in subsidiaries             | -  | -  | 769,780  | -  |
| Loss on disposal of property, plant and equipment         | 1,875  | -  | -  | -  |
| Impairment loss on:                                       |  |  |  |  |
| - trade receivables                                       | 73,534   | 198,535  | -  | -  |
| - other receivables                                       | 2,730  | 68,216   | -  | -  |
| - other investment  | -  | 2,790  | -  | -  |
| (Gain)/Loss on fair value adjustment on:                  |  |  |  |  |
| - other investments                                       | (13,799)   | 241,142  | -  | -  |
| - investment properties                                   | -  | (4,203,275)  | -  | -  |
| Property, plant and equipment written off                 | 252,199  | 2,730  | -  | -  |
| Provision for slow moving inventories                     | 501,406  | 1,864,115  | -  | -  |
| Reversal of slow moving inventories                       | (10,401)   | -  | -  | -  |
| Other receivables written off                             | 65,867   | -  | 45,985   | -  |
| Reversal of impairment loss on trade receivables          | -  | (184,810)  | -  | -  |
| Operating (loss)/profit before changes in working capital | (4,754,556)  | 2,319,096  | (375,433)  | (382,151)  |
| Changes in working capital:                               |  |  |  |  |
| Inventories   | 99,295   | (106,298)  | -  | -  |
| Trade and other receivables                               | 5,115,560  | (343,504)  | 4,116  | (2,470)  |
| Trade and other payables                                  | (2,789,488)  | 239,883  | (93,351)   | 26,311   |
| Amounts owing by subsidiary companies                     | -  | -  | (501,283)  | 1,161,933  |
|   | 2,425,367  | (209,919)  | (590,518)  | 1,185,774  |

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020  
(CONT'D)

|  | Group  |  | Company  |  |
|--|--|--|--|--|
|  | Financial<br>period from<br>01.01.2019<br>to<br>30.06.2020<br>RM | Financial<br>year from<br>01.01.2018<br>to<br>31.12.2018<br>RM | Financial<br>period from<br>01.01.2019<br>to<br>30.06.2020<br>RM | Financial<br>year from<br>01.01.2018<br>to<br>31.12.2018<br>RM |
| Cash (used in)/generated from operations                               | (2,329,189)  | 2,109,177  | (965,951)  | 803,623  |
| Interest received  | 273,833  | 206,852  | 112,170  | 92,283   |
| Interest paid  | (329,106)  | (286,265)  | (1,017)  | (7,617)  |
| Tax refund   | 1,119,843  | -  | 788  | -  |
| Tax paid   | (1,253,441)  | (1,039,567)  | (260)  | (359)  |
|  | (188,871)  | (1,118,980)  | 111,681  | 84,307   |
| Net cash (used in)/generated from operating activities                 | (2,518,060)  | 990,197  | (854,270)  | 887,930  |
| <b>Cash Flows From Investing Activities</b>                            |  |  |  |  |
| Acquisition of property, plant and equipment                           | (63,076)   | (167,487)  | -  | (1,787)  |
| Proceeds from disposal of property, plant and equipment                | 500  | -  | -  | -  |
| Net cash used in investing activities                                  | (62,576)   | (167,487)  | -  | (1,787)  |
| <b>Cash Flows From Financing Activities</b>                            |  |  |  |  |
| (Repayment)/Drawdown of borrowings, net                                | (1,693,476)  | 448,626  | (82,851)   | (170,642)  |
| Dividends paid   | (600,014)  | -  | (600,014)  | -  |
| Increase in deposits pledged with licensed banks                       | (75,993)   | (56,067)   | -  | -  |
| Net cash (used in)/generated from financing activities                 | (2,369,483)  | 392,559  | (682,865)  | (170,642)  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            | (4,950,119)  | 1,215,269  | (1,537,135)  | 715,501  |
| <b>Cash and cash equivalents at beginning of financial period/year</b> | 6,742,150  | 5,526,881  | 3,677,924  | 2,962,423  |
| <b>Cash and cash equivalents at end of financial period/year</b>       | 1,792,031  | 6,742,150  | 2,140,789  | 3,677,924  |

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020  
(CONT'D)**

**(a) Cash and cash equivalents at end of the financial period/year comprises:**

|                                      | Note | Group            |                  | Company          |                  |
|--------------------------------------|------|------------------|------------------|------------------|------------------|
|                                      |      | 30.06.2020<br>RM | 31.12.2018<br>RM | 30.06.2020<br>RM | 31.12.2018<br>RM |
| Cash and bank balances               |      | 1,466,668        | 2,219,169        | 290,789          | 776,111          |
| Deposits with licensed banks         | 12   | 4,618,658        | 6,342,375        | 1,850,000        | 2,901,813        |
| Bank overdraft                       | 15   | (2,672,129)      | (274,221)        | -                | -                |
|                                      |      | <u>3,413,197</u> | <u>8,287,323</u> | <u>2,140,789</u> | <u>3,677,924</u> |
| Deposits pledged with licensed banks | 12   | (1,621,166)      | (1,545,173)      | -                | -                |
|                                      |      | <u>1,792,031</u> | <u>6,742,150</u> | <u>2,140,789</u> | <u>3,677,924</u> |

**(b) Purchase of property, plant and equipment comprises:**

|                         | Note | Group            |                  | Company          |                  |
|-------------------------|------|------------------|------------------|------------------|------------------|
|                         |      | 30.06.2020<br>RM | 31.12.2018<br>RM | 30.06.2020<br>RM | 31.12.2018<br>RM |
| Cash payment            |      | 63,076           | 167,487          | -                | 1,787            |
| Hire purchase financing |      | -                | 172,000          | -                | -                |
| Total                   | 3    | <u>63,076</u>    | <u>339,487</u>   | <u>-</u>         | <u>1,787</u>     |



(c) Reconciliation of liabilities arising from financing activities:

|                     | At<br>01.01.2019<br>RM | Repayment<br>of<br>borrowings<br>RM | Acquisition<br>of new<br>lease/<br>financing<br>RM | At<br>30.06.2020<br>RM |
|---------------------|------------------------|-------------------------------------|--|------------------------|
| <b>Group</b>        |                        |                                     |  |                        |
| Lease liabilities   | 882,975                | (352,476)                           | -  | 530,499                |
| Bankers' acceptance | 2,023,000              | (1,341,000)                         | -  | 682,000                |
| Revolving credit    | 500,000                | -                                   | -  | 500,000                |
|                     | 3,405,975              | (1,693,476)                         | -  | 1,712,499              |
| <b>Company</b>      |                        |                                     |  |                        |
| Lease liabilities   | 82,851                 | (82,851)                            | -  | -                      |

|                     | At<br>01.01.2018<br>RM | (Repayment)/<br>Drawdown of<br>borrowings<br>RM | Acquisition<br>of new<br>lease/<br>financing<br>RM | At<br>31.12.2018<br>RM |
|---------------------|------------------------|---|--|------------------------|
| <b>Group</b>        |                        |   |  |                        |
| Lease liabilities   | 1,136,349              | (425,374)                                       | 172,000  | 882,975                |
| Bankers' acceptance | 1,149,000              | 874,000   | -  | 2,023,000              |
| Revolving credit    | 500,000                | -   | -  | 500,000                |
|                     | 2,785,349              | 448,626   | 172,000  | 3,405,975              |
| <b>Company</b>      |                        |   |  |                        |
| Lease liabilities   | 253,493                | (170,642)                                       | -  | 82,851                 |

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are stated in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 6-3A, 3rd Mile Square, No.151, Jalan Kelang Lama, Batu 3 ½ 58100 Kuala Lumpur Wilayah Persekutuan Malaysia.

The principal place of business of the Company is located at Lot 1339, Batu 22 ½, Sungai Lalang, 43500 Semenyih, Selangor Darul Ehsan, Malaysia.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.2.

Accounting standards, amendments to accounting standards and IC interpretations that are effective for the Group and the Company's financial period beginning on or after 1 January 2019 are as follows:

- MFRS 16, "Leases"
- Amendments to MFRS 3, "Business Combination" (Annual improvements to 2015-2017 Cycle)
- Amendments to MFRS 9, "Prepayment Features with Negative Compensation"
- Amendments to MFRS 11, "Joint Arrangement" (Annual improvements to 2015-2017 Cycle)
- Amendments to MFRS 112, "Income taxes" (Annual improvements to 2015-2017 Cycle)
- Amendments to MFRS 119, "Employee Benefits" (Plan amendment, curtailment or settlement)
- Amendments to MFRS 123, "Borrowing Costs" (Annual improvements to 2015-2017 Cycle)
- Amendments to MFRS 128, "Long-term Interests in Associates and Joint Ventures"
- IC Interpretation 23, "Uncertainty over Income Tax Treatments"

The above accounting standards, amendments to accounting standards and IC interpretations effective during the financial period do not have any significant impact to the financial results and position of the Group and the Company.

Accounting standards, amendments to accounting standards and IC Interpretations that are applicable for the Group and the Company in the following periods but are not yet effective:

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (cont'd)

#### ***Annual periods beginning on/after 1 January 2020***

- Amendments to References to the Conceptual Framework in MFRS Standards:
  - Amendments to MFRS 2, "Share Based Payments"
  - Amendments to MFRS 3, "Business Combinations"
  - Amendments to MFRS 6, "Exploration for and Evaluation of Mineral Resources"
  - Amendments to MFRS 14, "Regulatory Deferral Accounts"
  - Amendments to MFRS 101, "Presentation of Financial Statements"
  - Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors"
  - Amendments to MFRS 134, "Interim Financial Reporting"
  - Amendments to MFRS 137, "Provisions, Contingent Liabilities and Contingent Assets"
  - Amendments to MFRS 138, "Intangible Assets"
  - Amendments to IC Interpretation 12, "Service Concession Arrangements"
  - Amendments to IC Interpretation 19, "Extinguishing Financial Liabilities with Equity Instruments"
  - Amendments to IC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine"
  - Amendments to IC Interpretation 22, "Foreign Currency Transactions and Advance Considerations"
  - Amendments to IC Interpretation 132, "Intangible Assets- Web Site Costs"
- Amendments to MFRS 3, "Business Combinations" (Definition of a Business)
- Amendments to MFRS Standards arising from Definition of Material:
  - Amendments to MFRS 101, "Presentation of Financial Statements"
  - Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform:
  - Amendments to MFRS 7, "Financial Instruments: Disclosures"
  - Amendments to MFRS 9, "Financial Instruments"
  - Amendments to MFRS 139, "Financial Instruments: Recognition and Measurement"

#### ***Annual periods beginning on/after 1 January 2021***

- MFRS 17, "Insurance Contracts"

#### ***Effective date yet to be determined by the Malaysian Accounting Standards Board***

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

The above accounting standards, amendments to accounting standards and IC interpretations which may have a significant impact to the financial statements are as follows:

#### ***Annual periods beginning on/after 1 January 2020***

##### Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen MFRS Standards.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful information are limited, but with improved wordings to give more prominence to the importance of providing information needed to assess the management's stewardship of the entity's economic resources.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (cont'd)

The impact of the above is still being assessed. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and of the Company.

### 2.2 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 the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They 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 key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Allowance for inventory write down

Allowance for inventory write down is made based on an analysis of the ageing profile and expected sales patterns of individual items held in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the allowance recorded.

#### (b) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in determining fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The Group engaged an independent valuation specialist to determine fair value as at the end of each reporting period.

