ORIENTAL HOLDINGS BERHAD (5286-U)

ANNUAL REPORT 2018

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Seventh Annual General Meeting of stockholders of Oriental Holdings Berhad ("the Company") will be held at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang on Wednesday, 12 June 2019 at 2.30 pm for the following purposes:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Report and Auditors' Report thereon.

2. To declare a Final Single Tier Dividend of 8 sen per ordinary stock and a Special Final Single Tier Dividend of 20 sen per ordinary stock for the financial year ended 31 December 2018. — Ordinary Resolution 1

3. To re-elect the following Directors who retire in accordance with Clause 103 of the Company's Constitution:

   (a) Dato' Seri Lim Su Tong — Ordinary Resolution 2
   (b) Ms Mary Geraldine Phipps — Ordinary Resolution 3
   (c) Dato' Sri Datuk Wira Tan Hui Jing — Ordinary Resolution 4

4. To approve the Directors' Fees of up to RM2,250,000 and benefits payable to the Directors up to an aggregate amount of RM80,000 for the period commencing this Annual General Meeting ("AGM") through to the next AGM of the Company in 2020. — Ordinary Resolution 5

5. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. — Ordinary Resolution 6

As Special Business, to consider and if thought fit, to pass with or without any modification, the following Resolutions:

6. **Proposed Renewal of Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** — Ordinary Resolution 7

   "THAT, pursuant to Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a general mandate of the Stockholders be and is hereby granted to the Company and/or its subsidiaries to enter into the recurrent arrangements or transactions of a revenue or trading nature, as set out in the Company's Circular to Stockholders dated 30 April 2019 ("the Circular") with any person who is a related party as described in the Circular, provided that such transactions are undertaken in the ordinary course of business, on an arm's length basis, and on normal commercial terms, or on terms not more favourable to the Related Party than those generally available to the public and are not, in the Company's opinion, detrimental to the minority stockholders; and that disclosure will be made in the annual report of the aggregate value of transactions conducted during the financial year.

   AND THAT such approval shall continue to be in force until:

   (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
   (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
   (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

   FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Stockholders' Mandate."

NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed Renewal of Authority to Buy-Back its Own Stocks** Ordinary Resolution 8

"THAT, subject to compliance with Section 127 of the Companies Act, 2016 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities, approval be and is hereby given to the Company to utilise up to RM541.0 million which represents the audited retained profits reserve of the Company as at 31 December 2018, otherwise available for dividend for the time being, to purchase on Bursa Malaysia Securities Berhad its own stocks up to 62,039,363 ordinary stocks representing 10% of the total number of issued stocks of the Company of 620,393,638 ordinary stocks as at 31 March 2019 (including 31,808 Stocks retained as Treasury Stocks).

AND THAT upon completion of the purchase(s) of the Stocks by the Company, the Stocks shall be dealt with in the following manner:

(a) to cancel the Stocks so purchased; or
(b) to retain the Stocks so purchased as Treasury Stocks for distribution as dividends to the stockholders and/or resell on the market of Bursa Malaysia Securities Berhad; or
(c) to retain part of the Stocks so purchased as Treasury Stocks and cancel the remainder or

in such manner as Bursa Malaysia Securities Berhad and such other relevant authorities may allow from time to time.

AND THAT such authority from the stockholders would be effective immediately upon the passing of this Ordinary Resolution and will continue in force until:

(a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
(b) the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by Ordinary Resolution in a general meeting of stockholders of the Company) but not so as to prejudice the completion of a purchase by the Company or any person before the aforesaid expiry date, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities;

FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement or to effect the purchase of OHB Stocks."

8. **Retention as Independent Non-Executive Director** Ordinary Resolution 9

"THAT Ms Mary Geraldine Phipps be and is hereby retained as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next AGM."

9. To transact any other businesses of which due notice shall have been given in accordance with the Company's Constitution.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)
ONG TZE-EN (MAICSA 7026537)
Joint Company Secretaries

Penang, 30 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes on proxy and voting:

1. A proxy may but need not be a member of the Company.

2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).

3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it may holds with ordinary stocks of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary stocks in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. If the appointer is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or an attorney duly authorised.

7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 31 May 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

Explanatory Notes on the resolutions:

1. The Ordinary Resolution 5, is to seek stockholders' approval for fees and benefits payable to the Directors which have been reviewed and approved by the Remuneration Committee and the Board of Directors of the Company. This approval shall continue to be in force until the conclusion of the next AGM of the Company in 2020. The amount of Directors' Fees and benefits is computed based on the anticipated number of Board and Board Committee meetings, assuming full attendance by all the Directors. The amount also includes a contingency sum to cater to unforeseen circumstances such as the appointment of any additional Director, additional unscheduled Board and Board Committees' meetings and/or for the formation of additional Board Committees. Please refer the Corporate Governance Overview Statement and Corporate Governance Report for details of the fees and benefits payable for the Directors.

2. **Ordinary Resolution 7 pursuant to Proposed Renewal of Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
   This Ordinary Resolution, if passed, will approve the stockholders' mandate on Recurrent Related Party Transactions and allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This approval shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM is required by the law to be held or revoked/varied by resolution passed by the stockholders in a general meeting whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

3. **Ordinary Resolution 8 pursuant to Proposed Renewal of Authority to Buy-Back its Own Stocks**
This Ordinary Resolution, if passed, will allow the Company to purchase its own stocks. The total number of stocks purchased shall not exceed 62,039,363 stocks representing 10% of the total number of issued share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expires at the next AGM of the Company.

4. **Ordinary Resolution 9 pursuant to retention of Ms Mary Geraldine Phipps as Independent Non-Executive Director**
Ms Mary Geraldine Phipps ("Ms Phipps") was appointed as an Independent Non-Executive Director on 14 August 2009. She has served the Company as an Independent Non-Executive Director for more than nine (9) years as at the date of the notice of the Fifty-Seventh AGM. The Nominating Committee has assessed the independence of Ms Phipps and noted that Ms Phipps meets the independence guidelines as set out in Chapter 1 and Practice Note 13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Ms Phipps has demonstrated complete independence in character and judgement. The Board, therefore, considers Ms Phipps to be independent and recommends Ms Phipps to remain as an Independent Non-Executive Director.

Statement of Accompanying Notice of AGM
(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

1. No individual is standing for election as a Director at the forthcoming AGM of the Company.

DIVIDEND ANNOUNCEMENT

NOTICE IS HEREBY GIVEN that a Depositor shall qualify for entitlement to the Final Single Tier Dividend of 8 sen per ordinary stock and a Special Final Single Tier Dividend of 20 sen per ordinary stock only in respect of:

(a) Stocks transferred into the Depositor's Securities Account before 4.00 pm on 28 June 2019 in respect of ordinary transfers; and

(b) Stocks bought on Bursa Malaysia Securities Berhad on a cum dividend entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The Final Single Tier Dividend and a Special Final Single Tier Dividend, if approved, will be paid on 11 July 2019 to Depositors registered in the Records of Depositors at the close of business on 28 June 2019.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

1. INTRODUCTION

At the AGM of the Company held on 7 June 2018, the Directors had obtained stockholders' approval to undertake the Proposed Stock Buy-Back of up to 10% of the total number of issued stocks of Oriental Holdings Berhad ("the Company" or "OHB") through Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company's authority to undertake the Proposed Stock Buy-Back shall, in accordance with Bursa Securities's Guidelines Governing Share Buy-Back, lapses at the conclusion of the forthcoming AGM unless a new mandate is obtained from stockholders for the Proposed Stock Buy-Back.

Accordingly, the Company had on 9 April 2019 announced that the Directors proposed to seek authorisation from stockholders for a renewal of the Proposed Stock Buy-Back.

The purpose of this Statement is to provide you with the details pertaining to the Proposed Stock Buy-Back and to seek your approval for the related resolution which will be tabled at the forthcoming AGM.

2. PROPOSED RENEWAL OF AUTHORITY FOR THE STOCK BUY-BACK

As at the date of this Statement, the Company has bought back 100,000 Stocks from the open market. On 2 March 2001, 68,192 of the Treasury Stocks that were purchased were cancelled.

As at 9 April 2019, the issued share capital of the Company is RM620,393,638 comprising of 620,393,638 Stocks (including 31,808 Stocks retained as Treasury Stocks). The Directors seek the authority from the stockholders of the Company to purchase its Stocks up to ten per centum (10%) of the total number of issued stocks of OHB or 62,039,364 Stocks for the time being quoted on the Bursa Securities through its appointed stockbroker, Affin Hwang Investment Bank Berhad previously notified to the Bursa Securities.

The new mandate from stockholders will be effective immediately upon the passing of the Ordinary Resolution for the Proposed Stock Buy-Back up till the conclusion of the next AGM of OHB in the year 2020 unless the authority is further renewed by an Ordinary Resolution passed at the said AGM (either unconditionally or subject to conditions), or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by an Ordinary Resolution of the stockholders of the Company in a general meeting.

The Proposed Stock Buy-Back is subject to the compliance with Section 127 of the Companies Act, 2016 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

In accordance with the guidelines of the Bursa Securities, the Company may only purchase the Stocks on the Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price for the past five (5) market days immediately preceding the date of the purchase(s). The Company may only resell the Treasury Stocks on the Bursa Securities at:

a) a price which is not less than the weighted average market price for the Stocks for the past five (5) market days immediately prior to the resale; or
b) a discount price of not more than 5% to the weighted average market price for the Stocks for the five (5) market days immediately prior to the resale provided that :-

    i) the resale takes place no earlier than 30 days from the date of purchase; and
    ii) the resale price is not less than the cost of purchase of the shares being resold.

The Directors will deal with the Stocks so purchased in the following manner:-

a) to cancel the Stocks so purchased; or
b) to retain the Stocks so purchased as Treasury Stocks for distribution as dividend to the stockholders and/or resell on the market of the Bursa Securities; or
c) to retain part of the Stocks so purchased as Treasury Stocks and cancel the remainder; or
d) in such manner as Bursa Malaysia Securities Berhad and such other relevant authorities may allow from time to time.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

2. PROPOSED RENEWAL OF AUTHORITY FOR THE STOCK BUY-BACK (cont'd)

An appropriate announcement will be made to the Bursa Securities in respect of the intention of the Directors whether to retain the Stocks so purchased as Treasury Stocks or cancel them or both as and when the Proposed Stock Buy-Back is executed.

3 RATIONALE FOR THE PROPOSED STOCK BUY-BACK

The Proposed Stock Buy-Back will give the Directors the flexibility to purchase Stocks, if and when circumstances permit, with a view to enhancing the earnings per stock of the Group and net asset per stock of the Company.

The Proposed Stock Buy-Back is not expected to have any potential material disadvantage to the Company and its stockholders as it will be exercised only after in-depth consideration of the financial resources of the Group and of the resultant impact on its stockholders.

3.1 Potential Advantages

The Proposed Stock Buy-Back if exercised, is expected to potentially benefit the Company and its stockholders as follows:

- The Company would expect to enhance the earnings per stock of the Group (in the case where the Directors resolve to cancel the Stocks so purchased or retain the Stocks in treasury and the Treasury Stocks are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- If the Stocks bought back are kept as Treasury Stocks, it will give the Directors an option to sell the Stocks so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively the Stocks so purchased can be distributed as share dividends to stockholders; and
- The Company may be able to stabilize the supply and demand of its Stocks in the open market and thereby supporting its fundamental values.

3.2 Potential Disadvantages

The Proposed Stock Buy-Back, if exercised, will reduce the financial resources of OHB and may result in OHB having to forego other alternative investment opportunities which may emerge in the future, and it may reduce the financial resources of OHB for payment of dividends. Nevertheless, the Directors will be mindful of the interests of OHB and its stockholders when exercising the Proposed Stock Buy-Back.

4 FINANCIAL EFFECTS OF THE PROPOSED STOCK BUY-BACK

4.1 Share Capital

The Proposed Stock Buy-Back, if carried out in full and assuming the Stocks so purchased are cancelled, the proforma effect on the issued share capital of the Company will be as follows:

	No. of Stocks
Existing as at 31 March 2019	620,393,638
Proposed Stock Buy-Back *(10% of the total number of issued stocks, including 31,808 Treasury Stocks)*	62,039,363
	558,354,275

However, there will be no effect on the total number of issued shares of OHB if the Stocks so purchased are retained as Treasury Stocks.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

4 FINANCIAL EFFECTS OF THE PROPOSED STOCK BUY-BACK (cont'd)

4.2 Net Assets Per Stock

The effects of the Proposed Stock Buy-Back on the net assets per stock of the Group are dependent on the purchase prices of the OHB Stocks and the effective funding cost to the Company.

If all the OHB Stocks purchased are to be cancelled, the Proposed Stock Buy-Back will reduce the net assets per stock when the purchase price exceeds the net assets per stock at the relevant point in time. However, the net assets per stock will be increased when the purchase price is less than the net assets per stock at the relevant point in time. The net assets per stock is RM10.59 as per audited financial statements as at 31 December 2018.

4.3 Working Capital

The Proposed Stock Buy-Back, if exercised, will reduce the working capital of the Group, the quantum of which depends on the purchase price of OHB Stocks and the actual number of OHB Stocks purchased.

4.4 Earnings Per Stock

The effects of the Proposed Stock Buy-Back on the earnings per stock of the Group are dependent on the actual number of OHB Stocks bought back and the purchase prices of OHB Stocks and the effective funding cost to the Company.

4.5 Dividends

Assuming the Proposed Stock Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Stock Buy-Back will have the effect of increasing the dividend rate of OHB as a result of the reduction in the total number of issued stocks of OHB.

5. SOURCE OF FUNDS FOR THE PROPOSED STOCK BUY-BACK

The Proposed Stock Buy-Back will allow the Company to purchase its own stocks at any time within the above mentioned time period using internally generated funds of the Company.

The actual number of Stocks to be purchased, the total amount of funds to be utilised for each purchase and the timing of any purchase will depend on the market conditions and sentiments of the stock market, the financial resources available to the Company as well as the availability of the retained earnings of the Company.

The maximum amount of funds to be utilised for the Proposed Stock Buy-Back shall not exceed the aggregate of the retained earnings of the Company, otherwise available for dividend for the time being. Based on the audited financial statements as at 31 December 2018, the Company's retained earnings is RM541.0 million.

6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED STOCK BUY-BACK

6.1 Public Stockholding Spread

The Proposed Stock Buy-Back will be made in compliance with the 25% stockholding spread as required by the Listing Requirements of Bursa Securities. As at 31 March 2019, the public stockholding spread of the Company is approximately 34.41% of its issued share capital.

6.2 Purchases and Resale Made in the Previous Twelve (12) Months

OHB has not purchased any stocks in the previous 12 months preceding the date of this Statement. There was also no resale or cancellation of Treasury Stocks during the same period.

As at 31 December 2000, OHB had purchased a total of 100,000 of its own Stocks and retained as Treasury Stocks. Out of 100,000 Stocks, 68,192 Stocks have been cancelled on 2 March 2001 and delisted from the Bursa Securities. The remaining of 31,808 Stocks are retained as Treasury Stocks. Treasury Stocks have no rights to voting, dividends, bonus issue and participation in other distribution.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED STOCK BUY-BACK (cont'd)

6.3 Share Price

The monthly highest and lowest prices of the Stocks traded on the Bursa Securities for the last twelve (12) months from April 2018 to March 2019 are as follows:

	April 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019
Highest (RM)	6.31	6.60	6.60	6.34	6.38	6.37	6.28	6.10	6.23	6.56	6.88	6.88
Lowest (RM)	6.06	6.23	6.10	6.00	6.13	6.19	5.82	5.88	5.92	6.13	6.43	6.40

The last transacted price of OHB Stocks on 12 April 2019, being the latest practicable date prior to the date of printing of the Circular was RM6.75.

6.4 Implication on The Malaysian Code On Take-Overs and Mergers 2016 (“the Code”)

Boon Siew Sdn Bhd, a major stockholder of OHB by virtue of the management control exercised collectively by Datuk Loh Kian Chong, Dato’ Robert Wong Lum Kong, DSSA, JP, Dato’ Seri Lim Su Tong @ Lim Chee Tong, Ms Tan Kheng Hwee and Dato’ Sri Datuk Wira Tan Hui Jing, is deemed to be a Party Acting in Concert with these Directors.

The Proposed Stock Buy-Back, if fully exercised will result in the equity interest of Boon Siew Sdn Bhd increasing from 43.0% to 47.8%. If the increase is more than 2% over a 6 month period, Boon Siew Sdn Bhd will be obliged pursuant to the Code to undertake a Mandatory General Offer for the remaining ordinary stocks in OHB not already held by them.

The Directors, Datuk Loh Kian Chong, Dato’ Robert Wong Lum Kong, DSSA, JP, Dato’ Seri Lim Su Tong @ Lim Chee Tong, Ms Tan Kheng Hwee, Dato’ Sri Datuk Wira Tan Hui Jing and Boon Siew Sdn Bhd will seek Securities Commission Malaysia’s approval for a waiver from the obligation to undertake a Mandatory General Offer under Practice Note 9 of the Code, which is in respect of exemption for holders of voting shares, directors and persons acting in concert when a company purchases its own voting shares.

In the event the Proposed Waiver is not granted, the Company will not proceed with the Proposed Stock Buy-Back.

7. INTERESTS OF DIRECTORS, SUBSTANTIAL STOCKHOLDERS AND PERSONS CONNECTED

The Directors, Substantial Stockholders and Persons Connected with the Directors and/or Substantial Stockholders of the OHB Group have no direct or indirect interest in the Proposed Stock Buy-Back and resale of Treasury Stocks.

The proforma table below shows the interests held directly and indirectly in OHB by the Directors and Substantial Stockholders of OHB before and after the Proposed Stock Buy-Back:

	Stockholdings as at 31 March 2019							
	Before Proposed Stock Buy-Back				After Proposed Stock Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Directors								
Datuk Loh Kian Chong	620,000	0.10	[(a)] 359,002,450	57.87	620,000	0.11	[(a)] 359,002,450	64.30

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

7. INTERESTS OF DIRECTORS, SUBSTANTIAL STOCKHOLDERS AND PERSONS CONNECTED (cont'd)

	Stockholdings as at 31 March 2019							
	Before Proposed Stock Buy-Back				After Proposed Stock Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Directors								
Dato' Robert Wong Lum Kong, DSSA, JP	181,149	0.03	[b] 161,872	0.03	181,149	0.03	[b] 161,872	0.03
Dato' Seri Lim Su Tong	2,966,906	0.48	[b] 4,067,226	0.66	2,966,906	0.53	[b] 4,067,226	0.73
Tan Kheng Hwee	172,032	0.03	-	-	172,032	0.03	-	-
Dato' Sri Datuk Wira Tan Hui Jing	-	-	[c] 772,000	0.12	-	-	[c] 772,000	0.14
Mary Geraldine Phipps	-	-	[d] 5,161	0.00	-	-	[d] 5,161	0.00
Dato' Ghazi Bin Ishak	-	-	-	-	-	-	-	-
Lee Kean Teong	-	-	-	-	-	-	-	-
Sharifah Intan Binti S. M. Aidid	18,000	0.00	-	-	18,000	0.00	-	-
Keiichi Yasuda	-	-	-	-	-	-	-	-
Datin Loh Ean	161,872	0.03	[b] 181,149	0.03	161,872	0.03	[b] 181,149	0.03
Substantial Stockholders								
Boon Siew Sdn Bhd	266,729,662	43.00	[e] 78,604,757	12.67	266,729,662	47.77	[e] 78,604,757	14.08
Employees Provident Fund Board	62,147,816	10.02	-	-	62,147,816	11.13	-	-
Penang Yellow Bus Company Berhad	32,848,477	5.30	-	-	32,848,477	5.88	-	-
Datuk Loh Kian Chong	620,000	0.10	[a] 359,002,450	57.87	620,000	0.11	[a] 359,002,450	64.30
Aberdeen Asset Management PLC	-	-	[f] 37,634,200	6.07	-	-	[f] 37,634,200	6.74
Standard Life Aberdeen PLC and its Subsidiaries	-	-	[f] 37,634,200	6.07	-	-	[f] 37,634,200	6.74

Notes:

[a] *Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Berhad, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd, Southern Perak Plantations Sdn Berhad and Global Investment Limited.*

[b] *Deemed interested via spouses and children in accordance with Section 59(11)(c) of the Companies Act, 2016.*

[c] *Deemed interested via Loh Gim Ean Holdings Sdn. Bhd.*

[d] *Deemed interested via Phipps Holdings Sdn. Bhd.*

[e] *Deemed interested via Penang Yellow Bus Company Berhad, Bayview Hotel Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Berhad.*

[f] *Deemed interested via various funds managed by its subsidiaries.*

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

8. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Stock Buy-Back, the Directors are of the opinion that the Proposed Stock Buy-Back is in the best interest of the Group. The Directors recommend that you vote in favour of the resolution pertaining to the Proposed Stock Buy-Back to be tabled at the forthcoming AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement misleading.

10. BURSA SECURITIES

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement. Bursa has not reviewed this Statement prior to its issuance.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company during normal office hours on Mondays to Fridays (except public holidays) from the date of this Annual Report up to and including the date of AGM:

(a) the Constitution of the Company;
(b) the Audited Financial Statements of the Group for the past two financial years ended 31 December 2017 and 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
- Datuk Loh Kian Chong D.M.S.M.

Executive Directors
- Dato' Robert Wong Lum Kong D.S.S.A., J.P.
- Dato' Seri Lim Su Tong D.G.P.N., D.S.P.N.
- Tan Kheng Hwee
- Dato' Sri Datuk Wira Tan Hui Jing S.S.A.P., D.C.S.M., P.K.T., P.J.K.

Non-Executive Directors
- Dato' Ghazi bin Ishak D.S.S.A.
  Senior Independent Non-Executive Director
- Mary Geraldine Phipps
  Independent Non-Executive Director
- Lee Kean Teong
  Independent Non-Executive Director
- Sharifah Intan binti S. M. Aidid
  Non-Independent Non-Executive Director
- Keiichi Yasuda
  Non-Independent Non-Executive Director
- Datin Loh Ean
  (Alternate Director to Dato' Robert Wong Lum Kong D.S.S.A., J.P.)

EXCO COMMITTEE

Chairman
- Datuk Loh Kian Chong

Members
- Dato' Robert Wong Lum Kong D.S.S.A., J.P.
- Dato' Seri Lim Su Tong
- Tan Kheng Hwee
- Dato' Sri Datuk Wira Tan Hui Jing

AUDIT COMMITTEE

Chairman
- Mary Geraldine Phipps

Members
- Dato' Ghazi bin Ishak
- Lee Kean Teong
- Sharifah Intan binti S. M. Aidid

REMUNERATION COMMITTEE

Chairman
- Dato' Ghazi bin Ishak

Members
- Mary Geraldine Phipps
- Lee Kean Teong
- Sharifah Intan binti S. M. Aidid

NOMINATING COMMITTEE

Chairman
- Mary Geraldine Phipps

Members
- Dato' Ghazi bin Ishak
- Lee Kean Teong
- Sharifah Intan binti S. M. Aidid

RISK MANAGEMENT COMMITTEE

Chairman
- Mary Geraldine Phipps

Members
- Datuk Loh Kian Chong
- Dato' Robert Wong Lum Kong D.S.S.A., J.P.
- Dato' Seri Lim Su Tong
- Tan Kheng Hwee
- Dato' Sri Datuk Wira Tan Hui Jing
- Wong Tet Look

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)

REGISTERED OFFICE

170-09-01
Livingston Tower
Jalan Argyll
10050 Penang
Tel No : 04-2294390
Fax No : 04-2265860

SHARE REGISTRAR

AGRITEUM Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2282321
Fax No : 04-2272391

AUDITORS

KPMG PLT
Chartered Accountants

MAJOR BANKERS

- Citibank Berhad
- The Bank of Nova Scotia Berhad
- Standard Chartered Bank Malaysia Berhad
- United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 4006

WEBSITE

www.ohb.com.my

PROFILE OF DIRECTORS/ KEY SENIOR MANAGEMENT

Datuk Loh Kian Chong

Executive Chairman | Key Senior Management

Datuk Loh Kian Chong, aged 43, Male, a Malaysian, joined the Board as an Executive Director on 15 May 2009 and was appointed as Deputy Chairman on 8 November 2013. He assumed the position of Chairman on 1 January 2015. He is currently co-joint with Dato' Seri Lim Su Tong in charge of the investment and development of properties, trading of building material products and plantation segments of the Group.

Datuk Loh Kian Chong holds a Bachelor of Business in Property from Royal Melbourne Institute of Technology (RMIT), Australia.

He began his career as Director of Boon Siew Group of Companies in 2000. In May 2007, he was appointed as Deputy Chairman of Boon Siew Sdn. Bhd.. He is a major shareholder of Boon Siew Sdn. Bhd. and in turn, a major stockholder of Oriental Holdings Berhad.

He is a Director of Penang Yellow Bus Company Berhad, Boon Siew Credit Berhad and The Corner Properties Berhad.

He is a member of Risk Management Committee.

He attended all the 6 Board Meetings held in 2018.

He is the nephew of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Dato' Sri Datuk Wira Tan Hui Jing and Tan Kheng Hwee.

Dato' Robert Wong Lum Kong, DSSA, JP

Group Managing Director | Key Senior Management

Dato' Robert Wong Lum Kong, DSSA, JP, aged 78, Male, a Malaysian, was appointed to the Board on 12 April 1976. He is the Group Managing Director of Oriental Holdings Berhad in charge of the automotive segment for the Honda and Mitsubishi businesses in Malaysia as well as the automotive plastic segment and industrial manufacturing and commercial property segment in Malaysia.

Dato' Wong is a Chartered Accountant, a Fellow of CPA Australia with Cost Accounting background and a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He also holds memberships in the Malaysian Institute of Directors, Malaysian Institute of Corporate Governance and a Fellowship in the Institute of The Motor Industry, (UK).

He has over 50 years of experience in the business, corporate and entrepreneurship sectors, having started his career in 1964 when he became the General Manager and Director of a food canning manufacturing and trading concern dealing in non-consumable products. From 1967 to 1971, he was the Senior Accountant in a Certified Public Accounting firm, and during this period, he was seconded to a stock broking firm for 1½ years to reorganize and manage the business. In 1971, he started a public accounting firm bearing his own name.

He is one of the five executive directors responsible for the overall business and management operations of the Group. He is also a member of the EXCO Committee and Risk Management Committee.

In 1972, Dato' Wong joined Boon Siew Sdn Bhd as General Manager and Oriental Holdings Berhad Group as General Manager and Advisor, with emphasis in the motor and motor-related businesses.

In addition, he is the Managing Director of the following Oriental Holdings Berhad subsidiaries, namely:
- Kah Motor Co. Malaysia Honda Distributorship operations since 1987 and Honda Malaysia dealerships since 2001;
- Boon Siew (Borneo) Malaysia Honda car & motorcycle operations since 1987 and Honda Malaysia dealership since 2001;
- Kah Classic Auto Mitsubishi Malaysia dealerships since 2015;
- Happy Motoring Co. Sdn Bhd, exclusive distributor of Honda automobiles under Honda Motor Co. Ltd., Japan, in Negara Brunei Darussalam.

He is highly experienced in the motor industry, and has over 40 years of experience encompassing importation, distribution, assembly and marketing in both cars and motorcycles, as well as the manufacturing of components for the automotive (2-wheelers and 4-wheelers), electronics and parts industry both locally and overseas.

Besides the automotive business in Malaysia and Negara Brunei Darussalam, Dato' Wong is also in charge of the automotive plastic segment of the Group locally and abroad. He established Teck See Plastic Group as an integrated one-stop center for designing, compounding and manufacturing of automotive and consumer products.

PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

Dato' Robert Wong Lum Kong, *DSSA, JP* (cont'd)

Group Managing Director | Key Senior Management

Dato' Wong is also very much devoted to public services and has held some notable memberships and positions, including among them, Associate Member of the Commonwealth Magistrates & Judges Association, Honorary Rotarian, Trustee of The Spastic Children's Association of Selangor and Federal Territory, and Chairman of the 5th New Honda Circle Asia-Oceania Bloc Committee.

For Kah Motor Co. Malaysia and Boon Siew Malaysia to be the only two companies, and Malaysia the only country, in the world to attain the No. 1 position for both the Honda brand of passenger cars and motorcycles (non-national segment) for 11 consecutive years (1990 – 2000), Dato' Wong received formal recognition from various Honda Presidents and Managing Directors of Honda Motor Co., Ltd. (Japan). He is held in high esteem by Honda Japan who has honoured him on various occasions including public recognition as the de facto head representative for all Honda Motorcycle Distributors worldwide during Honda Motor's 100th million unit celebration in 1997 and again in 1998 during Honda Motor's 50th Anniversary, this time for all Honda Car Distributors.

The 11 consecutive years of No. 1 achievement in the Honda motorcycle brand was the feather in the cap over the overall No. 1 position for Honda motorcycles in Malaysia (non-national segment) for 33 years and was largely achieved through the development of over 300 professional Honda motorcycle dealers which started from bicycle shops. Dato' Wong further developed Kah Motor - Boon Siew Honda motorcycle assembly plant in Prai, Penang, the first of its kind in the country, and toward acclamation in the Malaysian Book of Records as the first ever motorcycle plant to produce over 3 million units.

During this time, Dato' Wong and his team also catapulted Malaysia to be the first country outside of Japan to locally assemble and market Honda's flagship, the CKD Legend 3.2L, which became one of the top selling cars of its class in Malaysia in that time. The Honda NSX was also introduced in Malaysia being one of the few countries that gained the trust of Honda Motor Japan.

Throughout the illustrious accomplishments of the Oriental Group automotive segment, Dato' Wong and his team also established a professional and accomplished network of Honda car dealers and Honda CKD parts' suppliers some of which today continue to flourish and have become iconic names in Malaysia.

Forward looking with deep passion for sustainability, Dato' Wong and his team worked hard to ensure his stewardship did not only hit the top of the awards' charts but also in generating returns to investors. To this day, Kah Motor's best annual profit that exceeded RM300m and dividend contribution of close to RM400m in a single year stand unsurpassed and the fruits of these results have been channeled into the Group's ongoing diversifications for future sustainability.

To ensure these diversifications by Oriental Holdings Berhad involving hotels and resorts, plantation and commodities, investment properties and trading of building material products, healthcare services, land reclamation, healthcare, construction machinery, safety driving centers and financial services are well looked after, Dato' Wong also serves on the boards of the subsidiary and associate companies.

He has been the Managing Director of Boon Siew Sdn Bhd since 1987, a company with controlling interest in Oriental Holdings Berhad, and its subsidiary and associate companies. Amongst his other directorships, he is a director of Hicom-Honda Manufacturing Malaysia Sdn Bhd, a joint-venture between DRB-Hicom Berhad, Honda Motor Co. and Boon Siew Sdn Bhd in the manufacture of motorcycle engines and components and Hicom-Teck See Sdn Bhd which specializes in plastic automotive parts manufacturing. He is also a director of Hitachi Construction Machinery (Malaysia) Sdn Bhd and Singapore Safety Driving Centre Ltd.

In further recognition of his outstanding and exemplary achievements in entrepreneurship, Dato' Wong was awarded with no fewer than 12 entrepreneurship awards, among them the Entrepreneur of the Year Award by Enterprise Asia in its Asia Pacific Entrepreneurship Awards 2010 (APEA 2010), the Great Entrepreneur Brand Icon Leadership Award 2011, the Brand Personality Award 2012-2013 from the BrandLaureate Asia Pacific Brands Foundation as well as the Malaysia Business Leadership Awards 2010 – Automotive Award, from the Kuala Lumpur Malay Chamber of Commerce and the Leaders Magazine. Distinguishing his contributions in the field of leadership, Dato' Wong was awarded the Lifetime Achievement Global Leadership Award 2011 and the Lifetime Achievement Master Class Award in 2011 from ASEAN Retail Chains & Franchise Federation. In 2016, he received recognition as a Global Lifetime Brands Icon in the Automotive Industry Awards and in 2018, was inducted into BrandLaureate's Hall of Fame for Lifetime Achievement.

He was a founding member of the Audit Committee since its formation on 27 April 1994 until his resignation on 31 January 2009.

He attended all the 6 Board meetings held in 2018.

He is the spouse of Datin Loh Ean and the eldest brother-in-law of Dato' Seri Lim Su Tong and the uncle of Datuk Loh Kian Chong, Dato' Sri Datuk Wira Tan Hui Jing and Tan Kheng Hwee.

PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

Dato' Seri Lim Su Tong

Group Managing Director | Key Senior Management

Dato' Seri Lim, aged 74, Male, a Malaysian, was appointed to the Board on 1 July 1974. He is currently the Group Managing Director in charge of the investment and development of properties, trading of building material products and plantation segments of the Group.

Dato' Seri Lim, a Bachelor of Arts (Hons) Economics graduate, has over 40 years of experience in business operations.

He is one of the five Executive Directors responsible for the overall business and management operations of the Group.

He is a Director of several subsidiaries involved in hotels and resorts, automotive and plastic parts industries.

He is also a Managing Director of Boon Siew Sdn. Bhd. and Boon Siew Credit Berhad and a Director of Penang Yellow Bus Company Berhad.

He is a member of Risk Management Committee.

He attended all the 6 Board Meetings held in 2018.

He is the brother-in-law of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean and the uncle of Datuk Loh Kian Chong, Dato' Sri Datuk Wira Tan Hui Jing and Tan Kheng Hwee.

Tan Kheng Hwee

Executive Director | Key Senior Management

Ms. Tan Kheng Hwee, aged 53, Female, a Singaporean, joined the Board as an Executive Director on 1 January 2015. She was previously an Alternate Director to Dato' Seri Loh Cheng Yean who retired from the Board on 31 December 2014.

Ms. Tan holds a Bachelor of Arts in Economics, Cornell University and also a MBA in Finance, New York University. She worked in Deloitte and Touche in New York City (International Tax) for a year before joining Kah Motor Singapore Branch as a Finance Manager in 1993. She is currently the Executive Director in charge of the Honda automobile business in Singapore as well as Hotels & Resorts segment.

She is a Director of Boon Siew Credit Berhad and Penang Yellow Bus Company Berhad. On 1 April 2018, she joined the Board of Boon Siew Honda Sdn. Bhd. as the representative director of Oriental Holdings Berhad in Boon Siew Honda Sdn. Bhd..

She is a member of Risk Management Committee.

She attended all the 6 Board Meetings held in 2018.

She is the niece of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Datuk Loh Kian Chong and Dato' Sri Datuk Wira Tan Hui Jing.

PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

Dato' Sri Datuk Wira Tan Hui Jing

Executive Director | Key Senior Management

Dato' Sri Datuk Wira Tan Hui Jing, aged 38, Male, a Malaysian, joined the Board as a Non-Independent Non-Executive Director on 1 February 2014 and was re-designated as an Executive Director on 1 January 2015.

