We have taken the next step in our Business Recovery Plan to revitalise dormant assets and are seeking opportunities to catalyse growth.

Our plywood factory has undergone extensive refurbishments to increase quality output. We have also taken the liberty to diverge from traditional methods and target foreign markets, to mitigate the loss of demand for architectural glass in Malaysia.

Embracing Mother Nature, we seek to nurture and strengthen our businesses responsibly. As environmental preservation is key in our operations, we ensure that our forests are well maintained via sustainable methodologies. This will provide us with quality products on a continuous basis.

We will endeavour to maintain our growth momentum as we move ahead to continue identifying new markets and expanding our reach globally.

Growing Our Momentum

Annual General Meeting of GOLDEN PHAROS BERHAD

WHERE
Gamelan 3, Primula Beach Hotel, Jalan Persinggahan 20400 Kuala Terengganu, Terengganu Darul Iman

WHEN
20 June 2019 (Thursday)

TIME
10:30 a.m.
**Vision**
To become a premier natural resources organisation

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

**Core Values**
- Gemilang
- Optimis
- Lestari
- Dedikasi
- Efektif
- Nekad
What’s Inside

Golden Pharos Berhad
Annual Report 2018 Digital Version

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

1. www.goldenpharos.com
2. Download the “QR Code Reader” on App store or Google Play.
3. Run the QR Code Reader app and point your camera to the QR Code.
4. Get access to the softcopy of the Annual Report.

The softcopy version of Golden Pharos Annual Report 2018 is available from our website. We also welcome your feedback. Please email: enquiries@gpb.com

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

OVERVIEW

1. Vision, Mission & Values
4. At a Glance
5. Key Highlights

Who We Are

6. Who We Are

8. Milestones & Achievements
10. Corporate Information
11. Group Structure

OUR STRATEGIC PERFORMANCE

Chairman’s Message

12. Chairman’s Message

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At a Glance

TOTAL SEGMENT RESULTS FOR OPERATING PROFIT

63% HARVESTING & SAWMILLING
32% MANUFACTURING
5% OTHERS

Golden Pharos Berhad was incorporated in 1986.

Listed Main Market Bursa Malaysia Securities Berhad 1993.

Key Highlights

**Revenue**
RM74.1 million  
(FY2017: RM65.6 million)

**Profit Before Tax**
RM1.8 million  
(FY2017: RM0.5 million)

**Earnings Per Share**
0.38 sen  
(FY2017: 0.38 sen)

**Shareholders’ Equity**
RM75.6 million  
(FY2017: RM74.4 million)
Who We Are

Scenic view at the Group's lush green forest concession area.
Golden Pharos Berhad is a public listed company on the Main Board of Bursa Malaysia. GPB is also a Terengganu state Government Link Corporation [GLC] by virtue of 72.1% shareholding via the State’s investment arms, Terengganu Incorporated Sdn. Bhd and Lembaga Tabung Amanah Warisan Negeri Terengganu which hold 63.6% and 8.5% respectively.

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

1980
- GPB took over the manufacturing of timber doors from Golden Pharos Wood Industries Sdn Bhd.

1992
- **May** - Tempered glass plant set up at Telok Panglima Garang Industrial Site, producing 20,000 square metres of tempered glass per month.
- **November** - The second phase of glass production was implemented to supply architectural glass and shower screens for domestic buildings and the construction industry.

1996
- **March** - GPB became a fully integrated timber corporation with the acquisition of Permint Timber Corporation Sdn Bhd.

2006
- GPB won 1st place ranking in the consumer product industry sector and 2nd place overall under the Corporate Governance Survey Report for small capital public listed companies, conducted by the Minority Shareholder Watchdog Group (MSWG) in collaboration with the Nottingham University Business School.

2007
- GPB won 1st place ranking in the consumer product industry sector and 1st place overall under the Corporate Governance Survey Report for small capital public listed companies, conducted by the MSWG in collaboration with the Nottingham University Business School.

2012
- Pesama Timber Corporation Sdn Bhd (Pesama) obtained FSC® endorsed certification for Cherul Forest Concession.

2014
- GPB entered into a Memorandum of Understanding with Malaysian Timber Industry Board (MITB) and Pengusaha Kayu Kayan & Perabot Bumiputera Malaysia (PEKA).
2015

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

2016

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

2017

- GP Glass was awarded as the Company of The Year (Small Medium Enterprise) at Terengganu Incorporated Group Excellence Award 2017.
- Pesama obtained Performance the Award, Sawmill, Air Pollution Control at the National Environment Day, State of Terengganu Level.

2018

- PPSB re-started operations after closing down its business in 2005.
- PPSB was certified with PEFC for veneer production.
- PPSB signed an agreement with BioBenua Teknologi to process agar wood oil.
- Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd initiated commercial Forest Plantation for long-term supply.
- PPSB was awarded PEFC certificate ‘Chain of Custody of Forest Based Products’ at Majlis SIRIM Industri 2018 ‘Best Partner For Innovation’.
Corporate Information

**BOARD OF DIRECTORS**

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

**YB DATO’ HAJI A. RAHMAN BIN YAHYA**  
*Non-Independent Non-Executive Director*

**DR WAN AHMAD RUDIRMAN BIN WAN RAZAK**  
*Non-Independent Non-Executive Director*

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

**ASSOCIATE PROFESSOR DR. MOHD ZAKI BIN HAMZAH**  
*Independent Non-Executive Director*

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

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

**CHIEF EXECUTIVE OFFICER**

**DATO’ AHMAD NADZARUDIN BIN ABDUL RAZAK**

**COMPANY SECRETARIES**

**SURAYA BINTI MOHD HAIRON**  
(LS 0007314)

**SALIZA BINTI ABDUL RAHMAN**  
(LS 0008098)

**REGISTERED OFFICE**

Wisma Ti, PT 3071  
Chendering  
21080 Kuala Terengganu  
Terengganu Darul Iman  
Tel: +609 617 7771  
Fax: +609 617 7772

**SHARE REGISTRAR**

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

**AUDITORS**

Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel: +603 7495 8000  
Fax: +603 2095 5332

**PRINCIPAL BANKERS**

Maybank Islamic Berhad  
Bank Islam Malaysia Berhad

**STOCK EXCHANGE LISTING**

Main Market  
Bursa Malaysia Securities Berhad
Group Structure
Chairman’s Message

Our buoyant performance for the year in review clearly indicates the effectiveness of the three-year Business Recovery Plan rolled out in 2017 in response to a prolonged run of below-par results during the preceding five-year period.

In contrast, your Company is now on an upward trajectory driven by higher Revenue of RM74.12 million and increased PBT of RM1.82 million in 2018 against RM65.64 million and RM0.5 million respectively the year before.

Now that we are on the right growth path, your Company is determined to develop the building blocks for a sustainable business in order to ensure consistent and healthy financial returns for all our stakeholders.

It is my honour to announce to you, our dear shareholders, that the Board of Directors has recommended the first dividend after an absence of 10 years of 1.27 sen per share amounting to a total dividend payment of RM1.727 million (2008: RM1.842 million).

In line with the theme of this year’s Annual Report, Growing Our Momentum, I am confident that the Management Team will continue to push forward in maintaining this positive outlook in order to drive our forest concession management and manufacturing businesses further ahead. In maintaining robust sustainable performance going forward, it will eventually benefit you, our shareholders.

Assalamualaikum Warahmatullahi Wabarokatuh dan Salam Sejahtera

Dear Shareholders,

As the new Chairman of Golden Pharos Berhad, I have the privilege of informing you that your Company is gaining momentum after achieving double-digit growth in Revenue and more than three times the Profit Before Tax (PBT) for the financial year ended 31 December, 2018.
As part of the Group’s efforts to improve operational efficiency, elevate our image and manage costs effectively, we have embarked on a significant initiative to implement and report on sustainability efforts in terms of the Economic, Environment and Social impacts of our operations and activities. Achieving corporate sustainability means your Company will be well-placed to meet not only its business goals, but also your hopes and aspirations now and into the future.

**APPRECIATION**

On behalf of the Board, let me take this opportunity to congratulate our Management Team, helmed by our CEO Dato’ Nadza Abdul and all the employees on their sterling performance in successfully turning around the Company and growing the profitability momentum.

I would like to express our thank you to Dato’ Haji Muhammad Pehimi bin Yusof, the former Chairman and the previous Board members for their service and contribution to the Company. At the same time, I look forward to working closely with the members of the Board. On my part, I would like to thank the Menteri Besar of Terengganu, YAB Dr Ahmad Samsuri bin Mokhtar for your trust in appointing me as the Chairman.

Last but not least, thank you to our shareholders, partners, employees, customers, bankers, lawyers and government officials for your unstinting support. I am confident we will continue to confidently embrace our roles, responsibilities and duties to ensure the growth of Golden Pharos Berhad.

Thank you and wassalam.

_YBM Dato’ Haji Tengku Hassan bin Tengku Omar_

_Chairman_

The largest Chengal tree in the world grows in the Group’s Concession area.
Management Discussion and Analysis

"Building on this success, the Group’s objective in 2018 was to grow this profit momentum into a more sustainable financial performance."

**OBJECTIVE**

In 2017, the Group successfully halted an extended period of losses over the past 5 years and began to record a profit.

The 2018 objective is reflected in the theme of our annual report for this year: **Growing Our Momentum.**

**BUSINESS RECOVERY PLAN**

2018 marked the second year of the Group’s 3-year Business Recovery Plan. Crafted in 2017, the Business Recovery Plan proposed several strategies to tackle various issues that affected the Group. Among the major issues identified were delays in obtaining logging licences, derelict factory, constant cash constraints, low-intensity management culture and CEOs employed on short-term basis.

2018 was the year that the various strategies identified in the Business Recovery Plan were put into implementation.

---

**GROUP QUARTERLY RESULTS PROFIT BEFORE TAX (RM’000)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Profit Before Tax (RM’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q 2017</td>
<td>244</td>
</tr>
<tr>
<td>4Q 2017</td>
<td>1,089</td>
</tr>
<tr>
<td>1Q 2018</td>
<td>433</td>
</tr>
<tr>
<td>2Q 2018</td>
<td>162</td>
</tr>
<tr>
<td>3Q 2018</td>
<td>133</td>
</tr>
<tr>
<td>4Q 2018</td>
<td>5,373</td>
</tr>
</tbody>
</table>

---

DATO’ AHMAD NADZARUDIN BIN ABDUL RAZAK
Chief Executive Officer
STRATEGIES

Our 2018-2020 Business Recovery Plan proposed to solve the numerous issues weighing down on the Group along four broad strategic thrusts, as follows:

- Enhance the core business
- Unleash dormant assets
- Pursue new revenue streams
- Strengthen human capital

Many of the low-hanging fruits under the Business Recovery Plan were quickly reaped in 2018. For example:

- Discretionary authority limits were approved so that management approval process could be faster.
- New committees were established so that initiatives could be monitored more effectively.

Some of the major issues identified were also successfully addressed in 2018, such as:

- Delays in obtaining logging license were solved when a new staff was put in charge to manage license procurement and license status was made a fixed agenda in management meetings.
- Derelict factory was solved when the plywood factory, abandoned for almost 15 years, was finally re-opened in July 2018.
- Constant cash constraint was solved when the Group was able to obtain financing from SME Bank Berhad for its working capital and factory re-start.