#### (c) Measurement of expected credit loss allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

#### (d) Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group have reviewed the investment properties and concluded that the carrying amounts of the investment properties are not held under a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time. Therefore, in making judgement, the management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred tax liabilities on changes in fair values of investment properties based on the expected rate that would apply on disposal of the investment properties.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Basis of consolidation

#### Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.4 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries is carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.5 Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the Group's Executive Chairman. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Chairman that makes strategic decisions.

2.6 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

2.7 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

(b) Depreciation and impairment

The following assets are not subject to depreciation:

Freehold industrial land  
Freehold agricultural land  
Freehold apartment under construction

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Property, plant and equipment (cont'd)

#### (b) Depreciation and impairment (cont'd)

Other property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives as follows:

|   |               |
|---|---------------|
| Freehold industrial buildings             | 50 years      |
| Freehold agricultural buildings           | 50 years      |
| Freehold shop office                      | 50 years      |
| Leasehold shop offices                    | 50 years      |
| Leasehold apartments                      | 50 years      |
| Plant and machinery                       | 5 to 10 years |
| Furniture, fittings and office equipment  | 10 years      |
| Power station and electrical installation | 10 years      |
| Motor vehicles                            | 5 years       |
| Tool and equipment                        | 5 to 10 years |
| Renovation                                | 10 years      |
| Signboards                                | 10 years      |

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

### 2.8 Investment properties

#### (a) Investment properties carried at fair value

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

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Investment properties (cont'd)

#### (b) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

#### (c) Determination of fair value

The fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Revaluations are based on valuations by an independent valuer at least once every five years or such shorter period as may be considered to be appropriate based on the advice of an independent valuer.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

### 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

#### (b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### (c) Subsequent measurement

##### Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and amounts owing by subsidiary companies.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

##### • Amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

##### • FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial assets (cont'd)

(c) Subsequent measurement (cont'd)

Debt instruments (cont'd)

• FVTPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and Company's right to receive payments is established.

(d) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial assets (cont'd)

#### (d) Impairment (cont'd)

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

### 2.11 Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

### 2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### 2.13 Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the first in first out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related 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 selling expenses.

### 2.14 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balance, deposits with licensed banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### 2.15 Share Capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Differences between initial recognised amount and the redemption value are recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.17 Capitalisation of 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### 2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 financial years.

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

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.19 Employee benefits

#### (a) Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has 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.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Employee benefits (cont'd)

#### (b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

### 2.20 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When the Group expects 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.

### 2.21 Revenue and income recognition

#### (a) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

#### (i) Sale of doors and other related products

Revenue from sale of doors and other related products is recognised when the Group satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

#### (ii) Management services

The provision of services is recognised when the services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

#### (b) Other income

##### (i) Rental income

Rental income is recognised on a straight-basis over the tenure of the lease.

##### (ii) Interest income

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

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Leased assets

#### **(A) Accounting policies applies until 31 December 2018**

##### (i) Accounting by lessee

###### Finance lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

###### Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

##### (ii) Accounting by lessor

###### Operating lease

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

#### **(B) Accounting policies applied from 1 January 2019**

##### (i) Accounting by lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Leased assets (cont'd)

#### **(B) Accounting policies applied from 1 January 2019 (cont'd)**

##### (i) Accounting by lessee (cont'd)

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group determines at lease inception whether each lease is a finance lease or operating lease. To classify each lease, the Group and the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

#### Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating leases as lease income on a straight-line basis over the lease term.

### 2.23 Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

3. PROPERTY, PLANT AND EQUIPMENT

|   | Cost                   |                 |                 |                  |                        |                        | At<br>30.06.2020<br>RM |
|---|------------------------|-----------------|-----------------|------------------|------------------------|------------------------|------------------------|
|   | At<br>01.01.2019<br>RM | Additions<br>RM | Disposals<br>RM | Write-off<br>RM  | Reclassification<br>RM | At<br>30.06.2020<br>RM |                        |
| <b>Group</b>                              |                        |                 |                 |                  |                        |                        |                        |
| Freehold industrial land and buildings    | 18,045,498             | -               | -               | -                | 507,870                | -                      | 18,553,368             |
| Freehold agricultural land and buildings  | 733,631                | -               | -               | -                | (475,151)              | -                      | 258,480                |
| Freehold shop office                      | 720,518                | -               | -               | -                | -                      | -                      | 720,518                |
| Leasehold shop offices                    | 2,028,000              | -               | -               | -                | -                      | -                      | 2,028,000              |
| Leasehold apartment                       | 214,300                | -               | -               | -                | -                      | -                      | 214,300                |
| Freehold apartment under construction     | 76,888                 | -               | -               | -                | -                      | -                      | 76,888                 |
| Plant and machinery                       | 8,488,955              | -               | -               | -                | 371,200                | -                      | 8,860,155              |
| Plant and machinery under hire purchase   | 518,101                | -               | -               | (114,023)        | (404,078)              | -                      | -                      |
| Furniture, fittings and office equipment  | 2,876,377              | 47,516          | (5,000)         | (270)            | 5                      | 2,918,628              |                        |
| Power station and electrical installation | 399,560                | -               | -               | -                | -                      | 399,560                |                        |
| Motor vehicles                            | 2,271,348              | -               | -               | -                | 1,359,151              | 3,630,499              |                        |
| Motor vehicles under hire purchase        | 3,064,721              | -               | -               | (138,000)        | (1,359,151)            | 1,567,570              |                        |
| Tools and equipment                       | 809,667                | 15,560          | -               | -                | -                      | 825,227                |                        |
| Renovation                                | 1,992,875              | -               | -               | -                | 154                    | 1,993,029              |                        |
| Signboards                                | 10,039                 | -               | -               | -                | -                      | 10,039                 |                        |
| <b>Total</b>                              | <b>42,250,478</b>      | <b>63,076</b>   | <b>(5,000)</b>  | <b>(252,293)</b> | <b>-</b>               | <b>42,056,261</b>      |                        |



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

| Group                                     | At<br>01.01.2019<br>RM | Charge for<br>the financial<br>period<br>RM | Accumulated Depreciation |                 |                        |            | At<br>30.06.2020<br>RM |
|---|------------------------|---|--------------------------|-----------------|------------------------|------------|------------------------|
|   |                        |   | Disposals<br>RM          | Write-off<br>RM | Reclassification<br>RM |            |                        |
| Freehold industrial land and buildings    | 3,410,019              | 133,568                                     | -                        | -               | 160,760                | 3,704,347  |                        |
| Freehold agricultural land and buildings  | 160,760                | -   | -                        | -               | (160,760)              | -          |                        |
| Freehold shop office                      | 248,167                | 18,616                                      | -                        | -               | 1                      | 266,784    |                        |
| Leasehold shop offices                    | 934,571                | 60,840                                      | -                        | -               | (1)                    | 995,410    |                        |
| Leasehold apartment                       | 90,001                 | 6,429                                       | -                        | -               | -                      | 96,430     |                        |
| Freehold apartment under construction     | -                      | -   | -                        | -               | -                      | -          |                        |
| Plant and machinery                       | 8,473,221              | 70,955                                      | -                        | -               | 258,787                | 8,802,963  |                        |
| Plant and machinery under hire purchase   | 98,265                 | 160,524                                     | -                        | -               | (258,789)              | -          |                        |
| Furniture, fittings and office equipment  | 2,480,643              | 114,825                                     | (2,625)                  | (94)            | -                      | 2,592,749  |                        |
| Power station and electrical installation | 367,597                | 23,924                                      | -                        | -               | 2                      | 391,523    |                        |
| Motor vehicles                            | 2,270,414              | 137,989                                     | -                        | -               | 1,193,457              | 3,601,860  |                        |
| Motor vehicles under hire purchase        | 1,847,392              | 324,677                                     | -                        | -               | (1,193,457)            | 978,612    |                        |
| Tools and equipment                       | 727,467                | 47,248                                      | -                        | -               | -                      | 774,715    |                        |
| Renovation                                | 1,609,587              | 172,625                                     | -                        | -               | -                      | 1,782,212  |                        |
| Signboards                                | 8,829                  | 463   | -                        | -               | -                      | 9,292      |                        |
| Total                                     | 22,726,933             | 1,272,683                                   | (2,625)                  | (94)            | -                      | 23,996,897 |                        |

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

| Group                                     | Cost                   |                 |                 |                 |                        |                        | At<br>31.12.2018<br>RM |
|---|------------------------|-----------------|-----------------|-----------------|------------------------|------------------------|------------------------|
|   | At<br>01.01.2018<br>RM | Additions<br>RM | Disposals<br>RM | Write-off<br>RM | Reclassification<br>RM | At<br>31.12.2018<br>RM |                        |
| Freehold industrial land and buildings    | 18,045,498             | -               | -               | -               | -                      | -                      | 18,045,498             |
| Freehold agricultural land and buildings  | 733,631                | -               | -               | -               | -                      | -                      | 733,631                |
| Freehold shop office                      | 720,518                | -               | -               | -               | -                      | -                      | 720,518                |
| Leasehold shop offices                    | 2,028,000              | -               | -               | -               | -                      | -                      | 2,028,000              |
| Leasehold apartment                       | 214,300                | -               | -               | -               | -                      | -                      | 214,300                |
| Freehold apartment under construction     | 76,888                 | -               | -               | -               | -                      | -                      | 76,888                 |
| Plant and machinery                       | 7,953,015              | -               | -               | -               | 535,940                | -                      | 8,488,955              |
| Plant and machinery under hire purchase   | 1,054,041              | -               | -               | -               | (535,940)              | -                      | 518,101                |
| Furniture, fittings and office equipment  | 2,834,700              | 65,639          | (21,232)        | (2,730)         | -                      | -                      | 2,876,377              |
| Power station and electrical installation | 399,560                | -               | -               | -               | -                      | -                      | 399,560                |
| Motor vehicles                            | 1,208,393              | -               | -               | -               | 1,062,955              | -                      | 2,271,348              |
| Motor vehicles under hire purchase        | 3,877,018              | 250,658         | -               | -               | (1,062,955)            | -                      | 3,064,721              |
| Tools and equipment                       | 788,577                | 21,090          | -               | -               | -                      | -                      | 809,667                |
| Renovation                                | 1,990,775              | 2,100           | -               | -               | -                      | -                      | 1,992,875              |
| Signboards                                | 10,039                 | -               | -               | -               | -                      | -                      | 10,039                 |
| Total                                     | 41,934,953             | 339,487         | (21,232)        | (2,730)         | -                      | -                      | 42,250,478             |