Dato' Sri Datuk Wira Tan Hui Jing holds a Bachelor of Business Systems degree from Monash University, Clayton, Australia.

He began his career as Sales and Marketing Executive in Boon Siew Sdn. Bhd. in 2004. In 2006, he was appointed as Director of Boon Siew Honda Sdn. Bhd.. He is the Deputy CEO and was recently re-designated Chairman of Boon Siew Honda Sdn. Bhd. effective 1 April 2018.

He is the Director in charge of Armstrong Auto Parts Group and Healthcare segment. In addition, he is the representative director of Oriental Holdings Berhad in Boon Siew Honda Sdn. Bhd., Honda Autoparts Manufacturing (M) Sdn. Bhd., Honda Malaysia Sdn. Bhd. and Hitachi Construction Machinery (Malaysia) Sdn. Bhd..

He is a member of Risk Management Committee.

He attended all the 6 Board Meetings held in 2018.

He is the nephew of Dato' Robert Wong Lum Kong, DSSA, JP, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Datuk Loh Kian Chong and Tan Kheng Hwee.

Dato' Ghazi bin Ishak

Senior Independent Non-Executive Director

Dato' Ghazi, aged 75, Male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 22 September 2010. He was re-designated as Senior Independent Non-Executive Director on 22 November 2017.

Dato' Ghazi, a lawyer by profession, is a Barrister at Law from Lincoln's Inn London, United Kingdom. He was called to the English Bar in 1971 and joined the Malaysian Government Legal Services upon his return in 1971. He was posted as a Magistrate in Kuala Lumpur and later as Acting President of Sessions Court in Malacca and Kuala Kubu Bahru, Selangor. He was appointed as Deputy Public Prosecutor Penang in 1975 and for a spell acted as State Legal Adviser, Penang.

He resigned from Government Service on 31 December 1976 and joined a legal firm, Messrs Presgrave & Matthews, as a Partner from 1 March 1977 until 1992 when he formed Messrs Ghazi & Lim.

Dato' Ghazi is one of the most prominent litigation lawyers in Malaysia having litigated in landmark Malaysian cases in fields ranging from criminal, commercial, company, banking, construction, constitutional, land law and complex probate and administration matters involving jurisdictions in Australia, Singapore, America and England. He also handles labour, employment and industrial disputes. Dato' Ghazi also advises local authorities and other statutory bodies, including Universiti Sains Malaysia. His corporate experience includes joint venture agreements involving foreign partners.

He is the Chairman of Remuneration Committee and a member of both Audit and Nominating Committees.

He attended all the 6 Board Meetings held in 2018.

Dato' Ghazi does not have any family relationship with any other Director and/or major stockholder of the Company.

PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

Mary Geraldine Phipps

Independent Non-Executive Director

Ms. Mary Geraldine Phipps, aged 70, Female, a Malaysian, was appointed to the Board as an Independent Non-Executive Director of the Company on 14 August 2009. She is the Chairman of the Audit Committee, Risk Management Committee and Nominating Committee. She is also a member of Remuneration Committee.

She is a Chartered Accountant registered with the Malaysian Institute of Accountants, having qualified as a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants. In 1992, she became a member of the Malaysian Institute of Taxation and is currently a Fellow of the Malaysian Institute of Taxation.

In 1982, she was made a partner of KPMG, specializing in taxation. In 1990, she was appointed Managing Partner of the Penang practice of KPMG, a position she held until her retirement in December 2004. During this time, she was also a Director of KPMG Tax Services Sdn Bhd. Her expertise is in taxation and her experience in tax advisory and consultancy services covered a diversified range of industries. She was the Tax/Client Partner for multinational clients of KPMG's international offices with manufacturing facilities in Penang.

She currently sits on the Boards of SLP Resources Berhad and PBA Holdings Bhd. She is the Chairman of both Audit Committee and Nominating Committee and member of the Remuneration Committee in SLP Resources Berhad. She is also the Chairman of the Audit and Risk Management Committee and a member of the Nominating and Remuneration Committee in PBA Holdings Bhd.

She attended 5 out of 6 Board Meetings held in 2018.

She does not have any family relationship with any other Director and/or major stockholder of the Company.

Lee Kean Teong

Independent Non-Executive Director

Mr. Lee Kean Teong, aged 60, Male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 31 March 2015.

He was with KPMG Malaysia for more than 35 years and was a partner until his retirement on 31 December 2014. He qualified as a Chartered Accountant of Malaysian Institute of Accountants (MIA) and is also a member of Malaysian Institute of Certified Public Accountants (MICPA) and a fellow member of CPA Australia.

He has extensive experience in audit and management consulting throughout his career. He was the engagement partner for a wide range of companies which included public listed companies and multinationals in various industries, mainly in manufacturing, property development and construction, hotel, stock broking and finance.

He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Mr. Lee currently sits on the Board of Kian Joo Can Factory Berhad, Advance Information Marketing Berhad and EG Industries Berhad. He is the Chairman of the Audit and Risk Management Committee of Kian Joo Can Factory Berhad. He is the Chairman of the Audit Committee and member of both the Nominating Committee and Remuneration Committee of Advance Information Marketing Berhad. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of EG Industries Berhad.

He attended all the 6 Board Meetings held in 2018.

He does not have any family relationship with any other Director and/or major stockholder of the Company.

PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

Sharifah Intan binti S. M. Aidid

Non-Independent Non-Executive Director

Puan Sharifah, aged 84, Female, a Malaysian, is a Non-Independent Non-Executive Director. She joined the Board on 25 July 2002.

After 20 years in the teaching profession, she took up law in 1980 and was called to the Bar in 1985. She is currently a consultant in Messrs. Lim Huck Aik & Co, Advocates & Solicitors.

She is also a director of Boon Siew Honda Sdn. Bhd., Penang Yellow Bus Company Berhad and Chainferry Development Sdn. Berhad.

She is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

She attended all the 6 Board Meetings held in 2018.

Puan Sharifah does not have any family relationship with any other Director and/or major stockholder of the Company.

Keiichi Yasuda

Non-Independent Non-Executive Director

Mr. Keiichi Yasuda, aged 52, Male, a Japanese, was appointed to the Board as a Non-Independent Non-Executive Director on 9 April 2018. He is the representative of Honda Motor Co., Ltd..

Mr. Yasuda graduated from Yokohama National University, Japan in March 1990.

He began his career in the Human Resources Department in Honda Motor Co., Ltd. (“Honda Japan”) in Tokyo, Japan in April 1990 and was promoted as Assistant Manager in April 1999. In May 1999, Mr Yasuda served his first foreign assignment as Assistant Manager of Honda of America Manufacturing, Inc. in Ohio, U.S.A. for 5 years followed in June 2008 by a second stint of 3 years as Director in Honda Motor India (Private) Ltd. in India. In between these overseas postings, he returned to Honda Japan where he served in different roles with increasing responsibilities in different locations before assuming the position as General Manager of Global Human Resources Development Center in June 2014. In April 2015, Mr. Yasuda assumed the role as General Manager of Asian Honda Motor Co., Ltd. in Thailand in April 2015 until 31 March 2018.

Mr. Yasuda is the Managing Director & Chief Executive Officer of Boon Siew Honda Sdn. Bhd., a subsidiary of Honda Japan, effective 1 April 2018.

He attended all the 4 Board Meetings held since his appointment.

He does not have any family relationship with any other Director and/or major stockholder of the Company.

PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

Datin Loh Ean

Alternate Director

Datin Loh Ean, aged 77, Female, a Malaysian, was appointed as an Alternate Director to Dato' Robert Wong Lum Kong, DSSA, JP on 9 September 2010. Datin Loh Ean obtained higher education in England.

She started work in Boon Siew Sdn Bhd since 1965. She is a Director of Boon Siew Credit Berhad, Penang Yellow Bus Company Berhad, NGK Spark Plugs Malaysia Bhd., certain subsidiaries in the plantations and healthcare segment and associated companies of Oriental Holdings Berhad and Boon Siew Sdn Bhd.

She is the spouse of Dato' Robert Wong Lum Kong, DSSA, JP. She is the eldest sister-in-law of Dato' Seri Lim Su Tong and the aunt of Datuk Loh Kian Chong, Dato' Sri Datuk Wira Tan Hui Jing and Tan Kheng Hwee.

Wong Tet Look, Adrian

Group Chief Financial Officer | Key Senior Management

Wong Tet Look, Adrian, aged 69, Male, a Malaysian, is currently the Group Chief Financial Officer since he assumed the role in 2012 and has since been a part of the Key Senior Management team. He formerly served as Corporate Controller for the Group. He is a member of Risk Management Committee. He is also on the Board of Directors of numerous joint venture companies, several subsidiaries within the Group and Kwong Wah Yit Poh Press Berhad.

With over thirty years with the Group, he has had a broad range of operating and management experience in the Group's plantation segment, automotive retail & auto parts manufacturing segment, hotels & resorts segment, investment properties & trading of building material segment, plastic segment, healthcare segment and investment holding segment.

Prior to his career in Oriental Holdings Berhad, he obtained his professional experience with Price Waterhouse & Co. for over seven years in London, Melbourne and Kuala Lumpur.

He is a Fellow Member of the Institute of Chartered Accountants in England and Wales, Associate Member of the Institute of Chartered Accountants, Australia, Malaysian Institute of Accountants and The Chartered Institute of Taxation, Malaysia.

He graduated with Honors in Accounting and Finance from The London School of Economics and Political Science, University of London in 1973.

He does not have any family relationship with any Director and/or major stockholder of the Company.

Notes:-

(a) Conflict of Interest
None of the Directors/Key Senior Management has any conflict of interest with the Group.

(b) Convictions of Offences
None of the Directors/Key Senior Management has been convicted of any offences within the past 5 years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

NAME OF SUBSIDIARIES AND ASSOCIATES

Automotive and Related Products	**AAP**	: Armstrong Auto Parts Sdn. Berhad
	ACP	: Armstrong Cycle Parts (Sdn.) Berhad
	ACPV	: Armstrong Component Parts (Vietnam) Co., Ltd (Commenced members' voluntary winding up on 6 February 2017)
	AR	: Armstrong Realty Sdn. Bhd. (Commenced members' voluntary winding up on 28 September 2018)
	ATS	: Armstrong Trading & Supplies Sdn. Bhd.
	BSB	: Boon Siew (Borneo) Sendirian Berhad
	HM	: Happy Motoring Co. Sdn. Bhd.
	Kah M	: Kah Motor Company Sdn. Berhad
	KBA	: Kah Bintang Auto Sdn. Bhd.
	KC	: Kah Classic Auto Sdn. Bhd.
	KMA	: KM Agency Sdn. Bhd.
	KP	: Kah Power Products Pte. Ltd.

Plastic Products	**AI**	: Armstrong Industries Sdn. Bhd.
	CC	: Compounding & Colouring Sdn. Bhd.
	DF	: Dragon Frontier Sdn. Bhd.
	KTSM	: Kasai Teck See (Malaysia) Sdn. Bhd.
	LMold	: Lipro Mold Engineering Sdn. Bhd.
	OIW	: Oriental Industries (Wuxi) Co., Ltd.
	OKI	: PT Oriental Kyowa Industries
	ONDE	: Oriental Nichinan Design Engineering Sdn. Bhd.
	OSI	: Oriental San Industries Sdn. Bhd.
	TSP	: Teck See Plastic Sdn. Bhd.

Hotels and Resorts	**30Ben**	: 30 Bencoolen Pte. Ltd.
	KNZ	: KAH New Zealand Limited
	KAust	: KAH Australia Pty Limited
	Bint	: Bayview International Sdn. Bhd.
	KPCL	: Kingdom Properties Co. Limited
	SBHL	: Silver Beech Holdings Limited
	SBIOM	: Silver Beech (IOM) Limited
	SBO	: Silver Beech Operations UK Limited
	SBL	: Suanplu Bhiman Limited
	PSH	: Park Suanplu Holdings Co., Ltd.

Plantation	**ORPO**	: Oriental Rubber & Palm Oil Sdn. Berhad
	PT BSSP	: PT Bumi Sawit Sukses Pratama
	PT DAM	: PT Dapo Agro Makmur
	PT GBina	: PT Gunungsawit Binalestari
	PT GML	: PT Gunung Maras Lestari
	PT GSSL	: PT Gunung Sawit Selatan Lestari
	PT PPA	: PT Pratama Palm Abadi
	PT SAP	: PT Surya Agro Persada
	PT SSL	: PT Sumatera Sawit Lestari

NAME OF SUBSIDIARIES AND ASSOCIATES

Investment Holding	**Juta**	: Jutajati Sdn. Bhd.
	KWE	: Kwong Wah Enterprise Sdn. Bhd.
	NMEO	: North Malaya Engineers Overseas Sdn. Bhd.
	OAM	: Oriental Asia (Mauritius) Pte. Ltd.
	OAMS	: OAM Asia (Singapore) Pte. Ltd.
	OBSM	: Oriental Boon Siew (Mauritius) Pte. Ltd.
	OBSS	: OBS (Singapore) Pte. Ltd.
	OC	: Syarikat Oriental Credit Berhad
	OIM	: Oriental International (Mauritius) Pte. Ltd.
	SP	: Selasih Permata Sdn. Bhd.
Investment Properties and Trading of Building Material Products	**Ken**	: Kenanga Mekar Sdn. Bhd.
	LT	: Lipro Trading Sdn. Bhd.
	NME	: North Malaya Engineers Trading Company Sdn. Bhd.
	NMX	: North Malaya (Xiamen) Steel Co., Ltd.
	OAA	: Oriental Asia (Aust.) Pty. Ltd.
	OAMA	: OAM (Aust) Pty. Ltd.
	OBS (M)	: Oriental Boon Siew (M) Sdn. Bhd.
	OIM (A)	: OIM (Aust) Pty. Ltd.
	OR	: Oriental Realty Sdn. Bhd.
	SU	: Simen Utara Sdn. Bhd.
	UG	: Ultra Green Sdn. Bhd.
	UMix	: Unique Mix (Penang) Sdn. Bhd.
	UniMix	: Unique Mix Sdn. Bhd.
	UP	: Unique Pave Sdn. Bhd.
Healthcare	**LBSE**	: Loh Boon Siew Education Sdn. Bhd.
	MSM	: Melaka Straits Medical Centre Sdn. Bhd.
	NILAM	: Nilam Healthcare Education Centre Sdn. Bhd.
	SLP	: Star Life Pharma Sdn. Bhd. (Incorporated on 22 January 2019)
	SJ	: Star Joy Sdn. Bhd. (Incorporated on 23 January 2019)
Associates	**BBDS**	: Bukit Batok Driving Centre Ltd.
	BSH	: Boon Siew Honda Sdn. Bhd.
	BSKah	: B. S. Kah Pte. Ltd.
	ChDev	: Chainferry Development Sdn. Berhad
	HAP	: Honda Autoparts Manufacturing (M) Sdn. Bhd.
	HCM	: Hitachi Construction Machinery (Malaysia) Sdn. Bhd.
	HTSM	: Hicom Teck See Manufacturing Malaysia Sdn. Bhd.
	KST	: Kasai Teck See Co., Ltd.
	PgA	: Penang Amusements Company Sdn. Berhad
	PT KTS	: PT Kasai Teck See Indonesia
	PWR	: Penang Wellesley Realty Sdn. Berhad
	SPP	: Southern Perak Plantations Sdn. Berhad
	SSDC	: Singapore Safety Driving Centre Ltd.

GROUP STRUCTURE

ORIENTAL HOLDINGS BERHAD

Automotive and Related Products
- AAP
- ACP
- ACPV*
- AR*
- ATS
- BSB
- HM
- Kah M
- KBA
- KC
- KMA
- KP

Plastic Products
- AI
- CC
- DF
- KTSM
- LMold
- OIW
- OKI
- ONDE
- OSI
- TSP

Hotels & Resorts
- Kah M
  - Bayview Hotel Melaka
- KAust
  - Bayview Geographe Resort,WA
  - Bayview Eden, Melbourne
  - The Sydney Boulevard Hotel
  - Bayview on the Park, Melbourne
  - 100 William Street
- KNZ
  - Bayview Chateau Tongariro
  - Bayview Wairakei Resort
- 30Ben
- Bint
- KPCL
- SBHL
- SBO
- SBIOM
- SBL
- PSH

Plantation
- ORPO
- PT BSSP
- PT DAM
- PT GBina
- PT GML
- PT GSSL
- PT PPA
- PT SAP
- PT SSL

Investment Holding
- Juta
- KWE
- NMEO
- OAM
- OAMS
- OBSM
- OBSS
- OC
- OIM
- SP

Investment Properties and Trading of Building Material Products
- Ken
- OIM (A)
- LT
- NME
- NMX
- OAA
- OAMA
- OBS (M)
- OR
- SU
- UG
- UMix
- UniMix
- UP

Healthcare
- MSM
- LBSE
- NILAM
- SLP
- SJ

Associates
- BBDS
- BSH
- BSKah
- ChDev
- HAP
- HCM
- HTSM
- KST
- PgA
- PT KTS
- PWR
- SSDC
- SPP

SUBSIDIARIES ASSOCIATES

* Under members' voluntary winding up.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report together with the Audited Financial Statements of Oriental Holdings Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2018 ("FY2018").

FINANCIAL PERFORMANCE

The Group has recorded a revenue of RM6.4 billion and a profit before tax of RM596.7 million compared to RM6.3 billion and RM492.5 million respectively for the preceding year. Automotive and Plantation segments led the contribution by 74% and 10% of the consolidated revenue respectively.

The net tangible assets per share of the Group increased from RM10.28 to RM10.59, primarily due to the strengthening of stockholders' funds.

A detailed review of the performance and results of the Group's major segments is set forth under the Management Discussion and Analysis in this Annual Report.

RETURN TO STOCKHOLDERS AND VALUE CREATION (DIVIDEND)

Consistent with our approach of rewarding stockholders and taking into due consideration the stable performance in FY2018, the Board is pleased to recommend a final single tier dividend of 8 sen per ordinary stock and a special final single tier dividend of 20 sen per ordinary stock. Combined with the first and second interim dividend of 6 sen per ordinary stock each paid on 22 November 2018 and 11 April 2019 respectively, this brings dividend for FY2018 to 40 sen per ordinary stock.

The Board will endeavor to pay a reasonable dividend each year and regularly review the distribution to stockholders vis-à- vis the overarching Group's business strategy in order to strike a balance between the interests of stockholders and business growth. The Board believes that the dividend record to-date will still provide the Group with a sustainable future. The total dividend payout to-date represents more than 48.67% of the profit after tax after non-controlling interest.

An annual analysis demonstrated that a holding of 1,000 stocks in Oriental at its initial public listing in 1964 would translate into 48,306 Oriental stocks worth RM298,048, based on the stock price of RM6.17 at end of FY2018. In addition, the stocks would have earned a total gross dividend of RM228,801.02. The gross dividends received and appreciation in value is equivalent to an impressive average rate of return of 12.07% for each of the 55 years.

OUTLOOK & FUTURE STRATEGIES

Moving forward, the Group will continue its focus on expanding the Automotive and Plantation segments, venture into the retail pharmacy and transitional care center management under the Healthcare segment and further diversify into property investment abroad to provide long-term income streams in future.

While the overall market climate is one of cautious optimism, the Board is confident that the Group will deliver another year of positive results through a disciplined focus on its core industries as well as changing strategic direction and plans for the fledging segments.

ACKNOWLEDGEMENT AND APPRECIATION

We all share a common goal to create an even brighter future for the Group and on behalf of the Board, I would like to express my deepest appreciation to the Oriental family, including the management team and all employees, for their relentless efforts and commitment to the growth and continued success of our Group.

To all our stockholders, customers, longstanding business partners and the regulatory authorities, we also extend a big "Thank you" for your unyielding confidence, support and loyalty.

Lastly, my sincere gratitude to my fellow Board members for your invaluable support, dedication and guidance throughout 2018. Let's work together towards greater growth and success in 2019.

Datuk Loh Kian Chong
Executive Chairman
9 April 2019

MANAGEMENT DISCUSSION AND ANALYSIS
- AUTOMOTIVE SEGMENT

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS INCLUDING OBJECTIVES & STRATEGIES

The main business activity of the Group's Automotive segment involves the distribution and retailing of Honda cars and spare parts, as well as subsequent diversification to Mitsubishi marque at the end of 2014.

We are the exclusive distributor of Honda cars in both Singapore and Brunei Darussalam. Kah Motor Malaysia currently operates eight out of 90 Honda dealerships in Peninsular Malaysia and another dealership in Sabah. Kah Motor Malaysia currently owns one 1S ("showroom") centre, one 2S ("service and body & paint") centre, six 3S ("showroom, service and spare parts") centres and two 4S ("showroom, service, spare parts and body & paint") centres. Kah Motor's branch in Singapore has two showrooms, six service centres and two body & paint centres while Happy Motoring Co. Sdn. Bhd., a subsidiary of Kah Motor boasts two showrooms, a service centre and a spare parts centre in Brunei Darussalam under its name.

Kah Classic Auto Sdn Bhd ("KCA") is currently a dealer of Mitsubishi Motor Malaysia Sdn Bhd focusing on sales and servicing of Mitsubishi-branded vehicles through its two main outlets.

The Automotive Manufacturing segment leverages on strong collaboration with our technical partners to provide specialised automotive parts to both Original Equipment Manufacturer ("OEM") and Replacement Equipment Manufacturer ("REM") markets.

The segment's objective is to become the top automobile retailing company in the region by setting industry standards for customer satisfaction and cost effectiveness. Through a relentless commitment to innovation and enhancements in productivity, we strive to provide our customers with top-notch products and services at competitive price levels.

DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS & CONDITIONS

The Automotive segment recorded a marginal growth of 2.1% in total revenue of RM4.7 billion in FY2018 compared to RM4.6 billion in FY2017. Revenue contributions from retail operations in Singapore accounted for 65.1% of total revenue, while the remaining 34.9% came from operations in Malaysia and Brunei.

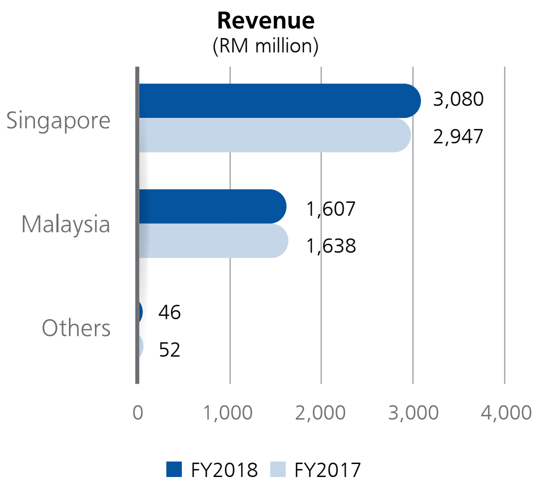
Retail operations in Singapore saw a 49.8% growth in operating profit due to higher number of cars sold by 18.2% and improved gross profit margin derived from favourable Certificate of Entitlement ("COE") prices. Significant growth was recorded for certain models such as Honda Jazz, Civic and CR-V.

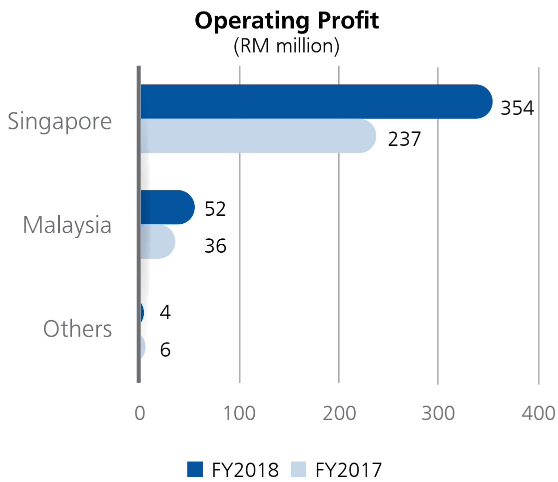
Where retail operation in Malaysia is concerned, revenue recorded a marginal decrease of 1.9% while there was a 43.8% growth in operating profit mainly attributable to gain derived from disposal of property of RM11 million and compensation for loss on operation of RM2 million under government mandatory land acquisition.

Overall number of cars sold for Honda and Mitsubishi brands recorded a decrease of 9.4% and increase of 33.3% respectively which are in line with the overall total sales for Honda and Mitsubishi cars in Malaysia which recorded a decrease of 6.6% and increase of 31.7% respectively.

The tax holiday period from 1 June 2018 to end of August 2018 with zero rate of GST helped to boost the sales volume during this period. However, the surge in demand during the tax holiday period has been neutralised by the sales volume drop after SST became effective from 1 September 2018 and depletion of stock from most automotive companies.

A summary of the financial results of the Automotive segment for the corresponding periods are as follows:





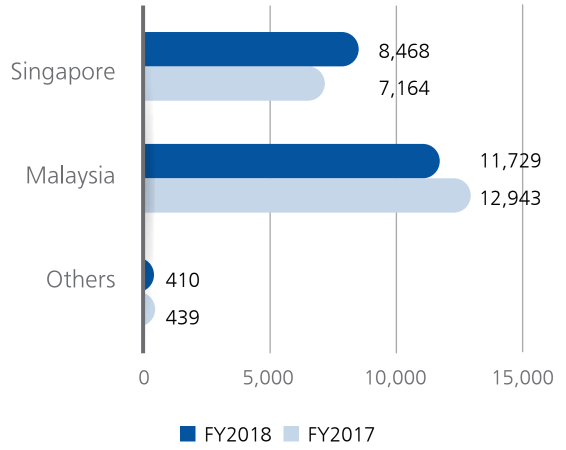
MANAGEMENT DISCUSSION AND ANALYSIS
- AUTOMOTIVE SEGMENT

DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS & CONDITIONS (cont'd)

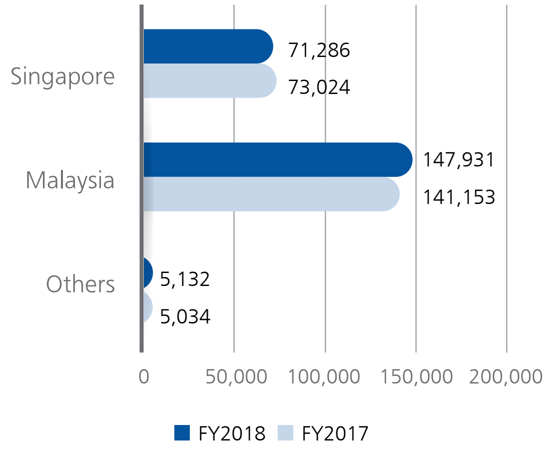
A summary of the number of cars sold and service intakes of the Automotive segment for the corresponding periods is as follows:

Honda Brand

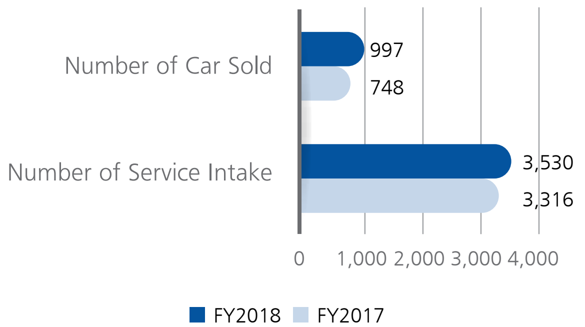
Number of Car Sold By Countries



Number of Service Intake By Countries

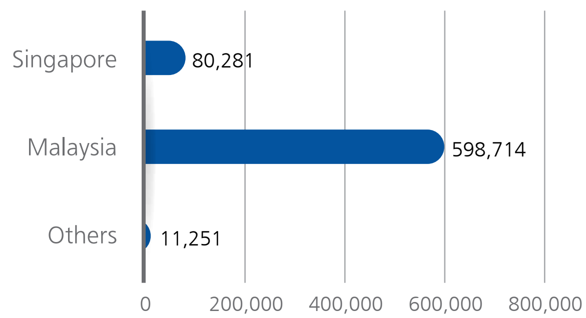


Mitsubishi Brand (Malaysia)



The market share analysis for FY2018 are as follows:

Industry Volume by Countries



Honda Market Share

Singapore: 18.7%

Malaysia: 17.1%

Brunei: 3.6%

Mitsubishi Market Share

Malaysia: 1.5%

MANAGEMENT DISCUSSION AND ANALYSIS
- AUTOMOTIVE SEGMENT

DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS & CONDITIONS (cont'd)

OHB Group Market Share over Honda Market Share
Singapore : 56.3%
Malaysia : 11.5%
Brunei : 100%

OHB Group Market Share over Mitsubishi Market Share
Malaysia : 10.8%

REVIEW OF OPERATING ACTIVITIES & DISCUSSION OF MAIN FACTORS THAT MAY AFFECT THE OPERATING ACTIVITIES

We envisage less than inspiring market conditions ahead, with the automotive segment likely to face fierce market competition due to external factors such as rising costs of living and volatility of the ringgit. Nevertheless, we will endeavour to maintain our standing in the market. Over the past years, we have been continuously expanding and upgrading our showrooms and service centres. We have also strengthened efforts to boost our presence in East Malaysia.

In addition, plans are being made to upgrade Puchong, Selayang, Ipoh and Sabah outlets from the current 3S to 4S centres by including body and paint services.

In terms of capital expenditure, the segment spent a total of RM17.2 million in FY2018 as compared to RM20.2 million in the previous financial year. The capital expenditure was primarily incurred on expansion and upgrades made to showrooms and service centres with the objective of improving its sales and after-sales service network throughout Malaysia.

DISCUSSION OF ANY ANTICIPATED OR KNOWN RISKS THAT THE GROUP IS EXPOSED TO

The stringent control on hire purchase loans by financial institutions for new and used cars coupled with the Bank Negara Malaysia announcement of an increase of the Overnight Policy Rate by 25 basis points to 3.25% in January 2018 will remain as main challenges to the Automotive segment.

The volatility and fluctuation of currency risk are considerable factors, which may result in higher vehicle costs, thus impacting an already compressed gross profit margin.

FORWARD-LOOKING STATEMENT

2018 was a good year for the industry despite the many challenges and uncertainties. Total Industry Volume was higher by 3.8%, spurred on mainly by the tax holiday period in the third quarter of year 2018.

Looking forward, 2019 is expected to be as challenging with a gloomy economic outlook and re-energised car makers. However, new models launched may inject some excitement into the market.

The revised National Automotive Policy ("NAP") is expected to unveil the new automotive policy which will cover the entire automotive ecosystem, advancement of electric vehicles, autonomous vehicles and include new elements of technology. Among the new elements are the next generation vehicles, mobility as a service, Industrial Revolution 4.0 and artificial intelligence.

Honda Malaysia remains optimistic and will introduce pro-active measures including product enhancement, aggressive marketing activities, providing excellent sales and after sales services and lastly a focus on additional business opportunities through Honda Insurance Plus, Body & Paint and Honda accessories.

Mitsubishi's focus is on the South-East Asian market and they are focusing to build up their network, brand and sales through a strong dealer network as they do not have any branches. KCA has grown to become a key player in Mitsubishi by becoming the second largest dealer in terms of sales, despite having only 2 outlets.

We expect Singapore market to remain challenging due to the small market size and competitors' ability to undercut the price significantly. Parallel importers are increasing competition as large range of hybrids from Japanese domestic market offer a lower price range for customers. The COE quota is expected to shrink from 2019.

To further enhance our market positioning and portfolio's attractiveness to customers, the management will also focus on expanding the reach of its sales and after-sales service networks and improving overall service quality levels offered, to support the heightening demand.

Setting our sights further ahead, we shall continue to pursue customer satisfaction as a key prerogative. This will be an indispensable step to fulfilling our vision of building long-term partnerships with customers, through efficient and effective operations.

MANAGEMENT DISCUSSION AND ANALYSIS
- PLANTATION SEGMENT

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS, INCLUDING OBJECTIVES AND STRATEGIES

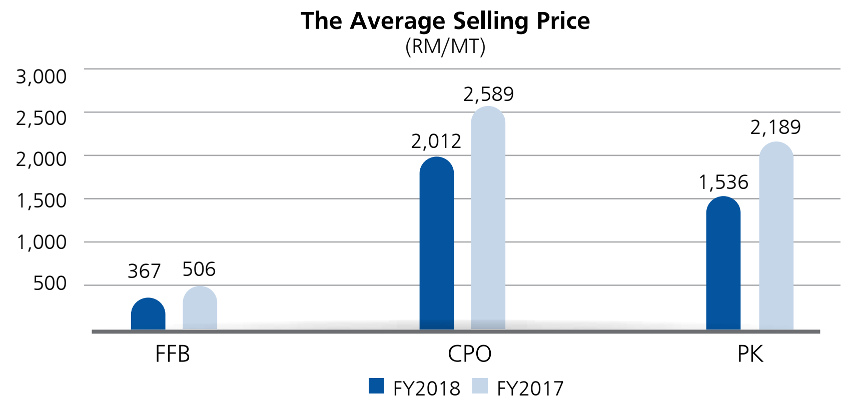
OHB Group first ventured into the palm oil plantation business in 1965 with the acquisition of its first plantation in Malaysia. The Group diversified into the palm oil plantations business in Indonesia in 1994 with the acquisition of 20,000 hectares of concession plantation land in Bangka Island, thus marking its first foray into the overseas market. As at 31 December 2018, the Group operates eight plantation companies in Indonesia, three on Bangka Island and five in South Sumatra.

The Group commissioned its first Crude Palm Oil (CPO) mill in Bangka Island, Indonesia in 1999 followed by a second CPO mill on the island in 2003 in line with rapid increase in Fresh Fruit Bunches (FFB) production in Indonesia. The third and most recent oil mill on the island was commissioned in FY2016. The three mills in Bangka Island enabled the Group to process 607,772 MT per annum of FFB in FY2018. Construction of the fourth oil mill, the first for its South Sumatra operations is currently underway in anticipation of the rising FFB output in the Years 2020 to 2022 from the maturing of its planted hectare in South Sumatra. This oil mill is targeted to be commissioned in early FY2020.

As of 31 December 2018, the Group's plantation land bank concession stands close to 95,504 hectares, of which 39,770 hectares have been planted with oil palm trees. About 90,536 hectares are in Indonesia (Pulau Bangka and South Sumatra) while the remaining 4,968 hectares are located in Malaysia (in Pahang and Negeri Sembilan). The segment currently has a matured area of 32,194 Ha.

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND CONDITIONS

Plantation segment performance for FY2018 was subdued with a decline in revenue of RM 616.5 million as compared to RM 716.6 million for FY2017, attributed to the decrease in FFB, CPO and Palm Kernel (PK) selling prices. The Group's plantation segment recorded an operating loss of RM 17.3 million, a 119.4% drop from the preceding year's operating profit of RM 89.0 million. RM 12.7 million or 73.4% of the operating loss was from Indonesian Operations. The decline in performance was attributed to the volatility and decline in commodities prices throughout and especially towards the end of FY2018 and the unrealised foreign exchange losses on our JPY borrowings.