Low intensity management culture was solved via the introduction of a slew of performance management systems, namely:

- Introduction of new appraisal method to correctly assess the performance of staff.
- Introduction of explicit KPIs for all executive-level employees.
- Introduction of Employee Share Option Scheme to reward loyalty by the employees.
- Introduction of Executive Share Grant Scheme to reward achievement of performance targets by management.

Some of the more difficult issues, for example unleashing dormant assets such as the valuable factory land that could be re-developed into a commercial development, will take a year or two before it could be implemented.

The religious implementation of the Business Recovery Plan in 2018 resulted in the Group registering highly favourable results: Increasing revenue and increasing profit.

The growth in profit momentum is clearly evident when the Group was able to register seven consecutive profitable quarters since the third quarter of 2017.

### 2018 FINANCIAL RESULTS

<table>
<thead>
<tr>
<th></th>
<th>2018 RM‘000</th>
<th>2017 RM‘000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Statement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>74,118</td>
<td>65,643</td>
<td>13%</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>1,815</td>
<td>499</td>
<td>264%</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>513</td>
<td>107</td>
<td>379%</td>
</tr>
<tr>
<td>Earnings Per Share [sen]</td>
<td>0.38</td>
<td>0.38</td>
<td>-</td>
</tr>
<tr>
<td><strong>Financial Position</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>75,641</td>
<td>74,396</td>
<td>2%</td>
</tr>
<tr>
<td>Net Tangible Assets</td>
<td>75,641</td>
<td>74,425</td>
<td>2%</td>
</tr>
<tr>
<td>Net Assets per share (RM)</td>
<td>0.56</td>
<td>0.55</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Financial Indicators</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Ratio (times)</td>
<td>1.62</td>
<td>1.51</td>
<td>7.3</td>
</tr>
<tr>
<td>Acid Test (times)</td>
<td>1.35</td>
<td>1.23</td>
<td>9.8</td>
</tr>
<tr>
<td>Total Assets Turnover (times)</td>
<td>0.66</td>
<td>0.59</td>
<td>11.9</td>
</tr>
<tr>
<td>Gearing Ratio</td>
<td>10%</td>
<td>17%</td>
<td>(41%)</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>0.7%</td>
<td>0.2%</td>
<td>250%</td>
</tr>
<tr>
<td>Return on Total Assets</td>
<td>0.5%</td>
<td>0.5%</td>
<td>-</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>0.7%</td>
<td>0.7%</td>
<td>-</td>
</tr>
</tbody>
</table>
Management Discussion and Analysis (Continued)

<table>
<thead>
<tr>
<th>LOGGING AND SAWMILLING</th>
<th>GLASS PROCESSING</th>
<th>OTHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue (RM’000)</strong></td>
<td><strong>Profit/(Loss) Before Tax (RM’000)</strong></td>
<td><strong>Revenue (RM’000)</strong></td>
</tr>
<tr>
<td>2018 8,919</td>
<td>2017 7,509</td>
<td></td>
</tr>
</tbody>
</table>

**ASSETS LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>2018 (RM’000)</th>
<th>2017 (RM’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td>81,848</td>
<td>101,101</td>
</tr>
<tr>
<td></td>
<td>28,433</td>
<td>20,397</td>
</tr>
<tr>
<td></td>
<td>114,957</td>
<td>112,623</td>
</tr>
<tr>
<td></td>
<td>162,134</td>
<td>163,008</td>
</tr>
<tr>
<td></td>
<td>37,292</td>
<td>41,064</td>
</tr>
<tr>
<td></td>
<td>11,760</td>
<td>5,749</td>
</tr>
</tbody>
</table>
FINANCIAL INDICATORS

For the financial year ended 31 December 2018, the Group showed significant improvement against the previous year in terms of revenue and profits.

The Group’s revenue increased 13% from RM65.5 million to RM74.1 million in 2018. This increase is mainly due to better log production in 2018. Profit Before Tax increased 264% from RM0.5 million to RM1.8 million in 2018.

Overall, the production performance improved across the board in the timber-based segment, with increased production of logs, sawntimber and woodchip. The increase in the tonnage of logs produced was due to the timely issuance and increased number of active logging licences during 2018 compared with 2017. A total of 32,823 hoppus tonnes were extracted during the year in review as compared with 23,842 hoppus tonnes in 2017.

NON-FINANCIAL INDICATORS

Key Operational Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2017</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logs produced (hoppus tonne)</td>
<td>32,823</td>
<td>23,843</td>
<td>38%</td>
</tr>
<tr>
<td>Sawntimber produced (tonne)</td>
<td>23,396</td>
<td>17,657</td>
<td>33%</td>
</tr>
<tr>
<td>Woodchips produced (metric tonne)</td>
<td>11,757</td>
<td>8,834</td>
<td>33%</td>
</tr>
<tr>
<td>Glass produced (square metre)</td>
<td>487,950</td>
<td>488,746</td>
<td>[0.16%]</td>
</tr>
</tbody>
</table>

Overall, the production performance improved across the board in the timber-based segment, with increased production of logs, sawntimber and woodchip. The increase in the tonnage of logs produced was due to the timely issuance and increased number of active logging licences during 2018 compared with 2017. A total of 32,823 hoppus tonnes were extracted during the year in review as compared with 23,842 hoppus tonnes in 2017.

SIGNIFICANT CHANGES IN PERFORMANCE

The enhancement of the Group’s core business and strengthening of human capital has generated positive results. Overall, the Group’s financial position for 2018 recorded significant positive changes compared with 2017. Revenue and profitability improved significantly enabling the Group to end 2018 with a larger profit.

CAPITAL EXPENDITURE REQUIREMENT

The Group’s cumulative capital expenditure in 2018 was RM1.4 million. Among notable assets acquired were motor vehicles, upgrading of the glass manufacturing facility and refurbishing of the plywood processing facility. The Group commenced its veneer operations in July 2018, which will incur additional expenditure in 2019 to complete the production line.

In terms of capital structure, the Group is appropriately capitalised. The capital structure consists almost exclusively of shareholders’ funds and negligible borrowings. The Group has a very safe margin of debt against equity, with a gearing of only 10%.

In terms of capital resources such as buildings, machinery, tools and equipment employed to produce our saleable goods, the Group has a robust and varied collection of capital goods used to generate income. The assets are either owned or rented, or are outsourced to sub-contractors.

The Group is also embarking on a forest plantation project, over 5,000 hectares of its own forest concession, so that the Group can be assured of a sustainable supply of logs in the future. This project will require a high capital expenditure (capex). The Group intends to mitigate the high capex cost by phasing the development into 10 annual phases, thus lowering the capex commitment.
Management Discussion and Analysis (Continued)

REVIEW OF OPERATING ACTIVITIES
Known Trends Impacting Group Operations

Weather: The monsoon months of November, December and January each year has an adverse impact on our logging operations. Harvested logs cannot be hauled out to the logyard as timber roads in the jungle interior are inundated with rainwater. Management normally expects log production to cease during these months.

Second Rotation: The forest concessions under the Group are now into their second rotation of logging. Each rotation cycle lasts 25-30 years, and a widely acknowledged trend is that logging yields in the second cycle is about 15 hoppus tonnes per hectare (hpt/ha) versus 20 hpt/ha in the first cycle.

Main Factors Affecting Operating Activities of Business Segment

Slowdown in the construction sector: This has impacted the revenue and performance of the Group’s glass processing segment. Cancellation of many projects by the new Malaysian Government following the 14th General Election contributed to the slowdown. In addition, the property market has softened considerably in 2018. Our Group mitigated this by expanding our customer base, lobbying for more projects including State government projects, and exploring new marketing platforms such as China’s Alibaba.com.

Decrease in sawmill recovery ratio: Our sawmill in Bukit Besi experienced a decrease in its sawntimber recovery ratio, due to the lower than expected quality of logs that it processed in 2018. Fortunately, our other sawmill in Kemaman recorded a higher recovery ratio, and was able to operate profitably.

Known Risks Affecting Operations

The Group has put in place a formal and on-going process to identify, evaluate and manage significant risks that may impede the achievement of the Group’s objectives throughout the year. A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken.

Among the key risks affecting the Group are as follows:

Employment of foreign workers: Our Group continued to employ foreign workers at our glass processing factory. Effective October 2018, the Government increased the levy to renew the work permit of those already working for 10 years, to RM10,000 per worker, borne by the employer. The Group mitigated this cost increase by choosing not to hire any foreign worker for more than 10 years.

Timeliness of Issuance of Logging Licence: The standard period required for logging licence approval is 24 months with various processes involved. Any hitches to the various processes will result in a delay in issuance by the state forestry authority, Jabatan Perhutanan Negeri Terengganu (JPNT). To mitigate this risk, the Group has to ensure that the management complies with all procedures in a timely manner. A manager has been specifically appointed to be in charge of licence approval since 2017. In 2018, all the logging licences were obtained within the targeted timelines. This has resulted in better tonnage of logs produced compared with 2017.

Annual Allowable Cut (AAC): The Group can only harvest logs up to the annual quota given by the JPNT, referred to as the AAC. The Group’s AAC is 2,600 ha/year but this was cut to 1,500 ha/year in 2015, cut again to 1,987 ha/year in 2017 and cut yet again to 2,000 ha/year in 2018. There is always a risk that similar cuts may be imposed by the JPNT in the future.

BUSINESS SEGMENT REVIEW

Harvesting and Sawmilling

This segment recorded revenue of RM78.5 million, an increase by 42% over the previous year’s total. PBT for this segment increased by 19% to RM8.9 million as compared with RM7.5 million in the preceding year. The remarkable results in the segment’s revenue and profit were attributed by higher sawntimber production, which led to the 40% increase in sales of sawntimber from RM30.11 million in 2017 to RM42.22 million in 2018. The improved performance was due to more active licences for logging activities, which in turn resulted in a significant increase in logs production from 23,842 hoppus tonnes in 2017 to 33,823 hoppus tonnes in 2018. The proceeds from forward sales of standing trees amounting to RM2.32 million also contributed to the better results.
Management Discussion and Analysis (Continued)

Dwindling raw material supply is one of the critical issues faced by the timber industry. To ensure sustainable supply going forward, the Group is embarking on a forest plantation initiative. As a start, a total of 5,000 hectares of the Group’s forest concession have been earmarked for forest plantation.

MOVING AHEAD

The Company is further strengthening its sustainability efforts. For the first time ever, we are this year officially reporting our sustainability efforts. The report covers the Economic, Environment and Social impacts of our operations and activities. Our sustainability initiatives are presented in the Sustainability Statement of this Annual Report which highlights the efforts of our Group and the Sustainability Roadmap going forward.

DIVIDEND

The Group in 2018 has adopted a revised dividend policy where dividend payout ratio will be based on the higher of 40% of group profit after tax or 30% of group earnings before interest taxation depreciation and amortisation.

As mentioned by our chairman YBM Dato’ Tengku Hassan Tengku Omar, this year the Board of Directors are recommending a distribution of dividends. This is a major feat because after struggling for the past 10 years and not paying any dividend since 2008, the Group is now finally able to reward its shareholders with a dividend payment. The Company will seek the shareholders approval to distribute dividend at 1.27 sen per share amounting to RM1.727 million for the financial year ended 31 December 2018.

In closing, as we continue to implement our 2018-2020 Business Recovery Plan, we are hopeful that the various strategies and action plans we have crafted will translate into results that all the stakeholders of Golden Pharos Berhad will be proud of. Insyaallah.