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

| Group                                     | At<br>01.01.2018<br>RM | Charge for<br>the financial<br>year<br>RM | Accumulated Depreciation |                 |                        |            | At<br>31.12.2018<br>RM |
|---|------------------------|---|--------------------------|-----------------|------------------------|------------|------------------------|
|   |                        |   | Disposals<br>RM          | Write-off<br>RM | Reclassification<br>RM |            |                        |
| Freehold industrial land and buildings    | 3,226,472              | 183,547                                   | -                        | -               | -                      | 3,410,019  |                        |
| Freehold agricultural land and buildings  | 160,760                | -   | -                        | -               | -                      | 160,760    |                        |
| Freehold shop office                      | 235,757                | 12,410                                    | -                        | -               | -                      | 248,167    |                        |
| Leasehold shop offices                    | 894,011                | 40,560                                    | -                        | -               | -                      | 934,571    |                        |
| Leasehold apartment                       | 85,715                 | 4,286                                     | -                        | -               | -                      | 90,001     |                        |
| Freehold apartment under construction     | -                      | -   | -                        | -               | -                      | -          |                        |
| Plant and machinery                       | 7,580,852              | 282,652                                   | -                        | -               | 609,717                | 8,473,221  |                        |
| Plant and machinery under hire purchase   | 679,222                | 28,760                                    | -                        | -               | (609,717)              | 98,265     |                        |
| Furniture, fittings and office equipment  | 2,419,945              | 81,930                                    | (21,232)                 | -               | -                      | 2,480,643  |                        |
| Power station and electrical installation | 351,102                | 16,495                                    | -                        | -               | -                      | 367,597    |                        |
| Motor vehicles                            | 1,126,678              | 37,122                                    | -                        | -               | 1,106,614              | 2,270,414  |                        |
| Motor vehicles under hire purchase        | 2,430,708              | 523,298                                   | -                        | -               | (1,106,614)            | 1,847,392  |                        |
| Tools and equipment                       | 698,618                | 28,849                                    | -                        | -               | -                      | 727,467    |                        |
| Renovation                                | 1,484,133              | 125,454                                   | -                        | -               | -                      | 1,609,587  |                        |
| Signboards                                | 8,393                  | 436                                       | -                        | -               | -                      | 8,829      |                        |
| Total                                     | 21,382,366             | 1,365,799                                 | (21,232)                 | -               | -                      | 22,726,933 |                        |

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

|   | Accumulated<br>Impairment Loss<br>At 01.01.2019/<br>30.06.2020/<br>01.01.2018/<br>31.12.2018<br>RM |
|---|--|
| <b>Group</b>                                |  |
| Freehold industrial land and buildings      | -  |
| Freehold agricultural land and buildings    | -  |
| Freehold shop office                        | -  |
| Leasehold shop offices                      | -  |
| Leasehold apartment                         | -  |
| Freehold apartment under construction       | 76,888   |
| Plant and machinery                         | -  |
| Plant and machinery under hire purchase     | -  |
| Furniture and fittings and office equipment | -  |
| Power station and electrical installation   | -  |
| Motor vehicles                              | -  |
| Motor vehicles under hire purchase          | -  |
| Tools and equipment                         | -  |
| Renovation                                  | -  |
| Signboards                                  | -  |
| Total                                       | <u>76,888</u>  |

|   | Carrying Amount        |                        |
|---|------------------------|------------------------|
|   | At<br>30.06.2020<br>RM | At<br>31.12.2018<br>RM |
| <b>Group</b>                                |                        |                        |
| Freehold industrial land and buildings      | 14,849,021             | 14,635,479             |
| Freehold agricultural land and buildings    | 258,480                | 572,871                |
| Freehold shop office                        | 453,734                | 472,351                |
| Leasehold shop offices                      | 1,032,590              | 1,093,429              |
| Leasehold apartment                         | 117,870                | 124,299                |
| Freehold apartment under construction       | -                      | -                      |
| Plant and machinery                         | 57,192                 | 15,734                 |
| Plant and machinery under hire purchase     | -                      | 419,836                |
| Furniture and fittings and office equipment | 325,879                | 395,734                |
| Power station and electrical installation   | 8,037                  | 31,963                 |
| Motor vehicles                              | 28,639                 | 934                    |
| Motor vehicles under hire purchase          | 588,958                | 1,217,329              |
| Tools and equipment                         | 50,512                 | 82,200                 |
| Renovation                                  | 210,817                | 383,288                |
| Signboards                                  | 747                    | 1,210                  |
| Total                                       | <u>17,982,476</u>      | <u>19,446,657</u>      |

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

|  | Cost                   |                 |                        | At<br>30.06.2020<br>RM |
|--|------------------------|-----------------|------------------------|------------------------|
|  | At<br>01.01.2019<br>RM | Additions<br>RM | Reclassification<br>RM |                        |
| <b>Company</b>                           |                        |                 |                        |                        |
| Renovation                               | 152,592                | -               | -                      | 152,592                |
| Furniture, fittings and office equipment | 482,626                | -               | -                      | 482,626                |
| Motor vehicles                           | 821,550                | -               | 1,257,799              | 2,079,349              |
| Motor vehicles under hire purchase       | 1,257,799              | -               | (1,257,799)            | -                      |
| <b>Total</b>                             | <b>2,714,567</b>       | <b>-</b>        | <b>-</b>               | <b>2,714,567</b>       |

|  | Accumulated Depreciation |  |                        | At<br>30.06.2020<br>RM |
|--|--------------------------|--|------------------------|------------------------|
|  | At<br>01.01.2019<br>RM   | Charges for<br>the financial<br>period<br>RM | Reclassification<br>RM |                        |
| Renovation                               | 152,592                  | -  | -                      | 152,592                |
| Furniture, fittings and office equipment | 430,358                  | 20,580                                       | -                      | 450,938                |
| Motor vehicles                           | 820,616                  | 107,584                                      | 1,151,149              | 2,079,349              |
| Motor vehicles under hire purchase       | 1,151,149                | -  | (1,151,149)            | -                      |
| <b>Total</b>                             | <b>2,554,715</b>         | <b>128,164</b>                               | <b>-</b>               | <b>2,682,879</b>       |

|  | Cost                   |                 |                        | At<br>31.12.2018<br>RM |
|--|------------------------|-----------------|------------------------|------------------------|
|  | At<br>01.01.2018<br>RM | Additions<br>RM | Reclassification<br>RM |                        |
| Renovation                               | 152,592                | -               | -                      | 152,592                |
| Furniture, fittings and office equipment | 480,839                | 1,787           | -                      | 482,626                |
| Motor vehicles                           | 4,000                  | -               | 817,550                | 821,550                |
| Motor vehicles under hire purchases      | 2,075,349              | -               | (817,550)              | 1,257,799              |
| <b>Total</b>                             | <b>2,712,780</b>       | <b>1,787</b>    | <b>-</b>               | <b>2,714,567</b>       |

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

|  | Accumulated Depreciation |  |                        | At<br>31.12.2018<br>RM |
|--|--------------------------|--|------------------------|------------------------|
|  | At<br>01.01.2018<br>RM   | Charges for<br>the financial<br>year<br>RM | Reclassification<br>RM |                        |
| Renovation                               | 145,032                  | 7,560                                      | -                      | 152,592                |
| Furniture, fittings and office equipment | 411,601                  | 18,757                                     | -                      | 430,358                |
| Motor vehicles                           | 1,610                    | 800  | 818,206                | 820,616                |
| Motor vehicles under hire purchase       | 1,717,795                | 251,560                                    | (818,206)              | 1,151,149              |
| <b>Total</b>                             | <b>2,276,038</b>         | <b>278,677</b>                             | <b>-</b>               | <b>2,554,715</b>       |

|  | Carrying Amount        |                        |
|--|------------------------|------------------------|
|  | At<br>30.06.2020<br>RM | At<br>31.12.2018<br>RM |
| Renovation                               | -                      | -                      |
| Furniture, fittings and office equipment | 31,688                 | 52,268                 |
| Motor vehicles                           | -                      | 934                    |
| Motor vehicles under hire purchase       | -                      | 106,650                |
| <b>Total</b>                             | <b>31,688</b>          | <b>159,852</b>         |

As of 30 June 2020, the strata title of a leasehold apartment of the Group with carrying amount of RM117,870 (2018: RM124,299) belonging to a subsidiary company has yet to be issued to the said subsidiary company.

The freehold industrial land and building and the leasehold shop offices of the Group with carrying amounts of RM10,103,457 (2018: RM10,245,499) are charged to certain banks for overdraft and other credit facilities granted to the Group as disclosed in the Note 15 to the financial statements.

4. INVESTMENT PROPERTIES

|                                | Freehold<br>apartments<br>RM | Freehold<br>office<br>RM | Freehold<br>residential<br>house<br>RM | Leasehold<br>apartments<br>and residential<br>house<br>RM | Leasehold<br>shop office<br>RM | Leasehold<br>land<br>RM | Freehold<br>land<br>RM | Total<br>RM |
|--------------------------------|------------------------------|--------------------------|--|---|--------------------------------|-------------------------|------------------------|-------------|
| <b>Group</b>                   |                              |                          |  |   |                                |                         |                        |             |
| At 1 January 2019/30 June 2020 | 1,320,000                    | 1,578,999                | 515,000                                | 1,285,000   | 700,000                        | 150,000                 | 7,163,000              | 12,711,999  |
| At 1 January 2018              | 780,000                      | 1,543,999                | 468,000                                | 990,000   | 700,000                        | 75,600                  | 3,951,125              | 8,508,724   |
| Fair value adjustment          | 540,000                      | 35,000                   | 47,000                                 | 295,000   | -                              | 79,985                  | 3,206,290              | 4,203,275   |
| At 31 December 2018            | 1,320,000                    | 1,578,999                | 515,000                                | 1,285,000   | 700,000                        | 155,585                 | 7,157,415              | 12,711,999  |
| <b>Represented by:</b>         |                              |                          |  |   |                                |                         |                        |             |
| <b>At 30 June 2020</b>         |                              |                          |  |   |                                |                         |                        |             |
| Cost                           | 588,728                      | 1,212,304                | 431,825                                | 692,295   | 628,990                        | 64,464                  | 2,486,301              | 6,104,907   |
| Fair value adjustment          | 731,272                      | 366,695                  | 83,175                                 | 592,705   | 71,010                         | 91,121                  | 4,671,114              | 6,607,092   |
|                                | 1,320,000                    | 1,578,999                | 515,000                                | 1,285,000   | 700,000                        | 155,585                 | 7,157,415              | 12,711,999  |
| <b>At 31 December 2018</b>     |                              |                          |  |   |                                |                         |                        |             |
| Cost                           | 588,728                      | 1,212,304                | 431,825                                | 692,295   | 628,990                        | 64,464                  | 2,486,301              | 6,104,907   |
| Fair value adjustment          | 731,272                      | 366,695                  | 83,175                                 | 592,705   | 71,010                         | 91,121                  | 4,671,114              | 6,607,092   |
|                                | 1,320,000                    | 1,578,999                | 515,000                                | 1,285,000   | 700,000                        | 155,585                 | 7,157,415              | 12,711,999  |

The fair values of the investments properties as at 30 June 2020 were estimated at RM12,711,999 (2018: RM12,711,999) based on the valuation performed on 29 June 2020 by Raja Abd Aziz Bin Raja Azlan MISM, a registered valuer of Chartwell Itac International (Kajang) Sdn. Bhd., an independent firm of professional valuer. The fair values have been derived using the sales comparison approach. There has been no changes to the valuation technique during the financial period.

**NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**

**4. INVESTMENT PROPERTIES (CONT'D)**

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

|                              | Group         |               |               | Total<br>RM |
|------------------------------|---------------|---------------|---------------|-------------|
|                              | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM |             |
| <b>Investment properties</b> |               |               |               |             |
| At 30 June 2020              | -             | 12,711,999    | -             | 12,711,999  |
| At 31 December 2018          | -             | 12,711,999    | -             | 12,711,999  |

The fair value hierarchy is disclosed in Note 27 to the financial instruments. There were no transfers between Level 1 and Level 2 during the financial period/year.

The rental income earned by the Group from its investment properties during the financial period/year amounting to RM172,400 (2018: RM112,240). Direct operating expenses incurred on the investment properties during the financial period/year amounting to RM95,892 (2018: RM61,702).

As at 30 June 2020, the strata title of certain freehold and leasehold apartment and shop office with carrying amount totaling RM555,000 (2018: RM2,468,999) have yet to be issued to the Group.