The Group's estates produced a total of 705,999 MT of FFB, an increase of 15.4% compared to 611,798 MT for the preceding year. This was mainly due to a higher yield - FFB yield per hectare of 21.93 MT/Ha in FY2018 compared to 19.61 MT/Ha in FY2017.

In FY2018, the plantation segment recorded an unrealised foreign exchange loss of RM 97.3 million compared with unrealised foreign exchange loss of RM 43.1 million in FY2017 mainly attributable to strengthening of Japanese Yen for its yen-denominated borrowings for its Indonesian Operations.

For capital expenditure, the segment spent a total of RM 118.4 million in FY2018 compared to RM 120.0 million in the preceding year. The capital expenditures were mainly for the development of its Indonesian operations, including new planting and replanting of oil palm, construction of staff quarters and oil mill, and acquisition of agricultural equipment and vehicles. In FY2019, total capital expenditure to be incurred for new planting, construction of office and construction of fourth oil mill is expected to reach around RM 99.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS
- PLANTATION SEGMENT

REVIEW OF OPERATING ACTIVITIES & DISCUSSION ON MAIN FACTORS THAT MAY AFFECT THE OPERATING ACTIVITIES

The Group's 3 palm oil mills in Indonesia, with a combined operating capacity of 240 metric tonnes per hour, processes its own estates' crops as well as crops purchased from smallholders, FFB traders and other third party estates.

Total FFB processed by its 3 mills was 607,772 tonnes in FY2018, an increase of 14.8% compared to FY2017 of 529,483 tonnes. The increase in FFB processed is mainly attributed to more palms attaining maturity, contributing to better harvest from our own plantation estates. 50.3% of the total FFB processed during the year was purchased from third parties.

In FY2018, average CPO and PK extraction rates stood at 19.33% and 4.97% respectively, decreasing by 2.0% and 3.3% compared to 19.73% and 5.14% achieved in FY2017. Lower extraction rates were due to the aging profile of the planted hectarage.

A total of 239 hectares of oil palms were replanted in FY 2018 compared against 444 hectares in FY 2017 for Malaysian plantations. Moving forward, our strategy for the year 2019 is to replant 318 hectares. As for new planting activities in Indonesia, we have planted 10,600 hectares to date and target to plant about 1,000 to 2,000 hectares each year over the next two years. All the replanting activities will be carried out in a sustainable manner and in accordance with environmental-friendly, zero burning policy.

DISCUSSION OF ANY ANTICIPATED OR KNOWN RISKS THAT THE GROUP IS EXPOSED TO

The inherent risks pertaining to the oil palm industry such as erratic weather patterns from the prolonged wet weather due to La Nina and prolonged low rainfall from El Nino have been more pronounced in 2018. Other factors include the depressed prices in CPO and PK, unstable Ringgit, intensified competition from substitutes, rising operational costs, notably that of fuel, fertilisers and chemicals. Socio-political factors such as external political disruptions, social disorder, cross border and country risks as well as labour shortages in estates also impacted the segment performance. The European Union's plan to phase out the use of palm oil in its biofuels starting from 2023 ramping up to a ban in 2030, which was being viewed as politically motivated and protectionist move rather than an environmental issue, has further depressed sentiments of the industry.

Given that many factors are beyond our control, cost control, improvements in all round productivity and efficiency, and prudent treasury management will be key measures to enhance the bottom line. We prioritise controlling costs and yield improvement through better agronomic administration, reorganising harvesting operations, optimising usage of vehicles/mechanisation to alleviate labour shortages as well as instituting quality control for field works. With the enhanced internal efficiencies in place, production costs for matured areas were held in check, partially offsetting higher costs for newly matured areas.

Being a commodity operator, we address the environmental, social and economic aspects of oil palm production while ensuring best management practices are consistently followed throughout our activities, guided by the firm commitment to contribute to a better society, with environmental awareness as a top-of-mind priority.

STRATEGY

The Group continually evaluates its portfolio to ensure competitiveness and unlock the value of its investment when an opportunity arises. Hence, for our Indonesian Operations, we strive to further consolidate plantation operations with a critical review of its current land bank. Marginal land will be removed from development. Efforts will be focussed on the development of the existing land bank into premium quality plantations and the expansion of planted hectares via acquiring planted areas and plantation companies which fit our technical specifications and affordability requirements. In tandem with the expansion plans, the Group is also focusing in enhancing and improving the technical skills and capabilities of our staff through trainings while ensuring an adequate talent pool to fulfil current and future needs.

MANAGEMENT DISCUSSION AND ANALYSIS
- PLANTATION SEGMENT

FORWARD-LOOKING STATEMENT

FY2018 was a year of continued economic challenges given the economic and business uncertainties and the consequential volatility and decline in commodity prices and fluctuation in foreign currencies. Nevertheless, we remain upbeat on the operating performance of plantation segment and will continue to plough on with continuous improvements to productivity by harnessing fitting technologies and strengthening estate management practices. We are confident that by building our strong fundamentals and emphasis on delivering results will enable the Group to remain resilient and weather these challenges.

Meanwhile, CPO prices are set to recover in FY2019 with an average of about RM 2,304 per tonne as anticipated by panel of experts at the 30th edition of the Annual Palm and Lauric Oils Conference and Exhibition, with anticipated surge in demand stemming from Indonesia's B20 biodiesel mandate and Malaysia's B10 biodiesel mandate, slower palm oil supply growth for Indonesia and higher palm oil demand from China.

PLANTATION STATISTICS

The Group's estate production, yield and Profit per HA records

	FY2018	FY2017	Change (%)
Production (MT)			
Malaysian Operations			
FFB	61,100	58,408	4.6%
Indonesian Operations			
FFB	644,899	553,390	16.5%
Total FFB	**705,999**	**611,798**	**15.4%**
Yield Per Mature Hectare (MT)			
Malaysian Operations	16.62	17.15	-3.1%
Indonesian Operations	22.61	19.92	13.5%
Group	**21.93**	**19.61**	**11.8%**
Operating (Loss)/Profit Per Mature Hectare (RM)			
Malaysian Operations	(1,257)	3,219	-139.0%
Indonesian Operations	(445)	2,810	-115.8%
Group	**(538)**	**2,855**	**-118.8%**

The Group's production records of 3 palm oil mills

	FY2018	FY2017	Change (%)
Indonesian Operations			
FFB processed (MT)			
Own Estates	607,772	529,483	14.8%
External	614,205	413,814	48.4%
Total	**1,221,977**	**943,297**	**29.5%**
CPO production (MT)	236,226	186,144	26.9%
PK production (MT)	60,678	48,482	25.2%
Extraction rates (%)			
CPO	19.33	19.73	-2.0%
PK	4.97	5.14	-3.3%

MANAGEMENT DISCUSSION AND ANALYSIS
- PLANTATION SEGMENT

PLANTATION STATISTICS (cont'd)

Distribution by Country and Level of Maturity of the Group's Planted Areas (hectares)

Malaysian Operations	**2018**	**2017**
	Ha	**Ha**
Mature	3,676	3,405
Immature	1,134	1,420
Planted	**4,810**	**4,825**
Buildings, roads, etc.	158	140
Land bank	**4,968**	**4,965**

Indonesian Operations	**2018**	**2017**
	Ha	**Ha**
Mature	28,518	27,785
Immature	6,442	6,472
Planted	**34,960**	**34,257**
Plantable	53,355	53,868
Buildings, roads, etc.	2,221	2,426
Land bank	**90,536**	**90,551**
Total Group Planted	**39,770**	**39,082**
Total Group Land Bank	**95,504**	**95,516**

Distribution by Age Profile of the Group's Oil Palms:

Malaysian Operations	**2018**		**2017**	
	Ha	**%**	**Ha**	**%**
Young (4 to 7 years)	1,316	36%	766	23%
Prime (8 to 18 years)	118	3%	286	8%
Mature (More than 18 years)	2,242	61%	2,353	69%
Total Mature Planted	**3,676**	**100%**	**3,405**	**100%**

Indonesian Operations	**2018**		**2017**	
	Ha	**%**	**Ha**	**%**
Young (4 to 7 years)	5,043	18%	5,890	21%
Prime (8 to 18 years)	6,212	22%	4,695	17%
Mature (More than 18 years)	17,263	60%	17,200	62%
Total Mature Planted	**28,518**	**100%**	**27,785**	**100%**
Group Mature Planted	**32,194**	**100%**	**31,190**	**100%**

MANAGEMENT DISCUSSION AND ANALYSIS
- HOTELS & RESORTS SEGMENT

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS INCLUDING OBJECTIVES & STRATEGIES

The Hotels & Resorts segment owns 10 operating units, including one in Malaysia and nine other overseas-based units. Bayview Hotel Malacca is located in Malaysia while the remaining 9 hotels and resorts located overseas are 30 Bencoolen (Singapore); Chateau Tongariro Hotel and Wairakei Resort Taupo (New Zealand); The Sydney Boulevard Hotel, Bayview Eden, Bayview On The Park and Bayview Geographe Resort (Australia); Somerset Park Suanplu (Thailand) and Thistle Holborn The Kingsley Hotel (United Kingdom).

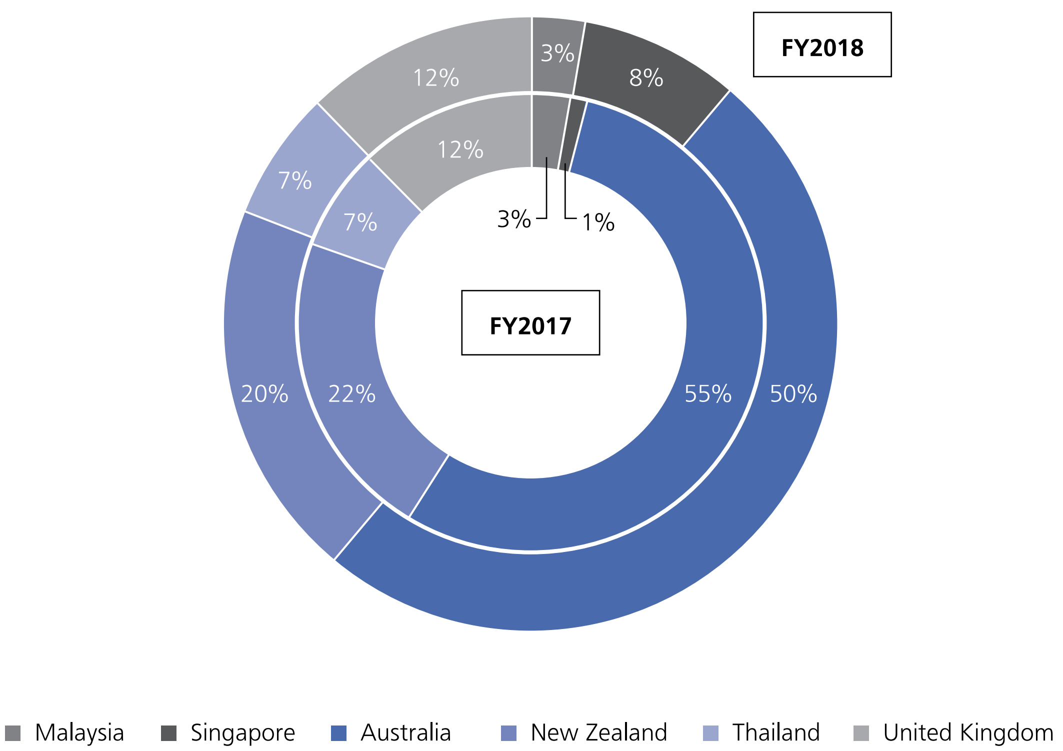
The Group operates all hotels and resorts on its own with the exception of Somerset Park Suanplu (managed by The Ascott Limited) and Thistle Holborn The Kingsley Hotel (managed by Guoman). The portfolio also includes Bayview International Sdn Bhd which oversees operations, marketing and promotion activities for Bayview hotels and resorts worldwide.

The segment's vision is to become a preferred brand for guests through providing a warm, personalised experience with each stay. With an emphasis on exceptional service, comfortable accommodation for every guest, high-quality amenities and dining options, friendly, attentive staff and excellent value for money, it aims to meet and exceed guest expectations.

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS & CONDITIONS

The Hotels & Resorts segment recorded a revenue of RM316.5 million, an increase of RM13.8 million (4.6%) compared to RM302.7 million for FY2017. This was attributed to the full year revenue contribution as well as an improvement in average occupancy rate and average room rate from 30 Bencoolen, Singapore since it re-opened for business at the end of October 2017 after undergoing a one-year refurbishment.

Revenue by Geographical Location (%)



MANAGEMENT DISCUSSION AND ANALYSIS
- HOTELS & RESORTS SEGMENT

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS & CONDITIONS (cont'd)

The operating profit for FY2018 remained constant at RM59.8 million compared to RM59.9 million in FY2017. This was driven by higher average occupancy rates offset against foreign exchange translation loss of RM4.4 million compared to FY2017. The average occupancy rate for 10 hotels and resorts grew to 76% from 71% in FY2017.

Hotels	Location	Star Rating	Managed by	Occupancy Rate	
				FY2018	FY2017
Bayview Hotel Malacca	Malaysia	4 Star	Bayview International Sdn Bhd	64%	58%
30 Bencoolen	Singapore	4 Star	Bayview International Sdn Bhd	91%	60%
The Sydney Boulevard Hotel	Australia	4 Star	Bayview International Sdn Bhd	90%	91%
Bayview Eden	Australia	4 Star	Bayview International Sdn Bhd	79%	73%
Bayview On The Park	Australia	4 Star	Bayview International Sdn Bhd	77%	78%
Bayview Geographe Resort	Australia	4 Star	Bayview International Sdn Bhd	54%	60%
Chateau Tongariro Hotel	New Zealand	4 Star	Bayview International Sdn Bhd	76%	72%
Wairakei Resort Taupo	New Zealand	4 Star	Bayview International Sdn Bhd	57%	56%
Somerset Park Suanplu	Thailand	4 Star	The Ascott Limited	84%	82%
Thistle Holborn The Kingsley Hotel	United Kingdom	4 Star	Guoman	84%	79%

REVIEW OF OPERATING ACTIVITIES & DISCUSSION ON MAIN FACTORS THAT MAY AFFECT THE OPERATING ACTIVITIES

The segment implements strategies and participates in the meetings, incentives, conferences and events (MICE) portal to secure more bookings for corporate functions, social events and wedding banquets.

Bayview International's booking channels are well geared, through earlier enhancement and upgrading exercises, to capitalize on the internet-savvy market. Registered members can enjoy premium rates and exclusive deals every time they stay in these hotels.

The management will monitor and ensure that renovation works were carried out as scheduled so that renovated rooms could be put back into the inventory for sale. To keep disturbance to a minimum during these works, the management also ensured that ongoing works adhered to strict guidelines by restricting access of renovation areas from in-house guests and managing guest concerns in general.

The segment focused its efforts on controlling operation costs effectively especially during the low season, and managed the availability of rooms efficiently to gain better yield.

The segment also spent a total of RM8.4 million in its capital expenditure in FY2018 compared to RM71.6 million in the preceding year. The capital expenditure incurred was primarily for its soft refurbishment and reconstruction of the main building at Bayview Geography Resort as well as general upgrading of furniture, fittings and equipment in Australia to increase our competitive performance in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS
- HOTELS & RESORTS SEGMENT

DISCUSSION OF ANY ANTICIPATED OR KNOWN RISKS THAT THE GROUP IS EXPOSED TO

To counter the increase of new players in Malacca and pressure on pricing, Bayview Hotel Malacca implemented aggressive marketing strategies including the introduction of value added products and dynamic pricing to help drive greater revenue.

For Somerset Park Suanplu and Thistle Holborn The Kingsley Hotel, the segment will continue to ensure the managing agents strengthen the quality of their services in their day-to-day operations and maintain these properties well while generating decent returns.

To ease the dilemma of manpower shortages, the segment has been actively taking efforts to improve employee recognition and motivation by offering staff incentive programmes, benefits and training opportunities while creating a positive work environment. Besides that, management of part-time and casual employees is also vital given the shortage of skilled employees, especially during peak seasons.

FORWARD-LOOKING STATEMENT

The overall outlook for the leisure and hospitality industry is expected to remain highly competitive amid slower economic conditions in both domestic and overseas markets, resulting in further pressure on the performance of the hotels and resorts segment. However, we are confident that this segment will contribute to the long-term growth of the Group.

Looking ahead, we aim to drive revenues by investing in a more user-friendly website to attract guests and exploring other income streams, including ways to increase guests' consumption of food and beverage. We also aim to increase operational efficiencies by implementing cost efficiency measures, reducing wastage and improving staff efficiency levels as well as maximising profitability in all areas.

Besides planned major refurbishments, about 3 - 4% of revenue per year would be reserved for capital expenditure on replacement and repair of furniture, fittings and equipment, to ensure the properties remain in optimum condition at all times to create positive customer experiences.

MANAGEMENT DISCUSSION AND ANALYSIS
- HEALTHCARE SEGMENT

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS INCLUDING OBJECTIVES & STRATEGIES

The segment is principally engaged in the running of a medical centre and nursing college. The healthcare segment was launched following the acquisition of a nursing college in Melaka in April 2011 and the construction of the medical hub in August 2012 on the Oriental Group's reclaimed land at Klebang, Melaka. The medical hub named Oriental Melaka Straits Medical Centre ("OMSMC") was officially launched on 31 January 2015. OMSMC is a 300-bedded medical hub and fully integrated multidisciplinary specialist center.

As a healthcare service provider, the segment is setting a 10-year direction to develop and grow OMSMC into a full-fledged 300-bed tertiary medical centre, offering a wide spectrum of multidisciplinary and subspecialty services. It aims to become a leader in quality healthcare delivery with a strong presence in the community providing quality and value-based services including: - (i) referral/ recommended choice for diagnosis and treatment (ii) ongoing academic and research involvement (iii) patient safety and quality improvement champions (iv) innovation in healthcare information technology and (v) wellness and community wellbeing.

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS & FINANCIAL CONDITION

The segment is experiencing an active growth trend due to increased patient capacity; customer emphasis on greater comfort and reasonable pricing while seeking treatment, as well as development of other healthcare facilities.

During the year, the segment achieved revenue growth of 25.9% to RM68.4 million, which led to better performance with positive EBITDA at RM 8.1 million. Losses before tax reduced by RM 8.6 million or 52.6%. Losses for the segment remained due to depreciation, amortisation and finance costs associated with the initial startup. It is targeted to break even by year 2020.

The improvement of revenue came from the good performance with increasing numbers in patient, operating beds and consultants. The segment registered yearly positive growth and progressively ramped up figures to gain operating leverage.

Key Indicators

	2018	2017	Variance (%)
Revenue (RM'000)	68,362	54,292	25.9
EBITDA (RM'000)	8,148	(935)	971.4
Number of beds (operational)	129	106	21.7
Medical consultants	45	41	9.8
No. of Inpatients	10,544	8,389	25.7
No. of outpatients	92,657	79,541	16.5
Number of student intake	143	109	37.7

MANAGEMENT DISCUSSION AND ANALYSIS
- HEALTHCARE SEGMENT

REVIEW OF OPERATING ACTIVITIES & DISCUSSION ON MAIN FACTORS THAT MAY AFFECT THE OPERATING ACTIVITIES

With four years of offering quality-based health services, OMSMC is going through a transformational expansion to become a leading tertiary hospital in Melaka and southern Malaysia. When conducting business and strategizing for the future, the management has taken a close look at relevant trends to spot opportunities and challenges so as to be prepared for future developments.

Key profit drivers affecting the segment are:

Opportunities and Challenges	Directions
Micro	
1. Increased competition. – Public and private healthcare service providers will continually improve to meet the rising healthcare needs.	• OMSMC will strengthen its position by enhancing brand awareness and creating a brand differentiation. • OMSMC will also continue to develop brand loyalty via positive experience i.e. providing the best quality in terms of clinical, process and services.
Macro	
1. Aging population. By year 2035, the percentage of the population of Malaysia above the age of 65 is forecast to be at 13.17%. This demographic would result in an increase in non-communicable diseases, which in turn would drive increasing demand for medicines and support services.	• OMSMC believes the strong positioning of OMSMC brand as a private healthcare solutions provider will help to deliver high standards of quality healthcare and enable capitalization on growth opportunities in the region.
2. Digitally connected health – the demand for value and increasingly competitive environment are prompting healthcare organisations to find new and more effective ways to improve care delivery.	• OMSMC strives to keep up with technological advancement in healthcare industry, changes in the healthcare industry may require sourcing for and investment in new medical equipment and technology. • OMSMC will continue to adopt or increase advanced medical technologies or system to further improve quality care for patients to achieve high operational efficiency with excellent customer experiences.
3. Consumer engagement – consumers are more informed, involved in, and financially responsible for their healthcare decisions. They also have higher expectations for the services and products they receive.	• OMSMC has taken efforts to improve through innovation to provide better and faster service to the patients. • OMSMC provides digital technologies to enable convenience-driven care and nurture two-way relationship for the long term i.e. use online resources (Reach out via social media, online appointment, and other technologies to develop patient engagement strategies that help individuals make informed healthcare decisions). • OMSMC also actively promotes and participates in health-related events in the local and international community.
4. Alternative care delivery and operational models – cost pressures, changing staffing models, technology advancements and consumer preferences.	• The segment is in the process of introducing new business model in year 2019 to tap into the pharmacy outlets and also plan to set up aged care facility to position for sustainable business growth.
5. Regulatory compliances – much of healthcare's regulatory focus is on patient and drug safety.	• OMSMC successfully received a full four-year accreditation for Malaysia Society for Quality in Health ("MSQH") in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS
- HEALTHCARE SEGMENT

REVIEW OF OPERATING ACTIVITIES & DISCUSSION ON MAIN FACTORS THAT MAY AFFECT THE OPERATING ACTIVITIES (cont'd)

Apart from providing quality patient care, the segment will continue to:-

- actively promote and participate in health-related events in local and international community for example fund raising events, visitation to Old Folk Homes and Orphanage, Pink October, Health Talks and Forums;
- continue sponsoring and organizing fund raising events, which cover both environmental and community initiatives, for example MCCI Charity Phoco Fund for Cataract Patients, Total Knee Replacement Charity Campaign and World Vision "Together for Every Child" Campaign;
- position itself as a medical centre that not only provides treatment but also promotes healthy lifestyle through the Pro-Health initiatives and activities;
- build a core OMSMC team with focus on talent management to grow and retain talents, with necessary competence, attitudes and skillsets; and
- promote ongoing culture of quality improvement and patient safety.

For capital expenditure, the segment spent a total of RM1.3 million in FY2018 as compared to RM5.5 million for the previous financial year, in line with the year's budget and capital expenditure strategies. Capital expenditure incurred was primarily for the renovation of future inpatient wards and increased use of medical equipment to further improve quality care.

DISCUSSION OF ANY ANTICIPATED OR KNOWN RISKS THAT THE GROUP IS EXPOSED TO

The total healthcare industry spending in Malaysia stood at RM52 billion in 2017. This expense is expected to reach about RM80 billion by 2020, fueled by the demand for healthcare services and the emergence of new care models beyond traditional hospital settings, which in turn is expected to attract significant investment in the hospital industry.

Competition among hospitals for patients, and the retention of skilled and qualified healthcare professional and support staff continue to be intense for healthcare service providers. Thus, the segment will continue to build a core team with focus on talent management, aggressive staff recruitment/ retention program with attractive remuneration packages and marketing to grow the OMSMC brand. Currently there are 4 private hospitals in Melaka with no planned setting up of new private hospitals in the pipelines for the immediate future.

FORWARD-LOOKING STATEMENT

The long-term outlook of the healthcare industry continues to be driven by favourable patient demographics and demand for better quality healthcare and aged care services. The Group is confident that the strong OMSMC brand will continue to deliver high standards of quality healthcare and steer the company on the right path in the next 10 years.

The strategic focus for the segment in 2019 will include the following action plans:-

- continue to expand its reach to other medical travellers by opening new representative offices in neighbouring geographies like Indonesia;
- set up community pharmacy stores with rehabilitative services in a wholesome community-based setting to serve as a contact point for recruitment and maintenance of customers into the proposed OMSMC healthcare ecosystem; and
- set up aged care facility to provide specialised care for patients requiring medium to long-term medical or rehabilitative services.

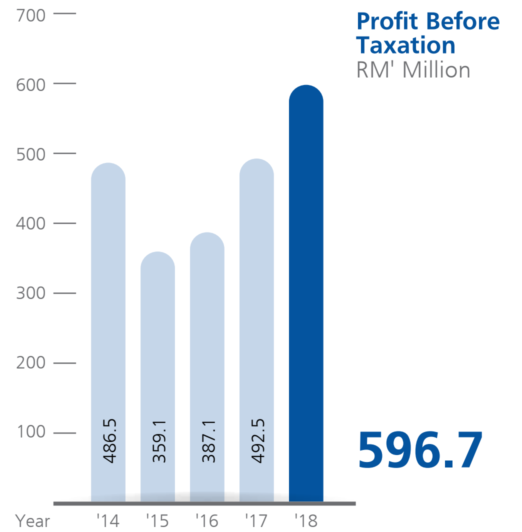
FIVE-YEAR GROUP FINANCIAL SUMMARY

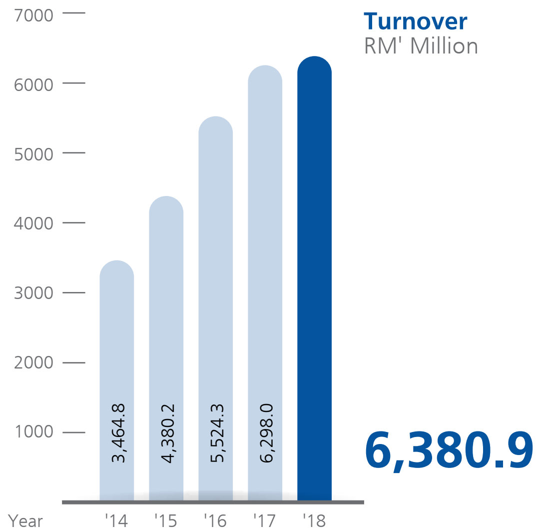
(RM' Million)

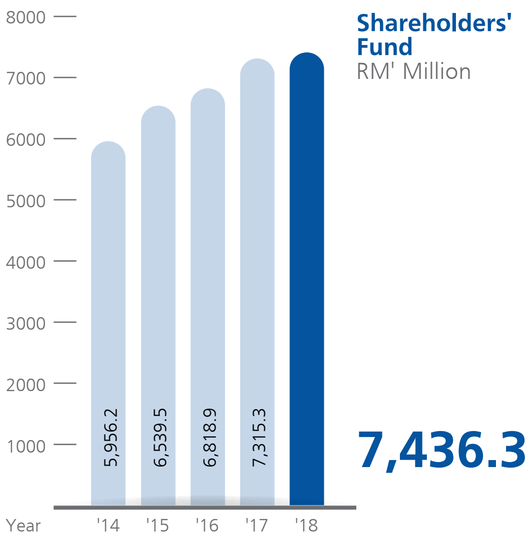
	2018	2017[1]	2016[2]	2015[2]	2014[2]
FINANCIAL POSITION ANALYSIS					
Share capital	**620.5**	620.5	620.4	620.4	620.4
Reserves	**5,947.7**	5,759.4	5,247.7	5,025.5	4,487.0
Treasury stocks	**(0.2)**	(0.2)	(0.2)	(0.2)	(0.2)
Total equity attributable to stockholders of the Company	**6,568.0**	6,379.7	5,867.9	5,645.7	5,107.2
Non-controlling interests	**868.3**	935.6	951.0	893.8	849.0
TOTAL EQUITY	**7,436.3**	7,315.3	6,818.9	6,539.5	5,956.2
Property, plant and equipment	**2,160.8**	2,218.7	1,554.7	1,595.1	1,487.7
Intangible assets	**29.1**	29.6	34.0	49.8	49.6
Biological assets	**-**	-	690.1	553.7	310.5
Investment properties	**1,095.3**	1,018.8	892.1	818.2	569.0
Inventories	**36.2**	36.2	36.1	36.1	36.0
Prepaid land lease payments	**60.0**	63.0	63.9	66.2	30.7
Investments	**1,314.3**	1,298.5	935.8	873.3	781.5
Deferred tax assets	**32.8**	53.1	39.2	31.2	10.4
Other receivables	**28.8**	26.1	-	-	-
Current assets	**5,262.6**	4,806.1	4,662.7	4,155.3	3,684.1
TOTAL ASSETS	**10,019.9**	9,550.1	8,908.6	8,178.9	6,959.5
TOTAL LIABILITIES	**(2,583.6)**	(2,234.8)	(2,089.7)	(1,639.4)	(1,003.3)
	7,436.3	7,315.3	6,818.9	6,539.5	5,956.2
OTHER DATA					
Profit before taxation	**596.7**	492.5	387.1	359.1	486.5
Taxation	**(122.5)**	(90.5)	(88.9)	(75.9)	(77.7)
PROFIT FOR THE YEAR	**474.2**	402.0	298.2	283.2	408.8
Non-controlling interests	**35.6**	(17.2)	(18.7)	(10.8)	(77.7)
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	**509.8**	384.8	279.5	272.4	331.1
DIVIDEND					
Net	**248.1**	248.1	124.1	124.1	86.9
Sen	**40.0**	40.0	20.0	20.0	14.0

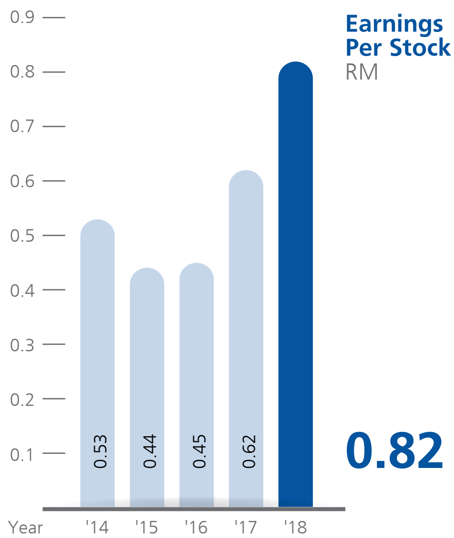
Notes : [1] Restated following the first-time adoption of the Malaysian Financial Reporting Standards ("MFRS") framework.
[2] The comparative have not been restated for the first-time adoption of MFRS framework and reclassifications made in 2018.

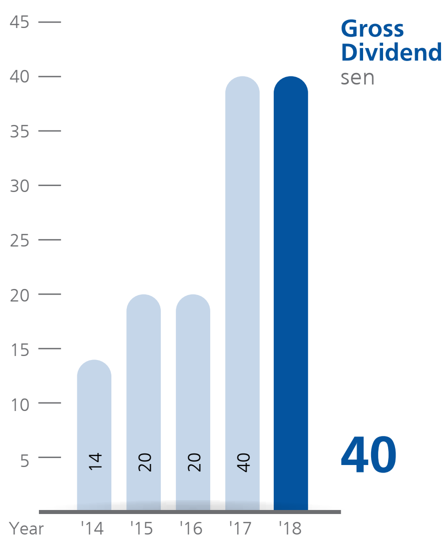
FINANCIAL HIGHLIGHTS OF THE GROUP

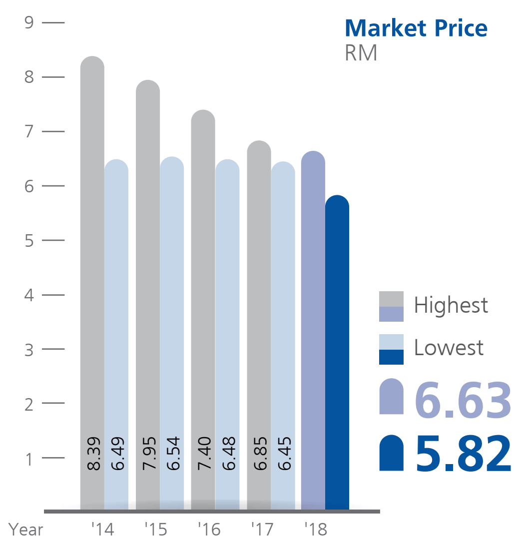












FINANCIAL CALENDAR

FINANCIAL YEAR END	31 December 2018
ANNOUNCEMENT OF RESULTS	
Quarter ended 31 March 2018	30 May 2018
Quarter ended 30 June 2018	28 August 2018
Quarter ended 30 September 2018	27 November 2018
Quarter ended 31 December 2018	27 February 2019
DIVIDENDS	
Payment of 2nd Interim Dividend of 6 sen per ordinary stock for Year 2017	6 April 2018
Payment of Final and Special Dividend of 28 sen per ordinary stock for Year 2017	12 July 2018
Payment of 1st Interim Dividend of 6 sen per ordinary stock for Year 2018	22 November 2018
Payment of 2nd Interim Dividend of 6 sen per ordinary stock for Year 2018	11 April 2019
POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS	30 April 2019
ANNUAL GENERAL MEETING	12 June 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of Oriental Holdings Berhad ("OHB" or the "Company") is committed to implementing and maintaining sound standards of corporate governance practices that are premised on the notions of transparency, accountability and integrity with a view to enhance stakeholders' value. As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form.

This Corporate Governance Overview Statement is made pursuant to paragraph 15.25(1) of the Main Market Listing Requirements ("Main Market Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). In producing this Corporate Governance Overview Statement, guidance was drawn from Practice Note 9 of Main Market Listing Requirements and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia.

The Corporate Governance Overview Statement is supplemented with a Corporate Governance Report which provides detailed articulation on the application of each Practice as prescribed in the Malaysian Code on Corporate Governance ("MCCG"). The Corporate Governance Report is available on OHB's website and via an announcement on Bursa Malaysia's website.

The Corporate Governance Overview Statement should also be read in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement) as the depth or relevance of applying certain corporate governance promulgations may be better explained in the context of the respective statements.

CORPORATE GOVERNANCE APPROACH

The Board of OHB remains focused on ensuring the Company and its subsidiaries (collectively referred to as the "Group") continue to strive forward with the vigour and tenacity that has consistently produced value to its stockholders as well as the wider cross-section of stakeholders. The Board believes that a robust and dynamic corporate governance framework is essential to provide a solid foundation for effective and responsible decision-making in OHB.

OHB's overall approach to corporate governance is to:

- have the appropriate people, processes and structures to direct and manage the business and affairs of the Group;
- promote the long-term sustainability of the Group by identifying business opportunities whilst equally being cognisant of the associated risks; and
- drive the application of good corporate governance practices through the alignment of the interests of stakeholders and Board as well as Management.