ENHANCE • UNLEASH • PURSUE • STRENGTHEN

DATO’ AHMAD NADZARUDIN BIN ABDUL RAZAK
Chief Executive Officer
Environmental Statement

ENVIRONMENTAL POLICY

TIMBER ENVIRONMENT POLICY

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

TIMBER SOURCING POLICY

Sourcing of timber is mainly from the Group’s own certified forest. In circumstances where the Group had to source from alternative suppliers, the Group insists that the supplies are, where applicable, from certified forest. Timber supply is a very critical factor to the Group’s expansion programmes and assured sources of supply and the ability to process logs into top-quality finished products inexpensively. The Group has undertaken the species segregation initiative in line with the promotion of lesser known species for commercialisation which is encouraged by the Malaysian Government.

ENVIRONMENTAL MANAGEMENT

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

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

KPKKT has been awarded the FSC® certification endorsement since 21 April 2008, which was applicable for five years, by Scientific Certification Systems (SCS), a leader and pioneer in third-party auditing and certification of forest management operations around the world, using the SCS-FSC Interim Standard for Forest Management Certification in Malaysia Version 5.0 2014 for well-managed forests. This certification verifies that KPKKT’s tropical forest of 108,900 hectares in Dungun Timber Complex (DTC) are managed according to the rigorous international standards of the FSC® under a selective cutting approach that maintains continuous forest cover and species diversity. The certification has been recertified for another five years until 27 February 2024.
Upon its re-certification, KPKKT’s DTC concession area will continue to be the largest and the only forest in Peninsular Malaysia to have the FSC® certification, and only the second natural forest in Malaysia to achieve this distinction.

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

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

With the FSC® certification, the Group would be able to access an increasing number of markets and customers that demand environmentally friendly certified products domestically and abroad.

Whilst the environmental management system of a subsidiary, Golden Pharos Glass Sdn Bhd (GP Glass), for the manufacture of tempered, double glazed, laminated and ceramic printed safety glass has been assessed and registered against the provisions of ISO 14001: 2015 International Standard which is valid until recertification due date of 2 August 2020.

CHAIN-OF-CUSTODY CERTIFICATION

The Group’s subsidiaries, Pesaka Trengganu Berhad (Pesaka) and Pesama, have successfully obtained the Chain-of-Custody (CoC) certification for the sawmills from a third-party certifier accredited by the FSC® since July 2008. With this certification, it means that the wood used in the sawmills come from well-managed forests, independently certified in accordance with the criteria and principles set by the FSC®.

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

HIGH CONSERVATION VALUE FOREST (HCVF)

KPKKT adopts specific policies to protect the high conservation values in the forests. This includes scientific assessment of species, cultural assessment and conservation plans to protect species or forest areas that are unique, rare, threatened or endangered. A total of 3,524 hectares has been reserved as HCVF. Some of the unique areas are as follows:

- KPKKT’s concession area has various invaluable tree species, unique and preserved sites. A Chengal tree located in KPKKT’s concession area has been listed in the Malaysia Book of Records as the largest Chengal tree in the world.
- Chemerong Waterfalls which is situated in the KPKKT’s concession area is the highest in Malaysia. It thunders magnificently down a 305 metres slope that has the potentials as a major tourist destination and recreational area.
- The Keruing Sarawak (Dipterocarpus sarawakensis), which is also a rare and endangered species, has been found in the KPKKT’s Forest Reserve and has been plotted as a protected area.
- KPKKT has also delineated some areas exceeding 1,000 metres above sea level as a Totally Protected Area which are not harvestable. These areas will provide natural habitat especially for wildlife sanctuary.

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

SOCIAL IMPACT ASSESSMENT (SIA)

Concerned with the well-being of the local communities, KPKKT and Pesama has been carrying out social impact assessment exercises since 2009 in the effort to identify the problems faced by the communities and to determine appropriate mitigation strategies to address them. The issues raised include river water quality, damage to crops by wildlife and road safety especially to school children. Specific mitigation measures were proposed and taken by KPKKT via regular consultation with the relevant authorities and local communities. As part of its continuous improvement process, KPPKT has taken the initiative to review and update the earlier impact assessment exercises annually.
Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (RM'000)</td>
<td>106,354</td>
<td>74,099</td>
<td>57,598</td>
<td>65,643</td>
<td>74,118</td>
</tr>
<tr>
<td>Profit/(Loss) Before Tax (RM'000)</td>
<td>20,395</td>
<td>(3,555)</td>
<td>(6,356)</td>
<td>499</td>
<td>1,815</td>
</tr>
<tr>
<td>Shareholders’ Equity (RM'000)</td>
<td>86,784</td>
<td>82,728</td>
<td>74,450</td>
<td>74,396</td>
<td>75,641</td>
</tr>
<tr>
<td>Earnings/(Loss) per Share (sen)</td>
<td>11.03</td>
<td>(1.88)</td>
<td>(4.13)</td>
<td>0.38</td>
<td>0.38</td>
</tr>
<tr>
<td>Net Tangible Assets per Share (RM)</td>
<td>0.66</td>
<td>0.62</td>
<td>0.55</td>
<td>0.55</td>
<td>0.56</td>
</tr>
</tbody>
</table>
# Financial Highlights - Segment Information

<table>
<thead>
<tr>
<th></th>
<th>2014 RM'000</th>
<th>2015 RM'000</th>
<th>2016 RM'000</th>
<th>2017 RM'000</th>
<th>2018 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HARVESTING &amp; SAWMILLING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>95,186</td>
<td>60,585</td>
<td>40,826</td>
<td>55,238</td>
<td>78,462</td>
</tr>
<tr>
<td>Profit/(Loss) before tax</td>
<td>22,322</td>
<td>(3,844)</td>
<td>(5,764)</td>
<td>7,509</td>
<td>8,919</td>
</tr>
<tr>
<td>Segment assets</td>
<td>121,179</td>
<td>109,129</td>
<td>101,996</td>
<td>101,101</td>
<td>81,848</td>
</tr>
<tr>
<td><strong>MANUFACTURING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>31,317</td>
<td>28,131</td>
<td>30,588</td>
<td>27,236</td>
<td>22,462</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>379</td>
<td>71</td>
<td>989</td>
<td>77</td>
<td>14</td>
</tr>
<tr>
<td>Segment assets</td>
<td>22,303</td>
<td>22,656</td>
<td>20,910</td>
<td>20,397</td>
<td>28,433</td>
</tr>
<tr>
<td><strong>OTHERS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>19,955</td>
<td>8,332</td>
<td>4,414</td>
<td>4,203</td>
<td>7,069</td>
</tr>
<tr>
<td>(Loss)/Profit before tax</td>
<td>(1,955)</td>
<td>1,741</td>
<td>(877)</td>
<td>(2,586)</td>
<td>3,676</td>
</tr>
<tr>
<td>Segment assets</td>
<td>110,865</td>
<td>112,466</td>
<td>113,488</td>
<td>112,623</td>
<td>114,957</td>
</tr>
</tbody>
</table>

## REVENUE

### HARVESTING & SAWMILLING (RM'000)

- 2014: 95,186
- 2015: 60,585
- 2016: 40,326
- 2017: 55,238
- 2018: 78,462

### MANUFACTURING (RM'000)

- 2014: 31,317
- 2015: 28,131
- 2016: 30,588
- 2017: 27,236
- 2018: 22,462

### OTHERS (RM'000)

- 2014: 19,955
- 2015: 8,332
- 2016: 4,414
- 2017: 4,203
- 2018: 7,069
## Financial Highlights - Sales by Region

<table>
<thead>
<tr>
<th>REGION</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>96.51%</td>
<td>97.47%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1.41%</td>
<td>0.92%</td>
</tr>
<tr>
<td>East Asia</td>
<td>-</td>
<td>0.10%</td>
</tr>
<tr>
<td>Other Regions</td>
<td>2.08%</td>
<td>1.51%</td>
</tr>
</tbody>
</table>

|          | 100%     | 100%     |

![Chart showing sales by region for 2017 and 2018]
Financial Calendar

FINANCIAL YEAR
1 January 2018 to 31 December 2018

ANNUAL REPORT
Issued 30 April 2019

32ND ANNUAL GENERAL MEETING
to be held on 20 June 2019

ANNOUNCEMENT ON QUARTERLY RESULTS

28 February 2019
4th Quarter Results

19 November 2018
3rd Quarter Results

30 August 2018
2nd Quarter Results

30 May 2018
1st Quarter Results

31ST AGM

26 June 2018
AGM
11:00 am
Gamelan 3, Primula Beach Hotel
Jalan Persinggahan
20400 Kuala Terengganu
Terengganu Darul Iman
Chairman's Profile

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

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

He is currently the Ladang Assemblyman and State Exco for Trade, Industrial, Regional Development and Administrative Wellbeing and also sits on the Board of Lembaga Tabung Amanah Warisan Negeri Terengganu (LTAWNT).
YB Dato’ Haji A. Rahman bin Yahya was appointed as a Director of GPB on 22 February 2017.

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

He also held many positions in several organisations such as Tesdec Sdn Bhd as the Executive Director from 1998 to 2004 and Terengganu State Economic Development Corporation as the General Manager from January 2016 to September 2016. He was appointed as the Deputy State Secretary of Terengganu and Director of Terengganu Economic Planning Unit in 2016 and was further promoted as the State Financial Officer in 2017 prior to his appointment as State Secretary of Terengganu on 22 April 2018.

He is also a Board Trustee member of Yayasan Islam Negeri Terengganu and sits on the Boards of TDM Berhad, LTAWNT, MAIDAM and Terengganu Incorporated Sdn Bhd (Terengganu Inc), which is the main shareholder of GPB.

Dr Wan Ahmad Rudirman bin Wan Razak was appointed to the Board of GPB on 1 August 2018. He holds a doctorate certification of Business Administration from the University of South Australia, Adelaide, Australia.

Dr Wan Ahmad Rudirman bin Wan Razak is presently the President/Group Chief Executive Officer of Terengganu Incorporated Sdn Bhd, a wholly owned strategic investment holding company of the State Government of Terengganu. He joined Terengganu Inc. on 1 January 2017 to spearhead the company to a higher level and enhance its role for future growth.

Prior to joining Terengganu Inc., he was the Group Deputy Chief Executive Officer/Director of Selia Ekuiti Sdn Bhd. Before his appointment with Selia Ekuiti Sdn Bhd, Dr Wan Ahmad has held a string of senior leadership positions in prominent Malaysian companies. He was the Acting Chief Operating Officer/Group General Manager, Group Operation Services of KUB Malaysia Berhad and Head, Corporate Strategy, Group Planning Division of Malaysia Airports Holdings Berhad.
Board of Directors’ Profile (Continued)

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

**BOARD COMMITTEE**  
- Chairman of LTIP  
- Member of AC

**AGE**  
42

Muhammad Ramizu bin Mustaffa graduated from the University of Salford, Manchester, United Kingdom with a Bachelor of Science (Honours) in Finance and Accounting. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Malaysian Institute of Accountants (MIA).