**5. PREPAID LEASE PAYMENTS**

|   | Group            |                  |
|---|------------------|------------------|
|   | 30.06.2020<br>RM | 31.12.2018<br>RM |
| <b>Cost</b>                                   |                  |                  |
| At beginning/end of the financial period/year | 1,103,812        | 1,103,812        |
| <b>Accumulated amortisation</b>               |                  |                  |
| At beginning of the financial period/year     | 134,477          | 123,328          |
| Charge for the financial period/year          | 16,722           | 11,149           |
| At end of the financial period/year           | 151,199          | 134,477          |
|   | 952,613          | 969,335          |

Leasehold land of the Group with a carrying amount of RM952,613 (2018: RM969,335) have been charged to various licensed banks for the banking facilities granted as disclosed in Note 15 to the financial statements.

The remaining lease period of the above parcel of leasehold land is 85 years. (2018: 87 years).



## 6. INVESTMENTS IN SUBSIDIARIES

|                                   | Company          |                  |
|-----------------------------------|------------------|------------------|
|                                   | 30.06.2020       | 31.12.2018       |
|                                   | RM               | RM               |
| Unquoted shares at cost           | 11,328,391       | 11,328,391       |
| Less: Accumulated impairment loss | (3,103,101)      | (2,333,321)      |
|                                   | <u>8,225,290</u> | <u>8,995,070</u> |

The Directors have reviewed the Company's investments in subsidiary companies for indications of impairment and concluded that the allowance for impairment loss amounting to RM3,103,101 (2018: RM2,333,321) is deemed adequate in respect of investments in the subsidiary companies.

The subsidiary companies and shareholdings therein are as follows:

| Name of entities                       | Country of incorporation and place of business | Effective ownership and voting interest (%) |            | Principal activities  |
|--|--|---|------------|---|
|  |  | 30.06.2020                                  | 31.12.2018 |   |
| Woodlandor Wood Products Sdn. Bhd.     | Malaysia                                       | 100   | 100        | Manufacturing and marketing of fire resistant doors, decorative fire-resistant doors, normal plywood flush doors, door and window frames and completely knocked down furniture for export |
| Woodlandor Roof Systems Sdn. Bhd.      | Malaysia                                       | 100   | 100        | Manufacturing, marketing and trading of pre-fabricated timber roof trusses; and installation of timber roof trusses and the provision of timber ancillaries                               |
| Multec Enterprise Sdn. Bhd.            | Malaysia                                       | 100   | 100        | Trading of door ironmongeries and related accessories   |
| Woodlandor Development Sdn. Bhd.       | Malaysia                                       | 100   | 100        | Property development  |
| <u>Indirect Subsidiary Companies</u>   |  |   |            |   |
| Woodlandor Timber Sdn Bhd              | Malaysia                                       | 100   | 100        | Trading of timber   |
| Woodlandor Buildmat Sdn Bhd            | Malaysia                                       | 100   | 100        | Trading of building material including distribution of cement   |
| Timtruss Sdn Bhd                       | Malaysia                                       | 100   | 100        | Installation of timber roof trusses and building construction work  |
| Woodlandor Roof Systems (East) Sdn Bhd | Malaysia                                       | 100   | 100        | Dormant   |

**7. OTHER INVESTMENTS**

|                                     | Group         |               |
|-------------------------------------|---------------|---------------|
|                                     | 30.06.2020    | 31.12.2018    |
|                                     | RM            | RM            |
| Unquoted shares, at costs           | 37,500        | 37,500        |
| Less: Accumulated impairment losses | (37,500)      | (37,500)      |
|                                     | -             | -             |
| Quoted shares, at fair value        | 36,363        | 22,564        |
|                                     | <u>36,363</u> | <u>22,564</u> |

Other investments are denominated in Ringgit Malaysia.

The movement on the Group's impairment loss on other investments is as follows:

|  | Group         |               |
|--|---------------|---------------|
|  | 30.06.2020    | 31.12.2018    |
|  | RM            | RM            |
| At beginning of the financial period/year  | 37,500        | 34,710        |
| Additions during the financial period/year | -             | 2,790         |
| At end of the financial period/year        | <u>37,500</u> | <u>37,500</u> |

**8. AMOUNTS OWING BY SUBSIDIARY COMPANIES**

|                                       | Company           |                   |
|---------------------------------------|-------------------|-------------------|
|                                       | 30.06.2020        | 31.12.2018        |
|                                       | RM                | RM                |
| Amounts owing by subsidiary companies | <u>19,070,136</u> | <u>18,568,853</u> |
| Analysed as:                          |                   |                   |
| Non-current assets                    | <u>19,070,136</u> | <u>18,568,853</u> |

The amounts owing by subsidiary companies are non-trade in nature, interest free and repayable on demand.

Significant transactions with subsidiary companies are disclosed in Note 25 to the financial statements.

## 9. INVENTORIES

|   | Group       |             |
|---|-------------|-------------|
|   | 30.06.2020  | 31.12.2018  |
|   | RM          | RM          |
| Raw materials                               | 3,681,317   | 4,036,015   |
| Work-in-progress                            | 1,191,055   | 874,454     |
| Finished goods                              | 3,821,408   | 3,882,606   |
|   | 8,693,780   | 8,793,075   |
| Less: Provision for slow moving inventories | (2,663,586) | (2,172,581) |
|   | 6,030,194   | 6,620,494   |

The movement on the Group's provision for slow moving inventories is as follows:

|  | Group      |            |
|--|------------|------------|
|  | 30.06.2020 | 31.12.2018 |
|  | RM         | RM         |
| At beginning of the financial period/year  | 2,172,581  | 308,466    |
| Additions during the financial period/year | 501,406    | 1,864,115  |
| Reversal during the financial period/year  | (10,401)   | -          |
| At end of the financial period/year        | 2,663,586  | 2,172,581  |

## 10. TRADE RECEIVABLES

|                                   | Group       |             |
|-----------------------------------|-------------|-------------|
|                                   | 30.06.2020  | 31.12.2018  |
|                                   | RM          | RM          |
| Trade receivables                 | 4,146,382   | 8,782,508   |
| Less: Impairment losses (Note 27) | (1,541,119) | (1,467,585) |
|                                   | 2,605,263   | 7,314,923   |

The Group's normal trade credit terms for sales of goods ranges from 30 to 90 days (2018: 30 to 90 days and retention sum ranges from 1.5 to 2 years (2018: 1.5 to 2 years) respectively.

## 11. OTHER RECEIVABLES

|                                   | Group      |            | Company    |            |
|-----------------------------------|------------|------------|------------|------------|
|                                   | 30.06.2020 | 31.12.2018 | 30.06.2020 | 31.12.2018 |
|                                   | RM         | RM         | RM         | RM         |
| Other receivables                 | 106,387    | 201,673    | 3,021      | 5,550      |
| Less: Impairment losses (Note 27) | (51,064)   | (68,216)   | -          | -          |
|                                   | 55,323     | 133,457    | 3,021      | 5,550      |
| Refundable deposits               | 454,440    | 541,990    | 136,890    | 137,690    |
| Prepaid expenses                  | 473,397    | 855,744    | 37,708     | 84,480     |
|                                   | 983,160    | 1,531,191  | 177,619    | 227,720    |

**NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**

**12. DEPOSITS WITH LICENSED BANKS**

Included in deposits with licensed banks of the Group are amounts of RM1,621,166 (2018: RM1,545,173) which are pledged to licensed banks for credit facilities granted to certain subsidiary companies as disclosed in Note 15 to the financial statements.

Deposits with licensed banks earn interest rate ranging from 2.70% to 4.05% (2018: 2.70% to 4.05%) per annum with maturity period ranging from 30 to 365 days (2018: 30 to 365 days).

**13. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 60 days (2018: 30 to 60 days).

**14. OTHER PAYABLES**

|                | Group            |                  | Company          |                  |
|----------------|------------------|------------------|------------------|------------------|
|                | 30.06.2020<br>RM | 31.12.2018<br>RM | 30.06.2020<br>RM | 31.12.2018<br>RM |
| Other payables | 1,298,656        | 2,083,486        | 4,359            | 24,410           |
| Accruals       | 284,322          | 545,301          | 137,117          | 210,417          |
|                | <u>1,582,978</u> | <u>2,628,787</u> | <u>141,476</u>   | <u>234,827</u>   |

**15. BORROWINGS**

|                     | Group            |                  | Company          |                  |
|---------------------|------------------|------------------|------------------|------------------|
|                     | 30.06.2020<br>RM | 31.12.2018<br>RM | 30.06.2020<br>RM | 31.12.2018<br>RM |
| <b>Non-current</b>  |                  |                  |                  |                  |
| Lease liabilities   | 340,397          | 612,348          | -                | -                |
| <b>Current</b>      |                  |                  |                  |                  |
| Bank overdraft      | 2,672,129        | 274,221          | -                | -                |
| Lease liabilities   | 190,102          | 270,627          | -                | 82,851           |
| Bankers' acceptance | 682,000          | 2,023,000        | -                | -                |
| Revolving credit    | 500,000          | 500,000          | -                | -                |
|                     | <u>4,044,231</u> | <u>3,067,848</u> | <u>-</u>         | <u>82,851</u>    |
| Total borrowings    | <u>4,384,628</u> | <u>3,680,196</u> | <u>-</u>         | <u>82,851</u>    |

**15. BORROWINGS (CONT'D)**

- (a) The Group has bank overdraft and other credit facilities from certain banks totalling RM3,854,129 (2018: RM2,797,221) which are secured by:
- (i) Legal charges over the freehold industrial land and buildings and the leasehold shop offices of the Group as disclosed in Note 3 to the financial statements;
  - (ii) Legal charges over a parcel of leasehold land of a subsidiary company as disclosed in Note 5 to the financial statements; and
  - (iii) A pledge of fixed deposits of certain subsidiaries as disclosed in Note 12 to the financial statements.

These facilities, which are also guaranteed by the Company, bear interest at rate ranging from 3.45% to 8.35% (2018: 3.45% to 8.25%) per annum.