In its effort to promote meaningful and thoughtful application of good governance practices, the Board regularly reviews the Company's corporate governance policies and procedures to ensure they reflect the latest curation of thoughts, market dynamics and best practices whilst simultaneously addressing the needs of the Group. This was proved to be particularly imperative during the year as the domestic corporate governance ecosystem was introduced to a series of corporate governance reforms, namely the operationalisation of Companies Act 2016, the release of the latest iteration of MCCG, amendments to the Main Market Listing Requirements as well as the issuance of the Corporate Governance Guide (3rd Edition).

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

OHB has applied all of the Practices encapsulated in the MCCG for the financial year ended 31 December 2018, save for:

- Practice 4.1 (having majority Independent Directors on the Board);
- Practice 5.1 (engaging independent experts to conduct annual Board evaluation);
- Practice 11.2 (the adoption of integrated reporting); and
- Practice 12.3 (the use of technology to facilitate remote shareholders' participation during general meetings).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SUMMARY OF CORPORATE GOVERNANCE PRACTICES (cont'd)

In relation to the aforementioned departed Practices, the Company has provided forthcoming and clear explanations for their non-application. The explanations are augmented with an articulation of alternative practices that has been adopted by the Board, taking into account the Intended Outcomes envisioned by the said Practices of MCCG. Further details of the application of each individual Practice are available in the Corporate Governance Report.

A summary of OHB's corporate governance practices with reference to the three Principles of MCCG is outlined below.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I: Board responsibilities

As stewards of the Company, the Board is primarily responsible for directing and providing leadership for the overall strategic direction of the Group. The Board is focused on delivering on the long-term stockholders value whilst equally taking into account the interest of the wider stakeholder groups. By maintaining high standards of transparency, accountability and integrity in its conduct, the Board ensures that it meets its obligations to the Company's stakeholders.

The Board recognises that there should be a harmonious synergy between corporate pursuits and social obligations. Accordingly, the Board has renewed its commitment in driving corporate social responsibility and sustainable development efforts by embedding environmental, economic and social considerations into the formulation of the Company's long-term strategy.

The respective positions of the Chairman of the Board and Group Managing Directors of OHB are held by different individuals. Datuk Loh Kian Chong leads the Board as its Executive Chairman whilst Dato' Robert Wong Lum Kong, DSSA, JP and Dato' Seri Lim Su Tong manage the day-to-day business activities and affairs of the Group as Joint Group Managing Directors.

To assist in its oversight function on specific matters, the Board has established and delegated its authority to several Board Committees, namely, the Executive Committee ("EXCO"), Audit Committee ("AC"), Remuneration Committee ("RC"), Nominating Committee ("NC") and Risk Management Committee ("RMC"). The Committees are guided by their respective Terms of Reference as approved by the Board and report to the Board on the key matters deliberated during the respective Committee meetings. Notwithstanding that, the Board adheres to the principle "delegate, not abdicate" and thus, has exercised collective oversight on the Board Committees at all times and retains the authority and responsibility to make decisions for the Group.

The EXCO, which comprises the five Executive Directors on the Board, oversees the implementation of Board decisions and policies at Management level. During the year under review, the EXCO has approved the Group annual budget as well as the budget for all segments. The Performance Coordinating Team ("PCT") of selected segments report to the EXCO in relation to the performance and Key Performance Indicators on a quarterly basis. The EXCO reports the findings and make subsequent recommendations (as needed) to the Board.

The RMC is responsible for reviewing and recommending risk management policies and strategies for the Group. It assists the Board to fulfil its oversight responsibility on risk management to manage the overall risk exposure of the Group.

The AC assists and supports the Board to oversee the Group's processes for preparation of financial information, its internal control system and independence of the Group's External and Internal Auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I: Board responsibilities (cont'd)

During the financial year under review, the Board has met regularly to deliberate on matters under their purview. All Directors have devoted adequate time to prepare, attend and actively participate during Board and/or Board Committee meetings. Details of Directors' meeting attendance are outlined below.

Director	Board	AC	EXCO	RMC	RC	NC
Datuk Loh Kian Chong *Executive Chairman*	6/6		5/5	2/2		
Dato' Robert Wong Lum Kong, DSSA, JP *Group Managing Director*	6/6		5/5	2/2		
Dato' Seri Lim Su Tong *Group Managing Director*	6/6		5/5	2/2		
Ms. Tan Kheng Hwee *Executive Director*	6/6		5/5	2/2		
Dato' Sri Datuk Wira Tan Hui Jing *Executive Director*	6/6		5/5	1/1[1]		
Dato' Ghazi bin Ishak *Senior Independent Non-Executive Director*	6/6	5/5			1/1	1/1
Mary Geraldine Phipps *Independent Non-Executive Director*	5/6[2]	4/5[2]		2/2	1/1	1/1
Lee Kean Teong *Independent Non-Executive Director*	6/6	5/5			1/1	1/1
Sharifah Intan binti S. M. Aidid *Non-Independent Non-Executive Director*	6/6	5/5			1/1	1/1
Keiichi Yasuda *Non-Independent Non-Executive Director* (Appointed on 9 April 2018)	4/4					
Nobuhide Nagata *Non-Independent Non-Executive Director* (Resigned on 31 March 2018)	1/1					

Chairman　　Member

Note:
[1] *Dato'Sri Datuk Wira Tan Hui Jing was appointed as member of RMC w.e.f. 9 April 2018.*
[2] *Mary Geraldine Phipps was absent due to the demise of her mother.*

The Board has unrestricted access to the services of two competent and suitably qualified Company Secretaries, who fulfil the requirements set out in Section 235(2) of Companies Act 2016. The Company Secretaries regularly apprise the Board on the latest regulatory developments relating to corporate governance and assist the Board in interpreting and applying pertinent corporate governance promulgations.

Meeting materials are circulated to Directors at least seven (7) calendar days prior to Board or Board Committee meetings in order to accord Directors with sufficient time to review the materials and prepare for the meetings. The minutes of meetings reflect the decisions made by the Board or Board Committees, including the key deliberations, rationale of each decision and any significant concerns or dissenting views voiced out by Directors. The minutes additionally indicate whether any Director abstained from deliberating and voting on specific matters. The draft minutes of meeting are targeted to be circulated within fourteen (14) calendar days of each Board or Board Committee meeting and re-circulated for signing at the subsequent meeting to validate that the minutes has captured the proceedings of the said meeting accurately.

The Board has formalised a Board Charter which serves as a guiding document that governs the conduct of the Board, Board Committees and individual Directors. During the year under review, the Board has conducted a review of the Investment Guide and Risk Management Policy. These documents serve as guiding literatures for the Board, Board Committees and individual Directors in the discharge of their responsibilities to the Company. The summarised version of Board Charter is made available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II: Board composition

To support the Company's vision of achieving sustainable growth and enhancing stockholders' value, it is especially imperative for the Board to have an appropriate mix of skills, qualifications, attributes and experiences. The Board presently comprises five (5) Executive Directors, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The Board, through the NC, periodically reviews its composition to ensure it is aligned to the needs and strategic direction of the Company and the Group. The combined skills and expertise of the Directors provide a breadth and depth of perspectives and unique insights that can refine the decision-making process of the Board in pertinent areas.

The presence of the Non-Executive Directors contributes the element of objectivity to the Board's decision-making process as they are able to constructively challenge and probe Management's proposal for the Group's strategies. Each of the Executive Director is in charge of different segments and bring diverse skill sets and experiences to the Board. The Executive Directors are accountable to the Board for the achievement of the Group's goals and objectives as well as observance of Management's authority limits. The Non-Executive Directors provide the relevant check and balance mechanism within the Group's governance structure. They additionally serve as conduits between stakeholders and Management by taking into account feedback received from stakeholders during Board discussions. In order to foster greater objectivity and strengthen the Board's collective oversight of Management, the Board has designated Dato' Ghazi bin Ishak as the Senior Independent Non-Executive Director, to whom concerns may be conveyed by stockholders and other stakeholders.

The NC, chaired by Ms. Mary Geraldine Phipps who is an Independent Non-Executive Director, comprises wholly Non-Executive Directors, with a majority being Independent. The NC was formed by the Board with specific terms of reference to recommend to the Board the candidature of Directors and Key Senior Management (where needed), oversee assessment of the Board, Board Committees as well as individual Directors, appoint Directors to Board Committees and review the Board's succession plans as well as training programmes.

The NC is responsible to review and assess the Board and Key Senior Management's composition and skills mix and make recommendations on the appointment of new Directors and Key Senior Management (where relevant).

As a future priority for the Board, the NC will continue to assess the objectivity of the Board whilst keeping a close watch on any indication of entrenchment.

The NC undertakes the responsibility of sourcing for suitable candidates for directorships and Key Senior Management positions and make subsequent recommendations to the Board on the appointment of new Directors and Key Senior Management personnel, where needed. The NC will leverage on various sources to cast the net on a wider pool of candidates. This includes Directors' network, referrals from Management and/or stockholders as well as independent sources such as directors' registry, open advertisements and independent search firms. The Board, through the NC will ensure that the recruitment and selection process for the Directors and Key Senior Management are appropriately structured so as to ensure a diverse range of candidates are considered and that there are no conscious or unconscious biases against certain candidates. With regards to appointments to the Board, the NC is guided by the Board Diversity Policy which sets out the approach to ensure diversity in the boardroom.

In line with the policy pronouncement by the government to have at least 30% women representation on the boards of public listed companies, the Board of OHB has long comprised 30% women Directors since 2009 (i.e. three out of ten Directors are women). In respect of the workforce diversity, the female employees make up 26% of the total workforce of the Group.

On an annual basis, the Board, Board Committees and individual Directors including Independent Non- Executive Directors are subjected to a comprehensive evaluation process that review their performance and assess their effectiveness. The assessment is administered using questionnaires that incorporate a range of criteria including Board composition, skills and competencies, meeting conduct and administration as well as self and peer evaluation models. Whilst the Board evaluation exercise was carried out in-house, the results were compiled by an independent third party so as to elevate the objectivity and rigour of the assessment process. Additionally, anonymity is maintained when feedback from individual Directors are discussed with the Chairman of the NC and the Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II: Board composition (cont'd)

The Board has formalised a policy that restricts the cumulative (consecutive or intermittent) tenure of Independent Directors to nine (9) years. Independent Directors may continue to serve on the Board beyond the 9-year tenure in the capacity of a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board shall justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

Following the assessment and deliberations by the NC and the Board, as a whole, the Board has decided to recommend Ms Mary Geraldine Phipps to continue to act as Independent Non-Executive Director, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company although her tenure has exceeded nine (9) years since being appointed on 14 August 2009. Key justifications for her recommended continuance as an Independent Non-Executive Director are as follows:

- fulfils the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia and, therefore, is able to bring independent and objective judgment to the Board;
- services in the public sector enables her to share her valuable experience, skills and expertise with the Board;
- has been with the Company long and therefore understands the Company's business operations which enables her to contribute actively and effectively during deliberations or discussions at Board meetings;
- contributed sufficient time and efforts in attending the Board meetings;
- actively participates in Board deliberations, provides objectivity in decision-making and an independent voice to the Board; and
- exercises due care during her tenure as Independent Non-Executive Director of the Company and carried out her professional duties in the best interest of the Company and stockholders.

Based on the annual Board performance assessment carried out, the Board is satisfied with the current Board composition and believes the decisions were made objectively in the best interests of the Company taking into account diverse perspectives and insights. The Board is satisfied with the effectiveness of the Board, Board Committees and individual Directors, based on the mix and composition of the Board members which comprises wide skill set and range of experiences.

During the year under review, the Directors had attended relevant seminars, conferences and other training programmes in order to upskill themselves and keep themselves abreast of the latest market developments relevant to the growth and performance of the Group. All Directors had attended the "Corporate Liability Bill" training during the year.

Additional trainings attended by the Directors during the year are as below:

Directors	Details of Programme
Mary Geraldine Phipps	• KPMG Penang Tax Summit 2018 • Understanding the Tax Landscape in Malaysia • MIA International Accountants Conference 2018
Lee Kean Teong	• KPMG Penang Tax Summit 2018 • MFRS 15 Revenue and Contracts from Customers & Accounting Standards Updates • CSR – Organisation Development for Paradigm Change
Keiichi Yasuda	• Mandatory Accreditation Programme for Directors of Public Listed Companies

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III: Remuneration

The Board recognises that a fair remuneration package is an important component to attract, retain and motivate Directors, both executive and non-executive. In this regard, the Board has formalised a Directors' Remuneration Policy to guide the RC in determining the remuneration of Directors. For the Executive Directors, the component parts of their remuneration are structured so as to link rewards to the individual and Group's performance. For Non-Executive Directors, the remuneration packages reflect their experience, time commitment, scope of responsibilities and contribution to the effective functioning of the Board.

During the financial year under review, the RC has reviewed and recommended to the Board the remuneration package for Executive Directors of the Company. The Board as a whole has deliberated on and subsequently decided on the remuneration package for Non-Executive Directors. The Directors concerned abstained from deciding and voting on their individual remuneration. The Board has agreed on the Directors' fees, other fees and allowances to be tabled for stockholders' approval during the forthcoming AGM.

Remuneration Package for Executive Directors / Key Senior Management [N1]
The remuneration of Executive Directors is structured to ensure the rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors with those of stockholders. The Committee also considered the extent of responsibilities undertaken by the individual Executive Director and their respective contribution to the effective functioning of the Board in arriving at their level of remuneration.

N1: The Executive Committee members, by virtue of their positions as Executive Directors of the Group, form part of the Key Senior Management of the Group that is primarily responsible for the business operations of OHB's core businesses and principal subsidiaries.

Remuneration Package for Non-Executive Directors
As for Non-Executive Directors, their level of remuneration reflects the experience, time commitment and scope of responsibilities undertaken by the said Directors as well as the onerous challenges in discharging their fiduciary duties.

Fees
Effective from FY2018, Executive Director will be paid RM90,000 each and Non-Executive Director will be paid RM120,000 each. All Directors are also paid meeting fee for each meeting attended. In recognition of the additional time and commitment required, the Directors also received annual fee arising from their participation on various board committees.

The various fees for the Directors as approved by the Board is set out as follows:

Meeting attendance fees	**RM**
Board meeting fee	2,000
Audit Committee meeting fee	1,000
Remuneration, Nominating and Risk Management Committees meeting fee (per Committee meeting)	500

Chairman and Board Committee fees	**Chairman**	**Members**
Chairman of the Board	200,000	-
Audit Committee	40,000	15,000
Remuneration, Nominating and Risk Management Committees (per Committee)	15,000	8,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III: Remuneration (cont'd)

Details of remuneration of Directors of the Company for the financial year ended 31 December 2018 are provided in the Corporate Governance Report.

The Director's Remuneration Policy and the Term of Reference of the RC, which address the roles and responsibility as well as matters reserved of the Committee are formalised in Board Charter and is made available on the Company's website.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I: Audit Committee

The Board has established an AC to provide a robust and comprehensive oversight on the financial matters as well as the External and Internal Audit processes of the Group. The AC is chaired by Ms Mary Geraldine Phipps, an Independent Non-Executive Director who is distinct from the Chairman of the Board. The composition of the AC allows it to possess the financial literacy that are required to have a sound understanding of the financial matters of the Company and of the Group.

The AC has unfettered access to both the Internal and External Auditors, who, in turn report directly to the AC. The Board has established a formal and transparent arrangements to maintain an appropriate relationship with the External Auditors. This includes adopting policies and procedures to assess the suitability and independence of the External Auditors on an annual basis and implementing a mandatory two-year cooling off period for former key audit partners before being appointed as a Director or employee of the Company. Additionally, the AC has formalised the policy and procedures on the nature of non-audit services that may be provided by External Auditors.

During the year under review, the Board has received confirmation from its External Auditors that its personnel are and have been independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements.

Based on the outcome of director performance assessment conducted, the Board is satisfied with the AC's performance as its Chairman and members are able to understand matters under the purview of the AC including the financial reporting process. All members of the AC undertake continuous professional education programmes to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

II: Risk Management and Internal Control Framework

The Board, through the RMC, has established the risk management and internal control framework for the Group and respective segments which facilitates the identification, evaluation and continuous monitoring of key business risks. The Heads of segments within the Group undertake the responsibility of managing the identified risks by implementing appropriate mitigating measures and providing periodic reports to the Corporate Office and the RMC. The RMC has received updated Group risk compilation for the financial year ended 31 December 2018. Top 5 risks were identified with Management controls and action plan put in place to manage the risks.

The Group has established an in-house Internal Audit function. The AC assesses the performance of this Internal Audit function on an annual basis to ensure the Internal Auditors have performed effectively and acted independently in undertaking the Internal Audit process. The Internal Audit Department adheres to a globally recognised framework, namely International Professional Practices Framework ("IPPF") as promulgated by the Institute of Internal Auditors. All nine (9) Internal Audit personnel, including the Head of Internal Audit, are free from any relationships or conflicts of interest, which could impair their objectivity and independence, as disclosed in the Audit Committee Report.

The Board has also received written assurances from Executive Chairman, Executive Directors and Group Chief Financial Officer on the adequacy and effectiveness of the Group's risk management and internal control system in all material aspects. The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I: Communication with Stakeholders

The Board recognises the importance of fostering a transparent, active and constructive communication with its stakeholders. Towards this end, the Board has formalised a Corporate Disclosure and Communication Policy to govern the dissemination of information to stakeholders. Amongst others, the policy covers the procedures on publications of reports, conduct of events such as analyst and investors' engagement sessions, procedures on responding to market rumours, confidential information and leakage of private information. Additionally, a summary of the key matters discussed during AGM are also disclosed on its website.

The Group Chief Financial Officer serves as the primary contact person for inquiries from analysts and investors. In addition to the contact information of the Group Chief Financial Officer, OHB's investor relations' email address **ir@ohb.com.my** is also published on the website to increase accessibility of information for stakeholders, including potential investors.

Whilst OHB has yet to adopt Integrated Reporting regime, the Board is of the view that the existing Annual Report provides a holistic view of the Group's performance as it covers key non-financial information in the form of Management Discussion and Analysis, Audit Committee Report and Statement on Risk Management and Internal Control, to complement the financial information. Additionally, the Company has, as in the previous year, produced a Sustainability Report to augment the Annual Report. The Annual Report and Sustainability Report have both adopted certain elements of an integrated report such as the organisation overview, outlook and external environment, governance policies, performance and the basis of preparation and presentation.

These developments signal a significant step forward and has positioned the Company on a solid footing to adopt Integrated Reporting. Moving forward, the Board would like to allow an advocacy period for the awareness of Integrated Reporting to be better appreciated by Management personnel before it is adopted.

II: Conduct of General Meetings

The AGM forms the principal avenue for a productive two-way dialogue between the Company and its stockholders. The questions and answer (Q&A) session conducted during the AGM allows stockholders to assess the Group by posing questions to the Board and Key Senior Management on the information disclosed in the Annual Report. During the AGM, stockholders are encouraged to participate in the deliberation on the resolutions being tabled as well as on the Group's operations and business performance in general.

The notice of 56th AGM was circulated at least twenty-eight (28) days prior to the date of the meeting to grant stockholders with adequate time to prepare and ultimately make informed decisions during the AGM. The notice for AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable.

All the resolutions set out in the Notice of the 56th AGM were put to vote by poll. The outcome of the AGM was announced to Bursa Malaysia Securities Berhad on the same day.

All Directors attended the 56th AGM on 7 June 2018. The Group Chief Financial Officer shared the responses to questions submitted in advance by the Minority Shareholder Watch Group. The Executive Directors and Group Chief Financial Officer were responsible for answering the questions relating to business operations raised by shareholders. The Chairs of respective Board Committees additionally responded to the questions on matters pertinent to their respective Committees.

The notice to the upcoming AGM in 2019 has been provided more than twenty-eight (28) days in advance to enable stockholders to make adequate preparation.

This CG Overview Statement was approved by the Board of Directors of OHB on 9 April 2019.

OTHER INFORMATION AND DISCLOSURE

I. NON-AUDIT FEES

Non-audit fees amounting to RM 564,000 for the Group and RM 144,000 for the Company were paid to the External Auditors of the Company for the financial year ended 31 December 2018 mainly for the services in connection with the Group risk compilation and annual tax compliances.

II. LOAN CONTRACTS INVOLVING INTEREST OF RELATED PARTY

(a) Loan contract of USD 1.5 million dated January 1, 2013 between the Company ("OHB") and Oriental Boon Siew (Mauritius) Pte. Ltd. ("OBSM");

(b) Loan contracts of USD 6 million dated December 28, 2018 between OBS (Singapore) Pte. Ltd. ("OBSS") and PT Sumatera Sawit Lestari ("SSL");

(c) Total RM 78 million in loan contracts of RM 38 million, RM 20 million and RM 20 million dated January 11, 2013, March 19, 2014 and September 3, 2014 respectively between OHB and Armstrong Auto Parts Sdn Berhad ("AAP"); and

(d) Total RM 100 million in loan contracts of RM 25 million, RM 25 million, RM 10 million, RM 5 million, RM 3 million, RM 6 million, RM 6 million, RM 6 million, RM 6 million, RM 2 million and RM 6 million dated September 15, 2014, January 6, 2015, July 1, 2015, September 15, 2015, December 15, 2015, March 1, 2016, June 1, 2016, September 9, 2016, December 1, 2016, July 5, 2017 and August 1, 2017 respectively between OHB and Melaka Straits Medical Centre Sdn Bhd ("MSMC").

OBSS is a wholly owned subsidiary of OBSM. OBSM is a company 50.5% and 49.5% owned by OHB and the substantial stockholder, Boon Siew Sdn Bhd respectively.

Meanwhile, the sub-subsidiary, namely SSL in Indonesia is 90% owned by OBSS, which, in turn, is 45.5% owned by OHB.

AAP and MSMC is a 89.65% and 51% owned subsidiary each by OHB respectively.

	Loan From OHB to OBSM
Purpose	For working capital
Interest rate	USD London Interbank Offered Rate (LIBOR) + 0.5% per annum
Term as to payment of interest	Payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) whichever applicable
Repayment of principal	On demand
Security	Unsecured

	Loan From OBSS to SSL
Purpose	For working capital
Interest rate	USD LIBOR + 2.5% per annum
Term as to payment of interest	Payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) whichever applicable
Repayment of principal	On demand
Security	Unsecured

OTHER INFORMATION AND DISCLOSURE

II. LOAN CONTRACTS INVOLVING INTEREST OF RELATED PARTY (cont'd)

	Loan From OHB to AAP
Purpose	For working capital and restructuring
Interest rate	KL Interbank Offered Rate (KLIBOR) + 0.2% per annum
Term as to payment of interest	Payable monthly
Repayment of principal	On demand
Security	Unsecured

	Loan From OHB to MSMC
Purpose	For working capital
Interest rate	KLIBOR + 0.2% per annum
Term as to payment of interest	Payable monthly
Repayment of principal	On demand
Security	Unsecured

III. MATERIAL CONTRACTS

Material contracts of the Company and its subsidiaries involving Directors and major stockholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are as disclosed above.

IV. RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 7 June 2018, the Company had obtained stockholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note 12 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the financial year ended 31 December 2018 pursuant to the Stockholders' Mandate are disclosed as follow:-

(a) Transactions between OHB Group and Boon Siew Sdn Bhd Group which involve the interests of major stockholder of OHB, Boon Siew Sdn Bhd and its Group

	RM' 000
New cars, spare parts and car services	533
Transport charges, truck rental and labour charges	7
Quarry products and red earth	500
Office rental expenses	884
Land rental	63
Plant rental	35
Rental of premises	240
Provision of sales, corporate advertising and marketing of hotel	596
Management, technical and advisory services	12,019
Building materials	1
Finance lease	2,060
Nursing course sponsorship	443

OTHER INFORMATION AND DISCLOSURE

IV. RECURRENT RELATED PARTY TRANSACTIONS (cont'd)

(b) Transaction between OHB Group and Dato' Syed Mohamad Bin Syed Murtaza and family and their interests

	RM' 000
Motorcycle spokes, nipples, control cables and motorcycle parts	347

(c) Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a director/ major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family and a major shareholder of OHB subsidiaries, Honda Motor Co. Ltd.

	RM' 000
Factory rental	1,080
Shock absorbers for motor vehicles, lock, switches automotive control cables & power window regulator	223,298
Motorcycle spokes, nipples, control cables, shock absorbers, raw materials and motorcycle parts	2,829
Plastic components for motorcycles	18,833
Land rental	720
Car services	83

(d) Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a direct shareholders of OHB subsidiary or associated companies, Honda Motor Co. Ltd and its related company

	RM' 000
Sale of new cars, parts and services	10,237
Purchase of cars, spare parts, accessories and services	1,682,926

(e) Transactions between OHB Group and Karli Boenjamin and his interest

	RM' 000
Fresh fruit bunches	7,703
Contractor for land clearing	4,038

(f) Transactions between OHB Group and Ooi Soo Pheng and Tan Liang Chye and their interests

	RM' 000
Mixed concrete and quarry product	384
Mixer truck hiring services, plant & truck maintenance services	321

(g) Transaction between OHB Group and Tan Liang Chye and his interest

	RM' 000
Cements	2,484

OTHER INFORMATION AND DISCLOSURE

IV. RECURRENT RELATED PARTY TRANSACTIONS (cont'd)

(h) Transaction between OHB Group and Datuk Loh Kian Chong and his interests

	RM' 000
Building materials	50

(i) Transactions between OHB Group and Teck See Plastic Sdn. Bhd. and its interests

	RM' 000
Prototype of plastic parts, jigs	780
Plastic parts	4,749

(j) Transactions between OHB Group and Teck See Plastic Sdn. Bhd. and Kasai Kogyo Co., Ltd. and their interests

	RM' 000
New molds, mold repairs	3,383
Plastic parts	11,049

AUDIT COMMITTEE REPORT

MEMBERSHIP

The present members of the Audit Committee (the "Committee") comprise:

Name of member	Position
Mary Geraldine Phipps	Chairman, Independent Non-Executive Director
Dato' Ghazi bin Ishak	Senior Independent Non-Executive Director
Lee Kean Teong	Independent Non-Executive Director
Sharifah Intan binti S.M. Aidid	Non-Independent Non-Executive Director

Ms. Mary Geraldine Phipps and Mr. Lee Kean Teong are members of the Malaysian Institute of Accountants and this is in line with Paragraph 15.09 (i) of Listing Requirements of Bursa Malaysia Securities Berhad which prescribed that at least one member of the Committee must be a member of the Malaysian Institute of Accountants.

TERMS OF REFERENCE

The Committee was established to act as a Committee of the Board of Directors, with terms of reference as set out under Terms of Reference of the Audit Committee which is published on the corporate website.

MEETINGS

The Committee convened five (5) meetings during the financial year. Details of the attendance of members are as follows:

Name of member	Attendance
Mary Geraldine Phipps	4/5
Dato' Ghazi bin Ishak	5/5
Lee Kean Teong	5/5
Sharifah Intan binti S.M. Aidid	5/5

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notice of at least seven (7) days prior to the meeting.

The Company Secretaries were present by invitation at all meetings. Representatives of the External Auditors and the head of Internal Audit also attended the meetings upon invitation.

TRAINING AND CONTINUOUS ENGAGEMENT

Members of the Committee have attended relevant training seminars and programmes to enhance their competency in fulfilling their functions and duties more effectively. The details of training attended by each member are set out under Statement on Corporate Governance in this Annual Report.

During the financial year, the Committee Chairman engaged with Senior Management, Internal and External Auditors by way of telephone conversations and attending ad-hoc meetings, in order to be kept informed of matters affecting the Group. Through such engagements, relevant issues were brought to the attention of the Committee in a timely manner.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK DURING THE FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the financial year which adopts the Principles and Recommendations promulgated by the Malaysian Code on Corporate Governance. The main work undertaken by the Committee to ensure that they are able to discharge their responsibilities during the year were as follows:

- Reviewed the External Auditors' scope of work and audit plan for the year. Prior to the audit, representatives of the External Auditors presented their audit strategy and plan for the Audit Committee's deliberations. The Audit Committee sought further clarification on the scope, selected risk areas as well as the planned audit approach and coverage by the External Auditors before giving their approval. Sometimes, the Audit Committee would also give their input to the External Auditors on other areas which they are concerned about;

- Reviewed with the External Auditors the results of the audit, their evaluation of the system of internal controls, the audit report and the management letter. The Audit Committee would seek further confirmation on the results of the audit and ask the External Auditors on additional areas of concern, if any;

- Reviewed the independence, suitability and objectivity of the External Auditors and their services, including professional fees, so as to ensure a proper balance between objectivity and value for money;

- Met with the External Auditors twice (2) on 9 April 2018 and 27 November 2018 without the presence of any Executive Board members and Senior Management, to discuss problems and reservations arising from the interim and final audits, if any, or any other matter the External Auditors may wish to discuss;

- Considered and recommended to the Board on the re-appointment of the External Auditors and the audit fees payable to the External Auditors for the Board's submission to shareholders for approval at the Annual General Meeting;

- Reviewed the Internal Audit Department's audit plan for the financial year under review to ensure adequate scope and comprehensive coverage of the activities of the Group. This includes a review of the planned audit assignments, scope of review and the risk areas selected for review. Active discussions were held together with the head of Internal Audit department as well as the Group's Chief Financial Officer on the extent and scope of review to ensure that all the top Group risks are included in the internal audit plan;

- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of Internal Audit Department against the international practices framework for internal auditing;

- Reviewed the Internal Audit reports, which highlighted the audit issues and Management's response. Where relevant, the Committee directed Management to present its status report on the management action plans to the Committee directly. In certain meetings, Management was asked to be physically present to answer queries that were posed directly by the Committee. Where issues of significance arise, the Committee would bring it up to the full Board Meeting for clarification and resolution;

- Reviewed and approved the Internal Audit Department ("IAD") Operating Budget;

- Reviewed and assessed the performance of Internal Auditors which covered Internal Auditor Charter and Structure, skill and experience, training and training policy and endorsed their annual increment. The Audit Committee would communicate with Executive directors and Management when necessary;

- Reviewed the audited financial statements of the Group and of the Company, before submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards adopted by the Malaysian Accounting Standards Board. The External Auditors would clarify issues that required the Committee's attention as well as areas of concern which the Committee should be aware of before the financial statements were approved. This includes financial reporting issues, key audit areas, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;

- Reviewed the Company's compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant legal and regulatory requirements;

- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group;

AUDIT COMMITTEE REPORT

SUMMARY OF WORKS DURING THE FINANCIAL YEAR (cont'd)

- Reviewed the quarterly unaudited financial results, year end financial statements and announcements before recommending them for the Board's approval. This includes enquiries on material fluctuations noted in the financial results as well as any major changes in the financial position of the Group; and

- Reviewed the recurrent related party transaction of revenue and trading nature and other related party transactions entered into by the Group.

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit function that is independent from the operations and activities of the Group in order to maintain impartiality. The head of Internal Audit reports directly to the Audit Committee who reviews and approves the Internal Audit department's annual audit plan, financial budget and human resource requirements to ensure that the department is adequately resourced with competent and proficient Internal Auditors.

Mr. Choo Mun Yew ("Mr Choo") is the Head of Internal Audit of Oriental Holdings Berhad, a post he held since joining the Company in October 2001. Mr. Choo has been with the Company for a total of 17 years. Prior to joining the Company, Mr. Choo had a diverse experience in external and internal audit as well as accounting positions. He started his career with an international accounting firm for eight years and later a local banking institution for four years. Mr. Choo was also a member of an internal audit team responsible for the audit of Asia Pacific operations of a global multinational corporation prior to joining the Company. Mr. Choo is currently a member of Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) as well as a chartered member of The Institute of Internal Auditors Malaysia.

The IAD is staffed by nine audit executives, including the Head of Internal Audit. Most of the IAD staff have professional qualifications and are members of The Institute of Internal Auditors Malaysia. All the internal audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence. In addition, all new prospective internal auditors are personally screened by the Head of Internal Audit before they are accepted into the department.

The principal role of the Internal Audit is to undertake independent, regular and systematic reviews of the systems of internal control in order to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. The Head of Internal Audit is also actively involved in the risk management review process by attending the Company's Risk Management Committee meetings.

The internal audit activity governs itself through adherence to International Professional Practices Framework promulgated by The Institute of Internal Auditors Malaysia. The mandatory guidance includes the Definition of Internal Auditing, Core Principles, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The recommended guidance, i.e. Implementation Guidance and Supplemental Guidance are also being adhered to as applicable to guide operations. In addition, the internal audit activities also adhere to Oriental Holdings Berhad relevant policies and procedures.

The total costs incurred for the Internal Audit function of the Company and the Group for 2018 and 2017 are as follows:

	2018	**2017**
	RM '000	**RM '000**
Group	1,827	1,607
Company	1,709	1,471

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION (cont'd)

Further details of the activities of Internal Audit function are set out under the Statement on Risk Management and Internal Control in this Annual Report. Summary of work carried out by Internal Auditor during the year are as follows:-

- Performed a risk assessment of the business activities and functions for the whole Group at the beginning of the year;
- Aligned the risk assessments with the risks identified by the Group's risk assessment exercise to develop the audit universe and current year's audit risk map;
- Evaluated and assigned weightage to the risks identified and prioritized the risks according to significance and importance;
- Developed current year's audit plan in consideration of resources available to the Internal Audit department;
- Presented the audit plan to the Audit Committee for their consideration and approval;
- Carried out review of areas as outlined in annual audit plan to evaluate the adequacy and effectiveness of internal control system, including management information system;
- Presented the internal audit reports to the Audit Committee for deliberations during quarterly meetings, including the management action plans;
- Performed follow up reviews and updated the Audit Committee on the status of action plans by management to ensure that they are completed within the agreed timeframe;
- Performed reviews of recurrent related party transaction and other related party transactions entered into by the Group;
- Assisted the Audit Committee to investigate complaints of fraud and improprieties as reported via the Group's Whistleblowing channel; and
- Perform any other investigations or reviews as instructed by the Audit Committee from time to time.

During the year, the IAD had issued and reported 4 IA reports to the Committee. The IA team visited the Group's oil palm estates in South Sumatera, Indonesia to conduct internal auditing on the financial and operating aspects of the operations with particular emphasis on operational controls involving cash management, stocks and planting development progress.

As in the previous year, a review of the operations of the Group's medical segment in Melaka was also undertaken to ensure that continuous improvements are carried out by the management as the size of operations continue to grow. The review was more focused on the management's activities in ensuring the achievement of its financial and operational targets, e.g. cash and debtors management, capital expenditure, activities to increase patient load and insurance panels.

The IAD also carried out a review of the Group's hotel operations in Australia and New Zealand. The review centered mainly on how the Hotels segment prepares itself to manage the various challenges in the industry, namely competition from other hotels as well as non-hotel based operators like home-sharing and private operators.