Muhammad Ramizu commenced his career as an auditor with Arthur Andersen which later merged with Ernst & Young (EY), Malaysia in 2000. He later joined ECM Libra Berhad before leaving for the United Kingdom in 2004 to join EY UK as an Executive, National Audit. His last position in the UK was as a Manager, Corporate Finance in BDO UK before returning to Malaysia to join KLCC Group in 2010. In KLCC Group, he played key roles in various corporate exercises including in the establishment of KLCCP Stapled REIT, the RM3.0 billion Sukuk Programme for KLCC REIT and the multi billion mixed development project within the KLCC precinct through a joint venture between KLCC (Holdings) Sdn. Bhd (KLCCCH) and Qatari Diar Asia Pacific Ltd.

Leaving KLCCCH as the Head of Corporate Finance in 2014, he later joined Sapura Resources Berhad as the Chief Financial Officer of the Aviation Business, and subsequently as the Group Head of Finance, Putrajaya Leisures & Services Group Sdn Bhd. He is currently the Group Chief Financial Officer of Terengganu Incorporated Sdn Bhd, the holding company of Golden Pharos Berhad. He was appointed as Board of Director of Golden Pharos Berhad on 1 August 2018.

**ASSOCIATE PROFESSOR DR MOHD ZAKI BIN HAMZAH**  
*Independent Non-Executive Director*

**BOARD COMMITTEE**  
- Chairman of NRC  
- Member of LTIP

**AGE**  
56

Associate Professor Dr Mohd Zaki bin Hamzah was appointed to the Board of GPB on 1 August 2018. He holds a Bachelor Degree (in Biology) from Doane College, USA. He then completed his Master of Forestry Degree in Forest Resource Management from Duke University, USA and obtained his PhD in Forest Rehabilitation from Yokohama National University, Japan.

He began his career as a Lecturer with Universiti Putra Malaysia (UPM) at Bintulu Campus in 1988, and thereafter continued to serve UPM, Serdang in various capacities within the Department of Forest Production, and later (until present) with the Department of Forest Management, under the Faculty of Forestry. He was appointed as Associate Professor in 2006 and is currently the Deputy Dean [Student Affairs and Linkages] of Faculty of Forestry, UPM. As for community services, he was appointed as the Deputy Commandant for the Malaysian Civil Defence Force Student Corp. He has published more than 15 researches and has been invited internationally as a Guest Lecturer related to Forestry.

Dr Mohd Zaki is a member of Society of American Foresters. Since 1 April 2019 he also sits on the Board of Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd, a subsidiary of Golden Pharos Berhad.
MOHD BADARUDDIN BIN ISMAIL  
Independent Non-Executive Director

MOHD BADARUDDIN BIN ISMAIL was appointed to the Board of GPB on 1 August 2018. He attained his Diploma in Accountancy from Institut Teknologi MARA in 1985. He is also a member of Malaysian Association of Accounting Administration.

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

He currently is the Principal of Adib Azhar & Co, a public accounting firm. Since 1 April 2019, he also sits on the Board of Permint Plywood Sdn Bhd, a wholly owned subsidiary of Golden Pharos Berhad.

HAJI SAIFFUDDIN BIN OTHMAN  
Independent Non-Executive Director

HAJI SAIFFUDDIN BIN OTHMAN was appointed to the Board of GPB on 1 August 2018. He graduated with a Law Degree (Hons) from International Islamic University of Malaysia in 1993 and was admitted as an advocate and solicitor of the High Court Malaya in 1994 and Syarie Counsel for Terengganu Syariah Court in 1995.

He started his career at Messrs Adnan & Wee as a Legal Assistant from 1994 to 1999 before joining Messrs Wan Abd Muttalib & Co in 2000 as a partner. Haji Saiffuddin brings over 24 years of experience in the legal sector specialising in civil, criminal, syariah consultancy, general litigation, estate planning and conveyancing.

Notes:

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

(ii) None of the Directors has any convictions for any offences within the past 5 years nor has been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2018.

(iii) None of the Directors has declared any conflict of interest with GPB Group.
Chief Executive Officer’s Profile

Dato’ Ahmad Nadzarudin bin Abdul Razak joined Golden Pharos Berhad as the CEO on 13 September 2017.

Previously he was the Group Managing Director at Panglima Group of Companies, a private investment group with business interests in natural resources extraction in Indonesia, minihydro power generation in Laos and facilities management in Kuala Lumpur.

He has held a variety of senior leadership positions in bluechip Malaysian conglomerates and government linked companies (GLCs).

In 2011, he was the Head of Services Division at DRB-Hicom Berhad, overseeing at the HQ level the business performance of 4 large subsidiaries operating in the services sector. In this role, he supervised the CEOs of Alam Flora Sdn Bhd, Puspakom Sdn Bhd, Hicom Power Sdn Bhd and KL Airport Services Sdn Bhd.

From 2003 to 2010, he was with Pos Malaysia Berhad, holding several senior management posts such as COO of Poslaju, GM of Corporate Planning & Strategic Business, GM of Procurement & Contracts, GM of CEO’s Office and Chairman of Elpos Print Sdn Bhd. While at Pos Malaysia, he clinched numerous awards such as Outstanding Entrepreneur Award 2010 (from Entrepreneur Asia), Malaysian Business Leadership Award 2010 (from KL Malay Chamber of Commerce) and Express Service Provider of the Year (from Frost & Sullivan).

From 1996 to 2003, he was with the UEM Berhad/Renong Berhad group of companies, where he was the Deputy GM of Corporate Affairs & Business Development, and Manager in the Office of the President. The office provided advisory services on corporate matters, financial performance, strategic planning and legal to Renong’s 10 subsidiaries in the property sector.

From 1993 to 1995, he was Assistant Manager in Corporate Finance with Asian International Merchant Bankers Berhad. His corporate finance work included listing of companies, issuance of bonds and acquisition of companies.

Dato’ Nadza started his career in 1991 as a staff accountant with Gulf States Asphalt Co. Inc, a manufacturing company in Houston, Texas, USA immediately after his graduation.
Group Senior Management's Profile

ZULKIFLI BIN OMAR
Head of Corporate Services & Business Development
Golden Pharos Berhad

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

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

HJ MUHAMAD BIN SULONG
Head of Internal Audit
Golden Pharos Berhad

Working Experience:
- He joined GPB in June 2008 as Manager and Head of Internal Audit Department.
- Prior to joining GPB, he has extensive experience in Audit and Human Resources with Syarikat Takaful Malaysia Berhad and Employees Provident Fund (EPF).
- He is currently the Senior Manager of Internal Audit.

Qualifications:
- Master of Business Administration, Universiti Kebangsaan Malaysia
- Bachelor of Business Administration, Universiti Kebangsaan Malaysia
- Diploma in Banking Studies, Universiti Teknologi MARA
Group Senior Management’s Profile (Continued)

SYUKRI BIN ALI  
Head of Finance  
Golden Pharos Berhad

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

Qualifications:
- Member of the Malaysian Institute of Accountants
- Master of Business Administration, Universiti Kebangsaan Malaysia
- Bachelor of Accountancy [Hons], Universiti Teknologi MARA
- Diploma in Accountancy, Universiti Sultan Zainal Abidin

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

Working Experience:
- Began her career with GPB in October 2006 as the Senior Executive of Human Resource & Administration.
- Her current position is the Human Resource & Administration Manager.
- She is also a member of Pengapit Majikan Kawasan Timur Jemaah Rayuan Keselamatan Sosial [JKRS] and Malaysian Institute of Human Resource Management.
- She has 16 years of experience in the field of human resources management.

Qualifications:
- Bachelor Degree of Human Management [Hons], Universiti Utara Malaysia
- Diploma in Personnel Management, Universiti Sultan Zainal Abidin
Group Senior Management’s Profile (Continued)

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

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

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

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

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

**Working Experience:**
- Started her career with GPB in 2012 as Assistant Manager and also serves as Joint Company Secretary for dormant companies under GPB Group. Prior to joining GPB, she worked as Assistant Tax Manager in S.T. Toh & Co. and was also a company secretary to several private limited companies. She has over 15 years of professional experience in taxation and accounting.
- Her current position is the Manager and Company Secretary of GPB and its Group of Companies.
SUHAIRI BIN SULONG  
**Head of Subsidiary**  
*Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd*

**Working Experiences:**
- Before joining GPB Group, he was attached to a Public Accounting Firm, Arthur Andersen & Co. specialising in audit, taxation and advisory works.
- He was later appointed to the position of General Manager of Corporate & Finance in 2012 and was reassigned as General Manager of Pesama in 2015. He was subsequently appointed as the General Manager of Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd (KPKKT) and promoted to Senior General Manager in 2017.

**Qualifications:**
- Member of the Malaysian Institute of Accountants
- Bachelor of Accountancy (Hons), Universiti Utara Malaysia

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

**Working Experience:**
- He has more than 22 years of working experience in the areas of marketing and sales in various private companies.
- He joined GPB in 2001 as Marketing and Sales Executive and held various posts within the Group. He was promoted as Assistant General Manager of Pesaka Trengganu Berhad (Pesaka) in 2006.
- Currently, he is the General Manager of Pesama.

**Qualifications:**
- Master of Business Administration, Universiti Teknologi MARA
- Bachelor of Business Administration (Hons) Marketing, Universiti Teknologi MARA
- Diploma in Planting Industry and Management, Universiti Teknologi MARA
Group Senior Management’s Profile (Continued)

HILMI BIN AWANG
Head of Subsidiary
Pesaka Trengganu Berhad

**Working Experience:**
- Started his career with Pesama in July 1992 and has since held several significant positions within the GPB Group.
- He went on to be the Assistant General Manager of Pesama in 2010 before being appointed to his current position as the Acting General Manager of Pesaka.
- He has more than 24 years experience in Marketing and Operations as well as Sales.

**Qualifications:**
- Diploma in Forestry, Universiti Putra Malaysia

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

**Working Experience:**
- He joined Golden Pharos Glass Sdn Bhd (GP Glass) in Jun 1993 as the marketing executive. Prior to joining GP Glass, he was the Marketing Officer at Malaysian Sheet Glass Berhad for four years.
- He has held various positions in GP Glass before being appointed as Deputy General Manager in January 2011.
- Effective 1st March 2018, he was appointed as the Acting General Manager of GP Glass.

**Qualifications:**
- Chartered Institute of Marketing (Part 2), Stamford College
- Chartered Institute of Marketing (Part 1), Stamford College
- LCCI, Rima College
Group Senior Management’s Profile (Continued)

HJ W. MOHD SHUHAIMI BIN WAN AZIZ
Head of Subsidiary
Permint Plywood Sdn Bhd

Working Experience:

• Began his career with KPKKT in 1993 as Assistant Manager Planning & Research and was subsequently promoted as Manager in 2008.

• In November 2008, he worked for Forest Plantation Development Sdn Bhd as the General Manager of Plantation Forest (Technical).

• He rejoined GPB in 2009 as the Assistant General Manager of Strategic and Process Improvement before assuming his position at KPKKT in 2016.

• His current position is Deputy General Manager of PPSB.

Qualifications:

• Bachelor Degree in Forestry Science, Universiti Putra Malaysia

• Diploma in Wood Technology, Universiti Teknologi MARA

Notes:

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

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

**JUNE 2018**

26 June 2018

31st Annual General Meeting & Extraordinary Meeting
Golden Pharos Berhad held its 31st Annual General Meeting and Extraordinary Meeting at Primula Hotel, Kuala Terengganu.

**JULY 2018**

2 July 2018

Reopening of Permint Plywood Sdn Bhd
After its closure for almost 15 years, it is now open for business.
7 - 8 July 2018
GP Glass participated in Archidex Exhibition
GP Glass Sdn Bhd, a subsidiary of GPB, participated in Archidex, Malaysia’s premier architecture and building exhibition.