- (b) Lease liabilities are effectively secured as the rights to the leased asset will return to the lessors in the event of default. Lease liabilities are payable as follows:

|   | Group          |                | Company    |               |
|---|----------------|----------------|------------|---------------|
|   | 30.06.2020     | 31.12.2018     | 30.06.2020 | 31.12.2018    |
|   | RM             | RM             | RM         | RM            |
| Gross minimum lease payments:                     |                |                |            |               |
| - Less than 1 year                                | 210,831        | 303,690        | -          | 83,868        |
| - Between 1 to 5 years                            | 359,128        | 652,408        | -          | -             |
| - More than 5 years                               | -              | 11,891         | -          | -             |
|   | <u>569,959</u> | <u>967,989</u> | -          | <u>83,868</u> |
| Less: Future finance charges on lease liabilities | (39,460)       | (85,014)       | -          | (1,017)       |
|   | <u>530,499</u> | <u>882,975</u> | -          | <u>82,851</u> |
| Present value of lease liabilities:               |                |                |            |               |
| - Less than 1 year                                | 190,102        | 270,627        | -          | 82,851        |
| - Between 1 to 5 years                            | 340,397        | 600,525        | -          | -             |
| - More than 5 years                               | -              | 11,823         | -          | -             |
|   | <u>530,499</u> | <u>882,975</u> | -          | <u>82,851</u> |
| Analysed as:                                      |                |                |            |               |
| Due within 12 months                              | 190,102        | 270,627        | -          | 82,851        |
| Due after 12 months                               | 340,397        | 612,348        | -          | -             |
|   | <u>530,499</u> | <u>882,975</u> | -          | <u>82,851</u> |

Interest of lease liabilities is charged at rates between 2.40% and 4.32% (2018: 2.40% to 4.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

16. SHARE CAPITAL

|                       | Group/Company             |            |            |            |
|-----------------------|---------------------------|------------|------------|------------|
|                       | Number of ordinary shares |            | Amount     |            |
|                       | 30.06.2020                | 31.12.2018 | 30.06.2020 | 31.12.2018 |
|                       | Units                     | Units      | RM         | RM         |
| Issued and fully paid | 40,000,999                | 40,000,999 | 40,001,539 | 40,001,539 |

17. DEFERRED TAX (ASSETS)/LIABILITIES

|                          | Group          |                  |
|--------------------------|----------------|------------------|
|                          | 30.06.2020     | 31.12.2018       |
|                          | RM             | RM               |
| Deferred tax assets      | (11,303)       | -                |
| Deferred tax liabilities | 652,109        | 1,047,918        |
|                          | <u>640,806</u> | <u>1,047,918</u> |

The movement on the deferred tax are as follows:

|   | Group            |                  |
|---|------------------|------------------|
|   | 30.06.2020       | 31.12.2018       |
|   | RM               | RM               |
| At beginning of the financial period/year       | 1,047,918        | 724,442          |
| (Credited)/Charged to profit or loss: (Note 21) |                  |                  |
| - Property, plant and equipment                 | (638,424)        | (39,364)         |
| - Investment properties                         | -                | 562,924          |
| - Inventories                                   | 231,312          | (200,084)        |
|   | <u>(407,112)</u> | <u>323,476</u>   |
| At end of the financial period/year             | <u>640,806</u>   | <u>1,047,918</u> |

The components of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

|                                 | Group           |                  |
|---------------------------------|-----------------|------------------|
|                                 | 30.06.2020      | 31.12.2018       |
|                                 | RM              | RM               |
| <b>Deferred tax liabilities</b> |                 |                  |
| - Property, plant and equipment | -               | 638,424          |
| - Investment properties         | 652,109         | 652,109          |
|                                 | <u>652,109</u>  | <u>1,290,533</u> |
| Offsetting                      | -               | (242,615)        |
| Net deferred tax liabilities    | <u>652,109</u>  | <u>1,047,918</u> |
| <b>Deferred tax assets</b>      |                 |                  |
| - Inventories                   | (11,303)        | (242,615)        |
|                                 | <u>(11,303)</u> | <u>(242,615)</u> |
| Offsetting                      | -               | 242,615          |
| Net deferred tax assets         | <u>(11,303)</u> | <u>-</u>         |

## 17. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

Deferred tax assets have not been recognised in respect of the following temporary differences:

|  | Group             |                   | Company          |                  |
|--|-------------------|-------------------|------------------|------------------|
|  | 30.06.2020<br>RM  | 31.12.2018<br>RM  | 30.06.2020<br>RM | 31.12.2018<br>RM |
| Inventories  | 2,536,468         | 1,081,380         | -                | -                |
| Trade and other receivables                              | 1,144,912         | 1,018,345         | -                | -                |
| Unutilised tax losses                                    | 21,005,385        | 16,946,565        | 3,289,904        | 3,059,721        |
| Property, plant and equipment                            | (534,578)         | 890,427           | 949,775          | 913,724          |
|  | <u>24,152,187</u> | <u>19,936,717</u> | <u>4,239,679</u> | <u>3,973,445</u> |
| Deferred tax assets not recognised at 24%<br>(2018: 24%) | 5,796,525         | 4,784,812         | 1,017,523        | 953,627          |

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the relevant subsidiaries or Company can utilise the benefits there from.

## 18. REVENUE

|   | Group  |  | Company  |  |
|---|--|--|--|--|
|   | Financial<br>period from<br>01.01.2019<br>to<br>30.06.2020<br>RM | Financial<br>year from<br>01.01.2018<br>to<br>31.12.2018<br>RM | Financial<br>period from<br>01.01.2019<br>to<br>30.06.2020<br>RM | Financial<br>year from<br>01.01.2018<br>to<br>31.12.2018<br>RM |
| Revenue recognised from contracts with<br>customers |  |  |  |  |
| - Sale of doors and other related products          | 13,540,202   | 24,720,020   | -  | -  |
| Revenue from other sources:                         |  |  |  |  |
| - Management fee from subsidiaries                  | -  | -  | 1,782,000  | 1,188,000  |
|   | <u>13,540,202</u>  | <u>24,720,020</u>  | <u>1,782,000</u>   | <u>1,188,000</u>   |

|                                      | Group  |  |
|--------------------------------------|--|--|
|                                      | Financial<br>period from<br>01.01.2019<br>to<br>30.06.2020<br>RM | Financial<br>year from<br>01.01.2018<br>to<br>31.12.2018<br>RM |
| <b>Geographical market</b>           |  |  |
| Malaysia                             | <u>13,540,202</u>  | <u>24,720,020</u>  |
| <b>Timing of revenue recognition</b> |  |  |
| At a point in time                   | <u>13,540,202</u>  | <u>24,720,020</u>  |

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

19. FINANCE (COSTS)/INCOME, NET

|  | Group  |  | Company  |  |
|--|--|--|--|--|
|  | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM |
| <b>Finance costs:</b>                                      |  |  |  |  |
| - Bank overdraft, bankers' acceptance and revolving credit | (281,281)  | (238,242)  | -  | -  |
| - Lease liabilities  | (47,825)   | (48,023)   | (1,017)  | (7,617)  |
|  | <u>(329,106)</u>                                     | <u>(286,265)</u>                                   | <u>(1,017)</u>                                       | <u>(7,617)</u>                                     |
| <b>Finance income:</b>                                     |  |  |  |  |
| - Deposits with licensed banks                             | 273,833  | 211,859  | 112,170  | 92,283   |
|  | <u>(55,273)</u>                                      | <u>(74,406)</u>                                    | <u>111,153</u>                                       | <u>84,666</u>                                      |

20. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is derived at after charging/(crediting):

|   | Group  |  | Company  |  |
|---|--|--|--|--|
|   | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM |
| Auditors' remuneration                            |  |  |  |  |
| - current year                                    | 150,000  | 82,000   | 55,000   | 34,000   |
| - under provision in prior year                   | 3,000  | 6,400  | -  | 6,400  |
| Amortisation of prepaid lease payment             | 16,722   | 11,149   | -  | -  |
| Bad debt recovered                                | -  | (4,282)  | -  | -  |
| Trade receivables written off                     | -  | 59,600   | -  | -  |
| Other receivables written off                     | 65,867   | -  | -  | -  |
| Depreciation of property, plant and equipment     | 1,272,683  | 1,365,799  | 128,164  | 278,677  |
| Gain on disposal of property, plant and equipment | 1,875  | -  | -  | -  |
| Impairment loss on:                               |  |  |  |  |
| - Trade receivables                               | 73,534   | 198,535  | -  | -  |
| - Other receivables                               | 2,730  | 68,216   | -  | -  |
| - Other investments                               | -  | 2,790  | -  | -  |
| - Investment in subsidiaries                      | -  | -  | 769,780  | -  |
| (Gain)/Loss on fair value adjustment on:          |  |  |  |  |
| - Other investments                               | (13,799)   | 241,142  | -  | -  |
| - Investment properties                           | -  | (4,203,275)  | -  | -  |



20. PROFIT/(LOSS) BEFORE TAX (CONT'D)

|   | Group  |  | Company  |  |
|---|--|--|--|--|
|   | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM |
| Provision for slow moving inventories             | 501,406  | 1,864,115  | -  | -  |
| Reversal of provision for slow moving inventories | (10,401)   | -  | -  | -  |
| Property, plant and equipment written off         | 252,199  | 2,730  | -  | -  |
| Rental expenses                                   | 101,760  | 128,040  | 9,000  | 6,000  |
| Rental income                                     | (145,400)  | (112,240)  | -  | -  |
| Reversal of impairment loss on trade receivables  | -  | (184,810)  | -  | -  |
|   |  |  |  |  |

21. TAXATION

|   | Group  |  |
|---|--|--|
|   | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM |
| Current taxation:                                   |  |  |
| - Current tax provision                             | 25,648   | 657,851  |
| - Over provision in prior years                     | (82,402)   | (44,402)   |
|   | (56,754)   | 613,449  |
| Deferred taxation: (Note 17)                        |  |  |
| - Origination and reversal of temporary differences | (416,502)  | 303,614  |
| - Under provision in prior years                    | 9,390  | 19,862   |
|   | (407,112)  | 323,476  |
| Taxation for the financial period/year              | (463,866)  | 936,925  |

Income tax is calculated at the statutory tax rate of 24% (2018: 24%) on the chargeable income of the estimated assessable (loss)/profit for the financial period/year.

**NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**

**21. TAXATION (CONT'D)**

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

|   | Group  |  | Company  |  |
|---|--|--|--|--|
|   | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM |
| (Loss)/Profit before taxation                       | (6,972,645)  | 2,818,699  | (1,208,209)  | (576,162)  |
| Taxation at statutory tax rate of 24% (2018: 24%)   | (1,673,435)  | 676,488  | (289,970)  | (138,279)  |
| Effect of different tax rate                        | -  | (465,538)  | -  | -  |
| Expenses not deductible for tax purposes            | 270,868  | 300,111  | 226,074  | 63,308   |
| Income not subject to tax                           | -  | (15,848)   | -  | -  |
| Deferred tax assets not recognised                  | 1,011,713  | 466,252  | 63,896   | 74,971   |
| Over provision of current taxation in prior years   | (82,402)   | (44,402)   | -  | -  |
| Under provision of deferred taxation in prior years | 9,390  | 19,862   | -  | -  |
| Taxation for the financial period/year              | (463,866)  | 936,925  | -  | -  |

**22. (LOSS)/EARNINGS PER SHARE**

Basic (loss)/earnings per share is calculated by dividing the consolidated (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period/year.

|  | Group  |  |
|--|--|--|
|  | Financial period from 01.01.2019 to 30.06.2020 | Financial year from 01.01.2018 to 31.12.2018 |
| (Loss)/Profit for the financial period/year attributable to owners of the Company (RM) | (6,508,779)                                    | 1,881,774                                    |
| Weighted average number of ordinary shares in issue                                    | 40,000,999                                     | 40,000,999                                   |
| (Loss)/Basic earnings per share (sen)  | (16.27)  | 4.70   |

There are no diluted (loss)/earnings per share as the Company does not have any dilutive potential ordinary shares as at financial period/year end.