Last but not least, the Internal Auditor also reviewed the operations of the automotive and manufacturing segments. Special emphasis was placed on inventories management, treasury management and accounting processes.

In all cases the internal audit reports were presented to the Audit Committee and management were invited to attend the Audit Committee meetings to present their explanations and action plans to remedy weaknesses, if any and enhance controls. The Audit Committee actively follows up on the issues brought up in the audit reports to ensure the satisfactory resolution on a timely basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintain a sound risk management and internal control framework to safeguard the stockholders' investment as well as the Group's assets. The Board's Statement on Risk Management and Internal Control ("Statement") outlines the nature and scope of the Group's risk management and internal control during the year. The Statement also takes into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, a publication issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of a statement about the state of risk management and internal control pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for adequacy and effectiveness of the Group's system of risk management and internal control (the "system"). This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures. In view of the limitations inherent in any system of risk management and internal control, the Board ensures that the risk management and internal control framework is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than to eliminate the risk of non-adherence to achieve the Group's business and corporate objectives. The Board continually reviews the framework in ensuring that the risk management and internal control framework provides a reasonable but not absolute assurance against the occurrence of any material misstatement of management and financial information and records, financial losses or fraud.

The Board has established an on-going process for identifying, evaluating and managing the relevant and material risk encountered by the Group. The Board, through its Audit Committee and Risk Management Committee, regularly reviews the results of this process, including risk mitigating measures taken by Management to address key risks identified. The Board confirms that this process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

The Audit Committee and Risk Management Committee are to assist the Board to oversee the management of all identified material risks including review of the adequacy and effectiveness of the Group's risk management and internal control system to ensure that appropriate measures are carried out by Management to obtain the level of assurance required by the Board. For the purpose of this Statement, the associated companies in the Group are excluded which the Group does not have control.

RISK MANAGEMENT

The Board has, through its Risk Management Committee ("RMC"), established a risk management and internal control framework that was implemented throughout the Group, which is firmly embedded in the Group's key processes. Management is overall responsible for ensuring that the day-to-day management of the Group's activities is consistent with the risk strategy, including the risk appetite and policies approved by the Board. The key responsibilities of the Management in respect of risk management is to identify, evaluate, monitor and report of risks and internal control as well as provide assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function, which operates across the Group.

The Board believes that the following key elements of the Group's risk management framework are integral to maintaining a sound risk management and internal control system:

- establishment of the Risk Management Committee with the responsibility of identifying and communicating to the Board the key risks (present and potential) faced by the Group, their changes and management action plans to manage the risks;
- formalisation of Enterprise Risk Management ("ERM") Policy and Procedures, which outline the risk management framework for the Group and offer practical guidance to all employees on risk management issues;
- identification of principal risks (present and potential) faced by operating units in the Group and Management's deployment of internal controls to mitigate or manage these risks;
- articulation of the Group's risk appetite and parameters (qualitative and quantitative) for the Group and individual business units so as to gauge acceptability of risk exposure; and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (cont'd)

- the appointment of a dedicated Risk Officer to coordinate the ERM activities within the Group, to supervise the ERM policy implementation and documentation at Group level and to act as the central contact and guide for ERM issues within the Group.

SUMMARY OF RISK MANAGEMENT ACTIVITIES DURING THE FINANCIAL YEAR

The Risk Management Committee carried out its duties in accordance with its term of reference during the financial year.

Highlights of the activities undertaken by the Committee are as follows:

- the Risk Management Committee, with the assistance from a firm of independent consultants and Management, continues to drive the risk management activities across all business segments of the Group on risk identification, evaluation, control, monitoring and reporting;

- management of each company within the Group's business segments, i.e. Automotive and related products, Hotels and resorts, Plantation, Plastic products, Investment holding, Healthcare and Investment properties and trading of building material products, identified the risks affecting their business by assessing the existing as well as emerging risks under the strategic, financial, operational and compliance categories. The management reported the Company's top five risks to their segment's risk coordinator for review;

- risk coordinators, in turn, assessed the overall risks faced by their business segments with the financial controller and the head of respective business segment/units, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans taken to manage those risks to the desired level;

- strategic discussions have been carried out by the independent consultants with the Executive Directors, Group Chief Financial Officer and Group Accountant on the key concerns and top risks identified. The main objectives are to obtain the inputs and to confirm the completeness of top concerns as well as the key management controls put in place to address the risks by respective business segment/units. These activities are also to engender continuous and proactive risk management activities within the Group;

- the top five (5) principal risks for each business segment, based on the significance of evaluated risks to the segment's results, were reported to the Risk Management Committee. Nonetheless, Management of each segment/ company in the Group continues to monitor and manage all risks at their level, as appropriate;

- compilation of the Group risk profile, considering the materiality of the business segment in relation to the Group risk parameters, with the top risks from each business segment selected by Management and feedback from Executive Directors on strategic risks, was carried out with assistance from consultants;

- Plantation Risk Management Session has been conducted on 25 September 2018 for key management personel to understand the segment risks, align the strategic objectives with risks, identify the top five (5) principal risks as well as manage the risks;

- Healthcare Risk Awareness Session has been conducted on 8 October 2018 for key management personel to gain better understanding on risk management process;

- two (2) Risk Management Committee meetings were conducted during the year on 1 March 2018 and 26 November 2018 where the significant risks of the Group and management action plans were presented for deliberations and approval. On 26 November 2018, the outcome from the interim review of 2018 risk profiles was presented and the Risk Management Committee has provided feedback on the significant risks and action plans for Management's further considerations and actions. The Management is required to update the top risks and management action plans in the subsequent meeting;

- on 21 February 2019, the top risks for the Group was presented to the Risk Management Committee for further deliberations;

- the risk mitigating measures taken and/or to be taken by Management were reported and reviewed at the Risk Management Committee meetings. For each of the risks identified, the segmental head has been assigned to ensure appropriate action plans are carried out in a timely manner; and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

SUMMARY OF RISK MANAGEMENT ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

- the ERM Policy and Procedures have been updated and approved with the latest risk reporting framework, e.g. risk organisation structure, frequency and risk reporting documents for the Group.

Whilst the Board considers the risk management framework to be robust to meet the Group's needs, it will still subject the framework to continuous improvement, taking into consideration better practices and the changing business environment.

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit department, which provides the Board, through the Audit Committee, with independent assurance on the efficiency and effectiveness of risk management and internal control systems. The internal audit function adopts a risk-based internal audit methodology in reviewing key processes of the various business units in the Group and reporting directly to Audit Committee on the state of risk management and internal control of the various business units audited during the financial year.

The internal audit function will recommend action plans to improve on areas where control deficiencies are identified during the field audits. Action plans are taken by Management to address the findings and concerns raised in the internal audit reports and internal audit function will follow up on the Management's implementation of action plans. Further details of the activities of the internal audit function are provided in the Audit Committee Report.

INTERNAL CONTROL

The key elements of the Group's internal control system described below are relevant across the Group to provide for continuous assurance to the Management and the Board:

- *limits of authority and responsibility*

  Formally defined and documented lines of responsibility and delegation of authority has been established through the relevant charters/terms of reference, organisational structures and appropriate authority limits. Hierarchical reporting is also in place to enhance the Group's ability to achieve its strategies and operational objectives as well as provide for documented and auditable trail of accountability;

- *planning, monitoring, reporting and safeguarding*

  - established budgeting process requiring all business segments within the Group to prepare the annual budget, taking into consideration the strategic plans, capital and operating expenditure for the upcoming financial year for discussion and approval by the Executive Committee;

  - Performance Coordinating Team ("PCT") comprising Management from each business segment who reviews operational and financial Key Performance Indicators of their respective business segments and reports to the EXCO quarterly in order to assist EXCO in discharging their oversight role on the Group's activities;

  - the Audit Committee reviews the quarterly financial results and evaluates the explanations and reasons for significant unusual variances noted thereof;

  - information, which includes quarterly reports covering all key financial and operational indicators, is provided to key Management for monitoring of performance against budget and actions to be taken, where necessary; and

  - Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

REVIEW BY THE BOARD

The Board is of the view that the Group's risk management and internal control system for the year under review and as at the date of this statement is sound and sufficient to safeguard the stockholders' investment as well as the Group's assets. The Board recognises that the development of internal control system is an ongoing process and will continue to take appropriate action to further enhance the Group's system of internal control.

As recommended by the Statement on Risk Management and Internal Control-Guidelines for Directors of Listed Issuers, the Board has received assurances in writing from Executive Chairman, Group Managing Directors and Group Chief Financial Officer that the Group's risk management and internal control system has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.

This statement is issued in accordance with a resolution of the Directors dated 9 April 2019.

SUSTAINABILITY STATEMENT

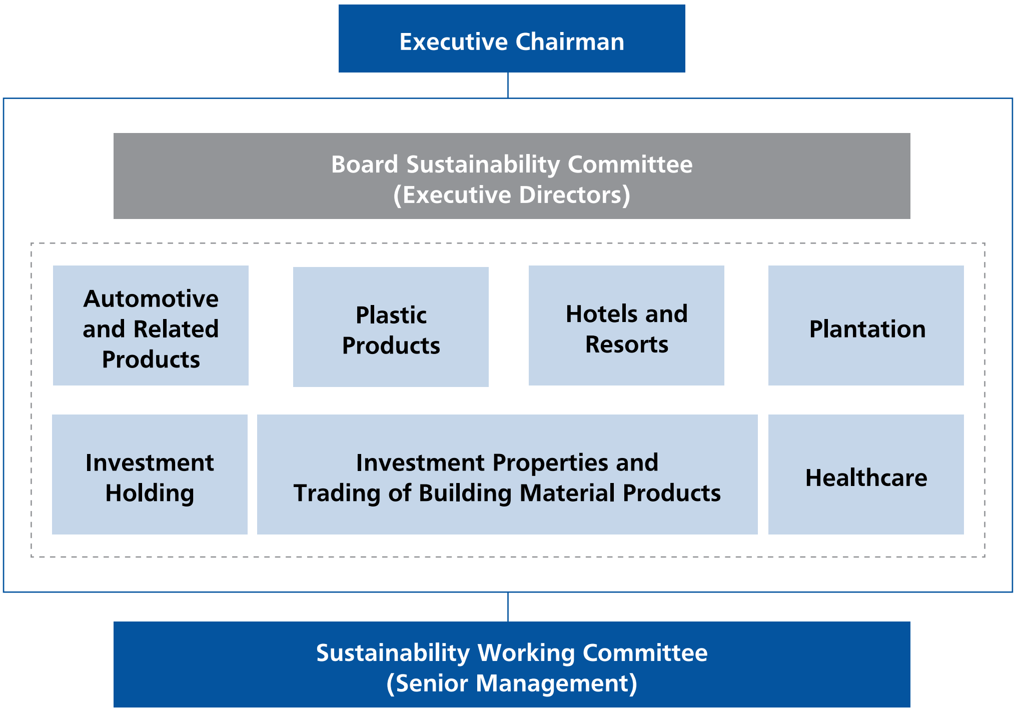
OVERVIEW

Our third year Sustainability Report shares Oriental Holdings Berhad's sustainability progress across our Group, looking through the perspectives of economic, environmental and social. In the report we have highlighted our sustainable developments for the financial year 2018. We hope that our report delivers a fair and balanced view of our position and performance on the identified material matters. We are firm believers that through a sustainable approach in our daily operations, we ease the process of risks identification, better enabling us to minimise risks and even developing them into possible opportunities.

Our Sustainability Report has been prepared in reference with GRI Standards to meet Bursa Malaysia Securities Berhad Main Market Listing Requirements.

GOVERNANCE STRUCTURE

The Board Sustainability Committee (BSC) comprises our Executive Directors who are responsible to provide advice and assistance to the Board on monitoring decisions and management action plans towards achieving the Group's goal of being a sustainable organisation. The Sustainability Working Committee, consisting of the senior management, will assist the BSC to meet its oversight responsibilities in relation to the Group's sustainability initiatives and performance.



SCOPE

Our Sustainability Report covers the sustainability performance and progress from all segments for the financial year ended December 2018, unless otherwise stated.

SUSTAINABILITY STATEMENT

SUSTAINABILITY MATTERS

The three sustainability matters are as follows:-

1. **Economic**
   We value the relationships we have fostered over the years, built strongly on the foundation of trust and values. We ensure all measures are in place towards supporting all aspects of sustainable economic growth. The mechanisms we have put in place such as codes of conduct as guide for our day-to-day business operations. We truly believe that our business will grow only when we uphold strong ethical principles and moral integrity.

2. **Environment**
   As a conglomerate, we understand the environmental impact that arises from our diverse business activities. We constantly strive to reduce any impact from our operations. We proactively take constructive and progressive action towards developing data, mechanisms and processes to integrate and consider our environmental impact arising from our business strategies. We also consistently discuss environmental matters at management level to address the Group's environmental concerns.

3. **Social**
   We strongly believe that prioritising the importance of keeping our people engaged and motivated is directly correlated to our growth and acts as a key driver in achieving our mission. We value a healthy and safe work place, which stimulates and positively supports our people to achieve outcomes in a safe manner, all contributing to operational effectiveness and business sustainability. We are committed to deepening our understanding of social issues and our responsibility to the societies where we conduct our business.

For more detailed disclosures on our sustainability efforts, please refer to our Sustainability Report 2018, available at our corporate website **www.ohb.com.my**.

FORWARD LOOKING STATEMENT

As we continue to develop and expand regionally, we remain committed to adopt best practices in our daily operations and business processes while continuously contribute a positive influence on our sustainable development. We strive to embody our corporate vision, mission and values through our commitment to sustainability. Thus, we will continue to report our approach, performance and progress based on the three pillars of sustainability – economic, environment and social annually.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are as follows :

(a) investment holding; and
(b) provision of management services.

The principal activities of its subsidiaries and associates are set out in Note 36 and Note 8 to the financial statements respectively.

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 and Note 36 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to :		
Owners of the Company	509,836	365,750
Non-controlling interests	(35,662)	-
	474,174	365,750

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid or declared by the Company were as follows :

i) In respect of the financial year ended 31 December 2017 as reported in the Directors' Report of that year :

- a single tier second interim dividend of 6 sen per ordinary stock totalling RM37,221,710 paid on 6 April 2018;

- a single tier final dividend of 8 sen per ordinary stock and a special final single tier dividend of 20 sen per ordinary stock totalling RM173,701,312 paid on 12 July 2018; and

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

DIVIDENDS (cont'd)

ii) In respect of the financial year ended 31 December 2018 :

- a single tier first interim dividend of 6 sen per ordinary stock totalling RM37,221,710 paid on 22 November 2018.

A single tier second interim dividend of 6 sen per ordinary stock totalling RM37,221,710 in respect of the year ended 31 December 2018 was declared by the Directors on 27 February 2019 and payable on 11 April 2019.

A final single tier dividend of 8 sen per ordinary stock and a special final single tier dividend of 20 sen per ordinary stock totalling RM49,628,946 and RM124,072,366 respectively have been recommended by the Directors in respect of the year ended 31 December 2018, subject to approval of the stockholders at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are :

Datuk Loh Kian Chong, DMSM
Dato' Robert Wong Lum Kong, DSSA, JP
Dato' Seri Lim Su Tong, DGPN, DSPN
Tan Kheng Hwee
Dato' Sri Datuk Wira Tan Hui Jing, SSAP, DCSM, PKT, PJK
Dato' Ghazi Bin Ishak, DSSA
Mary Geraldine Phipps
Lee Kean Teong
Sharifah Intan Binti S. M. Aidid
Datin Loh Ean
(alternate to Dato' Robert Wong Lum Kong, DSSA, JP)
Keiichi Yasuda (Appointed on 9 April 2018)
Nobuhide Nagata (Resigned on 31 March 2018)

DIRECTORS OF THE SUBSIDIARIES

Directors of the subsidiaries who served during the financial year until the date of this report are as shown in the Appendix after the financial statements.

DIRECTORS' INTERESTS IN SHARES

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

	Balance at 1.1.2018	Bought	Sold	Balance at 31.12.2018
		Number of Ordinary Stocks		
Interest in the Company				
Dato' Robert Wong Lum Kong, DSSA, JP				
Direct interest				
- own	181,149	-	-	181,149
Dato' Seri Lim Su Tong, DGPN, DSPN				
Direct interest				
- own	2,966,906	-	-	2,966,906
Indirect interest				
- others *	3,742,626	50,000	-	3,792,626

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' INTERESTS IN SHARES (cont'd)

	Balance at 1.1.2018	Bought	Sold	Balance at 31.12.2018
		Number of Ordinary Stocks		
Interest in the Company				
Datuk Loh Kian Chong, DMSM				
Direct interest				
- own	500,000	100,000	-	600,000
Indirect interest				
- own	358,102,450	800,000	-	358,902,450
Tan Kheng Hwee				
Direct interest				
- own	172,032	-	-	172,032
Dato' Sri Datuk Wira Tan Hui Jing, SSAP, DCSM, PKT, PJK				
Indirect interest				
- own	737,000	35,000	-	772,000
Mary Geraldine Phipps				
Indirect interest				
- own	5,161	-	-	5,161
Sharifah Intan Binti S. M. Aidid				
Direct interest				
- own	18,000	-	-	18,000
Datin Loh Ean				
Direct interest				
- own	161,872	-	-	161,872
		Number of Ordinary Shares		
Interest in subsidiaries				
Sharifah Intan Binti S.M. Aidid				
Direct interest - own				
- Armstrong Auto Parts Sdn. Berhad	227,318	-	-	227,318
- Teck See Plastic Sdn. Bhd.	100,000	-	-	100,000

* *These are shares held in the name of the children and are regarded as interest of the Directors in accordance with the Companies Act, 2016.*

By virtue of his interests in the stocks of the Company, Datuk Loh Kian Chong is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Oriental Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2018 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 30 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and no debentures were issued by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of insurance cost effected for Directors or officers of the Group and of the Company was RM136,900.

There was no indemnity given to Directors, officers or auditors of the Group and of the Company during the year.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

OTHER STATUTORY INFORMATION (cont'd)

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performances of the Group and of the Company for the financial year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events during the financial year are as disclosed in Note 33 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Details of the significant events subsequent to the financial year end are as disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 23 to the financial statements.

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

....

Datuk Loh Kian Chong, DMSM
Director

....

Dato' Seri Lim Su Tong, DGPN, DSPN
Director

Penang

Date : 9 April 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Assets				
Property, plant and equipment	3	**2,160,794**	2,218,678	2,244,752
Intangible assets	4	**29,098**	29,594	33,957
Investment properties	5	**1,095,294**	1,018,773	892,135
Prepaid land lease payments	6	**59,951**	62,960	63,929
Investments in associates	8	**632,997**	593,124	590,982
Other investments	9	**681,324**	705,489	570,548
Deferred tax assets	10	**32,857**	53,111	39,184
Inventories	11	**36,238**	36,199	36,131
Other receivables	13	**28,759**	26,149	27,253
Total non-current assets		**4,757,312**	4,744,077	4,498,871
Inventories	11	**329,253**	314,811	522,391
Biological assets	12	**4,515**	6,937	10,336
Trade and other receivables	13	**474,689**	481,943	559,643
Current tax assets		**23,218**	32,091	35,311
Other investments	9	**805,942**	929,676	724,886
Cash and cash equivalents	14	**3,625,002**	3,040,600	2,821,752
Total current assets		**5,262,619**	4,806,058	4,674,319
Total assets		**10,019,931**	9,550,135	9,173,190

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Equity				
Share capital	**15**	**620,462**	620,462	620,394
Reserves	**16**	**5,947,547**	5,759,284	5,491,508
Total equity attributable to stockholders of the Company		**6,568,009**	6,379,746	6,111,902
Non-controlling interests		**868,256**	935,577	966,562
Total equity		**7,436,265**	7,315,323	7,078,464
Liabilities				
Deferred tax liabilities	**10**	**32,591**	35,481	41,319
Borrowings	**17**	**47,352**	62,162	74,590
Retirement benefits	**18**	**21,972**	21,679	18,357
Contract liabilities	**19**	**109,456**	89,395	74,877
Total non-current liabilities		**211,371**	208,717	209,143
Borrowings	**17**	**1,870,933**	1,519,677	1,367,826
Current tax liabilities		**56,427**	67,026	49,383
Contract liabilities	**19**	**17,818**	11,370	4,776
Trade and other payables	**20**	**427,117**	428,022	463,598
Total current liabilities		**2,372,295**	2,026,095	1,885,583
Total liabilities		**2,583,666**	2,234,812	2,094,726
Total equity and liabilities		**10,019,931**	9,550,135	9,173,190

The notes on pages 82 to 213 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Revenue	**21**	**6,380,947**	6,298,003
Cost of sales		**(5,152,432)**	(5,246,257)
Gross profit		**1,228,515**	1,051,746
Distribution expenses		**(75,972)**	(67,861)
Administrative expenses		**(313,723)**	(302,029)
Other operating expenses		**(312,629)**	(244,920)
Other operating income		**35,262**	50,226
		(667,062)	(564,584)
Results from operating activities		**561,453**	487,162
Finance costs	**22**	**(21,135)**	(20,706)
Operating profit	**23**	**540,318**	466,456
Share of profit after tax of equity accounted associates	**8**	**56,345**	26,036
Profit before tax		**596,663**	492,492
Income tax expense	**24**	**(122,489)**	(90,495)
Profit for the year		**474,174**	401,997

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Other comprehensive (expense)/income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability		**2,382**	(1,552)
Fair value (loss)/gain of equity instruments designated at fair value through other comprehensive income		**(22,721)**	134,523
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		**(72,492)**	(163,749)
Share of other comprehensive expense of equity accounted associates	8	**-**	(219)
		(72,492)	(163,968)
Total other comprehensive expense for the year	25	**(92,831)**	(30,997)
Total comprehensive income for the year		**381,343**	371,000
Profit attributable to :			
Owners of the Company		**509,836**	384,770
Non-controlling interests		**(35,662)**	17,227
Profit for the year		**474,174**	401,997
Total comprehensive income attributable to :			
Owners of the Company		**443,020**	391,916
Non-controlling interests		**(61,677)**	(20,916)
Total comprehensive income for the year		**381,343**	371,000
Basic earnings per ordinary stock (sen)	26	**82.18**	62.02

The notes on pages 82 to 213 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to stockholders of the Company									
		Non-distributable				*Distributable*				
	Share capital RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Capital redemption reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017	620,394	1,016,084	273,647	68	(249)	4,161,710	40,248	6,111,902	966,562	7,078,464
Remeasurement of defined benefit liability	-	-	-	-	-	(722)	-	(722)	(830)	(1,552)
Fair value gain of equity instruments designated at fair value through other comprehensive income	-	-	128,302	-	-	(107)	-	128,195	6,328	134,523
Foreign currency translation differences for foreign operations	-	(120,108)	-	-	-	-	-	(120,108)	(43,641)	(163,749)
Share of other comprehensive expense of equity accounted associates	-	-	(219)	-	-	-	-	(219)	-	(219)
Total other comprehensive (expense)/income for the year	-	(120,108)	128,083	-	-	(829)	-	7,146	(38,143)	(30,997)
Profit for the year	-	-	-	-	-	384,770	-	384,770	17,227	401,997
Total comprehensive (expense)/ income for the year	-	(120,108)	128,083	-	-	383,941	-	391,916	(20,916)	371,000
Dividends paid to stockholders (Note 27)	-	-	-	-	-	(124,072)	-	(124,072)	-	(124,072)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(19,700)	(19,700)
Liquidation/Disposal of subsidiaries	-	-	-	-	-	-	-	-	(169)	(169)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	9,800	9,800
Total distribution to owners	-	-	-	-	-	(124,072)	-	(124,072)	(10,069)	(134,141)
Transfer upon the disposal of equity investment designated at FVOCI	-	-	(1,567)	-	-	1,567	-	-	-	-
Transfer in accordance with Section 618(2) of the Companies Act 2016	68	-	-	(68)	-	-	-	-	-	-
At 31 December 2017	620,462	895,976	400,163	-	(249)	4,423,146	40,248	6,379,746	935,577	7,315,323

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to stockholders of the Company								
		Non-distributable			*Distributable*				
	Share capital RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018	**620,462**	**895,976**	**400,163**	**(249)**	**4,423,146**	**40,248**	**6,379,746**	**935,577**	**7,315,323**
Remeasurement of defined benefit liability	-	-	-	-	1,106	-	1,106	1,276	2,382
Foreign currency translation differences for foreign operations	-	(53,572)	-	-	-	-	(53,572)	(18,920)	(72,492)
Fair value loss of equity instruments designated at fair value through other comprehensive income	-	-	(14,350)	-	-	-	(14,350)	(8,371)	(22,721)
Total other comprehensive (expense)/income for the year	-	(53,572)	(14,350)	-	1,106	-	(66,816)	(26,015)	(92,831)
Profit for the year	-	-	-	-	509,836	-	509,836	(35,662)	474,174
Total comprehensive (expense)/income for the year	-	(53,572)	(14,350)	-	510,942	-	443,020	(61,677)	381,343
Dividends paid to stockholders **(Note 27)**	-	-	-	-	(248,144)	-	(248,144)	-	(248,144)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(8,807)	(8,807)
Acquisition of non-controlling interests	-	-	-	-	(6,613)	-	(6,613)	1,643	(4,970)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	1,520	1,520
Total distribution to owners	-	-	-	-	(254,757)	-	(254,757)	(5,644)	(260,401)
At 31 December 2018	**620,462**	**842,404**	**385,813**	**(249)**	**4,679,331**	**40,248**	**6,568,009**	**868,256**	**7,436,265**

The notes on pages 82 to 213 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
Profit before tax		**596,663**	492,492
Adjustments for :			
Amortisation of :			
- intangible assets	**4**	**439**	736
- prepaid land lease payments	**6**	**2,842**	2,932
Depreciation of :			
- property, plant and equipment	**3**	**132,043**	130,524
- investment properties	**5**	**6,202**	6,436
Dividend income	**21**	**(116,805)**	(59,789)
Interest income	**21**	**(89,900)**	(91,650)
Interest expense	**22**	**21,135**	20,706
Assets written off :			
- property, plant and equipment	**23**	**311**	1,467
- investment properties	**23**	**-**	2
Impairment loss on :			
- property, plant and equipment	**3**	**23,859**	2,074
- intangible assets	**4**	**-**	1,167
- investment properties	**5**	**-**	1,430
(Gain)/Loss on disposal of :			
- property, plant and equipment	**23**	**(13,424)**	(3,901)
- a subsidiary	**23**	**-**	(22,289)
- debt instruments at amortised cost	**23**	**500**	707
Gain on liquidation of a subsidiary	**23**	**-**	(78)
Fair value change from biological asset	**12**	**2,422**	3,399
Provision for retirement benefits	**18**	**4,427**	3,884
Share of profits of equity-accounted associates, net of tax	**8**	**(56,345)**	(26,036)
Unrealised loss on foreign exchange on borrowings	**17**	**105,290**	50,348
Operating profit before changes in working capital		**619,659**	514,561

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities (cont'd)			
Changes in working capital :			
Inventories		**(13,859)**	200,897
Trade and other receivables		**7,192**	64,180
Contract liabilities		**26,303**	22,944
Trade and other payables		**9,994**	(21,228)
Cash generated from operations		**649,289**	781,354
Dividends received (net)		**134,053**	78,273
Interest paid		**(24,701)**	(23,980)
Tax paid		**(107,992)**	(91,019)
Retirement benefits paid	**18**	**(265)**	(563)
Net cash from operating activities		**650,384**	744,065
Cash flows from investing activities			
Additions of :			
- property, plant and equipment	**A**	**(147,829)**	(213,606)
- intangible assets	**4**	**(670)**	(220)
- investment properties	**5**	**(104,043)**	(146,691)
- prepaid land lease payment	**6**	**-**	(3,621)
- land held for property development	**11.1**	**(39)**	(68)
- other investments		**(38,081)**	(321,640)
Interest received		**88,078**	91,734
Proceeds from disposal of :			
- other investments		**143,194**	95,254
- a subsidiary		**-**	27,002
- property, plant and equipment		**14,405**	8,158
- investment properties		**-**	324
- prepaid land lease payment		**-**	833
Acquisition of non-controlling interests		**(4,970)**	-
Net cash used in investing activities		**(49,955)**	(462,541)
Cash flows from financing activities			
Dividends paid to :			
- stockholders of the Company		**(248,144)**	(124,072)
- non-controlling interests		**(8,807)**	(19,700)
Placement of fixed deposits pledged for banking facilities		**(778)**	(37,518)
Changes in bank borrowings	**17**	**258,577**	241,111
Proceeds from issue of shares to non-controlling interests		**1,520**	9,800
Net cash from financing activities		**2,368**	69,621
Net increase in cash and cash equivalents		**602,797**	351,145

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Cash and cash equivalents at 1 January		**2,375,587**	2,192,937
Effect of exchange rate fluctuations on cash held		**(19,174)**	(168,495)
Cash and cash equivalents at 31 December	**B**	**2,959,210**	2,375,587

Notes to statements of cash flows

A. *Additions of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment (excluding interest capitalised) with an aggregate cost of **RM148,259,000** (2017 : RM219,293,000) of which **RM430,000** (2017 : RM5,687,000) was acquired by hire purchase/lease arrangements.

B. *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

	Note	2018 RM'000	2017 RM'000
Fixed deposits	**14**	**2,226,512**	1,776,139
Cash and bank balances	**14**	**1,257,890**	1,185,144
Unit trust money market funds	**14**	**140,600**	79,317
		3,625,002	3,040,600
Less :			
Deposits pledged	**14.1**	**(665,792)**	(665,013)
		2,959,210	2,375,587

The notes on pages 82 to 213 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Assets				
Property, plant and equipment	3	**878**	809	969
Investment properties	5	**15,053**	15,057	15,061
Interests in subsidiaries	7	**926,778**	857,792	876,932
Investments in associates	8	**28,935**	40,651	40,651
Other investments	9	**348,810**	313,026	236,892
Total non-current assets		**1,320,454**	1,227,335	1,170,505
Trade and other receivables	13	**3,108**	9,142	45,933
Current tax assets		**317**	342	197
Cash and cash equivalents	14	**292,687**	222,692	157,769
Total current assets		**296,112**	232,176	203,899
Total assets		**1,616,566**	1,459,511	1,374,404
Equity				
Share capital	15	**620,462**	620,462	620,394
Reserves	16	**893,890**	740,500	618,647
Total equity attributable to stockholders of the Company		**1,514,352**	1,360,962	1,239,041
Liabilities				
Borrowings	17	**101,436**	97,076	134,092
Trade and other payables	20	**778**	1,473	1,271
Total current liabilities		**102,214**	98,549	135,363
Total liabilities		**102,214**	98,549	135,363
Total equity and liabilities		**1,616,566**	1,459,511	1,374,404

The notes on pages 82 to 213 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Revenue	**21**	**332,599**	176,534
Cost of sales		**-**	-
Gross profit		**332,599**	176,534
Administrative expenses		**(11,888)**	(8,305)
Other operating expenses		**(4,235)**	(2,361)
Other operating income		**53,053**	7,871
		36,930	(2,795)
Results from operating activities		**369,529**	173,739
Interest expense	**22**	**(948)**	(1,148)
Profit before tax		**368,581**	172,591
Income tax expense	**24**	**(2,831)**	(2,732)
Profit for the year		**365,750**	169,859
Other comprehensive income, net of tax			
Fair value gain of equity instruments designated at fair value through other comprehensive income		**35,784**	76,134
Total other comprehensive income for the year		**35,784**	76,134
Total comprehensive income for the year		**401,534**	245,993

The notes on pages 82 to 213 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note		*Non-distributable*			*Distributable*		
		Share capital RM'000	Fair value reserve RM'000	Capital redemption reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	Total equity RM'000
At 1 January 2017		620,394	211,196	68	(249)	377,640	29,992	1,239,041
Net change in fair value of equity investment designated at FVOCI		-	76,134	-	-	-	-	76,134
Profit for the year representing total comprehensive income		-	-	-	-	169,859	-	169,859
Dividends to stockholders	27	-	-	-	-	(124,072)	-	(124,072)
Transfer in accordance with Section 618(2) of the Companies Act 2016		68	-	(68)	-	-	-	-
At 31 December 2017/ 1 January 2018		**620,462**	**287,330**	**-**	**(249)**	**423,427**	**29,992**	**1,360,962**
Net change in fair value of equity investment designated at FVOCI		**-**	**35,784**	**-**	**-**	**-**	**-**	**35,784**
Profit for the year representing total comprehensive income		**-**	**-**	**-**	**-**	**365,750**	**-**	**365,750**
Dividends to stockholders	**27**	**-**	**-**	**-**	**-**	**(248,144)**	**-**	**(248,144)**
At 31 December 2018		**620,462**	**323,114**	**-**	**(249)**	**541,033**	**29,992**	**1,514,352**

The notes on pages 82 to 213 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
Profit before tax		**368,581**	172,591
Adjustments for :			
Depreciation of :			
- property, plant and equipment	**3**	**228**	274
- investment properties	**5**	**4**	4
Dividend income	**21**	**(318,717)**	(162,906)
Interest income	**21**	**(12,083)**	(12,098)
Interest expense	**22**	**948**	1,148
(Reversal of)/Provision for impairment loss on investment in subsidiaries	**23**	**(52,266)**	2,300
Gain on disposal of :			
- property, plant and equipment	**23**	**(46)**	(11)
- a subsidiary	**23**	**-**	61
Unrealised loss/(gain) on foreign exchange on borrowings	**17**	**4,360**	(5,343)
Operating loss before changes in working capital		**(8,991)**	(3,980)
Changes in working capital :			
Trade and other receivables		**6,034**	36,791
Trade and other payables		**(695)**	202
Cash (used in)/from operations		**(3,652)**	33,013
Dividends received (net)		**318,717**	162,906
Interest paid		**(948)**	(1,148)
Tax paid		**(2,806)**	(2,877)
Net cash from operating activities		**311,311**	191,894
Cash flows from investing activities			
Additions of :			
- property, plant and equipment	**3**	**(297)**	(115)
- interests in subsidiaries		**(5,004)**	(9,847)
Interest received		**12,083**	12,098
Proceeds from disposal of :			
- a subsidiary		**-**	26,626
- property, plant and equipment		**46**	12
Net cash generated from investing activities		**6,828**	28,774

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from financing activities			
Dividends paid		**(248,144)**	(124,072)
Changes in bank borrowings	**17**	**-**	(31,673)
Net cash used in financing activities		**(248,144)**	(155,745)
Net increase in cash and cash equivalents		**69,995**	64,923
Cash and cash equivalents at 1 January		**222,692**	157,769
Cash and cash equivalents at 31 December	**A**	**292,687**	222,692

Notes to statements of cash flows

A. *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

	Note	2018 RM'000	2017 RM'000
Fixed deposits	**14**	**152,655**	118,528
Cash and bank balances	**14**	**1,548**	27,203
Unit trust money market funds	**14**	**138,484**	76,961
		292,687	222,692

The notes on pages 82 to 213 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Registered office

170-09-01 Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang

Principal place of business

1st Floor, 25B Lebuh Farquhar
10200 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates.