SEPTEMBER 2018

4 September 2018
Mesyuarat Pelarasan Terengganu Inc Group Corporate Communication
Terengganu Inc Group Corporate Communication meeting was held in order to coordinate events among the Group.
Corporate Highlights (Continued)

14 - 16 September 2018
Karnival Terengganu Maju Berkat Sejahtera
GPB joined to exhibit its products in conjunction with state’s expo.

14 October 2018
Sumbangan Tabung Darul Iman
Tabung Darul Iman is a welfare fund, handled by Setiausaha Kerajaan Negeri Terengganu. GPB contributed RM20,000 to the fund in conjunction with Makan Malam Annual Tabung Darul Iman.
Terengganu Inc Budget Challenge

GPB joined Terengganu Inc Budget Challenge programme by briefing the objectives and business recovery plan for 2019.

GPB Group Sharing Session

GPB organised a knowledge sharing session among its new directors to familiarise the new board members with the industry and market trend.
Corporate Highlights (Continued)

28 January 2019
Golden Pharos Berhad Group Bowling with Directors
To foster closer relationship, a bowling session among directors and management of Golden Pharos Berhad Group was held at Coral Bowl, Paya Bunga Square.

MARCH 2019

25 March 2019
PPSB Signed SLA With Gimzan Plywood
PPSB signed an SLA with Gimzan Plywood to supply green veneer to the company to fulfil the high demand of the product.
PTCSB jayakan program CSR di DUN Air Putih


Malaysia Dalam Bawah Kekuasaan Petronas Felda 1 yang disumbangkan oleh PTECLB, hari yang memajakin dana basar FTECS, Motif, Gombak Mahkota, Shahar

GOLDEN PHAROS BERHAD
View of sunrise from Sungai Lansir, an area of outstanding natural beauty, located at the Group’s forest concession area that has been designated as a High Conservation Value Forest, as part of the Group’s commitment to preserve the natural ecosystem.
Golden Pharos Berhad (GPB or the Group) has embarked on a journey towards corporate sustainability as part of efforts to build and maintain a sustainable future for the generations to come.

Aside from ensuring the Group remains on track to sustain profitability, we are aware of our responsibility towards maintaining robust stakeholder engagements and preserving the environment where we operate.

By incorporating sustainability considerations into our business and corporate activities, GPB undertakes a commitment to maximise the positive benefits and at the same time minimise the negative impact of our operations.

As a Terengganu Government Linked Corporation (GLC), we have a mandate to improve the State’s economy and enhance the socio-economic status of its people and communities.

As a forest concessionaire and manufacturer of timber and related products, we also accept our role and responsibility towards the preservation of the natural environment by undertaking various initiatives to address the issues concerning climate change.

In driving sustainability at GPB, we have emphasised its importance in our organisation. We are committed to develop better stakeholder engagement programmes which will enable us to effectively address and mitigate issues and matters which impact our stakeholders. This will also elevate GPB’s profile in the business realm as we endeavour to take on a proactive role in contributing towards Malaysia’s economic growth.
SCOPE OF SUSTAINABILITY REPORTING

Financial Year 2018 (FY2018) represents our first year of reporting on the Group’s sustainability performance in accordance with Bursa Malaysia’s Main Market Listing Requirement Practice Note 9 Paragraph 6.

The reporting period is from 1 January to 31 December 2018 and is based on the following guidelines:

- Bursa Malaysia Sustainability Reporting Framework; and
- GSRI-G4 Sustainability Reporting Framework.

The focus of this year’s inaugural Sustainability Report is on the development of our implementation roadmap for corporate sustainability including GPB’s Sustainability Policy and Materiality Study, which are outlined in the proceeding pages.

The Sustainability Report also presents the Group’s baseline reporting on existing measures under the three Sustainability Pillars of Economic, Environment and Social (EES). It covers our operations in Malaysia but exclude any activities of associates, vendors or suppliers that are beyond our direct control.

As always, we welcome any and all input from internal and external parties on our sustainability performance including recommendations on how we can carry out sustainable development now and in the future.

Please communicate enquiries or suggestions to:

GOLDEN PHAROS BERHAD (152205-W)
66-2, Taman Seri Intan
Jalan Sultan Omar
20300 Kuala Terengganu, Terengganu

+609 630 1330
+609 631 0617
info@gpb.com.my
Achieving corporate sustainability requires a consistent and continuous process which involves all our stakeholders and incorporates every aspect of our business operations and corporate activities.

With this in mind, GPB is adopting a holistic approach to balance economic viability with environment and social responsibility. This involves several initiatives and programmes in the way we run our daily operations, which require constantly inculcating a sustainability culture among our people.

We are aware that the comprehensive embrace of sustainability will be gradual and incremental and as such short, medium and long-term goals will be developed and set.

This will enable us to better compare our previous and current achievements, evaluate and analyse all aspects of our businesses, and benchmark our performance against best practices. We have developed a Roadmap which consists of a phased approach to introduce a framework of sustainability programmes and reporting initiatives during FY2018 and leading into financial year 2019 as well.

The Group is finalising the first two steps in the Roadmap during FY2018 to establish a Sustainability Committee to spearhead GPB’s sustainability campaign and to outline a Sustainability Policy as the guiding principle for this entire exercise.

At the time of reporting, we have completed a Materiality Study to identify the Group’s 10 most material matters representing areas or issues deemed critical to the present and future of GPB and our stakeholders.

We expect to carry out and complete the last two phases of the Roadmap in the second half of FY2019 and these are the setting up of key performance indicators (KPIs) and formulation of Action Plans to meet the respective KPIs as well as the introduction of a Reporting Platform to drive and track our sustainability performance.
Governance Structure

As we have recently embarked on our sustainability reporting, we are in the midst of establishing a provisional Governance Structure for the proper implementation and reporting regime of corporate sustainability, which includes the incorporation of the Sustainability Committee.

In its current form, the structure consists of three main layers with the Committee reporting to the first layer Board of Directors (BOD) and consulting with the Chief Executive Officer (CEO). In turn, the Committee oversees the efforts of the third layer which are the two business divisions of Forest Concession and Manufacturing as well as centralised departments of Corporate Services & Business Development, Finance, Human Resources & Administration and Corporate Communication.

We are currently finalising the respective roles and responsibilities of the various layers in the Governance Structure and are scheduled to complete this exercise in Q2, 2019. We expect to report on this area in Annual Report 2019.
The Group is in the process of outlining a Sustainability Policy covering priority areas in each of the three EES Sustainability Pillars. At the outset, we have outlined guiding principles towards the formulation of our Policy.

These are as follows:

**ECONOMIC**

Generating consistent business growth to stimulate economic activity in Terengganu while ensuring the economic well-being of our shareholders.

**ENVIRONMENT**

We are guided by an existing Environmental Policy given that the Group’s core businesses are forest concession management and harvesting of timber in Terengganu. This policy is outlined below.

Protecting the health and safety of our workers and others affected by our business operations and to contribute to community where we operate.

**SOCIAL**

ENVIROMENTAL POLICY

GPB’s Environmental Policy covers the following areas:

**TIMBER ENVIRONMENT POLICY**

We collaborate with all relevant parties and organisations in order to ensure compliance with promoting good forest management as stipulated under the Forest Stewardship Council (FSC®) and the Malaysian Criteria and Indicators (MC&I) for Forest Management Certification (Natural Forest).

- *Timber Sourcing Policy*

  We mainly source timber from our own certified forest. In circumstances where we have to source from alternative suppliers, we insist timber supplies are from certified forest areas, where applicable.

- *Environmental Management*

  GPB’s timber management subsidiary company, Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd (KPKKT), adopts the Selective Management System (SMS) to manage the concession area in the supply of logs. KPKKT is responsible for developing and managing the concession in a sustainable manner in line with Sustainable Forest Management (SFM) practices to ensure the environment is well preserved. KPKKT operates two Forest Management Units (FMU) and subscribes fully to the MC&I incorporating the SFM. KPKKT also cooperates with the State Forestry Department to ensure the best practices in logging are observed and maintained to meet the requirements of the Malaysian Timber Certification Scheme (MTCS). KPKKT is also committed to the National and International Convention on Biological Diversity in order to sustain the richness of flora and fauna in the concession area.

- *Chain of Custody Certification*

  The Group’s subsidiaries, Pesaka Trengganu Berhad (Pesaka) and Pesama, are committed to the Chain-of-Custody (CoC) certification for sawmills. The certification confirms that wood used in the sawmills come from well-managed forests,

- *High Conservation Value Forest (HCVF)*

  KPKKT adopts specific policies to protect high conservation value in the forests. This includes scientific assessment of species, cultural assessment and conservation plans to protect species or forest areas that are unique, rare, threatened or endangered.

We expect to finalise our Sustainability Policy in Q2, 2019 and will duly report on this area in the next Annual Report 2019.
Materiality Study

A critical element of corporate sustainability is the determination of our Materiality Matters, which are those priority areas deemed important to our stakeholders and us. In essence, Materiality Matters represent the specific aspirations of our stakeholders such as shareholders and investors, business partners and associates, employees, vendors and suppliers, various authorities and the communities in which we operate.

The Group successfully completed the Materiality Study in early 2019 to select GPB’s 10 most material matters categorised under the EES Sustainability Pillars. Our most material matters represent a balance between the needs and concerns of stakeholders and the business goals of GPB.

In essence, the Materiality Study involved the following process:

- **Identification of Materiality Matters under the EES pillars**
- **Ranking of Materiality Matters by stakeholders and by the Board via surveys**
- **Collation and tabulation of survey scores to plot a Materiality Matrix**
- **Review and validation of Materiality Matrix to select the 10 most material matters**

The lists of all 30 Materiality Matters and their significance in achieving corporate sustainability, are as follows:

### MATERIALITY MATTERS: PROVISIONAL LIST

#### ECONOMIC

**Sub-Category: FINANCIAL**

1. **Economic & Business Performance**
   - Ability of the company to generate financial results and returns.

2. **Sustainable Procurement & Supplier Assessment**
   - Management of a company’s supply chain to meet business needs.

3. **Hiring from the Local Community**
   - Emphasis on job creation and employment opportunities for local talents.

**Sub-Category: GOVERNANCE**

4. **Risk Management**
   - Balancing of financial or other risks in managing operations or pursuing opportunities.

5. **Business Ethics**
   - Conduct of a company and its personnel in doing business.

6. **Eliminating bribery and corruption**
   - Prevention of corrupt practices in any business dealings.

7. **Board Management & Oversight**
   - Involvement of the Board of Directors in business operations and corporate activities.

#### LISTING OF MATERIALITY MATTERS

To kick off the exercise, the Sustainability Committee collaborated with an independent consultant to list a total of 30 Materiality Matters under the EES pillars. Many of these issues have been highlighted by our stakeholders during previous engagements.

We also included matters related to corporate governance under the Economic Pillar and for the Social Pillar, we segmented the issues under the sub-categories of Workplace, Marketplace and Community.
8. **Waste Management**
   Management of collection, transportation, treatment and disposal of waste.

9. **Water Management**
   Optimisation of water resources.

10. **Energy Management**
    Conservation of electricity consumption.

11. **Green Building & Other Environmental Initiatives**
    Resource efficiency of building/programmes to promote and carry out environment-friendly practices.