### 23. CONTINGENT LIABILITIES

Contingent liabilities of the Company as at the end of financial period/year are as follows:

|   | Company          |                  |
|---|------------------|------------------|
|   | 30.06.2020<br>RM | 31.12.2018<br>RM |
| Corporate guarantees given to local financial institution for secured credit facilities granted to subsidiary companies | 3,500,000        | 3,500,000        |

### 24. DIVIDEND

|  | Group/Company    |                  |
|--|------------------|------------------|
|  | 30.06.2020<br>RM | 31.12.2018<br>RM |
| A single-tier interim tax exempt dividend of 1.5 sen on 40,000,999 ordinary shares in respect of the financial period ended 30 June 2020 | 600,014          | -                |

### 25. RELATED PARTY DISCLOSURES

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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows:

|   | Company   |   |
|---|---|---|
|   | Financial period from<br>01.01.2019<br>to<br>30.06.2020<br>RM | Financial year from<br>01.01.2018<br>to<br>31.12.2018<br>RM |
| Management fees from:<br>- Subsidiaries | 1,782,000   | 1,188,000   |

## 25. RELATED PARTY DISCLOSURES (CONT'D)

Information regarding remuneration of key management personnel is as follows:

|   | Group  |  | Company  |  |
|---|--|--|--|--|
|   | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM | Financial period from 01.01.2019 to 30.06.2020<br>RM | Financial year from 01.01.2018 to 31.12.2018<br>RM |
| - Fee                                       | 180,000  | 96,000   | 180,000  | 96,000   |
| - Salaries and other emolument              | 2,508,000  | 1,890,103  | 792,000  | 545,800  |
| - Contributions to Employees Provident Fund | 300,960  | 223,992  | 95,040   | 65,496   |
|   | <u>2,988,960</u>                                     | <u>2,210,095</u>                                   | <u>1,067,040</u>                                     | <u>707,296</u>                                     |

## 26. SEGMENT INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

- (i) Investment holding
- (ii) Manufacturing
- (iii) Trading
- (iv) Property development

Segment revenue, results and assets include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities information is neither included in the internal management report nor reported to the Group's Executive Chairman. Hence, no disclosure is made on segment liability.

26. SEGMENT INFORMATION (CONT'D)

(a) Business segments

|                               | Investment holding<br>RM | Manufacturing<br>RM | Trading<br>RM | Property development<br>RM | Consolidation adjustments/<br>Eliminations<br>RM | Total<br>RM |
|-------------------------------|--------------------------|---------------------|---------------|----------------------------|--|-------------|
| <b>30.06.2020</b>             |                          |                     |               |                            |  |             |
| <b>Revenue</b>                |                          |                     |               |                            |  |             |
| External operating revenue    | -                        | 11,090,520          | 2,449,682     | -                          | -  | 13,540,202  |
| Inter segment                 | 1,782,000                | 1,983,857           | 118,969       | -                          | (3,884,826)                                      | -           |
| Total operating revenue       | 1,782,000                | 13,074,377          | 2,568,651     | -                          | (3,884,826)                                      | 13,540,202  |
| <b>Results:</b>               |                          |                     |               |                            |  |             |
| Segment results               | (1,319,362)              | (5,810,982)         | (748,407)     | (6,678)                    | 968,057  | (6,917,372) |
| Finance income                |                          |                     |               |                            |  | 273,833     |
| Finance cost                  |                          |                     |               |                            |  | (329,106)   |
| Loss before tax               |                          |                     |               |                            |  | (6,972,645) |
| Taxation                      |                          |                     |               |                            |  | 463,866     |
| Loss for the financial period |                          |                     |               |                            |  | (6,508,779) |

26. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

|   | Investment<br>holding<br>RM | Manufacturing<br>RM | Trading<br>RM | Consolidation<br>adjustments/<br>Eliminations<br>RM | Total<br>RM |
|---|-----------------------------|---------------------|---------------|---|-------------|
| <b>30.06.2020</b>                                 |                             |                     |               |   |             |
| <b>Other information</b>                          |                             |                     |               |   |             |
| Capital additions                                 | -                           | 62,896              | 180           | -   | 63,076      |
| Depreciation of property, plant and equipment     | 128,164                     | 1,436,565           | 134,560       | (426,606)   | 1,272,683   |
| Property, plant and equipment written off         | -                           | 176                 | -             | 252,023   | 252,199     |
| Loss on disposal of property, plant and equipment | -                           | 1,875               | -             | -   | 1,875       |
| Amortisation of prepaid lease payment             | -                           | 16,722              | -             | -   | 16,722      |
| Provision for slow moving inventories             | -                           | 501,406             | -             | -   | 501,406     |
| Reversal of slow moving inventories               | -                           | (9,356)             | (1,045)       | -   | (10,401)    |
| Impairment loss:                                  |                             |                     |               |   |             |
| - trade receivables                               | -                           | 73,534              | -             | -   | 73,534      |
| - other receivables                               | -                           | 2,730               | -             | -   | 2,730       |
| - other investments                               | -                           | -                   | -             | -   | -           |
| Loss/(Gain) on fair value adjustment on:          |                             |                     |               |   |             |
| - other investment                                | -                           | -                   | (13,199)      | -   | (13,199)    |
| - investment properties                           | -                           | -                   | -             | -   | -           |
| Dividends paid                                    | (600,014)                   | -                   | -             | -   | (600,014)   |
| Other receivables written off                     | 45,985                      | 4,012               | 15,870        | -   | 65,867      |

26. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

|                                      | Investment holding<br>RM | Manufacturing<br>RM | Trading<br>RM | Property development<br>RM | Consolidation adjustments/<br>Eliminations<br>RM | Total<br>RM |
|--------------------------------------|--------------------------|---------------------|---------------|----------------------------|--|-------------|
| <b>30.06.2020</b>                    |                          |                     |               |                            |  |             |
| <b>Segment of Financial Position</b> |                          |                     |               |                            |  |             |
| <b>Assets</b>                        |                          |                     |               |                            |  |             |
| Segment assets                       | 29,645,522               | 35,099,275          | 8,246,025     | 7,011,877                  | (31,303,758)                                     | 48,698,941  |
| <b>Liabilities</b>                   |                          |                     |               |                            |  |             |
| Segment liabilities                  | 142,526                  | 27,463,500          | 1,599,843     | 3,245,841                  | (21,782,730)                                     | 10,668,980  |
| <b>31.12.2018</b>                    |                          |                     |               |                            |  |             |
| <b>Revenue:</b>                      |                          |                     |               |                            |  |             |
| External operating revenue           | -                        | 22,853,884          | 1,866,136     | -                          | -  | 24,720,020  |
| Inter segment                        | 1,188,000                | 1,530,361           | 1,291,158     | -                          | (4,009,519)                                      | -           |
| Total operating revenue              | 1,188,000                | 24,384,245          | 3,157,294     | -                          | (4,009,519)                                      | 24,720,020  |
| <b>Results:</b>                      |                          |                     |               |                            |  |             |
| Segment results                      | (660,828)                | 1,298,694           | (943,125)     | 3,195,247                  | 3,117  | 2,893,105   |
| Finance income                       |                          |                     |               |                            |  | 211,859     |
| Finance cost                         |                          |                     |               |                            |  | (286,265)   |
| Profit before tax                    |                          |                     |               |                            |  | 2,818,699   |
| Taxation                             |                          |                     |               |                            |  | (936,925)   |
| Profit for the year                  |                          |                     |               |                            |  | 1,881,774   |

26. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

|  | Investment holding<br>RM | Manufacturing<br>RM | Trading<br>RM | Property development<br>RM | Consolidation adjustments/<br>Eliminations<br>RM | Total<br>RM |
|--|--------------------------|---------------------|---------------|----------------------------|--|-------------|
| <b>31.12.2018</b>                                |                          |                     |               |                            |  |             |
| <b>Other information</b>                         |                          |                     |               |                            |  |             |
| Trade receivables written off                    | -                        | 59,600              | -             | -                          | -  | 59,600      |
| Capital additions                                | 1,787                    | 325,365             | 12,335        | -                          | -  | 339,487     |
| Depreciation of property, plant and equipment    | 278,677                  | 996,813             | 90,309        | -                          | -  | 1,365,799   |
| Property, plant and equipment written off        | -                        | -                   | 2,730         | -                          | -  | 2,730       |
| Amortisation of prepaid lease payment            | -                        | 11,149              | -             | -                          | -  | 11,149      |
| Provision for slow moving inventories            | -                        | 1,082,668           | 781,447       | -                          | -  | 1,864,115   |
| Impairment loss:                                 |                          |                     |               |                            |  |             |
| - trade receivables                              | -                        | 38,501              | 160,034       | -                          | -  | 198,535     |
| - other receivables                              | -                        | 35,722              | 32,494        | -                          | -  | 68,216      |
| - other investments                              | -                        | -                   | 2,790         | -                          | -  | 2,790       |
| Loss/(Gain) on fair value adjustment on:         |                          |                     |               |                            |  |             |
| - other investment                               | -                        | -                   | 241,142       | -                          | -  | 241,142     |
| - investment properties                          | -                        | (647,585)           | (355,690)     | (3,200,000)                | -  | (4,203,275) |
| Reversal of impairment loss on trade receivables | -                        | (139,563)           | (45,247)      | -                          | -  | (184,810)   |
| <b>Segment of Financial Position</b>             |                          |                     |               |                            |  |             |
| <b>Assets</b>                                    |                          |                     |               |                            |  |             |
| Segment assets                                   | 31,629,419               | 42,725,440          | 9,983,533     | 7,011,837                  | (33,043,111)                                     | 58,307,118  |
| <b>Liabilities</b>                               |                          |                     |               |                            |  |             |
| Segment liabilities                              | 318,200                  | 29,486,551          | 2,692,150     | 3,239,123                  | (22,567,660)                                     | 13,168,364  |



## 26. SEGMENT INFORMATION (CONT'D)

(b) Geographical information

|   | 30.06.2020<br>RM | 31.12.2018<br>RM |
|---|------------------|------------------|
| Revenue by geographical location of customers         |                  |                  |
| - Malaysia  | 13,540,202       | 24,720,020       |
| Non-current assets by geographical location of assets |                  |                  |
| - Malaysia  | 31,694,754       | 33,150,555       |

## 27. FINANCIAL INSTRUMENTS

The following table analyses the financial assets and financial liabilities of the Group and of the Company by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis:

|  | Group            |                   | Company           |                   |
|--|------------------|-------------------|-------------------|-------------------|
|  | 30.06.2020<br>RM | 31.12.2018<br>RM  | 30.06.2020<br>RM  | 31.12.2018<br>RM  |
| <b>Financial assets</b>                  |                  |                   |                   |                   |
| <u>Fair value through profit or loss</u> |                  |                   |                   |                   |
| Other investments                        | 36,363           | 22,564            | -                 | -                 |
| <u>Amortised cost</u>                    |                  |                   |                   |                   |
| Trade and other receivables              | 3,115,026        | 7,990,370         | 139,911           | 143,240           |
| Amounts owing by subsidiary companies    | -                | -                 | 19,070,136        | 18,568,853        |
| Deposits with licensed banks             | 4,618,658        | 6,342,375         | 1,850,000         | 2,901,813         |
| Cash and bank balances                   | 1,466,668        | 2,219,169         | 290,789           | 776,111           |
|  | <u>9,236,715</u> | <u>16,574,478</u> | <u>21,350,836</u> | <u>22,390,017</u> |
| <b>Financial liabilities</b>             |                  |                   |                   |                   |
| <u>Other financial liabilities</u>       |                  |                   |                   |                   |
| Borrowings*                              | 4,384,628        | 3,680,196         | -                 | 82,851            |
| Trade and other payables                 | 5,615,106        | 8,404,594         | 141,476           | 234,827           |
|  | <u>9,999,734</u> | <u>12,084,790</u> | <u>141,476</u>    | <u>317,678</u>    |

\* Included in borrowings are bank overdraft, term loan, lease liabilities, bankers' acceptance and revolving credit.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

#### Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing. At reporting date, there were no significant concentrations of credit.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

The ageing analysis of the Group's trade receivables is as follows:

|  | Group            |                  |
|--|------------------|------------------|
|  | 30.06.2020<br>RM | 31.12.2018<br>RM |
| Neither past due nor individually impaired | 507,362          | 2,267,243        |
| Past due but not individually impaired:    |                  |                  |
| - Between 1 – 30 days                      | 14,381           | 2,260,722        |
| - Between 31 – 120 days                    | 624,799          | 1,375,359        |
| - More than 120 days                       | 1,458,721        | 1,411,599        |
|  | 2,097,901        | 5,047,680        |
| Individually impaired                      | 1,541,119        | 1,467,585        |
|  | <u>4,146,382</u> | <u>8,782,508</u> |

The Group's trade receivables that are neither past due nor individually impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payment.