The principal activities of the Company are as follows :

(a) investment holding; and
(b) provision of management services.

The principal activities of its subsidiaries and associates are set out in Notes 36 and 8 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 9 April 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impact on transition to MFRSs are disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

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

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123*, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

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

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

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

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, as applicable.

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020, as applicable.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company, except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has assessed the estimated impact that the initial application of MFRS 16 will have on its consolidated financial statements as at 1 January 2019. The estimated impact on initial application is based on the assessment undertaken to date and the actual impacts of adopting the standard may still be subject to change until the Group presents its first financial statements that include the date of initial application.

	As reported at 31 December 2018	Estimated adjustments due to adoption of MFRS 16	Estimated adjusted opening balance at 1 January 2019
	RM'000	RM'000	RM'000
Group			
Property, plant and equipment	2,160,794	(255,064)	1,905,730
Prepaid lease payments	59,951	(59,951)	-
Right-of-use assets	-	340,258	340,258
Lease liabilities	-	(25,243)	(25,243)
Finance lease obligation	(9,834)	9,834	-
Hire purchase liabilities	-	(9,834)	(9,834)

The initial application of this accounting standard are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (cont'd)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in :

Note 3 - assessment on impairment of bearer plants
Note 4 - assessment on impairment of goodwill
Note 7 - impairment loss of interest in subsidiaries
Note 10 - deferred tax asset recognition
Note 21.4 - allocation of transaction price as contract liabilities for free servicing and complimentary extended warranties
Note 24 - income tax recognition
Note 31.7 - fair value of unquoted investments

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and in preparing the opening MFRSs statement of financial position of the Group and of the Company at 1 January 2017 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; and for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Associates

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

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

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

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

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

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(viii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at FVOCI or a financial instrument designated as cash flow hedge, which are recognised in other comprehensive income.

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

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(c) **Financial instruments**

(i) **Recognition and initial measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) **Financial instrument categories and subsequent measurement**

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(q)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(q)(i)) where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(b) Fair value through other comprehensive income (cont'd)

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(q)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

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

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

(a) Fair value through profit or loss (cont'd)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(iv) Regular way purchase or sale of financial assets (cont'd)

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(i) Recognition and measurement (cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital-work-in-progress are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows :

	%
• Buildings	2 - 10
• Plant and machinery	7 - 33 1/3
• Furniture, fixtures, fittings and equipment	5 - 50
• Vehicles	20
• Assembly plant	2 - 10

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(iii) Depreciation (cont'd)

The initial cost of hotel operating equipment (included under furniture, fixtures, fittings and equipment) such as linen, crockery, glassware, cutlery and kitchen utensils has been capitalised and is not depreciated. Subsequent acquisition to replace these operating assets are written off in the year in which they are incurred.

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

(e) Leased assets

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating leases

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

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

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Intangible assets (cont'd)

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

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

(v) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets of 3 years from the date that they are available for use.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Biological assets

(i) Bearer plants

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Immature bearer plants are recognised at cost, which consist mainly of the accumulated cost of land clearing, planting, fertilizing and upkeeping/maintaining the plantations and allocations of indirect overhead costs up to the time the trees become commercially productive and available for harvest. Costs also include capitalised borrowing costs and other charges incurred in connection with the financing of the development of immature bearer plants. Such capitalisation of borrowing costs ceases when the trees become commercially productive and available for harvest. Immature bearer plants are not amortised.

Immature bearer plants are reclassified to mature bearer plants when they are commercially productive and available for harvest. In general, an oil palm bearer plant takes about 3 to 4 years to reach maturity.

Mature bearer plants are stated at cost, and are amortised using the straight line method over their estimated useful lives of the primary bearer plants of 20 years.

The carrying amounts of bearer plants are reviewed for impairment when events or changes in circumstances indicate that their carrying values may not be fully recoverable.

The carrying amount of an item of bearer plants is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is directly included in the profit or loss for the period/year the item is derecognised.

The asset useful lives and amortisation method are reviewed at the end of each reporting period/year and adjusted prospectively if necessary.

Upkeep and maintenance costs of bearer plants are taken to the profit or loss when they are incurred. The cost of major renovation and restoration is included in the carrying amount of the related asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and is depreciated over the remaining useful life of the related asset.

(ii) Produce growing on bearer plants

The produce growing on bearer plants (“growing crops”) of the Group comprises agricultural products from productive plants, which is fresh fruit bunches, which are presented in the account "Current Assets - Biological Assets" in the statement of financial position.

Growing crops are stated at fair value less costs to sell. Gains or losses arising from the initial recognition of growing crops at fair value less costs to sell and from changes in fair value less costs to sell growing crops at each reporting date are included in profit or loss in the period in which such gains or losses occur.

Fair values are determined using a market approach by applying estimates of production volume with estimated market prices that apply at the reporting date. Costs to sell are incremental costs that are directly attributable to the disposal of assets, excluding financing costs and income taxes.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Leasehold land is depreciated over the lease term and freehold land is not depreciated.

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

(i) Inventories

(i) Land held for property development

Land held for property development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified within non-current assets.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Inventories (cont'd)

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

(iii) Completed development properties

Cost of completed development properties is determined on a specific identification basis and includes land, all direct building costs and appropriate proportions of common costs attributable to developing the properties to completion.

(iv) Other inventories

The cost of inventories is measured based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of assembled motor vehicles and knocked-down units is determined on specific identification and cost of other inventories is principally determined on a first-in, first-out basis.

All inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(q)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(k) Plasma receivable

Plasma plantation is an Indonesian Government policy to develop the plantations on mutual agreement. Companies could acquire land rights to develop plantations only if they develop plantations for smallholders (plasma farmers) in addition to their own plantations. The Company is required to assist and supervise smallholders in technical matters relating to the plantation and to purchase fresh fruit bunches ("FFB") produced by plasma plantations at prices determined by the Indonesian Government. Once plasma plantation is developed, they are transferred to the smallholders at conversion rate determined by the Government.

The difference between the accumulated development cost of plasma plantation and their conversion value is charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments (including the accounts maintained pursuant to the Housing Development (Control and Licensing) Act, 1966). For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Stocks

Ordinary stocks are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury stocks)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(n) Provisions

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

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

(p) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefits plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Employee benefits (cont'd)

(iii) Defined benefits plans (cont'd)

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months from the end of the reporting period, then they are discounted.

(q) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Impairment (cont'd)

(i) Financial assets (cont'd)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue and other income

(i) Revenue

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

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

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

(ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(v) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(s) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Contract cost (cont'd)

(ii) Cost to fulfil a contract (cont'd)

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(t) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

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

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

(u) Income tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Income tax (cont'd)

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

(v) Earnings per ordinary stock

The Group presents basic earnings per stock data for its ordinary stocks ("EPS").

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

(w) Operating segments

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

(x) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(y) Fair value measurement

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

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

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Bearer plants RM'000	Plant and machinery RM'000	Furniture, fittings, equipment and vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
Cost								
At 1 January 2017	237,670	321,019	1,481,084	722,238	665,932	364,100	11,897	3,803,940
Additions	-	21,401	35,014	78,285	38,956	37,200	11,887	222,743
Disposal/Write-off	-	-	(155)	(3,837)	(24,824)	(23,497)	(3,203)	(55,516)
Reclassification	3,900	-	(1,321)	-	5,133	7,686	(15,398)	-
Exchange differences	(3,061)	(20,075)	(33,699)	(77,224)	(17,111)	(9,804)	(415)	(161,389)
Derecognition through disposal of a subsidiary	-	(4,596)	(26,904)	-	(56,665)	(2,063)	-	(90,228)
At 31 December 2017/ 1 January 2018	**238,509**	**317,749**	**1,454,019**	**719,462**	**611,421**	**373,622**	**4,768**	**3,719,550**
Additions	**-**	**8,834**	**6,847**	**82,542**	**9,311**	**19,292**	**25,360**	**152,186**
Disposal/Write-off	**-**	**(1,656)**	**(808)**	**(2,022)**	**(22,122)**	**(15,718)**	**-**	**(42,326)**
Reclassification	**-**	**886**	**131**	**-**	**2,472**	**1,400**	**(4,889)**	**-**
Transfer (to)/from investment properties **(Note 5)**	**(1,006)**	**311**	**(7,815)**	**-**	**-**	**-**	**-**	**(8,510)**
Exchange differences	**(1,993)**	**(5,543)**	**(31,480)**	**(21,032)**	**(12,846)**	**(6,218)**	**(98)**	**(79,210)**
At 31 December 2018	**235,510**	**320,581**	**1,420,894**	**778,950**	**588,236**	**372,378**	**25,141**	**3,741,690**

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Bearer plants RM'000	Plant and machinery RM'000	Furniture, fittings, equipment and vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment								
At 1 January 2017								
Accumulated depreciation	-	65,403	516,737	187,770	521,996	254,115	-	1,546,021
Accumulated impairment	-	-	-	12,147	-	1,020	-	13,167
	-	65,403	516,737	199,917	521,996	255,135	-	1,559,188
Depreciation for the year	-	2,887	36,711	23,508	35,276	32,142	-	130,524
Disposal/Write-off	-	-	(129)	(3,552)	(23,292)	(22,823)	-	(49,796)
Derecognition through disposal of a subsidiary	-	(3,210)	(23,247)	-	(56,643)	(2,036)	-	(85,136)
Reclassification	-	-	-	-	90	(90)	-	-
Exchange differences	-	(1,326)	(16,348)	(19,854)	(11,302)	(7,152)	-	(55,982)
Impairment loss	-	-	-	2,074	-	-	-	2,074
At 31 December 2017								
Accumulated depreciation	-	63,754	513,724	187,872	466,125	254,156	-	1,485,631
Accumulated impairment	-	-	-	14,221	-	1,020	-	15,241
	-	63,754	513,724	202,093	466,125	255,176	-	1,500,872

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Bearer plants RM'000	Plant and machinery RM'000	Furniture, fittings, equipment and vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment								
At 1 January 2018								
Accumulated depreciation	**-**	**63,754**	**513,724**	**187,872**	**466,125**	**254,156**	**-**	**1,485,631**
Accumulated impairment	**-**	**-**	**-**	**14,221**	**-**	**1,020**	**-**	**15,241**
	-	**63,754**	**513,724**	**202,093**	**466,125**	**255,176**	**-**	**1,500,872**
Depreciation for the year	**-**	**2,753**	**36,220**	**25,024**	**34,368**	**33,678**	**-**	**132,043**
Disposal/Write-off	**-**	**(1,601)**	**(703)**	**(1,968)**	**(21,843)**	**(14,918)**	**-**	**(41,033)**
Reclassification	**-**	**269**	**(482)**	**-**	**213**	**-**	**-**	**-**
Transfer to/(from) investment properties **(Note 5)**	**-**	**192**	**(1,686)**	**-**	**-**	**-**	**-**	**(1,494)**
Exchange differences	**-**	**150**	**(14,505)**	**(5,687)**	**(9,826)**	**(3,483)**	**-**	**(33,351)**
Impairment loss	**-**	**-**	**-**	**23,859**	**-**	**-**	**-**	**23,859**
At 31 December 2018								
Accumulated depreciation	**-**	**65,517**	**532,568**	**205,241**	**469,037**	**269,433**	**-**	**1,541,796**
Accumulated impairment	**-**	**-**	**-**	**38,080**	**-**	**1,020**	**-**	**39,100**
	-	**65,517**	**532,568**	**243,321**	**469,037**	**270,453**	**-**	**1,580,896**
Carrying amounts								
At 1 January 2017	237,670	255,616	964,347	522,321	143,936	108,965	11,897	2,244,752
At 31 December 2017/ 1 January 2018	238,509	253,995	940,295	517,369	145,296	118,446	4,768	2,218,678
At 31 December 2018	**235,510**	**255,064**	**888,326**	**535,629**	**119,199**	**101,925**	**25,141**	**2,160,794**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Furniture, fittings, equipment and vehicles RM'000	Total RM'000
Company			
Cost			
At 1 January 2017	289	1,939	2,228
Additions	-	115	115
Disposals	-	(81)	(81)
At 31 December 2017/1 January 2018	**289**	**1,973**	**2,262**
Additions	**-**	**297**	**297**
Disposals	**-**	**(162)**	**(162)**
At 31 December 2018	**289**	**2,108**	**2,397**
Accumulated depreciation			
At 1 January 2017	-	1,259	1,259
Depreciation for the year	-	274	274
Disposals	-	(80)	(80)
At 31 December 2017/1 January 2018	**-**	**1,453**	**1,453**
Depreciation for the year	**-**	**228**	**228**
Disposals	**-**	**(162)**	**(162)**
At 31 December 2018	**-**	**1,519**	**1,519**
Carrying amounts			
At 1 January 2017	289	680	969
At 31 December 2017/1 January 2018	289	520	809
At 31 December 2018	**289**	**589**	**878**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.1 Assets under hire purchase and leasing arrangements

Assets financed under leasing instalment plans included in the net book value of property, plant and equipment of the Group are as follows :

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Plant and machinery	**9,143**	15,167	13,254
Furniture, fittings, equipment and vehicles	**977**	1,946	1,936
	10,120	17,113	15,190

3.2 Security

Freehold land and building of the Group with carrying amount of **RM133,800,000** (31.12.2017: RM134,100,000 and 1.1.2017 : RM137,700,000) are pledged to the bank as securities for the secured term loans of the Group (see Note 17).

3.3 Borrowing costs capitalised

Additions to bearer plants of the Group during the year include :

	2018 RM'000	2017 RM'000
- Interest expense	**3,927**	3,450

Interest is capitalised under bearer plants at an average rate of **1.07% to 2.30%** (2017 : 1.05% to 1.94%) per annum.

3.4 Key sources of estimation uncertainties

The Group determines whether there is impairment on property, plant and equipment when indicators of impairment were identified. The recoverable amount is estimated based on the higher of fair value less cost to sell and the value in use. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from its property, plant and equipment and also to apply a suitable discount rate in order to calculate the present value of those cash flows.

3.5 Impairment loss of bearer plants

For the purpose of impairment testing, each subsidiary in the plantation segment is regarded as one cash-generating unit by the Group. The carrying amount of a cash generating unit amounting to RM521,655,000 was determined to be higher than its recoverable amount of RM497,796,000. Slow development on this plantation has led to the bearer plants of RM23,859,000 being impaired during the financial year. The impairment of bearer plants was charged to the income statement and is included in other operating expense of the Group.

The recoverable amount of the cash generating unit of RM497,796,000 was assessed using the fair value less cost of disposal method, based on a valuation carried out by an independent firm of valuers. The discount rate applied by the valuers in the valuation is at a post-tax rate of **10.52%** (2017 : 8.94%).

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.5 Impairment loss of bearer plants (cont'd)

In the previous financial year, as a consequence of the impairment assessment of goodwill on consolidation for those cash generating units containing goodwill, an amount of RM2,074,000 of bearer plants in relation to a cash generating unit was impaired and was included in other operating expense of the Group. The carrying amount of the cash generating unit of RM97,497,000 was determined to be higher than its recoverable amount of RM95,423,000.

The above estimates are particularly sensitive in the following areas :-
- An increase of 1 percentage point in the discount rate used would have increased the impairment loss by RM69,885,000.
- A 1% decline in selling price would have increased the impairment loss by RM26,070,000.

Other details of impairment loss assessment are as set out in Note 4(c) to the financial statements.

4. INTANGIBLE ASSETS - GROUP

	Note	Goodwill RM'000	Development cost RM'000	Total RM'000
Cost				
At 1 January 2017		32,851	3,417	36,268
Additions		-	220	220
Impairment loss	23	(1,167)	-	(1,167)
Exchange differences		(2,680)	-	(2,680)
At 31 December 2017/1 January 2018		**29,004**	**3,637**	**32,641**
Additions		**-**	**670**	**670**
Exchange differences		**(727)**	**-**	**(727)**
At 31 December 2018		**28,277**	**4,307**	**32,584**
Amortisation				
At 1 January 2017		-	2,311	2,311
Amortisation for the year	23	-	736	736
At 31 December 2017/1 January 2018		**-**	**3,047**	**3,047**
Amortisation for the year	**23**	**-**	**439**	**439**
At 31 December 2018		**-**	**3,486**	**3,486**
Carrying amounts				
At 1 January 2017		32,851	1,106	33,957
At 31 December 2017		29,004	590	29,594
At 31 December 2018		**28,277**	**821**	**29,098**

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS - GROUP (cont'd)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the following business segments as independent CGUs :

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Automotive and related products	**1,172**	1,172	1,172
Plastic products	**2,117**	2,117	2,117
Plantation	**21,857**	22,584	26,431
Hotels and resorts	**1,004**	1,004	1,004
Multiple units without significant goodwill	**2,127**	2,127	2,127
	28,277	29,004	32,851

(a) Key sources of estimation uncertainty

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount based on the higher of fair value less costs of disposal and the value in use of the cash-generating units to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2018 was approximately **RM28,277,000** (31.12.2017 : RM29,004,000 and 1.1.2017 : RM32,851,000).

(b) Goodwill allocated to plantations in Indonesia

For the purpose of impairment testing, goodwill is allocated to the Group's individual plantation which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Each subsidiary in the plantation segment with its assets which consists of goodwill, biological assets, property, plant and equipment and working capital, is regarded as one cash generating unit by the Group.

The recoverable amount of each cash generating unit was assessed using either the fair value less cost of disposal method based on the valuation carried out by an independent firm of valuers or the value in use method based on discounted cash flows by the management. The discount rate applied in the valuation is at a post-tax rate of **10.52%** (31.12.2017 : 8.94% and 1.1.2017 : 9.65%).

In the previous financial year, a cash generating unit amounting to RM146,005,000 was determined to be higher than its recoverable amount of RM144,838,000. Total goodwill attributable to owners of the Company of RM1,167,000 was impaired and written off, and was included in other operating expense of the Group in the financial year ended 31 December 2017.

The above estimates are particularly sensitive in the following areas :

- An increase of 1 percentage point in the discount rate used would result in an impairment loss of RM7,253,000.
- A 1% decline in selling price would result in an impairment loss of RM3,480,000.

4. INTANGIBLE ASSETS - GROUP (cont'd)

(c) Recoverable amount based on the higher of fair value less costs of disposal and value in use

The recoverable amount of a CGU is determined based on a combination of the fair value of the business units determined by external, independent valuers, and value in use calculations. The recoverable amount is determined with the following key assumptions applied :

(i) Cash flows are projected based on the financial budgets approved by the Directors.

(ii) Discount rates used for cash flows discounting purposes are the management's estimate of weighted average cost of capital required in the respective segments. The discount rates applied for cash flow projections of plantations is at a post-tax rate of **10.52%** (31.12.2017 : 8.94% and 1.1.2017: 9.65%).

(iii) Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields, oil extractions rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performance of the segments.

(iv) Profit margins are projected based on the industry trends and historical profit margin achieved.

5. INVESTMENT PROPERTIES

	Note	2018 RM'000	2017 RM'000
Group			
Cost			
At 1 January		**1,106,277**	973,230
Additions		**104,043**	146,691
Disposal/Write-off		**-**	(525)
Transfer from property, plant and equipment	3	**8,510**	-
Exchange differences		**(30,541)**	(13,119)
At 31 December		**1,188,289**	1,106,277
Accumulated depreciation			
At 1 January		**87,504**	81,095
Disposal/Write-off		**-**	(199)
Depreciation for the year	23	**6,202**	6,436
Impairment loss	23	**-**	1,430
Transfer from property, plant and equipment	3	**1,494**	-
Exchange differences		**(2,205)**	(1,258)
At 31 December		**92,995**	87,504

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (cont'd)

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Carrying amount	**1,095,294**	1,018,773	892,135
Included in the above are :			
Freehold land	**394,430**	321,621	292,883
Buildings	**200,232**	210,558	130,958
Long term leasehold land	**499,720**	486,594	468,294
Electrical fittings	**912**	-	-
	1,095,294	1,018,773	892,135

	Note	2018 RM'000	2017 RM'000
Company			
Cost			
At 1 January		**15,137**	15,137
Accumulated depreciation			
At 1 January		**80**	76
Depreciation for the year	23	**4**	4
At 31 December		**84**	80

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Company			
Carrying amount	**15,053**	15,057	15,061
Included in the above are :			
Freehold land	**14,963**	14,962	14,962
Buildings	**90**	95	99
	15,053	15,057	15,061

Investment properties comprise a number of commercial properties, vacant land and assembly plant that are leased to third parties or held for capital appreciation.

The title deed of long term leasehold land of the Group with a carrying amount of **RM433,560,000** (2017 : RM421,319,000) is still being processed by the relevant authority.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (cont'd)

5.1 Security

Carrying amounts of investment properties pledged to the bank as securities for the secured term loans of the Group (see Note 17) are as follows :

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Freehold land	**96,489**	104,338	78,685
Buildings	**88,963**	97,169	9,736
	185,452	201,507	88,421

5.2 Direct operating expenses

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Direct operating expenses of investment properties :				
- non-income generating	**1,675**	2,355	**261**	275
- income generating	**17,336**	18,404	**41**	39

5.3 Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31.12.2018				
Group				
Freehold land	**-**	**-**	**1,438,763**	**1,438,763**
Long term leasehold land	**-**	**-**	**902,830**	**902,830**
Buildings	**-**	**-**	**401,047**	**401,047**
	-	**-**	**2,742,640**	**2,742,640**
Company				
Freehold land	**-**	**-**	**303,800**	**303,800**
Buildings	**-**	**-**	**400**	**400**
	-	**-**	**304,200**	**304,200**
31.12.2017				
Group				
Freehold land	-	-	1,392,061	1,392,061
Long term leasehold land	-	-	898,614	898,614
Buildings	-	-	403,022	403,022
	-	-	2,693,697	2,693,697
Company				
Freehold land	-	-	303,800	303,800
Buildings	-	-	400	400
	-	-	304,200	304,200

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (cont'd)

5.3 Fair value information (cont'd)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
1.1.2017				
Group				
Freehold land	-	-	1,208,829	1,208,829
Long term leasehold land	-	-	864,101	864,101
Buildings	-	-	366,602	366,602
	-	-	2,439,532	2,439,532
Company				
Freehold land	-	-	303,800	303,800
Buildings	-	-	400	400
	-	-	304,200	304,200

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property. The valuation techniques used in the determination of fair values within Level 3 are as follows :

Description of Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
i) Comparison method of valuation		
This approach entails comparing the property with similar properties that were sold. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the investment properties.	Price per square meter **(RM96 – RM127,456)** (2017 : RM96 – RM127,141)	The estimated fair value would increase (decrease) if the price per square meter is higher (lower).
ii) Discounted cash flows		
The valuation method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	Expected market rental growth is **1%** (2017 : 1%) Risk adjusted discount rate is **9%** (2017 : 10%)	The estimated fair value would increase (decrease) if expected market rental growth were higher (lower); or risk-adjusted discount rate were lower (higher).

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (cont'd)

5.2 Fair value information (cont'd)

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is based on the estimates of market value by Directors, taking into account some of the valuation in 2011 by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property. Investment properties of the Group for a carrying amount of **RM352,289,000** (2017 : RM378,363,000) and with the fair values of **RM1,205,229,000** (2017 : RM1,362,047,000) are determined solely based on Directors' estimates using either discounted cash flow or recent transaction prices around the vicinity.

Highest and best use

Investment properties comprise a number of commercial properties, vacant land and assembly plant. The Directors had determined the current uses of these investment properties as their highest and best use.

6. PREPAID LAND LEASE PAYMENTS - GROUP

	Note	2018 RM'000	2017 RM'000
At 1 January		**62,960**	63,929
Additions		**-**	3,621
Amortisation for the year	**23**	**(2,842)**	(2,932)
Disposal		**-**	(833)
Exchange differences		**(167)**	(825)
At 31 December		**59,951**	62,960

7. INTERESTS IN SUBSIDIARIES

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Company				
Unquoted shares, at cost		**780,823**	764,136	773,215
Amount due from subsidiaries	**7.1**	**187,404**	187,371	210,132
Less :				
Impairment losses		**(41,449)**	(93,715)	(106,415)
		926,778	857,792	876,932

Details of the subsidiaries are listed under Note 36.

7.1 Amount due from subsidiaries

The amount due from subsidiaries is regarded as net interests in subsidiaries. This amount is unsecured, with no fixed terms of repayment and is subject to interest at the rates ranging from **2.19% to 3.73%** (31.12.2017 : 1.50% to 3.38% and 1.1.2017 : 1.11% to 3.61%) per annum.

7.2 Key sources of estimation uncertainties

The Company determines whether there is impairment on investment in subsidiaries when indicators of impairment were identified. The recoverable amount is estimated based on the higher of fair value less cost to sell and the value in use. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from its subsidiaries and also to apply a suitable discount rate in order to calculate the present value of those cash flows.

7. INTERESTS IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows :

	31.12.2018						
	PT Gunung Maras Lestari RM'000	PT Gunungsawit Binalestari RM'000	Selasih Permata Sdn. Bhd. RM'000	Melaka Straits Medical Centre Sdn. Bhd. RM'000	Oriental Boon Siew (M) Sdn. Bhd. RM'000	Teck See Plastic Sdn. Bhd. RM'000	PT Surya Agro Persada RM'000
NCI percentage of ownership interest and voting interest	53.29%	53.29%	49.50%	49.00%	49.00%	40.00%	54.55%
Carrying amount of NCI	315,691	243,435	74,995	62,139	163,497	161,260	(81,038)
Profit/(Loss) allocated to NCI	25,444	24,082	4,931	(7,622)	(289)	1,957	(24,438)
Summarised financial information before intra-group elimination							
As at 31 December							
Non-current assets	48,823	28,975	67,698	230,488	380,284	92,442	81,642
Current assets	674,334	442,252	83,864	17,100	1,517	153,887	30,122
Non-current liabilities	(13,404)	(4,996)	-	(3,652)	-	-	(670)
Current liabilities	(100,238)	(4,164)	(57)	(120,468)	(48,134)	(15,576)	(254,429)
Net assets/(liabilities)	609,515	462,067	151,505	123,468	333,667	230,753	(143,335)
Year ended 31 December							
Revenue	218,375	164,698	8,527	65,382	472	89,534	5,603
Profit/(Loss) for the year	45,850	44,092	9,961	(15,833)	(590)	4,893	(44,818)
Total comprehensive income/ (expense) for the year	27,367	30,200	9,961	(15,833)	(590)	4,893	(42,138)
Cash flows from operating activities	26,754	9,481	490	6,330	34,383	8,257	(11,429)
Cash flows from investing activities	19,700	9,806	8,527	(919)	(59,748)	6,822	(3,946)
Cash flows from financing activities	(4,769)	(4,593)	(4,650)	(6,916)	-	(10,001)	28,131
Net increase/(decrease) in cash and cash equivalents	41,685	14,694	4,367	(1,505)	(25,365)	5,078	12,756
Dividend paid to NCI	268	344	2,302	-	-	4,001	-

7. INTERESTS IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries (cont'd)

	31.12.2017						
	PT Gunung Maras Lestari RM'000	PT Gunungsawit Binalestari RM'000	Selasih Permata Sdn. Bhd. RM'000	Melaka Straits Medical Centre Sdn. Bhd. RM'000	Oriental Boon Siew (M) Sdn. Bhd. RM'000	Teck See Plastic Sdn. Bhd. RM'000	PT Surya Agro Persada RM'000
NCI percentage of ownership interest and voting interest	53.29%	53.29%	49.50%	49.00%	49.00%	40.00%	54.55%
Carrying amount of NCI	313,129	223,646	72,366	69,761	163,786	162,294	(58,135)
Profit/(Loss) allocated to NCI	43,506	24,704	(1,107)	(1,148)	(57)	992	(14,484)
Summarised financial information before intra-group elimination							
As at 31 December							
Non-current assets	55,580	28,734	67,698	248,278	320,962	94,196	93,359
Current assets	642,278	425,719	78,541	17,491	26,879	155,924	18,150
Non-current liabilities	(13,111)	(5,005)	-	(7,406)	-	-	(579)
Current liabilities	(102,047)	(14,515)	(45)	(119,062)	(13,584)	(14,259)	(212,281)
Net assets/(liabilities)	582,700	434,933	146,194	139,301	334,257	235,861	(101,351)
Year ended 31 December							
Revenue	295,759	193,798	5,781	52,539	855	84,181	7,893
Profit/(Loss) for the year	81,639	46,362	(2,237)	(2,620)	(117)	2,480	(26,552)
Total comprehensive income/ (expense) for the year	17,406	(2,489)	(2,237)	(2,620)	(117)	2,480	(15,689)
Cash flows from operating activities	81,291	59,837	(3,032)	1,095	(15,015)	5,171	(30,745)
Cash flows from investing activities	25,267	17,261	5,781	(2,085)	(12,662)	9,360	(5,401)
Cash flows from financing activities	(8,902)	(2,255)	(6,000)	(7,081)	20,000	(19,999)	44,229
Net increase/(decrease) in cash and cash equivalents	97,656	74,843	(3,251)	(8,071)	(7,677)	(5,468)	8,083
Dividend paid to NCI	214	169	2,970	-	-	8,000	-

7. **INTERESTS IN SUBSIDIARIES (cont'd)**

Non-controlling interests in subsidiaries (cont'd)

	1.1.2017						
	PT Gunung Maras Lestari RM'000	PT Gunungsawit Binalestari RM'000	Selasih Permata Sdn. Bhd. RM'000	Melaka Straits Medical Centre Sdn. Bhd. RM'000	Oriental Boon Siew (M) Sdn. Bhd. RM'000	Teck See Plastic Sdn. Bhd. RM'000	PT Surya Agro Persada RM'000
NCI percentage of ownership interest and voting interest	53.29%	53.29%	49.50%	49.00%	49.00%	40.00%	54.55%
Carrying amount of NCI	306,701	227,085	76,443	70,909	154,043	166,325	(49,534)
Profit/(Loss) allocated to NCI	29,956	20,971	5,400	(11,487)	165	1,591	(12,378)
Summarised financial information before intra-group elimination							
As at 31 December							
Non-current assets	62,375	34,303	67,698	240,940	308,147	97,239	101,948
Current assets	635,710	416,836	86,778	21,613	34,555	169,350	13,954
Non-current liabilities	(16,458)	(4,192)	-	(8,030)	-	-	(553)
Current liabilities	(104,984)	(5,564)	(45)	(112,602)	(28,329)	(13,208)	(200,932)
Net assets/(liabilities)	576,643	441,383	154,431	141,921	314,373	253,381	(85,583)

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS IN ASSOCIATES

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Unquoted shares, at cost	**82,275**	82,264	82,383
Share of post-acquisition reserves	**551,212**	510,860	508,599
	633,487	593,124	590,982
Company			
Unquoted shares, at cost	**28,935**	40,651	40,651

Details of associates :

	Group's effective interest			Principal activities
	31.12.2018 %	31.12.2017 %	1.1.2017 %	
Incorporated in Malaysia :				
Honda Autoparts Manufacturing (M) Sdn. Bhd.	**49.0**	49.0	49.0	Manufacture and sale of motor vehicle parts
Southern Perak Plantations Sdn. Berhad	**39.5**	39.5	39.5	Production and sale of oil palm fruits, palm oil and kernel
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	**30.0**	30.0	30.0	Sale of construction machinery, attachments and spare parts and renting of machinery
Boon Siew Honda Sdn. Bhd.	**49.0**	49.0	49.0	Manufacture, assembly and sale of motorcycles
Super Othello Sdn. Bhd.[@]	**-**	50.0	50.0	Investment holding
Chainferry Development Sdn. Berhad	**33.4**	33.4	33.4	Property development
Penang Wellesley Realty Sdn. Berhad	**39.8**	39.8	39.8	Property development
Penang Amusements Company Sdn. Berhad	**25.0**	25.0	25.0	Operation of a bowling alley
Held through a subsidiary of the Company, Teck See Plastic Sdn. Bhd.				
Hicom-Teck See Manufacturing Malaysia Sdn Bhd	**29.4**	29.4	29.4	Manufacture of thermo plastic and thermo setting products

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS IN ASSOCIATES (cont'd)

Details of associates (cont'd):

	Group's effective interest			Principal activities
	31.12.2018	**31.12.2017**	**1.1.2017**	
	%	%	%	
Incorporated in Singapore :				
Held through a subsidiary of the Company, Kah Motor Company Sdn Berhad				
Singapore Safety Driving Centre Ltd	**27.5**	27.5	27.5	Operation of a driving school
B.S. Kah Pte. Ltd	**40.0**	40.0	40.0	Property management
Bukit Batok Driving Centre Ltd	**21.9**	21.9	21.9	Operation of a driving school
Incorporated in Thailand :				
Held through a subsidiary of the Company, Teck See Plastic Sdn Bhd				
Kasai Teck See Co., Ltd.	**15.0**	15.0	15.0	Manufacture and sale of parts, mould and automotive equipment including automotive interior parts
Incorporated in the Republic of Indonesia :				
Held through subsidiaries of the Company, Teck See Plastic Sdn Bhd and Oriental International (Mauritius) Pte Ltd				
P.T. Kasai Teck See Indonesia	**38.9**	38.9	38.9	Manufacture and distribution of plastic articles and products in automotive and electrical sectors

The accounting year end of all the associates is 31 December except for Hicom Teck See Manufacturing Malaysia Sdn Bhd, Honda Autoparts Manufacturing (M) Sdn. Bhd., Hitachi Construction Machinery (Malaysia) Sdn. Bhd. and Boon Siew Honda Sdn. Bhd. which have accounting year ends of 31 March.

@ Super Othello Sdn. Bhd. commenced its members' voluntary winding-up proceedings on 23 October 2017. The winding up proceeding was completed 3 months after the final meeting held on 7 September 2018.