12. **Sourcing Materials Responsibly**
    Preference for eco-friendly materials and services from responsible sources.

13. **Emissions & Initiatives to Tackle Climate Change**
    Control of solid, liquid and gaseous emissions from business operations/programmes to reduce carbon footprint.

14. **Protecting Land & Biodiversity**
    Preservation of natural ecosystem and protection of biodiversity.

19. **Employees’ engagement and satisfaction**
    Provision of channels for employee feedback on operations and other activities.

20. **Providing a diverse and inclusive workplace**
    Ensuring employee complement reflects local society in racial, cultural and gender constitution.

21. **Preventing workplace discrimination**
    Provision of equal opportunity and tools to deter discrimination of any kind including sexual harassment.

22. **Eliminating child and compulsory labour**
    Avoidance of underaged employees or forced labour.

Sub-Category: **MARKETPLACE**

23. **Certification (FSC®, PEFC, ISO etc)**
    Legality and sustainability of raw materials, certified/environmentally friendly products and environmental management system.

24. **Providing high quality services**
    Processes for quality assessment, control and certification.

25. **Stakeholder engagement**
    Involvement of stakeholder groups in decision-making process.

26. **Customer feedback and satisfaction**
    Provision of channels for customer complaints and assessment of satisfaction levels.

27. **Protecting public and customer safety**
    Establishment and enforcement of safe and healthy practices at all touchpoints with customers and public.

28. **Customer privacy**
    Respect and protection of customer data and information.

Sub-Category: **COMMUNITY**

29. **Local Community Engagement**
    Activities and process to address issues in civil society.

30. **Employee Volunteerism & Supporting Charities**
    Efforts to encourage and enable employees to contribute to charities and disadvantaged communities.
MATERIALITY SURVEY

The Materiality Survey which was conducted in March 2019 was to gauge the opinions of stakeholders the Board and key management personnel as to their priorities and concerns and on the relevance of Materiality Matters to the Group’s overall business interests.

Survey respondents were requested to score the Materiality Matters on a scale of 1-5 as follows:

A total of 69 stakeholders responded to the survey and another five were from Board members and key management personnel. The results were then collated and tabulated in April 2019.

The average scores for each Materiality Matter were plotted on two axes:

- y-axis to represent the importance to stakeholders; and
- x-axis to signify the relevance to the Group’s business interests.

MATERIALITY MATRIX

In our analysis of the survey results, the Sustainability Committee made an executive decision against adopting any weightage to balance the markedly different number of responses from each stakeholder group (shareholders and investors, business partners, employees, vendors and suppliers, etc.). This exercise was undertaken to provide a guide in determining the most material matters to GPB and our stakeholders.
The 20 most material matters as plotted on the Materiality Matrix included two under the Economic Pillar, one under Environment and seven under Social.

### REVIEW AND VALIDATION

The Sustainability Committee reviewed the results together with the independent consultant in April 2019 and concurred with the selection of GPB’s 10 most material matters as displayed on the Materiality Matrix.

### GPB’S 10 MOST MATERIAL MATTERS*

<table>
<thead>
<tr>
<th>MATERIALITY MATTER</th>
<th>SUSTAINABILITY PILlar</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Hiring from the Local Community</td>
<td>Economic (Financial)</td>
</tr>
<tr>
<td>2. Eliminating Bribery and Corruption</td>
<td>Economic (Governance)</td>
</tr>
<tr>
<td>3. Protecting Land and Biodiversity</td>
<td>Environment</td>
</tr>
<tr>
<td>4. Protecting the Safety and Health of Workers and Sub-Contractors</td>
<td>Social (Workplace)</td>
</tr>
<tr>
<td>5. Training, Education and Career Development</td>
<td>Social (Workplace)</td>
</tr>
<tr>
<td>6. Improving Employer/Employee Relationship</td>
<td>Social (Workplace)</td>
</tr>
<tr>
<td>7. Preventing Workplace Discrimination</td>
<td>Social (Workplace)</td>
</tr>
<tr>
<td>8. Eliminating Child and Compulsory Labour</td>
<td>Social (Workplace)</td>
</tr>
<tr>
<td>9. Certification</td>
<td>Social (Marketplace)</td>
</tr>
<tr>
<td>10. Providing High Quality Services</td>
<td>Social (Marketplace)</td>
</tr>
</tbody>
</table>

*Listed according to Sustainability Pillar and sub-category and not according to ranking

With the selection of these most material matters, the Group will now focus its efforts on these areas.
Sustainability Pillars: Baseline Performance

GPB’s implementation and reporting of sustainability measures are directed towards the three EES pillars of Economic, Environment and Social. This being our first year, we focussed on developing our Sustainability Roadmap but nevertheless, we have endeavoured to provide as much data on our baseline performance as possible for this year’s Sustainability Report.

ECONOMIC

As a company linked to the Terengganu State Government, GPB has a broader responsibility beyond our own financial interests. With this in mind, we place a premium on business continuity given that the Group stimulates economic activity in the State by providing employment to hundreds of residents and creating business opportunities for an ecosystem of vendors and suppliers.

The Group is also committed towards ensuring the asset security of our shareholders and employment security of our employees by consistently targeting business growth and expansion.

FINANCIAL

Details of our financial performance can be found in the earlier pages of this Annual Report 2018.

GOVERNANCE

We believe good corporate governance is the cornerstone of a sustainable business and endeavour to comply with all statutory requirements and adhere to good business practices and sound financial management.

The Group’s corporate governance framework provides a platform for our compliance to the following legal and best practices guidelines:

- Companies Act 2016 (CA 2016);
- Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR);
- Malaysian Code of Corporate Governance; and
- Corporate Governance Guide: Moving from Aspiration to Actualisation (CG Guide).

The Group prioritises risk management in our business operations and financial management. Our approach to risk management is outlined in the Statement of Risk Management and Internal Controls [SRMIC], found on pages 95 to 97 of this Annual Report 2018.

SUBSIDIARIES & ISO/CERTIFICATION/ACCREDITATIONS

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Certifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kumpulan Pengurusan Kayu Kayan Trengganu Sdn Bhd</td>
<td>FSC® – Forest Stewardship Council (Well Managed Forest Certification)</td>
</tr>
<tr>
<td>Pesaka Trengganu Berhad</td>
<td>FSC®- Chain of Custody Certification</td>
</tr>
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<td></td>
<td>The Programme for the Endorsement of Forest Certification (PEFC) – Chain Of Custody Certification</td>
</tr>
<tr>
<td>Pesama Timber Corporation Sdn Bhd</td>
<td>FSC® – Forest Stewardship Council (Well Managed Forest Certification)</td>
</tr>
<tr>
<td></td>
<td>FSC®- Chain of Custody Certification</td>
</tr>
<tr>
<td></td>
<td>PEFC – Chain Of Custody Certification</td>
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<td></td>
<td>British Standard (BS) BS6206.1981</td>
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<td></td>
<td>SiRIM Standard</td>
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<tr>
<td></td>
<td>ISO 9001:2008</td>
</tr>
<tr>
<td>Permint Plywood Sdn Bhd</td>
<td>PEFC – Chain Of Custody Certification</td>
</tr>
</tbody>
</table>
Sustainability Pillars: Baseline Performance (Continued)

The table below provides a summary of the significant risks that fall under Risk A category – high possibility and significant impact.

<table>
<thead>
<tr>
<th>Risk Areas</th>
<th>Details of Risks</th>
<th>Risk Category</th>
<th>Impacts</th>
<th>Controls/Action Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>External/Product</td>
<td>1. Project delay due to slow down in construction industry (GP Glass)</td>
<td>Inherent/Control</td>
<td>• Reduce company revenue</td>
<td>• To lobby for more projects&lt;br&gt;• Proper selection of projects&lt;br&gt;• To lobby for State government projects&lt;br&gt;• Progressive marketing&lt;br&gt;• Marketing team to follow up with customer closely</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Low profitability</td>
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<tr>
<td></td>
<td>2. Reduced quantity of logs due to:&lt;br&gt;- Weather and topographical factors.&lt;br&gt;- Annual Allowable Cut (AAC) forfeited by JPNT.&lt;br&gt;- Delay in approval of license by JPNT.&lt;br&gt;- Secondary forest.&lt;br&gt;- Policy (State &amp; JPNT). (KPKKT)</td>
<td>Control</td>
<td>• Sawmills [sister companies] have to stop operations.&lt;br&gt;• Affects performance of the Company/Group&lt;br&gt;• Affects profitability.</td>
<td>• Foster closer rapport with JPNT&lt;br&gt;• To study the best business model for the midstream and downstream operations.&lt;br&gt;• Highlight the issue to JPNT for the State’s attention.&lt;br&gt;• Quarterly meeting with JPNT.&lt;br&gt;• Incorporate Reduced Impact Logging (RIL) technology in sensitive areas.&lt;br&gt;• Request for exceptions for Government Link Company.&lt;br&gt;• Forest plantation.&lt;br&gt;• Close monitoring.&lt;br&gt;• Regular management meetings.&lt;br&gt;• Appeal for additional quota (Annual Allowable Cut - AAC)&lt;br&gt;• Special study area requested from JPNT&lt;br&gt;• Purchase outside logs</td>
</tr>
<tr>
<td>Regulatory</td>
<td>1. Occupational Safety and Health Act [OSHA] 1994 - No clear understanding &amp; lack of compliance to laws and regulations which could result in penalties and fines being imposed to the company (GP Glass)</td>
<td>Control</td>
<td>• Penalties and fines being imposed to the Company&lt;br&gt;• Imprisonment</td>
<td>• To comply with DOSH’s regulations.&lt;br&gt;• Training/briefing on the importance of complying with DOSH regulations.&lt;br&gt;• To implement CHRA requirement.</td>
</tr>
</tbody>
</table>
### Sustainability Pillars: Baseline Performance (Continued)

<table>
<thead>
<tr>
<th>Risk Areas</th>
<th>Details of Risks</th>
<th>Risk Category</th>
<th>Impacts</th>
<th>Controls/Action Plans</th>
</tr>
</thead>
</table>
| Strategic  | 1. Growing competition (GP Glass) | Inherent/Control | - Loss of business and customers to main competitors and new entrants  
- Dissatisfied customer if not handled properly will influence others which can result in GPG losing good customers  
- Reduced market share  
- Change of customer preferences  
- Selling price competition | - Product development and innovation/Diversification of products.  
- Aggressive marketing and market survey.  
- Penetrate new markets/market segments.  
- Expand customer base (including government projects).  
- Maintain good relationship with customers.  
- Provide value added services.  
- Close monitoring of competitors.  
- Additional new efficient machines.  
- Production cost control - efficiency/waste control.  
- Keeping up to date with news affecting the market.  
- Renegotiate price with customers. |
| 2. Not meeting the monthly production target due to low production capacity (PPSB) | Control |  | - Affects Company/Group performance on production  
- Impact profitability of the Company/Group | - Plan a mitigation strategy to increase the production capacity.  
- Appoint outsource company to process the product to increase production.  
- Revise operation schedule. |
| 2. Non-compliance to Laws and Regulation - Akta Bomba 1974 (PESAMA) |  |  |  | - Close rapport with BOMBA  
- Provide employees with relevant trainings.  
- Regular briefings on the importance of compliance with BOMBA regulations.  
- Seek advice and guidance from relevant authorities. |
### Sustainability Pillars: Baseline Performance (Continued)