The Group's trade receivables that are past due at the reporting date but not impaired relate mainly to customers who have never defaulted on payment but are slow paymasters, hence, periodically monitored.

The Group's trade receivables of RM1,541,119 (2018: RM1,467,585) were individually impaired. The individually impaired receivables mainly relate to customers, which are facing difficulties in cash flows. As at the end of the reporting date, the impairment losses for these receivables is RM1,541,119 (2018: RM1,467,585).

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### Financial risk management (cont'd)

#### Credit risk (cont'd)

Movements on the Group's provision for impairment of trade and other receivables are as follows:

|                                      | Trade<br>receivables<br>RM | Other<br>receivables<br>RM | Total<br>RM |
|--------------------------------------|----------------------------|----------------------------|-------------|
| <b>30.06.2020</b>                    |                            |                            |             |
| At beginning of the financial period | 1,467,585                  | 68,216                     | 1,535,801   |
| Additions                            | 73,534                     | 2,730                      | 76,264      |
| Written off                          | -                          | (19,882)                   | (19,882)    |
| At end of the financial period       | 1,541,119                  | 51,064                     | 1,592,183   |
| <b>Represented by:</b>               |                            |                            |             |
| Individual impairment                | 1,541,119                  | 51,064                     | 1,592,183   |
| <b>31.12.2018</b>                    |                            |                            |             |
| At beginning of the financial year   | 1,622,906                  | -                          | 1,622,906   |
| Additions                            | 198,535                    | 68,216                     | 266,751     |
| Reversal                             | (184,810)                  | -                          | (184,810)   |
| Written off                          | (169,046)                  | -                          | (169,046)   |
| At end of the financial year         | 1,467,585                  | 68,216                     | 1,535,801   |
| <b>Represented by:</b>               |                            |                            |             |
| Individual impairment                | 1,467,585                  | 68,216                     | 1,535,801   |

#### Liquidity risk

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

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

27. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

Liquidity risk

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

|                   | Carrying amount<br>RM | Contractual interest rate<br>% | Contractual cash flow<br>RM | Below 1 year<br>RM | Between 2 to 5 years<br>RM | More than 5 years<br>RM |
|-------------------|-----------------------|--------------------------------|-----------------------------|--------------------|----------------------------|-------------------------|
| <b>Group</b>      |                       |                                |                             |                    |                            |                         |
| <b>30.06.2020</b> |                       |                                |                             |                    |                            |                         |
| Trade payables    | 4,032,128             | -                              | 4,032,128                   | 4,032,128          | -                          | -                       |
| Other payables    | 1,582,978             | -                              | 1,582,978                   | 1,582,978          | -                          | -                       |
| Lease liabilities | 530,499               | 2.40 - 4.32                    | 569,959                     | 210,831            | 359,128                    | -                       |
| Bank borrowings   | 3,854,129             | 3.45 - 8.35                    | 3,854,129                   | 3,854,129          | -                          | -                       |
|                   | <u>9,999,734</u>      |                                | <u>10,039,194</u>           | <u>9,680,066</u>   | <u>359,128</u>             | <u>-</u>                |
| <b>31.12.2018</b> |                       |                                |                             |                    |                            |                         |
| Trade payables    | 5,775,807             | -                              | 5,775,807                   | 5,775,807          | -                          | -                       |
| Other payables    | 2,628,787             | -                              | 2,628,787                   | 2,628,787          | -                          | -                       |
| Lease liabilities | 882,975               | 2.40 - 4.32                    | 967,989                     | 303,690            | 652,408                    | 11,891                  |
| Bank borrowings   | 2,797,221             | 3.45 - 8.25                    | 2,797,221                   | 2,797,221          | -                          | -                       |
|                   | <u>12,084,790</u>     |                                | <u>12,169,804</u>           | <u>11,505,505</u>  | <u>652,408</u>             | <u>11,891</u>           |

27. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

Liquidity risk (cont'd)

|                   | Carrying amount<br>RM | Contractual interest rate<br>% | Contractual cash flow<br>RM | Below 1 year<br>RM | Between 2 to 5 years<br>RM |
|-------------------|-----------------------|--------------------------------|-----------------------------|--------------------|----------------------------|
| <b>Company</b>    |                       |                                |                             |                    |                            |
| <b>30.06.2020</b> |                       |                                |                             |                    |                            |
| Other payables    | 141,176               | -                              | 141,176                     | 141,176            | -                          |
|                   | <u>141,176</u>        |                                | <u>141,176</u>              | <u>141,176</u>     | <u>-</u>                   |
| <b>31.12.2018</b> |                       |                                |                             |                    |                            |
| Other payables    | 234,827               | -                              | 234,827                     | -                  | -                          |
| Lease liabilities | 82,851                | 3.83 – 4.32                    | 83,868                      | 83,868             | -                          |
|                   | <u>317,678</u>        |                                | <u>318,695</u>              | <u>83,868</u>      | <u>-</u>                   |

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### Financial risk management (cont'd)

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Price risk

The Group is exposed to fluctuation in prices of equity instruments held by the Group. The Group is not significantly affected by price risk.

(b) Cash flow and fair value interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in interest rates. The Group's variable rate borrowings are exposed to a change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

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

|                                  | Group            |                  | Company          |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | 30.06.2020       | 31.12.2018       | 30.06.2020       | 31.12.2018       |
|                                  | RM               | RM               | RM               | RM               |
| <b>Fixed rate instruments</b>    |                  |                  |                  |                  |
| Financial assets                 | 4,618,658        | 6,342,375        | 1,850,000        | 2,901,813        |
| Financial liabilities            | (530,499)        | (882,975)        | -                | (82,851)         |
|                                  | <u>4,088,159</u> | <u>5,459,400</u> | <u>1,850,000</u> | <u>2,818,962</u> |
| <b>Floating rate instruments</b> |                  |                  |                  |                  |
| Financial liabilities            | <u>3,854,129</u> | <u>2,797,221</u> | -                | -                |

Since the Group's and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group profit or loss.

As at the end of the financial period/year, if interest rates of floating rate instruments had been lower by 50 basis point with all other variables held constant, this will result in post-tax increase of RM14,646 (2018: RM 10,629) in profit or loss and other comprehensive income respectively.

(c) Foreign exchange risk

The Group is exposed to foreign currency risk on advances that are denominated in a currency other than the respective functional currencies of the Group's entities. The Group's exposure primarily arises from Ringgit Malaysia and is not material as the Group's functional currency is denominated in Ringgit Malaysia. Hence, sensitivity analysis is not presented.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and borrowings reasonably approximate their fair values, either due to the relatively short term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the end of the reporting period.

The fair value of other investments is determined by reference to the counter parties' quote at the active market.

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

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- 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: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statement of financial position:

| Group                              | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM | Total<br>RM   |
|------------------------------------|---------------|---------------|---------------|---------------|
| <b>30.06.2020</b>                  |               |               |               |               |
| <b>Financial assets</b>            |               |               |               |               |
| Fair value through profit or loss: |               |               |               |               |
| - Other investments                | 36,363        | -             | -             | 36,363        |
|                                    | <u>36,363</u> | <u>-</u>      | <u>-</u>      | <u>36,363</u> |
| <b>31.12.2018</b>                  |               |               |               |               |
| <b>Financial assets</b>            |               |               |               |               |
| Fair value through profit or loss: |               |               |               |               |
| - Other investments                | 22,564        | -             | -             | 22,564        |
|                                    | <u>22,564</u> | <u>-</u>      | <u>-</u>      | <u>22,564</u> |

The following table analyses the fair values of financial instruments not carried at fair value, together with their carrying amounts in the statements of financial position:

| Group             | 30.06.2020            |                  | 31.12.2018            |                  |
|-------------------|-----------------------|------------------|-----------------------|------------------|
|                   | Carrying amount<br>RM | Fair value<br>RM | Carrying amount<br>RM | Fair value<br>RM |
| Lease liabilities | 530,499               | 480,716          | 882,975               | 533,495          |

## 28. CAPITAL MANAGEMENT

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the parent. The gearing ratio at the reporting period is as follows:

|                                    | Group       |             |
|------------------------------------|-------------|-------------|
|                                    | 30.06.2020  | 31.12.2018  |
|                                    | RM          | RM          |
| Total interest bearing borrowings  | 4,384,628   | 3,680,196   |
| Less: Cash and bank balances       | (1,466,668) | (2,219,169) |
| Less: Deposits with licensed banks | (4,618,658) | (6,342,375) |
| Net borrowings                     | (1,700,698) | (4,881,348) |
| <br>                               |             |             |
| Total equity                       | 38,029,961  | 45,138,754  |
| <br>                               |             |             |
| Gearing ratio                      | N/A         | N/A         |

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

## 29. COMPARATIVE FIGURES

The comparative figures are for the period from 1 January 2018 to 31 December 2018 as compared to the current financial period from 1 January 2019 to 30 June 2020. Consequently, the comparative figures are not comparable to the current financial period/year in respect of the statements of profit or loss and other comprehensive income, changes in equity, cash flows and their related notes.

## 30. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial period ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Director on 8 October 2020.