8. INVESTMENTS IN ASSOCIATES (cont'd)

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

	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd.	Honda Autoparts Manufacturing (M) Sdn. Bhd.	Southern Perak Plantations Sdn. Berhad	Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	Boon Siew Honda Sdn. Bhd.
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Summarised financial information					
As at 31 December 2018					
Non-current assets	141,224	16,195	98,349	43,249	150,102
Current assets	147,606	271,721	59,575	188,899	391,081
Non-current liabilities	(21,794)	-	(10,390)	-	-
Current liabilities	(123,110)	(9,179)	(3,002)	(68,796)	(287,435)
Net assets	143,926	278,737	144,532	163,352	253,748
Year ended 31 December 2018					
Profit/(Loss) from continuing operations	3,782	(59,892)	5,686	15,320	119,908
Other comprehensive expense	-	-	-	-	-
Total comprehensive income/(expense)	3,782	(59,892)	5,686	15,320	119,908
Included in the total comprehensive income is :					
Revenue	304,479	81,807	34,937	346,541	866,285

8. **INVESTMENTS IN ASSOCIATES (cont'd)**

	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd. RM'000	Honda Autoparts Manufacturing (M) Sdn. Bhd. RM'000	Southern Perak Plantations Sdn. Berhad RM'000	Hitachi Construction Machinery (Malaysia) Sdn. Bhd. RM'000	Boon Siew Honda Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
Group							
Reconciliation of net assets to carrying amount							
As at 31 December 2018							
Group's share of net assets	42,314	136,581	57,090	49,006	124,337	219,290	628,618
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	42,314	136,581	60,345	49,006	124,337	220,414	632,997
Group's share of results							
Year ended 31 December 2018							
Group's share of profit/(loss) from continuing operations	1,112	(29,347)	2,246	4,596	58,755	18,983	56,345
Group's share of other comprehensive expense	-	-	-	-	-	-	-
Group's share of total comprehensive income/(expense)	1,112	(29,347)	2,246	4,596	58,755	18,983	56,345
Other information							
Dividend received by the Group for the year ended 31 December 2018	569	3,666	5,925	2,039	-		

8. INVESTMENTS IN ASSOCIATES (cont'd)

	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd. RM'000	Honda Autoparts Manufacturing (M) Sdn. Bhd. RM'000	Southern Perak Plantations Sdn. Berhad RM'000	Hitachi Construction Machinery (Malaysia) Sdn. Bhd. RM'000	Boon Siew Honda Sdn. Bhd. RM'000
Group					
Summarised financial information					
As at 31 December 2017					
Non-current assets	135,945	20,034	125,426	25,961	160,176
Current assets	180,477	335,972	66,006	187,743	241,615
Non-current liabilities	(37,849)	-	(10,010)	-	-
Current liabilities	(137,262)	(10,895)	(27,578)	(58,579)	(267,953)
Net assets	141,311	345,111	153,844	155,125	133,838
Year ended 31 December 2017					
Profit/(Loss) from continuing operations	21,673	5,508	16,734	4,087	(10,745)
Other comprehensive expense	-	-	(555)	-	-
Total comprehensive income/(expense)	21,673	5,508	16,179	4,087	(10,745)
Included in the total comprehensive income is :					
Revenue	322,620	130,791	49,661	348,680	671,822

8. INVESTMENTS IN ASSOCIATES (cont'd)

	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd. RM'000	Honda Autoparts Manufacturing (M) Sdn. Bhd. RM'000	Southern Perak Plantations Sdn. Berhad RM'000	Hitachi Construction Machinery (Malaysia) Sdn. Bhd. RM'000	Boon Siew Honda Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
Group							
Reconciliation of net assets to carrying amount							
As at 31 December 2017							
Group's share of net assets	41,545	169,104	60,768	46,538	65,581	205,209	588,745
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	41,545	169,104	64,023	46,538	65,581	206,333	593,124
Group's share of results							
Year ended 31 December 2017							
Group's share of profit/(loss) from continuing operations	6,372	2,699	6,610	1,226	(5,265)	14,394	26,036
Group's share of other comprehensive expense	-	-	(219)	-	-	-	(219)
Group's share of total comprehensive income/(expense)	6,372	2,699	6,391	1,226	(5,265)	14,394	25,817
Other information							
Dividend received by the Group for the year ended 31 December 2017	318	-	11,850	1,255	-		

8. INVESTMENTS IN ASSOCIATES (cont'd)

	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd. RM'000	Honda Autoparts Manufacturing (M) Sdn. Bhd. RM'000	Southern Perak Plantations Sdn. Berhad RM'000	Hitachi Construction Machinery (Malaysia) Sdn. Bhd. RM'000	Boon Siew Honda Sdn. Bhd. RM'000
Group					
Summarised financial information					
As at 1 January 2017					
Non-current assets	140,158	28,193	102,901	17,561	178,698
Current assets	163,392	361,729	77,691	212,384	232,445
Non-current liabilities	(28,960)	-	(10,313)	-	-
Current liabilities	(144,394)	(50,321)	(3,169)	(73,608)	(266,558)
Net assets	130,196	339,601	167,110	156,337	144,585

	Hicom-Teck See Manufacturing Malaysia Sdn. Bhd. RM'000	Honda Autoparts Manufacturing (M) Sdn. Bhd. RM'000	Southern Perak Plantations Sdn. Berhad RM'000	Hitachi Construction Machinery (Malaysia) Sdn. Bhd. RM'000	Boon Siew Honda Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
Group							
Reconciliation of net assets to carrying amount							
As at 1 January 2017							
Group's share of net assets	38,278	166,404	66,009	46,901	70,847	198,164	586,603
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	38,278	166,404	69,264	46,901	70,847	199,288	590,982

9. OTHER INVESTMENTS

	Unquoted shares RM'000	Quoted shares RM'000	Quoted bonds RM'000	Quoted unit trusts and REITS RM'000	Unit trust money market funds RM'000	Fixed deposits RM'000	Others RM'000	Total RM'000
Group								
31.12.2018								
Non-current								
Fair value through other comprehensive income	367,712	169,631	-	9,023	-	-	-	546,366
Amortised cost	-	-	133,880	-	-	-	1,078	134,958
	367,712	169,631	133,880	9,023	-	-	1,078	681,324
Current								
Amortised cost	-	-	24,504	-	12,144	769,294	-	805,942
	-	-	24,504	-	12,144	769,294	-	805,942
	367,712	169,631	158,384	9,023	12,144	769,294	1,078	1,487,266
						Note 9.1		
Company								
31.12.2018								
Non-current								
Fair value through other comprehensive income	348,810	-	-	-	-	-	-	348,810

9. OTHER INVESTMENTS (cont'd)

	Unquoted shares RM'000	Quoted shares RM'000	Quoted bonds RM'000	Quoted unit trusts and REITS RM'000	Unit trust money market funds RM'000	Fixed deposits RM'000	Others RM'000	Total RM'000
Group								
31.12.2017								
Non-current								
Fair value through other comprehensive income	339,381	221,858	-	9,434	-	-	-	570,673
Amortised cost	-	-	133,663	-	-	-	1,153	134,816
	339,381	221,858	133,663	9,434	-	-	1,153	705,489
Current								
Amortised cost	-	-	23,581	-	25,584	880,511	-	929,676
	-	-	23,581	-	25,584	880,511	-	929,676
	339,381	221,858	157,244	9,434	25,584	880,511	1,153	1,635,165
						Note 9.1		
Company								
31.12.2017								
Non-current								
Fair value through other comprehensive income	313,026	-	-	-	-	-	-	313,026

9. OTHER INVESTMENTS (cont'd)

Group	Unquoted shares RM'000	Quoted shares RM'000	Quoted bonds RM'000	Quoted unit trusts and REITS RM'000	Structured deposits RM'000	Unit trust money market funds RM'000	Fixed deposits RM'000	Others RM'000	Total RM'000
1.1.2017									
Non-current									
Fair value through other comprehensive income	252,854	189,481	-	8,480	-	-	-	-	450,815
Amortised cost	-	-	118,566	-	-	-	-	1,167	119,733
	252,854	189,481	118,566	8,480	-	-	-	1,167	570,548
Current									
Amortised cost	-	-	6,180	-	2,170	22,625	693,911	-	724,886
	-	-	6,180	-	2,170	22,625	693,911	-	724,886
	252,854	189,481	124,746	8,480	2,170	22,625	693,911	1,167	1,295,434
							Note 9.1		
Company									
1.1.2017									
Non-current									
Fair value through other comprehensive income	236,892	-	-	-	-	-	-	-	236,892

9.1 Fixed deposits placed with licensed banks

Included in the fixed deposits placed with licensed banks of the Group is an amount of **RM180,202,000** (31.12.2017 : RM151,836,000 and 1.1.2017 : RM118,769,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 17).

9.2 Key sources of estimation uncertainties

The unquoted shares of the Group are measured at fair value. The fair value is estimated using valuation model based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the unquoted shares.

9. OTHER INVESTMENTS (cont'd)

9.3 Equity investments designated at fair value through other comprehensive income

The Group designated all equity securities, categorised by business sectors as shown below, as at fair value through other comprehensive income because the Group intends to hold its equity securities for long-term strategic purposes.

	Fair value at 31 December 2018 RM'000	**Dividend income recognised during 2018 RM'000**
Consumer products	**366,872**	**106,770**
Financial services	**70,777**	**2,704**
Property	**65,332**	**1,803**
Others	**43,385**	**1,740**
	546,366	**113,017**

There are no disposal of investment carried at fair value through other comprehensive income during the financial year.

10. DEFERRED TAX ASSETS AND (LIABILITIES) - GROUP

Recognised deferred tax assets and (liabilities)

Deferred tax assets and (liabilities) are attributable to the following :

	Assets			**Liabilities**			**Net**		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Property, plant and equipment									
- capital allowances	**(6,009)**	(8,285)	(3,864)	**(34,341)**	(26,585)	(26,342)	**(40,350)**	(34,870)	(30,206)
Prepaid land lease payments									
- fair value adjustment	**-**	-	-	**(5,771)**	(5,891)	(6,011)	**(5,771)**	(5,891)	(6,011)
Provisions	**6,307**	22,375	17,963	**5,109**	70	588	**11,416**	22,445	18,551
Capital allowances carry-forwards	**19,954**	17,821	3,547	**82**	-	-	**20,036**	17,821	3,547
Tax losses carry-forwards	**10,073**	14,569	13,951	**2,986**	485	147	**13,059**	15,054	14,098
Unutilised reinvestment allowances	**2,644**	2,644	3,002	**-**	-	-	**2,644**	2,644	3,002
Fair value of biological assets	**-**	-	-	**(6,889)**	(3,560)	(9,702)	**(6,889)**	(3,560)	(9,702)
Others	**(112)**	3,987	4,585	**6,233**	-	1	**6,121**	3,987	4,586
	32,857	53,111	39,184	**(32,591)**	(35,481)	(41,319)	**266**	17,630	(2,135)

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS AND (LIABILITIES) - GROUP (cont'd)

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

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Tax losses carry-forwards			
- Expiring not more than five years (see Note (a) below)	**313,587**	178,349	107,252
- Expiring not more than seven years (see Note (b) below)	**108,982**	146,277	141,435
- No expiry period (see Note (c) below)	**4,561**	11,336	355
	427,130	335,962	249,042
Unutilised reinvestment allowances (see Note (b) below)	**8,434**	8,434	2,024
Unutilised capital allowances carry-forwards (see Note (c) below)	**2,791**	2,187	36,205
Deductible temporary differences	**5,812**	1,314	705
Provisions	**447**	11,489	5,202
Others	**838**	755	397
	445,452	360,141	293,575

(a) Tax losses carry-forwards of the Indonesian subsidiaries are subjected to a 5-year time limit under the tax legislations of Indonesia.

(b) During the current financial year, as a consequence of the announcement of the 2018 Finance Bill by the Government of Malaysia which places a 7-year time limit on carry forward tax losses, the unutilised tax losses of RM108,982,000 relating to Malaysian subsidiaries have been reclassified as "expiring not more than seven years". Unutilised reinvestment allowances can only be carried forward up to 7 consecutive years of assessment after the expiry/end of the qualifying period.

(c) Unutilised capital allowances do not expire under the respective countries' tax legislations whilst unutilised tax losses in certain other countries are not subject to the expiry limit.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

10. DEFERRED TAX ASSETS AND (LIABILITIES) - GROUP (cont'd)

The components and movements of deferred tax assets/(liabilities) are as follows :

	At 1 January 2017 RM'000	Exchange differences RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31 December 2017/ 1 January 2018 RM'000	Exchange differences RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31 December 2018 RM'000
Property, plant and equipment	(30,206)	933	(5,597)	-	**(34,870)**	**262**	**(5,742)**	**-**	**(40,350)**
Prepaid land lease payments									
- fair value adjustment	(6,011)	-	120	-	**(5,891)**	**-**	**120**	**-**	**(5,771)**
Provisions	18,551	(780)	4,156	518	**22,445**	**(129)**	**(10,106)**	**(794)**	**11,416**
Capital allowances carried-forwards	3,547	-	14,274	-	**17,821**	**-**	**2,215**	**-**	**20,036**
Tax losses carry-forwards	14,098	(1,466)	2,422	-	**15,054**	**(349)**	**(1,646)**	**-**	**13,059**
Unutilised reinvestment allowances	3,002	-	(358)	-	**2,644**	**-**	**-**	**-**	**2,644**
Fair value of biological assets	(9,702)	-	6,142	-	**(3,560)**	**-**	**(3,329)**	**-**	**(6,889)**
Others	4,586	(100)	(499)	-	**3,987**	**(58)**	**2,192**	**-**	**6,121**
	(2,135)	(1,413)	20,660	518	**17,630**	**(274)**	**(16,296)**	**(794)**	**266**
			Note 24				**Note 24**		

NOTES TO THE FINANCIAL STATEMENTS

11. INVENTORIES - GROUP

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current				
Land held for property development	**11.1**	**36,238**	36,199	36,131
Current				
Manufactured goods		**82,246**	62,603	87,662
Trading inventories		**118,576**	133,948	280,952
Work-in-progress		**4,217**	5,960	7,035
Raw materials		**61,865**	46,111	54,851
Consumable stores and spares		**50,061**	53,857	79,819
Completed development properties		**6,270**	6,266	6,236
Hotel stocks		**2,685**	2,838	2,723
Property development costs	**11.2**	**3,333**	3,228	3,113
		329,253	314,811	522,391

11.1 Land held for property development

	2018 RM'000	2017 RM'000
At 1 January	**36,199**	36,131
Additions during the year	**39**	68
At 31 December	**36,238**	36,199

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Represented by :			
At cost			
Freehold land	**34,335**	34,315	34,272
Other outgoings	**1,903**	1,884	1,859
	36,238	36,199	36,131

11.2 Property development costs

	2018 RM'000	2017 RM'000
At 1 January	**3,228**	3,113
Development costs incurred during the year	**105**	115
At 31 December	**3,333**	3,228

NOTES TO THE FINANCIAL STATEMENTS

12. BIOLOGICAL ASSETS - GROUP

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Oil palm fruits	**4,515**	6,937	10,336

12.1 Fair value information

Fair value of biological assets are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31.12.2018				
Oil palm fruits	**-**	**-**	**4,515**	**4,515**
31.12.2017				
Oil palm fruits	-	-	6,937	6,937
1.1.2017				
Oil palm fruits	-	-	10,336	10,336

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	2018 RM'000	2017 RM'000
At 1 January	**6,937**	10,336
Fair value change recognised in profit or loss	**(2,422)**	(3,399)
At 31 December	**4,515**	6,937

Level 3 fair value is estimated using unobservable inputs for the biological assets. The valuation techniques used in the determination of fair values within Level 3 are as follows :

Description of Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Market approach		
This approach takes into consideration the market prices of fresh fruit bunches ("FFB"), adjusted for estimated oil content of unharvested FFB, less harvesting, transportation and other costs to sell.	Estimated oil content of unripe fruits **(14%-78%)** (2017 : 14%-78%)	The estimated fair value would increase (decrease) if the estimated oil content of the unripe fruits is higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of biological assets is based on the Directors' estimates using the market approach.

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group				
Non-current				
Plasma receivables		**28,759**	26,149	27,253
Current				
Trade				
Trade receivables		**271,310**	283,123	372,915
Amount due from associates		**6,067**	5,272	5,893
		277,377	288,395	378,808
Non-trade				
Other receivables	**13.1**	**102,452**	117,253	134,882
Deposits		**7,919**	10,881	6,655
Prepayments		**30,450**	27,624	18,052
Indirect tax refundable		**56,491**	37,790	21,246
		197,312	193,548	180,835
		474,689	481,943	559,643
Company				
Current				
Non-trade				
Amount due from subsidiaries	**13.2**	**2,963**	4,085	45,797
Other receivables		**-**	500	-
Deposits		**23**	4,410	21
Prepayments		**122**	147	115
		3,108	9,142	45,933

13.1 Other receivables

Included in other receivables of the Group are as follows :

a) an amount of **RM6,461,000** (31.12.2017: RM6,275,000 and 1.1.2017 : RM14,667,000) representing advance payments made for the acquisition of land.

b) an amount of **RM53,212,000** (31.12.2017 : RM33,807,000 and 1.1.2017 : RM32,246,000) representing deposits for Certificates of Entitlement for purchase of vehicles in a foreign jurisdiction.

13.2 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand except for an amount of **RM2,500,000** (31.12.2017 : RM4,000,000 and 1.1.2017 : RM45,760,000) which is subject to interest at the rate of **2.00%** (31.12.2017 : 2.00% and 1.1.2017 : 2.00% to 4.07%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

14. CASH AND CASH EQUIVALENTS

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group				
Fixed deposits with licensed banks	**14.1**	**2,226,512**	1,776,139	1,844,741
Cash and bank balances	**14.2**	**1,257,890**	1,185,144	969,280
Unit trust money market funds		**140,600**	79,317	7,731
		3,625,002	3,040,600	2,821,752
Company				
Fixed deposits with licensed banks		**152,655**	118,528	149,988
Cash and bank balances		**1,548**	27,203	2,673
Unit trust money market funds		**138,484**	76,961	5,108
		292,687	222,692	157,769

14.1 Fixed deposits with licensed banks

Included in fixed deposits with licensed banks of the Group is an amount of **RM665,792,000** (31.12.2017 : RM665,013,000 and 1.1.2017 : RM627,495,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 17).

14.2 Cash and bank balances

Included in cash and bank balances of the Group is:

i) an amount of **RM775,173,000** (31.12.2017 : RM639,834,000 and 1.1.2017 : RM463,003,000) which bears interest at a rate of **0.82%** (31.12.2017 : 0.69% and 1.1.2017 : 0.81%) per annum.

ii) an amount of **RM655,000** (31.12.2017 : RM643,000 and 1.1.2017 : RM633,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

15. SHARE CAPITAL - GROUP/COMPANY

	31.12.2018		**31.12.2017**	
	Amount RM'000	**Number of shares '000**	**Amount RM'000**	**Number of shares '000**
Ordinary stocks, issued and fully paid				
At 1 January	**620,462**	**620,394**	620,394	620,394
Transfer from capital redemption reserve in accordance with Section 618(2) of the Companies Act 2016 (Note 15.1)	**-**	**-**	68	-
At 31 December	**620,462**	**620,394**	620,462	620,394
	Note 15.1		Note 15.1	

NOTES TO THE FINANCIAL STATEMENTS

15. SHARE CAPITAL - GROUP/COMPANY (cont'd)

15.1 In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the capital redemption reserve of RM68,000 has become part of the Company's share capital. The Company has twenty-four months until 31 January 2019 to utilise the credit.

15.2 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

16. RESERVES

16.1 Foreign currency translation reserves

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

16.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

16.3 Capital reserve

The distributable capital reserve comprises surplus on sale of land and building and long term investments.

16.4 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. As at 31 December 2018, the Group held **31,808** (31.12.2017 : 31,808 and 1.1.2017 : 31,808) of the Company's own shares. Treasury stocks have no nights to voting, dividends and participation in distribution.

NOTES TO THE FINANCIAL STATEMENTS

17. BORROWINGS

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group				
Non-current				
Secured :				
Term loans		**42,917**	52,606	64,592
Lease obligations	**17.1**	**4,435**	9,556	9,998
		47,352	62,162	74,590
Current				
Secured :				
Revolving credit		**1,187,268**	865,799	651,200
Term loans		**9,901**	3,762	1,703
Unsecured :				
Bank overdrafts		**-**	-	1,320
Revolving credit		**641,389**	613,087	674,037
Bankers' acceptances		**26,976**	31,319	34,610
		668,365	644,406	709,967
Lease obligations	**17.1**	**5,399**	5,710	4,956
		1,870,933	1,519,677	1,367,826
		1,918,285	1,581,839	1,442,416
Company				
Current				
Unsecured :				
Revolving credit		**101,436**	97,076	134,092

17. BORROWINGS (cont'd)

17.1 Lease obligations

Lease obligations are payable as follows :

	31.12.2018			31.12.2017			1.1.2017		
	Future minimum lease payment	Interest	Present value of minimum lease payments	Future minimum lease payment	Interest	Present value of minimum lease payments	Future minimum lease payment	Interest	Present value of minimum lease payments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than 1 year	**5,751**	**352**	**5,399**	6,328	618	5,710	5,581	625	4,956
Between 1 and 5 years	**4,609**	**174**	**4,435**	10,059	503	9,556	10,612	614	9,998
	10,360	**526**	**9,834**	16,387	1,121	15,266	16,193	1,239	14,954

17.2 Security

The secured bank borrowings are secured by way of the Group's fixed deposits (see Note 9 and Note 14) and freehold land and building (see Note 3) with a carrying amount of **RM133,800,000** (31.12.2017 : RM134,100,000 and 1.1.2017 : RM137,700,000), and investment properties (see Note 5) of **RM185,500,000** (31.12.2017 : RM201,500,000 and 1.1.2017 : RM88,400,000).

17. BORROWINGS (cont'd)

17.3 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 January 2017 RM'000	Unrealised gain on foreign exchange RM'000	Net changes from financing cash flows RM'000	New lease financing RM'000	Foreign exchange movement RM'000	At 31 December 2017 RM'000	Unrealised gain on foreign exchange RM'000	Net changes from financing cash flows RM'000	New lease financing RM'000	Foreign exchange movement RM'000	At 31 December 2018 RM'000
Group											
Term loans	66,295	3,731	(8,067)	-	(5,591)	56,368	**(957)**	**(3,776)**	**-**	**1,183**	**52,818**
Lease obligations	14,954	-	(5,375)	5,687	-	15,266	**-**	**(5,862)**	**430**	**-**	**9,834**
Revolving credit	1,325,237	46,617	257,844	-	(150,812)	1,478,886	**106,247**	**272,558**	**-**	**(29,034)**	**1,828,657**
Bankers' acceptance	34,610	-	(3,291)	-	-	31,319	**-**	**(4,343)**	**-**	**-**	**26,976**
	1,441,096	50,348	241,111	5,687	(156,403)	1,581,839	**105,290**	**258,577**	**430**	**(27,851)**	**1,918,285**
Company											
Revolving credit	134,092	(5,343)	(31,673)	-	-	97,076	**4,360**	**-**	**-**	**-**	**101,436**

NOTES TO THE FINANCIAL STATEMENTS

18. RETIREMENT BENEFITS - Group

The Group provides defined post-employment benefits obligation for its qualifying employees in plantation companies in accordance with Indonesian Labor Law No.13/2003.

Movements in the present value of the defined benefit obligations

	Note	2018 RM'000	2017 RM'000
Balance at 1 January		**21,679**	18,357
Included in profit or loss			
Current service cost		**3,161**	2,948
Interest cost		**1,564**	1,422
Past service cost		**(298)**	(486)
	23	**4,427**	3,884
Included in other comprehensive income			
Remeasurement loss			
- Actuarial loss arising from change in financial assumptions		**(3,176)**	2,070
Benefits paid		**(265)**	(563)
Exchange differences		**(693)**	(2,069)
Balance at 31 December		**21,972**	21,679

Actuarial assumptions

The cost of providing post-employment benefits is calculated by an independent actuary. The actuarial valuation was carried out using the following key assumptions :

	2018	2017
Discount rate	**8.50% - 8.75% per annum**	7.50% per annum
Future salary incremental rate	**10.00% per annum**	10.00% per annum

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

	2018		2017	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	**(2,073)**	**2,399**	(2,234)	2,605
Future salary incremental rate (1% movement)	**2,456**	**(2,159)**	2,632	(2,298)

NOTES TO THE FINANCIAL STATEMENTS

19. CONTRACT LIABILITIES - GROUP

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current	**109,456**	89,395	74,877
Current	**17,818**	11,370	4,776
	127,274	100,765	79,653

The contract liabilities primarily relate to the advance consideration received from customers, which revenue is recognised over time.

	Free servicing RM'000	Extended warranties RM'000	Total RM'000
At 1 January 2017	59,163	20,490	79,653
Revenue deferred during the year	42,786	10,581	53,367
Amounts recognised as revenue during the year	(29,754)	(669)	(30,423)
Exchange differences	(1,360)	(472)	(1,832)
At 31 December 2017/1 January 2018	**70,835**	**29,930**	**100,765**
Revenue deferred during the year	**60,677**	**12,622**	**73,299**
Amounts recognised as revenue during the year	**(45,572)**	**(1,424)**	**(46,996)**
Exchange differences	**145**	**61**	**206**
At 31 December 2018	**86,085**	**41,189**	**127,274**

Contract liabilities represent deferred income relating to extended warranty and free servicing for motor vehicles sold.

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER PAYABLES

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group				
Trade				
Trade payables		**154,441**	151,098	175,020
Advances from customers		**101,307**	100,909	95,933
		255,748	252,007	270,953
Non-trade				
Amount due to associates	**20.1**	**2,031**	2,424	4,650
Other payables	**20.2**	**106,646**	124,829	140,735
Accrued expenses		**62,692**	48,762	47,260
		171,369	176,015	192,645
		427,117	428,022	463,598
Company				
Non-trade				
Other payables		**292**	194	126
Accrued expenses		**486**	1,279	1,145
		778	1,473	1,271

20.1 Amount due to associates

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

20.2 Other payables

Included in other payables of the Group is an amount of **RM10,526,000** (31.12.2017 : RM13,525,000 and 1.1.2017 : RM28,318,000) in respect of amount payable for land reclamation work of 275 acres (Phase 2A,3A and 3B) in Malacca.

21. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from contracts with customers	**6,077,948**	6,065,822	**-**	-
Other revenue				
- Interest income	**89,900**	91,650	**12,083**	12,098
- Dividend income	**116,805**	59,789	**318,717**	162,906
- Rental income	**72,325**	71,925	**1,162**	1,152
- Others	**23,969**	8,817	**637**	378
	302,999	232,181	**332,599**	176,534
Total revenue	**6,380,947**	6,298,003	**332,599**	176,534

21. REVENUE (cont'd)

21.1 Disaggregation of revenue

Group	Reportable segments							
	Automotive and related products	Plastic products	Hotels and resorts	Plantation	Investment holding	Investment properties and trading of building material products	Healthcare	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018								
Primary geographical markets								
- Malaysia	1,590,171	179,140	8,677	28,329	-	289,779	64,024	2,160,120
- Singapore	3,025,496	2,373	25,297	-	-	-	-	3,053,166
- Indonesia	-	-	-	542,609	-	-	-	542,609
- Australia	-	2,513	118,520	-	-	-	-	121,033
- Others	49,865	24,865	122,788	-	-	3,502	-	201,020
	4,665,532	208,891	275,282	570,938	-	293,281	64,024	6,077,948
Major products and service lines								
Sale of cars and accessories	4,171,657	-	-	-	-	-	-	4,171,657
Car services rendered	168,109	-	-	-	-	-	-	168,109
Hotel services rendered	-	-	275,282	-	-	-	-	275,282
Commission income	54,989	-	-	-	-	250	-	55,239
Sale of automotive manufacturing products	270,777	-	-	-	-	-	-	270,777
Sale of plastic products	-	208,891	-	-	-	-	-	208,891
FFB, crude palm oil and palm kernel	-	-	-	570,938	-	-	-	570,938
Sale of building material products	-	-	-	-	-	293,031	-	293,031
Healthcare services	-	-	-	-	-	-	64,024	64,024
	4,665,532	208,891	275,282	570,938	-	293,281	64,024	6,077,948

21. REVENUE (cont'd)

21.1 Disaggregation of revenue (cont'd)

Group	Reportable segments							
	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding RM'000	Investment properties and trading of building material products RM'000	Healthcare RM'000	Total RM'000
2018								
Timing and recognition								
- At a point in time	4,497,423	205,652	-	570,938	-	293,281	-	5,567,294
- Over time	168,109	3,239	275,282	-	-	-	64,024	510,654
	4,665,532	208,891	275,282	570,938	-	293,281	64,024	6,077,948
Revenue from contracts with customers	4,665,532	208,891	275,282	570,938	-	293,281	64,024	6,077,948
Other revenue								
- Dividend income	4,435	-	-	1,845	110,469	56	-	116,805
- Rental income	15,757	4,310	37,554	1,574	304	11,786	1,040	72,325
- Interest income	27,881	7,343	3,057	42,164	6,797	2,645	13	89,900
- Others	19,458	-	589	-	637	-	3,285	23,969
	4,733,063	220,544	316,482	616,521	118,207	307,768	68,362	6,380,947

21. REVENUE (cont'd)

21.1 Disaggregation of revenue (cont'd)

	Reportable segments							
Group	**Automotive and related products**	**Plastic products**	**Hotels and resorts**	**Plantation**	**Investment holding**	**Investment properties and trading of building material products**	**Healthcare**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2017								
Primary geographical markets								
- Malaysia	1,620,407	159,682	7,832	36,377	-	313,864	51,303	2,189,465
- Singapore	2,913,100	1,917	2,612	-	-	-	-	2,917,629
- Indonesia	-	-	-	623,903	-	-	-	623,903
- Australia	-	1,224	126,905	-	-	-	-	128,129
- Others	55,385	23,843	123,706	-	-	3,762	-	206,696
	4,588,892	186,666	261,055	660,280	-	317,626	51,303	6,065,822
Major products and service lines								
Sale of cars and accessories	4,154,516	-	-	-	-	-	-	4,154,516
Car services rendered	108,407	-	-	-	-	-	-	108,407
Hotel services rendered	-	-	261,055	-	-	-	-	261,055
Commission income	51,873	-	-	-	-	261	-	52,134
Sale of automotive manufacturing products	274,096	-	-	-	-	-	-	274,096
Sale of plastic products	-	186,666	-	-	-	-	-	186,666
FFB, crude palm oil and palm kernel	-	-	-	660,280	-	-	-	660,280
Sale of building material products	-	-	-	-	-	317,365	-	317,365
Healthcare services	-	-	-	-	-	-	51,303	51,303
	4,588,892	186,666	261,055	660,280	-	317,626	51,303	6,065,822

21. REVENUE (cont'd)

21.1 Disaggregation of revenue (cont'd)

	Reportable segments							
Group	**Automotive and related products**	**Plastic products**	**Hotels and resorts**	**Plantation**	**Investment holding**	**Investment properties and trading of building material products**	**Healthcare**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2017								
Timing and recognition								
- At a point in time	4,480,485	184,608	-	660,280	-	317,626	-	5,642,999
- Over time	108,407	2,058	261,055	-	-	-	51,303	422,823
	4,588,892	186,666	261,055	660,280	-	317,626	51,303	6,065,822
Revenue from contracts with customers	4,588,892	186,666	261,055	660,280	-	317,626	51,303	6,065,822
Other revenue								
- Dividend income	3,852	-	-	2,988	52,764	185	-	59,789
- Rental income	16,908	3,824	38,953	1,326	300	9,888	726	71,925
- Interest income	21,329	7,545	2,049	51,980	5,790	2,846	111	91,650
- Others	5,684	-	602	-	379	-	2,152	8,817
	4,636,665	198,035	302,659	716,574	59,233	330,545	54,292	6,298,003

21. REVENUE (cont'd)

21.2 Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Automotive and related products					
- Car and accessories	Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.	Advance payment is required before the delivery for the sale of new cars and used cars that do not have hire-purchase financing. For the sale of parts and accessories, payment is due when goods are delivered to the customers.	Not applicable.	Certain sale of new cars come with standard warranty of three years and extended warranty of two years. The extended warranty is accounted for as a separate performance obligation (PO). Certain sales of new cars are given free service package which is also accounted for as a separate PO. A portion of the transaction price is allocated to these POs based on the relative stand-alone selling prices. The amount allocated to the POs is deferred in the statement of financial position as "contract liabilities" and is recognised as "service revenue" over the warranty or service period.	Certain sale of new cars come with warranty of 3 years.
- Workshop service	Revenue is recognised when service is performed. For sale of extended warranty and servicing package, consideration received is deferred in the statement of financial position as "contract liabilities" and is recognised as revenue over the service period.	Payment is due upon sale of extended warranty and servicing package or when services are performed to the customers.	Not applicable.	Not applicable.	Not applicable.

21. REVENUE (cont'd)

21.2 Nature of goods and services (cont'd)

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Automotive and related products (cont'd)					
- Commission income	Revenue is recognised when commission becomes receivable.	Payment is due when commission becomes receivable.	Not applicable.	Not applicable.	Not applicable.
- Automotive manufacturing products	Revenue is recognised when goods are delivered and accepted by the customers at their premises.	Credit period of 60 days from invoiced month.	No discount given for early settlement customers.	The Group allows returns of defect goods only for exchange with new goods (i.e. no cash refunds are offered).	Assurance warranties of 3 years are given to customers.
Plastic products					
- Plastic products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Hotel and resorts					
- Hotel revenue	Revenue is recognised when services are rendered over time.	Payment on departure or within 30 - 45 days if on account.	Not applicable.	Not applicable.	Not applicable.
Plantation					
- FFB, crude palm oil and palm kernel	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Cash term.	Not applicable.	Not applicable.	Not applicable.

21. REVENUE (cont'd)

21.2 Nature of goods and services (cont'd)

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Investment properties and trading of building material products					
- Manufacturing and trading of building material products	Revenue is recognised upon satisfaction of performance obligations and is recognised at a point in time.	Credit period of 60 - 90 days based on invoice date.	Not applicable.	Not applicable.	Not applicable.
- Ready mixed concrete and quarry products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer at their premises.	Credit period of 60 - 90 days based on invoice date.	For sale of ready mix concrete, the expected value method is used to predict the payment discounts based on historical trends.	Not applicable.	Not applicable.
Healthcare					
- Healthcare services	Revenue is recognised during the period the obligations to provide healthcare services are satisfied. The performance obligations for inpatient services are generally satisfied over a period that average 3 days, and revenues are recognised as and when a healthcare service is being performed. The performance obligations for outpatient and daycare services are generally satisfied over a period of less than one day.	Credit terms are typically 30 - 60 days, in line with market practice without any financing component.	Not applicable.	Not applicable.	Not applicable.

21. REVENUE (cont'd)

21.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2018. The disclosure is only providing information of contracts that have a durations of more than one year.

	2019	2020	2021 and onwards	Total
	RM'000	RM'000	RM'000	RM'000
Workshop service	17,818	30,938	78,518	127,274

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

21.4 Significant judgements and estimation uncertainty

Significant judgements were used to estimate the allocation of "stand-alone" selling price of providing these warranty and servicing. The "stand-alone" selling price of extended warranty is estimated based on the Group's estimates from past experience and future expectation, and an assessment of the probability of an outflow for the extended warranty performance obligations. Meanwhile, "stand-alone" selling price of free servicing is estimated based on the market value of such services as per the Group's price list.