<table>
<thead>
<tr>
<th>Risk Areas</th>
<th>Details of Risks</th>
<th>Risk Category</th>
<th>Impacts</th>
<th>Controls/Action Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Machine</td>
<td>- Old machinery &amp; technology limiting production capacity</td>
<td></td>
<td>• Affects performance of the Company/Group</td>
<td>• Upgrade existing machinery.</td>
</tr>
<tr>
<td></td>
<td>- No drying facilities to meet customers demand (PPSB)</td>
<td></td>
<td>• Impact profitability of the Company/Group</td>
<td>• Buy new dryer.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Difficult to find spare parts</td>
<td>• Preventive maintenance.</td>
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<td></td>
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<td></td>
<td>• High cost of maintenance</td>
<td>• To explore outsourcing partner.</td>
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<td></td>
<td>• Breakdown of Machinery</td>
<td>• Manual handling.</td>
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<td>• Machine modification.</td>
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<td>• Reserve motor and spare parts (Keep Stock).</td>
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<td></td>
<td>• Repair and refurbish used spare parts.</td>
</tr>
<tr>
<td>4. Turnover and profitability impacted due to insufficient/irregular supply of logs due to weather and topographical factors, technical delays in license approval (DTC &amp; CFC) (PESAMA)</td>
<td>Strategic</td>
<td>• Affects performance of the Company/Group</td>
<td>• Coordination between Pesama and KPKKT on logs supply.</td>
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<td></td>
<td></td>
<td></td>
<td>• Impact profitability of the Company/Group</td>
<td>• Process in batches or accumulate if possible.</td>
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<td></td>
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<td></td>
<td>• Purchase logs from outside.</td>
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<td></td>
<td>• Revise operation schedule.</td>
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<td></td>
<td>• Close monitoring and timely follow up of license application.</td>
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<tr>
<td>5. Turnover and profitability impacted due to insufficient/irregular supply of logs (PESAKA)</td>
<td>Control</td>
<td>• Affects performance of the Company/Group</td>
<td>• Coordination between Pesaka and KPKKT on logs supply.</td>
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<td></td>
<td></td>
<td></td>
<td>• Impact profitability of the Company/Group</td>
<td>• Process in batches or accumulate if possible.</td>
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<td></td>
<td>• Operate only one and a half shift.</td>
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<tr>
<td>6. Old machinery and technology produces obsolete product designs (PESAKA)</td>
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<td>7. Subsidiaries not performing (GROUP)</td>
<td>• Affects performance of the Company/Group</td>
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<td></td>
<td></td>
<td></td>
<td>• Impacts profit of the Company/Group</td>
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<th>Risk Category</th>
<th>Impacts</th>
<th>Controls/Action Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>1. Delay in obtaining the Wang Amanah deposit from Jabatan Perhutanan Negeri Terengganu (JPNT) (KPKKT)</td>
<td>Inherent/Control</td>
<td>• Impacts Company cash flow</td>
<td>• Request for closing report from JPNT immediately after completing of harvesting.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Impacts Company’s/Group’s cash flow to finance the purchase (RM8.0 million)</td>
<td>• Follow up letter to JPNT.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• “Mesyuarat Pelarasan” JPNT/KPKKT.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Process in batches or accumulate if possible.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Monthly management meeting with the relevant subsidiaries led by the CEO and selected HODs of GPB.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Close engagement to justify the extension.</td>
</tr>
<tr>
<td>Financial</td>
<td>2. Potential withdrawal of loan facilities from Maybank. - The bank is reassessing whether to extend the loan availability period which may be subject to GP Glass’ performance (GP GLASS)</td>
<td>Inherent/Control</td>
<td>• Impacts Company’s/Group’s cash flow to finance the purchase (RM8.0 million)</td>
<td>• To furnish the bank with positive forecast of the glass/construction industry in future years.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Group’s 2018 results are favourable to support GP Glass.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• The property is charged to the bank – the value is higher than the loan amount (which has been approved by the Land Office).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Close engagement to justify the extension.</td>
</tr>
<tr>
<td>People</td>
<td>1. Key man risk – succession planning (GP Glass and KPKKT)</td>
<td>Control</td>
<td>• Lack of competent and skilled manpower to run the business of the Group</td>
<td>• Proposed succession planning policy of the Group to be in place.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Possible disruption when employees leave the Group</td>
<td>• To have an attractive remuneration package (Executives and above).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• To review scheme of service for Grades C &amp; D.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• To identify root cause and provide suitable training.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Proper handover of job/ back-up copy/data.</td>
</tr>
</tbody>
</table>
Considered among the oldest and most pristine in the world, Malaysia’s forests sustain a rich ecology of vegetation and wildlife. Maintaining this biodiversity is vital not only for national interests but also for the wider world faced with the growing threat of climate change and on-going search for new medicines derived from flora and fauna.

GPB understands our responsibility to the nation’s natural environment, given our principal business activity in forest concession management and manufacturing of wood-based and related products.

At all times, we strive to maintain a balance between our business operations and the protection of the environment as well as preservation of natural resources by prioritising forest rehabilitation while reducing wastage and pollution in our manufacturing activities.

Our efforts are channelled on three fronts:

**Biodiversity Conservation**

As outlined by our existing Environmental Policy, we adopt the Selective Management System (SMS) to manage the timber concession area in order to develop and manage the concession in a sustainable manner in accordance with Sustainable Forest Management (SFM).

Our subsidiary company, KPKKT, has been a holder of the FSC® certification for well-managed forests since 21 April 2008. The certification is awarded by Scientific Certification Systems (SCS), a leader and pioneer in third-party auditing and certification of forest management operations around the world using the SCS-FSC Interim Standard for Forest Management Certification in Malaysia Version 5.0 2014.
This Well Managed Natural Forest Certification endorses KPKKT’s 108,900 hectares (ha) of tropical forest at the Dungun Timber Complex (DTC) are managed according to the rigorous international standards of the FSC® via our selective cutting approach to maintain continuous forest cover and species diversity. The certification has been recertified for another five years until 27 February 2024.

In addition, KPKKT is committed to the National and International Convention on Biological Diversity in order to sustain the richness of flora and fauna in the concession areas.

Another subsidiary company, Pesama Timber Corporation Sdn Bhd (Pesama), obtained the FSC® certification for the 20,243 ha in the Cherul Forest Concession (CFC) on 10 December 2012. The current certification is valid for five years until 6 December 2022.

Meanwhile, our subsidiary company Golden Pharos Glass Sdn Bhd (GP Glass) has achieved the ISO 14001:2015 International Standard certification for its Environmental Management System for the manufacture of tempered, double glazed, laminated and ceramic printed safety glass. The certification is valid until 2 August 2020.

Chain of Custody Certification

The Group’s subsidiaries, Pesaka Trengganu Berhad (Pesaka) and Pesama, have achieved the Chain-of-Custody (CoC) certification for sawmills from a third-party certifier accredited by the FSC® since July 2008. This certification signifies that all wood used in the sawmills come from well-managed forests. With the certification, Pesaka and Pesama are positioned to market their sawn timber and other wood-based products in markets that stipulate wood products must be from sustainable and well-managed forests.

Pesama sawntimber is bundled by species before delivery.
High Conservation Value Forest (HCVF)

KPKKT adopts specific policies to protect high conservation value in its forests. This includes scientific assessment of species, cultural assessments and conservation plans to protect species or forest areas that are unique, rare, threatened or endangered. Some examples are:

- KPKKT’s concession area has various invaluable tree species, unique and preserved sites. A Chengal tree which grows here has been listed in the Malaysia Book of Records as the largest Chengal tree in the world.
- The Chemerong Waterfalls in KPKKT’s concession area is the highest in Malaysia. With water cascading down a 305-metre slope, the waterfall has the potential to be a major tourist destination.
- The Keruing Sarawak (*Dipterocarpus sarawakensis*), which is a rare and endangered species, has been found in KPKKT’s Forest Reserve and has been designated as a protected area.
- KPKKT has also delineated areas exceeding 1,000 metres above sea level as a Totally Protected Area. These areas provide a natural habitat and sanctuary for wildlife.
Sustainability Pillars: Baseline Performance (Continued)

Compliance with Manufacturing Regulations

The Group’s manufacturing operations prioritise the safety and health of our employees as well as stringent control over pollution. All our factories are in compliance with various laws and regulations enforced by the Department of Environment (DOE) and other regulatory bodies. In addition, we comply with the following regulations:

- Occupational Safety and Health Act 1994 and Regulations;
- Factory and Machinery Act and Regulations.

Prudent Use of Utilities

GPB is committed to the reduction of utility resources at all our offices, factories and other facilities. During the year in review, we successfully reduced our consumption of electricity, as shown below:

<table>
<thead>
<tr>
<th></th>
<th>Annual Consumption</th>
<th>2017 Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELECTRICITY</td>
<td>RM2,574,908</td>
<td>RM2,716,299</td>
</tr>
<tr>
<td>WATER</td>
<td>RM174,540</td>
<td>RM140,994</td>
</tr>
<tr>
<td>TOTAL</td>
<td>RM2,749,448</td>
<td>RM2,857,293</td>
</tr>
</tbody>
</table>
As a GLC, GPB has considerable socio-economic and social impact on the workplace, marketplace as well as the communities around our operations and activities. We are mindful of our commitment to the welfare and well-being of our employees, customers and society.

As an employer, we are responsible for our employees’ employ security, career development and health and safety. As a provider of wood-based and other products, the onus is on us to ensure our products are safe, of high quality and value for money for our customers. And as a corporate citizen, we have an extended duty to uplift and support communities where we operate.

In addition, we are fully committed to operating in an ethical and responsible manner in terms of respecting human rights such as employees’ rights and providing a workplace that is safe, healthy and secure.

**WORKPLACE**

The Group understands that as a workplace, we represent a microcosm of society. We are committed towards the cultivation of a vibrant workplace environment.

*GPB Group sharing session.*
Sustainability Pillars: Baseline Performance (Continued)

**WORKPLACE DIVERSITY**

- **487 total Workforce**
  - 477 in FY2017
- **70% of total workforce are permanent employees**
  - 78% in FY2017
- **29% of total workforce are women**
  - 35% in FY2017
- **40% of total workforce are below 40 years old**
  - 39% in FY2017
- **15% of employees are new staff**
  - 4.1% in FY2017

**WORKFORCE BY QUALIFICATION**

- **1% PhD & Masters**
  - 1% in FY2017
- **10% Degree**
  - 9% in FY2017
- **89% Diploma or below**
  - 90% in FY2017

**WORKFORCE BY CLASSIFICATION**

- **6% Manager and above**
  - 5% in FY2017
- **9% Executive**
  - 10% in FY2017
- **85% Non-Executive**
  - 85% in FY2017

**WORKFORCE BY RACE**

- **79% Malay**
  - 75% in FY2017
- **2% Chinese**
  - 2% in FY2017
- **5% Indian**
  - 6% in FY2017
- **14% Foreigner**
  - 18% in FY2017

**TOTAL INTERNS AND TEMPORARY EMPLOYEES**

- **144 Contract**
  - 107 in FY2017
- **9 Terengganu Graduates Transformation Programme (TGTP)**
  - None in FY2017
- **7 TRAINEE**
  - None in FY2017
Sustainability Pillars: Baseline Performance (Continued)

EMPLOYEE ENGAGEMENT ACTIVITIES 2018

12 June 2018
Kempen Keselamatan Jalan Raya Sempena Balik Kampung Aidilfitri
GPB collaborated with state agencies to distribute kuih raya and souvenirs to motorists during Aidilfitri.