# LIST OF PROPERTIES

AS AT 30 JUNE 2020

| Registered / Beneficial Owner             | Location of Property   | Description of Property                | Tenure / Approximate Age of Building                            | Total Build-Up Area / Land Area | Existing Use               | Acquisition / (Revaluation) Date | Carrying Amount 30.06.2020 (RM) |
|---|--|--|---|---------------------------------|----------------------------|----------------------------------|---------------------------------|
| <b>Woodlandor Roof Systems Sdn. Bhd.</b>  | No. 39, 39-1 Jalan DU 1/2, Taman Damai Utama 47180 Puchong, Selangor   | 1 Unit<br>2 storey shop office         | Leasehold   | 1539.25 sq.ft<br>143.001 sq.m   | Vacant                     | 31.12.2009                       | 700,000                         |
| <b>Multec Enterprise Sdn. Bhd.</b>        | 9, Jalan 2/116D, Kuchai Entrepreneurs' Park, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.                      | 1 unit<br>4 1/2-Storey Shop / Office   | Leasehold<br>90 years<br>expiring on<br>23.6.2081 /<br>15 years | 848 sq.m/<br>186 sq.m           | Sales<br>Office            | 23.9.1993/<br>(1.2.1996)         | 1,032,590                       |
| <b>Woodlandor Wood Products Sdn. Bhd.</b> | Lot 265, Batu 22 1/2, Sg. Lalang, Semenyih, Selangor Darul Ehsan.  | Industrial Land with Factory Buildings | Freehold /<br>21 years  | 8,015 sq.m/<br>3.88 acres       | Door and Frame Factory     | 11.8.1988/<br>(1.2.1996)         | 2,599,789                       |
|   | Lot 442, Batu 22 1/2, Sg. Lalang, Semenyih, Selangor Darul Ehsan.  | Industrial Land with Factory Buildings | Freehold /<br>15 years  | 4,080 sq.m/<br>4.219 acres      | Pre-fab Roof Truss Factory | 6.10.1993/<br>(1.2.1996)         | 614,769                         |
|   | Lot No. 975, Mukim Ulu Semenyih, District of Ulu Langat, Selangor Darul Ehsan.                               | Industrial land                        | Freehold  | 9 acres                         | Vacant                     | 30.12.2000                       | 4,508,460                       |
|   | Lot 1339, Batu 22 1/2, Sg. Lalang, Semenyih, Selangor Darul Ehsan.   | Industrial Land with Factory Buildings | Freehold /<br>9 years   | 58,000 sq.ft/<br>3 acres        | Head Office and Factory    | 12.9.1997                        | 5,739,064                       |
|   | Lot No. 260, Mukim Ulu Semenyih, District of Ulu Langat, Selangor Darul Ehsan.                               | Industrial Land                        | Freehold  | 5.017 acres                     | Vacant                     | 21.7.2000                        | 1,347,849                       |
|   | H.S. (M):6701, Lot No.:PT 1803, Mukim Hulu Semenyih, Daerah Hulu Langat, Selangor.                           | Industrial Land                        | Leasehold<br>99 years<br>expiring on<br>13.10.2103              | 15,255 sq.ft                    | Door & Frame Factory       | 17.05.2005                       | 952,613                         |
| <b>Woodlandor Buildmat Sdn. Bhd.</b>      | H.S. (D) 251003,PTD 127044, Mukim of Plentong, 7, Jalan Gunung 3, Bandar Sri Alam, 81750 Masai, Johor Bahru. | 1 Unit<br>4-Storey Shop/Office         | Freehold /<br>11 years  | 7,512 sq.ft/<br>1,920 sq.ft     | Johor Bahru Branch Office  | 28.10.1999                       | 453,734                         |
| <b>Woodlandor Development Sdn. Bhd.</b>   | No.3562, GM 1485 Lot 999, Jalan Semenyih Semenyih Selangor Darul Ehsan.                                      | Agricultural Land                      | Freehold  | 5.8125 acres                    | Vacant                     | 17.12.2003                       | 7,000,000                       |

# SHAREHOLDING STATISTICS

AS AT 30 SEPTEMBER 2020

|                        |   |   |
|------------------------|---|---|
| Total Issued Shares    | : | 40,000,999 Shares                         |
| Type of Shares         | : | Ordinary Share                            |
| Voting Rights          | : | One (1) vote per Ordinary Share on a poll |
| Number of Shareholders | : | 1,060                                     |

## SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

| Name                              | Direct     |       | Indirect   |       |
|-----------------------------------|------------|-------|------------|-------|
|                                   | Share Held | %     | Share Held | %     |
| DATO' SERI MUN WENG SUM           | 6,324,059  | 15.81 | 661,766*   | 1.65  |
| MUN LI CHOO                       | 3,229,011  | 8.07  | -          | -     |
| MUN WENG YEE                      | 5,772,361  | 14.43 | -          | -     |
| NGIT KUA @ NG NGIT YOON           | 2,599,056  | 6.50  | -          | -     |
| SISMA HOLDINGS SDN. BHD.          | 4,151,100  | 10.38 | -          | -     |
| SISMA POWER SDN. BHD.             | -          | -     | 4,151,100^ | 10.38 |
| DU AIN SDN.BHD.                   | -          | -     | 4,151,100^ | 10.38 |
| DUCLOS SDN. BHD.                  | -          | -     | 4,151,100^ | 10.38 |
| DATIN MARIAM PRUDENCE BINTI YUSOF | -          | -     | 4,151,100^ | 10.38 |

\* Deemed interests through shares held directly by spouse.

^ Deemed interests through Sisma Holdings Sdn. Bhd.

## DIRECTORS' SHAREHOLDINGS

(As per Register of Directors' Shareholdings and/or Record of Depositors)

| Name                    | Direct     |       | Indirect   |      |
|-------------------------|------------|-------|------------|------|
|                         | Share Held | %     | Share Held | %    |
| DATO' SERI MUN WENG SUM | 6,324,059  | 15.81 | 661,766*   | 1.65 |
| MUN LI CHOO             | 3,229,011  | 8.07  | -          | -    |
| LIM SOO HEE             | 99,999     | 0.25  | 21,999*    | 0.05 |
| CHAY NG                 | -          | -     | -          | -    |
| DATO' TEH BOON SING     | -          | -     | -          | -    |

\* Deemed interests through shares held directly by spouse.

## DISTRIBUTION OF SHAREHOLDERS

| Size Of Holdings       | No. of Holders | No. of Share      | %             |
|------------------------|----------------|-------------------|---------------|
| 1 - 99                 | 156            | 7,920             | 0.02          |
| 100 - 1,000            | 149            | 117,718           | 0.29          |
| 1,001 - 10,000         | 604            | 2,021,908         | 5.06          |
| 10,001 - 100,000       | 124            | 3,713,250         | 9.28          |
| 100,001 - 2,000,049 #  | 21             | 13,662,548        | 34.16         |
| 2,000,050 and above ## | 6              | 20,477,655        | 51.19         |
| <b>Total</b>           | <b>1,060</b>   | <b>40,000,999</b> | <b>100.00</b> |

# Less than 5% of issued shares

## 5% and above of issued shares

# LIST OF 30 LARGEST SHAREHOLDERS

AS AT 30 SEPTEMBER 2020

| No. | Name   | Shares Held       | %            |
|-----|--|-------------------|--------------|
| 1.  | MUN WENG YEE   | 5,772,361         | 14.43        |
| 2.  | MUN LI CHOO  | 3,225,678         | 8.06         |
| 3.  | DATO' SERI MUN WENG SUM  | 3,201,460         | 8.00         |
| 4.  | DATO' SERI MUN WENG SUM  | 3,028,000         | 7.57         |
| 5.  | SISMA HOLDINGS SDN BHD   | 2,651,100         | 6.63         |
| 6.  | NGIT KUA @ NG NGIT YOON  | 2,599,056         | 6.50         |
| 7.  | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN CHIN YEN                       | 1,969,800         | 4.92         |
| 8.  | ANG HUAT KEAT  | 1,314,400         | 3.29         |
| 9.  | MUN FONG YEEN  | 1,225,233         | 3.06         |
| 10. | NG YUET WAH  | 1,097,385         | 2.74         |
| 11. | TAN PENG CHEONG  | 1,041,666         | 2.60         |
| 12. | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB BANK FOR SIVA KUMAR A/L M JEYAPALAN (PBCL-OG0015)         | 1,024,400         | 2.56         |
| 13. | UOBM NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SISMA HOLDINGS SDN BHD (PCM-MM-1) | 1,000,000         | 2.50         |
| 14. | NG YUET WAH  | 831,100           | 2.08         |
| 15. | DATIN SERI MITCHELL WONG CHOOI LENG  | 661,766           | 1.65         |
| 16. | KOH SIEW KEN, FELY   | 587,800           | 1.47         |
| 17. | UOBM NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SISMA HOLDINGS SDN BHD (PCM-MM-2) | 500,000           | 1.25         |
| 18. | NG NYOK MIN  | 476,700           | 1.19         |
| 19. | LOH SAI ENG  | 457,300           | 1.14         |
| 20. | TAN PENG CHEONG  | 356,666           | 0.89         |
| 21. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TEE SEE KIM                    | 343,700           | 0.86         |
| 22. | YU KOK ANN   | 198,900           | 0.50         |
| 23. | CHING BE LAN   | 126,600           | 0.32         |
| 24. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN                 | 125,800           | 0.31         |
| 25. | CHEN KIM YONG  | 115,232           | 0.29         |
| 26. | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK                    | 105,800           | 0.26         |
| 27. | TEE SEE KIM  | 102,300           | 0.26         |
| 28. | LAW WAI YEE  | 100,000           | 0.25         |
| 29. | MEENAMBAL A/P VIJAYAKUMAR  | 100,000           | 0.25         |
| 30. | LIM SOO HEE  | 99,999            | 0.25         |
|     | <b>TOTAL</b>   | <b>34,440,202</b> | <b>86.10</b> |

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# WOODLANDOR HOLDINGS BERHAD

Company No. 199601004347 (376693-D)  
(Incorporated in Malaysia)

## FORM OF PROXY

I/We \_\_\_\_\_ NRIC No./Company No. \_\_\_\_\_

of \_\_\_\_\_

being a Member/Members of Woodlandor Holdings Berhad ("Company"), hereby appoint:

\_\_\_\_\_

of \_\_\_\_\_ and/or

\_\_\_\_\_

of \_\_\_\_\_

or failing him, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 24th Annual General Meeting of the Company to be held at Ballroom 2, Level LG, Eastin Hotel, No. 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Thursday, 26 November 2020, at 10.00 a.m. and at every adjournment thereof, and to vote as indicated below: -

| No. | Ordinary Resolutions  | FOR | AGAINST |
|-----|---|-----|---------|
| 1.  | Approval of additional Directors' fees for the financial period ended 30 June 2020  |     |         |
| 2.  | Approval of Directors' fees for the financial year ending 30 June 2021  |     |         |
| 3.  | Re-election of Dato' Seri Mun Weng Sum as Director  |     |         |
| 4.  | Re-election of Mr. Chay Ng as Director  |     |         |
| 5.  | Re-appointment of Messrs. Morison AAC PLT [converted from a conventional partnership, Morison AAC (formerly known as Morison Anuarul Azizan Chew)] as Auditors of the Company |     |         |
| 6.  | Authority to Allot and Issue Shares pursuant to the Companies Act 2016  |     |         |
| 7.  | Retention of Mr. Lim Soo Hee as Independent Director  |     |         |

Please indicate with [ ✓ ] or [ ✗ ] on how you wish your votes to be cast. (Unless otherwise instructed, the proxy may vote as he/she thinks fit). If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

For appointment of two (2) proxies, percentage of shareholdings to be represented by each proxy is as follow:

|              | NRIC No./Passport No. | No. of Shares | Percentage |
|--------------|-----------------------|---------------|------------|
| Proxy 1      |                       |               |            |
| Proxy 2      |                       |               |            |
| <b>Total</b> |                       |               | 100%       |

| CDS Account No.       |  |
|-----------------------|--|
| Number of Shares held |  |

Signed on this ..... day of ..... 2020

.....  
Signature of Shareholder(s) or Common Seal

### NOTES:

- Only depositors whose names appear in the Record of Depositors as at 19 November 2020 shall be regarded as members and be entitled to attend, participate, speak and vote at the Twenty-Fourth Annual General Meeting.
- A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
- 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.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- Any alterations in the Proxy Form must be initialed by the member.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 6-3A, 3rd Mile Square, No. 151, Jalan Kelang Lama, Batu 3 1/2, 58100 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof.

*Fold this flap for sealing*

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AFFIX  
STAMP

The Company  
**KMP Corporate Consultancy Sdn Bhd**  
(1298802-A)

6-3A, 3rd Mile Square  
No. 151, Jalan Kelang Lama  
Batu 3 ½, 58100 Kuala Lumpur

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## **WOODLANDOR HOLDINGS BERHAD**

Registration No. 199601004347 (376693-D)

Lot 1339, Batu 22½,  
Sungai Lalang, 43500 Semenyih,  
Selangor Darul Ehsan, Malaysia.  
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