30-31 July 2018
GPB Mid-Term Review 2018
The event was held to review the mid-year performance of our subsidiaries.

31 July 2018
Golden Pharos Berhad Group CSR at Teluk Kalong
GPB took the initiative to install a signage at Teluk Kalong to provide information on hiking activity in the area.

11 July 2018
GPB Raya Open House
GPB organised an Aidilfitri open house with a traditional theme at Kuala Terengganu Museum for its employees and clients.

30 August 2018
Larian Mahabbah Sempena Sambutan Hari Kemerdekaan 2018
In collaboration with the state’s agencies, a fun run was organised to celebrate Independence Day 2018.
Sustainability Pillars: Baseline Performance (Continued)

EMPLOYEE ENGAGEMENT ACTIVITIES 2018

8 September 2018
Larian Jambatan Antarabangsa Sultan Mahmud
GPB participated in this annual international event for the first time.

22 September 2018
Golden Pharos Golden Ride
GPB organised a 40-km ride which involved 40 staff, from four subsidiaries. The ride started at Gerbang Pelancongan, Kuala Terengganu Airport and ended at Jeti Merang, Setiu.

27 September 2018
Golden Pharos Berhad Bidong Staff Day
In appreciation of its employees, GPB organised an outing at Bidong Island to promote local tourism and to propagate corals for nature conservation.

3 November 2018
Boling Piala Pengarah Audit
GPB was invited to participate in the bowling competition of Piala Pengarah Audit Negeri Terengganu.
EMPLOYEE ENGAGEMENT ACTIVITIES 2019

28 FEBRUARY 2019
Solat Hajat and Motivational Talk
Pesama organised a solat hajat and motivational talk among its employees and management to motivate employees to strengthen and support the Company. The directors of Pesama also attended the event.

16 MARCH 2019
GPB Group Joined MAIDAM Fun Ride
GPB Group contributed RM1,000 to Tabung Wakaf Tunai, under the auspices of MAIDAM and joined in the 35 km fun ride.

30 MARCH 2019
Terengganu Inc Classic “Piala Golf Amal Menteri Besar Terengganu”
GPB Group contributed RM50,000 to Terengganu Inc in conjunction with Terengganu Inc Classic “Piala Golf Amal Menteri Besar Terengganu”.

4 FEBRUARY 2019
Solat Hajat and Yasin Recital at PPSB
PPSB organised solat hajat and Yasin recital to ensure a good year for business in 2019.

11 FEBRUARY 2019
PESAMA Staff Retirement and Employee Excellence Award
Pesama organised an event to celebrate employees who retired in February 2019 and to appreciate excellent employees.
Sustainability Pillars: Baseline Performance (Continued)

A firm believer in the development of human capital, we consistently provide our employees with training in order to improve their knowledge and skillsets as well as enhance their career prospects. During the year in review, we spent an estimated RM117,399 in training programmes. The training programmes attended by our employees in FY2018 are as follows:

- Disciplinary Procedure And Domestic Inquiry
- National Tax Conference 2018
- Malaysian Institute of Accountants (MIA) International Accounting Conference 2018
- National Tax Seminar 2018
- Latihan Pencegahan Kebakaran
- Malaysian Business Reporting System (MBRS)
- Malaysian Employers Federation (MEF) National Conference 2018: Managing Discrimination At The Workplace
- Sesi Town Hall Pengurusan Pekerja Asing
- Safety Briefing - FSC® Audit
- Malaysian Conference 2018
- Consideration of Tax Issues on The Adaption of MFRS 15 For The Retail, Manufacturing And Services Sectors And Managing The Transition from GST to SST in 2018
- Taklimat Pelaksanaan Cukai Jualan dan Cukai Perkhidmatan (SST)
- Bengkel Kawalan Kebisingan Kepada Majikan
- Occupational Safety And Health 1994
- Quick Pay & Quick TMS
- 2017 Employer’s Income Tax Reporting Seminar
- Taklimat Tatacara Dan Prosedur Bahan Binaan Import
- MFRS 15 Revenue From Contracts With Customers Made Simple
- Compliance To Factories And Machinery Act 1967 & Its Regulations
- IBS Adoption & Regulations Dialogue 2018
- Implementation Of Sales Tax & GST - Exit Accounting For Manufacturing Industry And Importers
- Introduction To MBRS
- GST Changes From 6 % To 0% Transitional Process And Planning
- Corporate Tax Issues For 2018
- Crucial Tax Compliance Issues For Companies
- IBS Adoption & Regulations Dialogue 2018
- Managing Issues For GST Transition To SST Free
- Effective Safety And Health Committees (ESHC)
- Compliance To Regulations Under Occupational Safety And Health Act 1994
- Compliance Of Mandatory Standards For Architectural Safety Glass
- Audit, Internal Control And Fraud Detection Seminar 2018
- HR Solutions Workshop: Employment Act 1955 On Hours Of Work, Overtime & Holiday
- Media Writing And Public Speaking
- Preparing For SST
Internship Programmes and Temporary Employees

- **Terengganu Graduates Transformation Programme (TGTP)**
  The TGTP was established in May 2018 to support the Terengganu Government’s efforts to raise the standard of employability among graduates. The programme is intended to develop and train graduates in both soft skills and on-the-job skills required by industry.

The Group complies with all workplace laws and regulations related to employment, place of employment, human rights and other legislative requirements, as listed below:

- Federal Constitution to uphold freedom of expression/association.

  Our Employment Policy protects the whistleblower who lodge a report or complaint, provided the report is made in good faith. Anyone engaging in retaliatory conduct against the whistle blower will be subjected to enforcement action under Section 10 (6) of the Whistleblower Protection Act 2010 (WPA Act 2010).


- Labour laws such as the Industrial Relations Act.

- Right to minimum wage under the Minimum Wage Order 2018.

- Employment regulations governing overtime and excessive hours of work.

- Minimum Retirement Age (Exemption) Order 2016.

- Personal Data Protection Act 2010.
MARKETPLACE

GBP engages our stakeholders via multiple channels and on a regular basis. The table below provides a snapshot of our stakeholder engagement efforts in FY2018.

<table>
<thead>
<tr>
<th>STAKEHOLDER</th>
<th>ENGAGEMENT METHOD</th>
<th>CONCERNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders, &amp; Investors</td>
<td>• Annual general meeting&lt;br&gt;• Extraordinary general meeting&lt;br&gt;• Networking sessions&lt;br&gt;• Website</td>
<td>• Financial performance&lt;br&gt;• Updates on business performance&lt;br&gt;• Sustainable future business</td>
</tr>
<tr>
<td>Employees</td>
<td>• Recreational events&lt;br&gt;• Social &amp; volunteer programs&lt;br&gt;• Training programs&lt;br&gt;• Pungutan suara</td>
<td>• Career development&lt;br&gt;• Employee benefits&lt;br&gt;• Health &amp; safety policy&lt;br&gt;• Factory relocation</td>
</tr>
<tr>
<td>Clients/Customer</td>
<td>• Periodic project meetings and site visits&lt;br&gt;• Customer satisfaction survey&lt;br&gt;• Website/social media platforms&lt;br&gt;• Expo and exhibition</td>
<td>• Product pricing&lt;br&gt;• Promotional&lt;br&gt;• Delivery service&lt;br&gt;• Quality product delivery</td>
</tr>
<tr>
<td>Industry Groups and Strategic Partners</td>
<td>• Meetings &amp; site visits&lt;br&gt;• Joint business creation</td>
<td>• Area of collaborations&lt;br&gt;• Joint value creation initiatives</td>
</tr>
<tr>
<td>Local Communities</td>
<td>• Sponsorship of community service events&lt;br&gt;• Social and environmental contribution programme</td>
<td>• Community care and support&lt;br&gt;• Life-improving programs&lt;br&gt;• Corporate social responsibility</td>
</tr>
<tr>
<td>Government Agencies/Regulators</td>
<td>• Periodic meetings&lt;br&gt;• Attend workshops and seminars organised by regulatory agencies&lt;br&gt;• On-site inspections&lt;br&gt;• Correspondence on regulations</td>
<td>• Compliance and regulations&lt;br&gt;• Policy aligned with areas of national interest including initiatives</td>
</tr>
<tr>
<td>Vendors/Suppliers</td>
<td>• Business negotiations&lt;br&gt;• Request for proposals</td>
<td>• Supplier and procurement management system&lt;br&gt;• Clear procurement policies and practices</td>
</tr>
</tbody>
</table>
The Group believes in the principle of community upliftment and empowerment in the spirit of growing together. As such, we engage in community outreach on a regular basis. During the year in review, we spent an estimated RM290,737 for community engagement activities.

**COMMUNITY**

<table>
<thead>
<tr>
<th>Organization/Event</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persatuan Ibu Bapa Malam Gala</td>
<td>RM3,500.00</td>
</tr>
<tr>
<td>Kelab Kembara</td>
<td>RM1,000.00</td>
</tr>
<tr>
<td>Koperasi Institut</td>
<td>RM500.00</td>
</tr>
<tr>
<td>Pusat Khidmat-CSR Dun Jerteh</td>
<td>RM40,000.00</td>
</tr>
<tr>
<td>Pejabat Pembangunan Dun Langkap</td>
<td>RM20,000.00</td>
</tr>
<tr>
<td>Perkaya</td>
<td>RM500.00</td>
</tr>
<tr>
<td>Perkim</td>
<td>RM500.00</td>
</tr>
<tr>
<td>Tabung Sukan</td>
<td>RM80,000.00</td>
</tr>
<tr>
<td>Puspanita</td>
<td>RM8,000.00</td>
</tr>
<tr>
<td>CSR Puspanita &amp; Sukan Negeri</td>
<td>RM22,000.00</td>
</tr>
<tr>
<td>Terengganu Inc-Pavilion Ekspo</td>
<td>RM19,880.00</td>
</tr>
<tr>
<td>Karnival Terengganu, Maju, Berkat Sejahtera 2018</td>
<td>RM55,293.00</td>
</tr>
<tr>
<td>GPB Golden Ride</td>
<td>RM6,170.46</td>
</tr>
<tr>
<td>GPB Staff Day Bidong</td>
<td>RM9,093.50</td>
</tr>
<tr>
<td>TAC Discovery Centre-CSR Programme</td>
<td>RM3,800.00</td>
</tr>
<tr>
<td>Tabung Darul Iman</td>
<td>RM20,000.00</td>
</tr>
<tr>
<td>Persatuan Squash Terengganu</td>
<td>RM500.00</td>
</tr>
</tbody>
</table>

**Total**  
RM290,737.00
GPB is confident that our drive towards corporate sustainability will gain momentum in the new financial year. At the same time, we understand that there is still much to be done.

Moving forward, we will continue to create awareness among our workforce as to the importance of embedding sustainability in our daily operations. Now that we have selected our 10 most material matters, the next step is to set key performance indicators for each area and develop action plans to meet these objectives.

In FY2019, we intend to report comprehensively on our sustainability performance, always with a view on improving results year after year. In addition, we will endeavour to align our sustainability exercise with the United Nation’s Sustainable Development Goals (UN SDG).

With this in mind, we look forward to producing in the next annual report, a full and comprehensive Sustainability Report to outline what we have achieved.