22. FINANCE COSTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	**21,135**	20,706	**948**	1,148
Other finance costs	**3,927**	3,450	**-**	-
	25,062	24,156	**948**	1,148
Recognised in profit or loss	**21,135**	20,706	**948**	1,148
Capitalised on qualifying assets:				
- property, plant and equipment	**3,927**	3,450	**-**	-
	25,062	24,156	**948**	1,148

NOTES TO THE FINANCIAL STATEMENTS

23. OPERATING PROFIT

Operating profit is arrived at :

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
After charging :				
Auditors' remuneration				
Audit fees				
- KPMG PLT Malaysia				
- current year	**809**	706	**280**	160
- prior year	**6**	(2)	**-**	-
- Overseas affiliates of KPMG PLT Malaysia	**715**	707	**-**	-
- Other auditors	**1,390**	1,252	**-**	-
Non-audit fees				
- KPMG PLT Malaysia	**27**	26	**26**	26
- Local affiliates of KPMG PLT Malaysia	**341**	395	**118**	133
- Overseas affiliates of KPMG PLT Malaysia	**196**	172	**-**	-
- Other auditors	**312**	266	**225**	184
Directors' remunerations				
Directors of the Company :				
- fees				
- current year	**1,469**	1,338	**1,018**	900
- prior year	**-**	15	**-**	-
- remuneration				
- current year	**25,179**	19,411	**560**	540
- prior year	**1,474**	807	**-**	-
- benefits-in-kind	**23**	24	**6**	-
Past Directors of the Company :				
- fees	**30**	-	**30**	-
- others	**2**	-	**2**	-
Assets written off				
- property, plant and equipment	**311**	1,467	**-**	-
- investment properties	**-**	2	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

23. OPERATING PROFIT (cont'd)

Operating profit is arrived at (cont'd) :

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Bad debts written off (net)	**-**	811	**-**	-
Rental expense:				
- land and buildings	**15,442**	15,171	**50**	32
- equipment	**712**	654	**3**	4
Loss on foreign exchange (net)				
- Unrealised	**119,718**	60,981	**4,235**	-
- Realised	**2,246**	5,921	**-**	-
Impairment loss on :				
- property, plant and equipment	**23,859**	2,074	**-**	-
- intangible assets	**-**	1,167	**-**	-
- investment properties	**-**	1,430	**-**	-
- investment in subsidiaries	**-**	-	**-**	2,300
- receivables	**2,113**	505	**-**	-
Loss on disposal of :				
- debt instruments at amortised cost	**500**	707	**-**	-
- subsidiary	**-**	-	**-**	61
Staff costs	**464,624**	458,551	**2,788**	2,521

and crediting :

Dividend income	**116,805**	59,789	**318,717**	162,906
Gain on disposal of :				
- property, plant and equipment	**13,424**	3,901	**46**	11
- a subsidiary	**-**	22,289	**-**	-
Gain on liquidation of a subsidiary	**-**	78	**-**	-
Reversal of write down of inventories (net)	**5,432**	12,948	**-**	-
Reversal of impairment loss on investment in subsidiaries	**-**	-	**52,266**	-
Interest income from financial assets at amortised cost	**89,900**	91,650	**12,083**	12,098
Rental income from property	**72,325**	71,925	**1,162**	1,152
Gain on foreign exchange (net)				
- realised	**-**	-	**5**	3,095
- unrealised	**-**	-	**-**	4,606

Included in staff costs of the Group and of the Company is an amount of **RM27,684,000** (2017 : RM26,315,000) and **RM383,000** (2017 : RM347,000) respectively representing contributions made to the Employees' Provident Fund.

NOTES TO THE FINANCIAL STATEMENTS

24. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax expense on continuing operations	**122,489**	90,495	**2,831**	2,732
Share of tax of equity accounted associates	**10,115**	6,398	**-**	-
Total income tax expense	**132,604**	96,893	**2,831**	2,732

Major components of tax expense include :

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
Malaysian - current year	**17,548**	17,072	**2,825**	2,711
- prior years	**(1,004)**	486	**6**	21
	16,544	17,558	**2,831**	2,732
Overseas - current year	**89,959**	93,118	**-**	-
- prior years	**(310)**	479	**-**	-
	89,649	93,597	**-**	-
Total current tax	**106,193**	111,155	**2,831**	2,732
Deferred tax expense				
Origination and reversal of temporary differences	**6,471**	(22,408)	**-**	-
Prior year	**9,825**	1,748	**-**	-
Total deferred tax	**16,296**	(20,660)	**-**	-
Share of tax of equity accounted associates	**10,115**	6,398	**-**	-
Total tax expense	**132,604**	96,893	**2,831**	2,732

NOTES TO THE FINANCIAL STATEMENTS

24. INCOME TAX EXPENSE (cont'd)

Reconciliation of tax expense

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	**474,174**	401,997	**365,750**	169,859
Total tax expense	**132,604**	96,893	**2,831**	2,732
Profit excluding tax	**606,778**	498,890	**368,581**	172,591
Income tax at Malaysian tax rate of **24%** (2017 : 24%)	**145,627**	119,734	**88,459**	41,422
Effect of tax rates in foreign jurisdictions **	**(12,216)**	(21,816)	**-**	-
Non-deductible expenses	**13,497**	15,609	**5,123**	2,355
Income not subject to tax	**(43,031)**	(29,900)	**(90,757)**	(41,065)
Deferred tax assets not recognised	**20,475**	8,237	**-**	-
Others	**(259)**	2,316	**-**	(1)
Under provision in prior years	**8,511**	2,713	**6**	21
	132,604	96,893	**2,831**	2,732

** The tax rates in several foreign jurisdictions are different from that of the Malaysian tax rate as the subsidiaries operate in foreign tax jurisdictions with lower or higher tax rates as the case may be.

24.1 Significant judgements and estimation uncertainty

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. The Group also recognised certain tax recoverable for which the Group believes that there is reasonable basis for recognition. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions and tax recoverable balance in the financial year in which such determination is made.

25. OTHER COMPREHENSIVE (EXPENSE)/INCOME - GROUP

	2018 Before tax RM'000	2018 Tax (expense)/ benefit RM'000	2018 Net of tax RM'000	2017 Before tax RM'000	2017 Tax (expense)/ benefit RM'000	2017 Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	**3,176**	**(794)**	**2,382**	(2,070)	518	(1,552)
Fair value (loss)/gain of equity instruments designated at fair value through other comprehensive income	**(22,721)**	**-**	**(22,721)**	134,523	-	134,523
	(19,545)	**(794)**	**(20,339)**	132,453	518	132,971
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations						
- Loss arising during the year	**(72,492)**	**-**	**(72,492)**	(163,749)	-	(163,749)
	(92,037)	**(794)**	**(92,831)**	(31,296)	518	(30,778)
Share of losses of equity accounted associates			**-**			(219)
			(92,831)			(30,997)

NOTES TO THE FINANCIAL STATEMENTS

26. BASIC EARNINGS PER ORDINARY STOCK

The basic earnings per ordinary stock have been calculated based on the profit attributable to the owners of the Company and the number of stocks in issue of **620,361,830** (2017 : 620,361,830), after deducting the treasury stocks of **31,808** (2017: 31,808).

27. DIVIDENDS

Dividends recognised by the Group and the Company are :

	Sen per share	Total amount RM'000	Date of payment
2018			
In respect of financial year 2018:			
- Single tier first interim dividend	**6**	**37,221**	**22 November 2018**
In respect of financial year 2017 :			
- Single tier second interim dividend	**6**	**37,222**	**6 April 2018**
- Single tier final and special dividend	**28**	**173,701**	**12 July 2018**
		248,144	
2017			
In respect of financial year 2017:			
- Single tier first interim dividend	6	37,221	9 November 2017
In respect of financial year 2016 :			
- Single tier second interim dividend	6	37,222	7 April 2017
- Single tier final dividend	8	49,629	14 July 2017
		124,072	

A single tier second interim dividend of 6 sen per ordinary stock totalling RM37,221,710 in respect of the year ended 31 December 2018 was declared by the Directors on 27 February 2019 and payable on 11 April 2019.

A final single tier dividend of 8 sen per ordinary stock and a special final single tier dividend of 20 sen per ordinary stock totalling RM49,628,946 and RM124,072,366 respectively have been recommended by the Directors in respect of the year ended 31 December 2018, subject to approval of the stockholders at the forthcoming Annual General Meeting.

The financial statements do not reflect these single tier second interim, final and special dividends in relation to the financial year ended 31 December 2018, which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and has the following main reportable segments :

Automotive and related products	Retailer and distributor of motor vehicles; manufacture of engines, seats and other related parts as well as traders of spare parts, accessories and related component parts
Plastic products	Manufacture, assembly and distribution of plastic component parts; manufacture of plastic technical and industrial goods and equipment
Hotels and resorts	Hotelier
Investment holding	Investment in shares and bonds, letting of properties and leasing companies
Plantation	Cultivation of oil palm
Investment properties and trading of building material products	a) Property development; b) manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials; c) distributor of cement and manufacturer and dealer of concrete products; and
Healthcare	Medical centre and nursing college

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

28. OPERATING SEGMENTS (cont'd)

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding RM'000	Investment properties and trading of building material products RM'000	Healthcare RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
2018											
Revenue from external customers	4,733,063	220,544	316,482	616,521	118,207	307,768	68,362	6,380,947	-		6,380,947
Inter-segment revenue	904	104	308	-	12,019	72	-	13,407	(13,407)	A	-
Total revenue	4,733,967	220,648	316,790	616,521	130,226	307,840	68,362	6,394,354	(13,407)		6,380,947
Results											
Interest income	27,881	7,343	3,057	42,164	6,797	2,645	13	89,900	-		89,900
Dividend income	4,435	-	-	1,845	110,469	56	-	116,805	-		116,805
Depreciation and amortisation	29,623	9,592	39,461	40,713	715	5,932	15,490	141,526	-		141,526
Share of results of associates	7,793	10,731	-	741	36,308	772	-	56,345	-		56,345
Other non-cash expenses	5,439	2,270	989	129,210	8,016	(139)	49	145,834	-	B	145,834
Segment profit/ (loss)	410,554	2,467	59,796	(17,319)	107,111	6,173	(7,329)	561,453	35,210	C	596,663
Assets											
Investment in associates	115,039	120,423	-	21,857	349,966	25,712	-	632,997	-		632,997
Additions to non-current assets	17,161	5,945	8,398	118,422	845	104,874	1,293	256,938	-	D	256,938
Segment assets	3,453,624	378,445	1,058,255	2,306,227	832,584	1,091,029	210,695	9,330,859	689,072	E	10,019,931

28. OPERATING SEGMENTS (cont'd)

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding RM'000	Investment properties and trading of building material products RM'000	Healthcare RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
2017											
Revenue from external customers	4,636,665	198,035	302,659	716,574	59,233	330,545	54,292	6,298,003	-		6,298,003
Inter-segment revenue	1,386	183	-	-	11,612	376	-	13,557	(13,557)	A	-
Total revenue	4,638,051	198,218	302,659	716,574	70,845	330,921	54,292	6,311,560	(13,557)		6,298,003
Results											
Interest income	21,329	7,545	2,049	51,980	5,790	2,846	111	91,650	-		91,650
Dividend income	3,852	-	-	2,988	52,764	185	-	59,789	-		59,789
Depreciation and amortisation	29,495	13,667	34,265	40,707	801	6,613	15,080	140,628	-		140,628
Share of results of associates	7,927	12,320	-	1,804	1,713	2,272	-	26,036	-		26,036
Other non-cash expenses	14,784	1,347	667	50,841	14,869	909	84	83,501	-	B	83,501
Segment profit/ (loss)	278,693	(582)	59,913	89,044	58,366	17,632	(15,904)	487,162	5,330	C	492,492
Assets											
Investment in associates	109,131	112,934	-	23,069	322,104	25,886	-	593,124	-		593,124
Additions to non-current assets	20,234	4,635	71,557	120,004	418	150,968	5,527	373,343	-	D	373,343
Segment assets	3,221,386	379,886	1,096,786	2,193,010	715,252	1,040,743	224,746	8,871,809	678,326	E	9,550,135

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenue are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements :

	Note	2018 RM'000	2017 RM'000
Assets written off :			
- Property, plant and equipment	23	**311**	1,467
Write-down of inventories, gross		**764**	278
Bad and doubtful debts, gross		**2,113**	1,316
Unrealised loss on foreign exchange, gross		**113,838**	72,378
Impairment loss on :			
- Property, plant and equipment	23	**23,859**	2,074
- Intangible assets	23	**-**	1,167
Loss on disposal of :			
- Property, plant and equipment, gross		**22**	230
- Other investments	23	**500**	707
Provision for retirement benefits	23	**4,427**	3,884
		145,834	83,501

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of comprehensive income :

	2018 RM'000	2017 RM'000
Share of results of associates	**56,345**	26,036
Interest expense	**(21,135)**	(20,706)
	35,210	5,330

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (cont'd)

D Additions to non-current asset other than financial instruments and deferred tax assets consist of :

	Note	2018 RM'000	2017 RM'000
Property, plant and equipment	**3**	**152,186**	222,743
Intangible assets	**4**	**670**	220
Investment properties	**5**	**104,043**	146,691
Prepaid land lease payments	**6**	**-**	3,621
Land held for property development	**11.1**	**39**	68
		256,938	373,343

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position :

	2018 RM'000	2017 RM'000
Investment in associates	**632,997**	593,124
Current tax assets	**23,218**	32,091
Deferred tax assets	**32,857**	53,111
	689,072	678,326

28. OPERATING SEGMENTS (cont'd)

Geographical information

Revenue and non-current assets information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include investments in subsidiaries, investments in associates, other investments and deferred tax assets.

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Australia RM'000	Others RM'000	Consolidated RM'000
2018						
Revenue from external customers by location of customers	2,313,013	3,107,502	585,160	169,415	205,857	6,380,947
Non-current assets by location of assets	1,243,068	276,158	840,999	579,613	441,537	3,381,375
2017						
Revenue from external customers by location of customers	2,284,260	2,951,359	675,920	175,347	211,117	6,298,003
Non-current assets by location of assets	1,247,642	293,749	819,917	545,031	459,865	3,366,204

Major customers

There are no customers with revenue equal to or more than 10% of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

29. COMMITMENTS

	Group 2018 RM'000	Group 2017 RM'000
(i) Non-cancellable operating lease commitments		
Within 1 year	**4,315**	2,127
Between 1 to 5 years	**13,841**	6,718
Above 5 years	**8,004**	-
	26,160	8,845
(ii) Operating lease income commitments		
Receivables :		
Within 1 year	**5,950**	5,562
Between 1 to 5 years	**5,048**	4,168
	10,998	9,730

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
(iii) Capital expenditure				
- contracted but not provided for	**99,962**	96,850	**-**	55

30. RELATED PARTIES

Identity of related parties

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

a) The Company has a controlling related party relationship with its direct and indirect subsidiaries and the associates of the Group as disclosed in the financial statements;

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTIES (cont'd)

Identity of related parties (cont'd)

b) The Company also has a related party relationship with :

i) the substantial shareholder, Boon Siew Sdn Berhad which holds a 43% interest in the Company and presumed to exercise significant influence over the Company;

ii) the subsidiaries of Boon Siew Sdn Berhad and the direct and indirect associates of Boon Siew Sdn Berhad (hereinafter referred as "Boon Siew Group of Companies"); and

iii) The key Directors and key management personnel of the Group

- Datuk Loh Kian Chong, DMSM
- Dato' Robert Wong Lum Kong, DSSA, JP
- Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN
- Tan Kheng Hwee
- Dato' Sri Datuk Wira Tan Hui Jing, SSAP, DCSM, PKT, PJK

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

Significant related party transactions

Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :

a) With subsidiaries

	Company	
	2018	**2017**
	RM'000	**RM'000**
i) Rental receivables	**1,086**	1,080
ii) Interest income	**7,196**	7,582

b) With associates of the Group

	Group	
	2018	**2017**
	RM'000	**RM'000**
i) Sale of goods	**36,474**	39,834
ii) Purchase of goods	**(11,130)**	(10,797)

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTIES (cont'd)

Significant related party transactions (cont'd)

c) With Boon Siew Group of Companies

	Group 2018 RM'000	Group 2017 RM'000
i) Commission receivable in respect of advertising, marketing and hotel reservation services	**596**	603
ii) Sale of goods	**1,399**	708
iii) Purchase of goods	**(536)**	(599)
iv) Rental charges receivable (net)	**153**	156

d) There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 23.

The Directors of the Company are of the opinion that the above transactions were based on terms which have been established on a negotiated basis.

The significant non-trade balances with related parties at end of reporting period are as disclosed in Note 13 and Note 20 to the financial statements.

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

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

(a) Amortised cost ("AC"); and
(b) Fair value through other comprehensive income ("FVOCI").

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (cont'd)

31.1 Categories of financial instruments (cont'd)

31.12.2018	Carrying amount RM'000	AC RM'000	FVOCI RM'000
Financial assets			
Group			
Other investments	**1,487,266**	**940,900**	**546,366**
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	**379,829**	**379,829**	**-**
Cash and cash equivalents	**3,625,002**	**3,625,002**	**-**
	5,492,097	**4,945,731**	**546,366**
Company			
Other investments	**348,810**	**-**	**348,810**
Trade and other receivables (excluding deposits and prepayments)	**2,963**	**2,963**	**-**
Cash and cash equivalents	**292,687**	**292,687**	**-**
	644,460	**295,650**	**348,810**

31.12.2018	Carrying amount RM'000	AC RM'000
Financial Liabilities		
Group		
Borrowings	**1,918,285**	**1,918,285**
Trade and other payables	**427,117**	**427,117**
	2,345,402	**2,345,402**
Company		
Borrowings	**101,436**	**101,436**
Trade and other payables	**778**	**778**
	102,214	**102,214**

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (cont'd)

31.1 Categories of financial instruments (cont'd)

31.12.2017	Carrying amount RM'000	AC RM'000	FVOCI RM'000
Financial assets			
Group			
Other investments	1,635,165	1,064,492	570,673
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	405,648	405,648	-
Cash and cash equivalents	3,040,600	3,040,600	-
	5,081,413	4,510,740	570,673
Company			
Other investments	313,026	-	313,026
Trade and other receivables (excluding deposits and prepayments)	4,585	4,585	-
Cash and cash equivalents	222,692	222,692	-
	540,303	227,277	313,026

31.12.2017	Carrying amount RM'000	AC RM'000
Financial Liabilities		
Group		
Borrowings	1,581,839	1,581,839
Trade and other payables	428,022	428,022
	2,009,861	2,009,861
Company		
Borrowings	97,076	97,076
Trade and other payables	1,473	1,473
	98,549	98,549

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (cont'd)

31.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	AC RM'000	FVOCI RM'000
1.1.2017			
Financial assets			
Group			
Other investments	1,295,434	844,619	450,815
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	513,690	513,690	-
Cash and cash equivalents	2,821,752	2,821,752	-
	4,630,876	4,180,061	450,815
Company			
Other investments	236,892	-	236,892
Trade and other receivables (excluding deposits and prepayments)	45,797	45,797	-
Cash and cash equivalents	157,769	157,769	-
	440,458	203,566	236,892

	Carrying amount RM'000	AC RM'000
1.1.2017		
Financial Liabilities		
Group		
Borrowings	1,442,416	1,442,416
Trade and other payables	463,598	463,598
	1,906,014	1,906,014
Company		
Borrowings	134,092	134,092
Trade and other payables	1,271	1,271
	135,363	135,363

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (cont'd)

31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised in profit or loss:				
Financial assets measured at amortised cost	**80,804**	65,091	**12,214**	9,800
Equity instruments designated at fair value through other comprehensive income	**116,305**	60,496	**318,717**	162,906
Financial liabilities measured at amortised cost	**(135,527)**	(62,354)	**(5,309)**	8,852
	61,582	63,233	**325,622**	181,558
Recognised in other comprehensive income:				
Equity instruments designated at fair value through other comprehensive income	**(22,721)**	134,523	**35,784**	76,134
	(22,721)	134,523	**35,784**	76,134
	38,861	197,756	**361,406**	257,692

31.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

31. FINANCIAL INSTRUMENTs (cont'd)

31.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Trade receivables

Risk management objectives, policies and processes for managing the risk

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ascertain that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by *geographic region* was:

	Group
	31.12.2018
	RM'000
Domestic	**205,531**
Singapore	**42,710**
Indonesia	**19,878**
Australia	**4,703**
Others	**4,555**
	277,377

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 Credit risk (cont'd)

Trade receivables (continued)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due. The Group will initiate debt recovery process which is monitored by sales team on trade receivables past due more than 30 days.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Group			
31.12.2018			
Not past due	**223,583**	**-**	**223,583**
Past due < 3 months	**46,881**	**-**	**46,881**
	270,464	**-**	**270,464**
Credit impaired			
Past due 3 - 6 months	**3,301**	**123**	**3,178**
Past due 6 - 12 months	**2,595**	**1,469**	**1,126**
Past due more than 1 year	**5,991**	**3,382**	**2,609**
	282,351	**4,974**	**277,377**

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

The movements in the allowance for impairment losses of receivables during the financial year were :

	Group 2018 RM'000
At 1 January	**3,572**
Impairment loss allowance	**2,432**
Impairment loss reversed	**(319)**
Amounts written off	**(710)**
Exchange differences	**(1)**
At 31 December	**4,974**

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits for Certificate of Entitlement for purchase of vehicles in a foreign jurisdiction. These deposits are short term and will be received upon sale of motor vehicles. The Group regarded these deposits to have low credit risks.

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

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 Credit risk (cont'd)

Investment in debt securities

At the end of the reporting period, the Group only invested in high quality infrastructure bonds which are guaranteed by governments. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

There is no history of default on these bonds and there are no indicators that these bonds may default. The Group is of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM271.1 million representing the outstanding banking facilities and RM6.5 million representing outstanding balance for the supply of goods and services of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements of loans provided to the subsidiaries.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

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

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries as those with low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2018.

	Gross carrying amount	Impairment loss allowances	Net balance
	RM'000	RM'000	RM'000
Company			
2018			
Low credit risk	**2,963**	**-**	**2,963**

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

31.5 Liquidity risk

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

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding to ascertain that all funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient level of cash or cash convertible investments to meet its working capital requirements.

31. FINANCIAL INSTRUMENTS (cont'd)

31.5 Liquidity risk (cont'd)

Maturity analysis

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

31.12.2018	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Secured term loans	52,818	3.23 - 3.50	54,288	9,960	44,328	-	-
Secured revolving credit	1,187,268	0.85 - 4.90	1,188,145	1,188,145	-	-	-
Finance lease liabilities	9,834	2.47 - 5.63	10,360	5,751	3,130	1,479	-
Unsecured revolving credit	641,389	0.42 - 1.45	642,548	642,548	-	-	-
Unsecured bankers' acceptances	26,976	4.00 - 4.35	26,976	26,976	-	-	-
Trade and other payables	427,117	-	427,117	427,117	-	-	-
	2,345,402		2,349,434	2,300,497	47,458	1,479	-
Company							
Non-derivative financial liabilities							
Trade and other payables	778	-	778	778	-	-	-
Unsecured revolving credit	101,436	0.96	101,436	101,436	-	-	-
Corporate guarantees	-	-	277,600	277,600	-	-	-
	102,214		379,814	379,814	-	-	-

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Market risk

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

31.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar, Australian Dollar, New Zealand Dollar, Japanese Yen, Thai Baht and Great Britain Pound.

Exposure to foreign currency risk

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

	US Dollar RM'000	Japanese Yen RM'000	Australian Dollar RM'000	Thai Baht RM'000	Great Britain Pound RM'000	New Zealand Dollar RM'000
31.12.2018						
Group						
Other financial assets	119,255	-	1,466	-	-	-
Trade and other receivables	942	650	259	-	-	161
Borrowings	(211,299)	(1,635,942)	-	-	-	-
Trade and other payables	(19,638)	(15,153)	-	(16,960)	-	-
Cash and bank balances	170,205	143,029	163,306	-	10,814	39,751
Exposure in the statement of financial position	59,465	(1,507,416)	165,031	(16,960)	10,814	39,912
Company						
Cash and bank balances	88	41	-	-	-	-
Intra-group balances	6,204	-	-	-	-	-
Borrowings	-	(101,436)	-	-	-	-
Exposure in the statement of financial position	6,292	(101,395)	-	-	-	-

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Market risk (cont'd)

31.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A 5% strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased/(decreased) the pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss 2018 RM'000
Group	
US Dollar	**(2,973)**
Japanese Yen	**75,371**
Australian Dollar	**(8,252)**
Thai Baht	**848**
Great Britain Pound	**(541)**
New Zealand Dollar	**(1,996)**
Company	
US Dollar	**(314)**
Japanese Yen	**5,070**

A 5% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

31.6.2 Interest rate risk

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-earning financial assets are mainly short term in nature and are mostly placed in fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Market risk (cont'd)

31.6.2 Interest rate risk (cont'd)

Exposure to interest rate risk

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

	Group RM'000	Company RM'000
31.12.2018		
Fixed rate instruments		
Financial assets		
- Quoted bonds	**158,384**	**-**
- Fixed deposits	**2,995,806**	**152,655**
- Trade and other receivables	**-**	**2,500**
- Bank balances	**775,173**	**-**
	3,929,363	**155,155**
Financial liabilities		
- Lease obligations	**9,834**	**-**
- Bankers' acceptance	**26,976**	**-**
	36,810	**-**
Floating rate instruments		
Financial assets		
- Unit trust money market funds	**152,744**	**138,484**
Financial liabilities		
- Other borrowings	**1,881,475**	**101,436**

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

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

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Market risk (cont'd)

31.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis (cont'd)

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	50bp increase	**50bp decrease**
	RM'000	**RM'000**
2018		
Group		
Floating rate instruments		
- Unit trust money market funds	**763**	**(763)**
- Other borrowings	**(9,407)**	**9,407**
Company		
Floating rate instruments		
- Other borrowings	**(507)**	**507**
- Unit trust money market funds	**692**	**(692)**

31.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group Executive Directors, as appropriate.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the respective stock exchange market index which the investments are listed in.

A 10% strengthening in all the stock exchange market index at the end of the reporting period would have increased equity by RM54,637,000. A 10% weakening in the stock exchange index would have had equal but opposite effect on equity respectively.

31. FINANCIAL INSTRUMENTS (cont'd)

31.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
31.12.2018										
Group										
Financial assets										
Quoted shares	169,631	-	-	169,631	-	-	-	-	169,631	169,631
Unquoted shares	-	-	367,712	367,712	-	-	-	-	367,712	367,712
Quoted bonds	-	-	-	-	155,777	-	-	155,777	155,777	158,384
Quoted unit trusts & REITS	5,972	3,051	-	9,023	-	-	-	-	9,023	9,023
	175,603	3,051	367,712	546,366	155,777	-	-	155,777	702,143	704,750
Financial liabilities										
Term loans	-	-	-	-	-	-	52,818	52,818	52,818	52,818
Finance lease liabilities	-	-	-	-	-	8,795	-	8,795	8,795	9,834
	-	-	-	-	-	8,795	52,818	61,613	61,613	62,652
Company										
Financial assets										
Unquoted shares	-	-	348,810	348,810	-	-	-	-	348,810	348,810

31. FINANCIAL INSTRUMENTS (cont'd)

31.7 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
31.12.2017										
Group										
Financial assets										
Quoted shares	218,826	3,032	-	221,858	-	-	-	-	221,858	221,858
Unquoted shares	-	-	339,381	339,381	-	-	-	-	339,381	339,381
Quoted bonds	-	-	-	-	157,191	-	-	157,191	157,191	157,244
Quoted unit trusts & REITS	6,410	3,024	-	9,434	-	-	-	-	9,434	9,434
	225,236	6,056	339,381	570,673	157,191	-	-	157,191	727,864	727,917
Financial liabilities										
Term loans	-	-	-	-	-	-	56,368	56,368	56,368	56,368
Finance lease liabilities	-	-	-	-	-	12,325	-	12,325	12,325	15,266
	-	-	-	-	-	12,325	56,368	68,693	68,693	71,634
Company										
Financial assets										
Unquoted shares	-	-	313,026	313,026	-	-	-	-	313,026	313,026

31. **FINANCIAL INSTRUMENTS (cont'd)**

31.7 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
1.1.2017										
Group										
Financial assets										
Quoted shares	186,360	3,121	-	189,481	-	-	-	-	189,481	189,481
Unquoted shares	-	-	252,854	252,854	-	-	-	-	252,854	252,854
Quoted bonds	-	-	-	-	124,650	-	-	124,650	124,650	124,746
Quoted unit trusts & REITS	5,490	2,990	-	8,480	-	-	-	-	8,480	8,480
Structured deposits	-	2,170	-	2,170	-	-	-	-	2,170	2,170
	191,850	8,281	252,854	452,985	124,650	-	-	124,650	577,635	577,731
Financial liabilities										
Term loans	-	-	-	-	-	-	66,295	66,295	66,295	66,295
Finance lease liabilities	-	-	-	-	-	13,377	-	13,377	13,377	14,954
	-	-	-	-	-	13,377	66,295	79,672	79,672	81,249
Company										
Financial assets										
Unquoted shares	-	-	236,892	236,892	-	-	-	-	236,892	236,892

31. FINANCIAL INSTRUMENTS (cont'd)

31.7 Fair value information (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowings arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted shares	The fair value of unquoted shares is based on market comparison technique. The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the unquoted shares.	Adjusted market multiple (**2018 : 0.77 - 1.19** and 2017 : 0.95 - 12.55)	The estimated fair value would increase/ decrease if the adjusted market multiple were higher/ lower.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (cont'd)

31.7 Fair value information (cont'd)

Level 3 fair value (cont'd)

(a) Financial instruments carried at fair value (cont'd)

Sensitivity analysis

	Profit or loss		Other comprehensive income, net of tax	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
2018				
Adjusted market multiple (5% movement)	**-**	**-**	**18,387**	**(18,387)**
2017				
Adjusted market multiple (5% movement)	-	-	16,970	(16,970)

(b) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Bank loans, finance lease liabilities and loan to subsidiaries	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.
Financial guarantees	Probability weighted discounted cash flows taking into account the likelihood of the guaranteed party defaulting and the estimated loss exposure if the party guaranteed were to default.

Valuation processes applied by the Group for Level 3 fair value

Management regularly review significant unobservable inputs and valuation adjustments used in estimating the fair value of unquoted shares.

NOTES TO THE FINANCIAL STATEMENTS

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected strategic investment opportunities. To maintain or adjust capital structure, the Group may adjust the dividend payment to stockholders.

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

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) Armstrong Component Parts (Vietnam) Co., Ltd ("ACPV"), a wholly-owned subsidiary of Armstrong Auto Parts Sdn Berhad which in turn is 60.26% owned by the Company had on 6 February 2017 submitted the notice of voluntary dissolution and termination of activities to the Vietnamese tax authority. ACPV was involved in the manufacturing of automotive parts before ceasing its business operations in November 2014. The liquidation is still in progress.

(ii) The Company had on 16 November 2017, 8 February 2018 and 26 March 2018 entered into Sale and Purchase Agreements to acquire from Honda Motor Company Ltd., Showa Corporation and TS Tech Co. Ltd respectively, their entire 29.39% equity interest in Armstrong Auto Parts Sdn Berhad ("AAP") for a total cash consideration of RM3.00 only. OHB holds 89.65% interest in AAP where 83.00% is held directly and remaining 6.65% is held indirectly through a wholly-owned subsidiary as of completion of the acquisition on 24 April 2018.

(iii) The Company had on 16 November 2017 entered into Sale and Purchase Agreement to acquire from Honda Motor its entire 25.0% equity interest in Armstrong Cycle Parts (Sdn) Bhd ("ACP") for a total cash consideration of RM2,898,500. OHB holds 82.14% in ACP as of completion of the acquisition on 12 January 2018.

(iv) The Company had on 22 November 2017 entered into Sale and Purchase Agreement to acquire from Dato' Syed Mohamad Bin Syed Murtaza his entire 12.858% equity interest in ACP for a total cash consideration of RM1,490,757. OHB holds 95.00% in ACP as of completion of the acquisition on 12 January 2018.

(v) The Company had on 30 July 2018 entered into Sale and Purchase Agreement to acquire from Hi-lex Corporation its entire 5% equity interest in ACP for a total cash consideration of RM579,700. OHB holds 100% in ACP as of completion of the acquisition on 9 August 2018.

(vi) Armstrong Realty Sdn. Bhd. ("AR"), a wholly-owned subsidiary of Armstrong Auto Parts Sdn. Berhad which in turn is a 89.65% owned subsidiary of OHB had on 28 September 2018 been placed under members' voluntary winding up proceeding. AR had ceased operations and is dormant since 2008.

34. EXPLANATION OF TRANSITION TO MFRSs

As stated in note 1(a), these are the first set financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening MFRS statement of financial position at 1 January 2017 (the Group's date of transition to MFRSs).

In preparing the opening statement of financial position at 1 January 2017, the Group and the Company had adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's and the Company's financial position, financial performance and cash flows is set out below :

34.1 Impacts on financial statements

The following tables summarise the impacts arising from the transition to MFRSs on the Group's and the Company's financial statements.

a. Statement of financial position

Group	FRSs RM'000	1.1.2017 Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	31.12.2017 Effect of transition to MFRSs RM'000	MFRSs RM'000
Assets						
Property, plant and equipment	1,554,711	690,041	2,244,752	1,529,816	688,862	2,218,678
Intangible assets	33,957	-	33,957	29,594	-	29,594
Biological assets	690,041	(690,041)	-	688,862	(688,862)	-
Land held for property development	36,131	(36,131)	-	36,199	(36,199)	-
Prepaid land lease payments	63,929	-	63,929	62,960	-	62,960
Investment properties	892,135	-	892,135	1,018,773	-	1,018,773
Investments in associates	590,982	-	590,982	593,124	-	593,124
Other investments	344,806	225,742	570,548	393,234	312,255	705,489
Deferred tax assets	39,184	-	39,184	53,111	-	53,111
Inventories	-	36,131	36,131	-	36,199	36,199
Other receivables	27,253	-	27,253	26,149	-	26,149
Total non-current assets	4,273,129	225,742	4,498,871	4,431,822	312,255	4,744,077

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

a. Statement of financial position (cont'd)

	1.1.2017			31.12.2017		
	FRSs	Effect of transition to MFRSs	MFRSs	FRSs	Effect of transition to MFRSs	MFRSs
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Biological assets	-	10,336	10,336	-	6,937	6,937
Property development costs	3,113	(3,113)	-	3,228	(3,228)	-
Inventories	490,772	31,619	522,391	304,247	10,564	314,811
Trade and other receivables	559,643	-	559,643	481,943	-	481,943
Other investments	8,350	716,536	724,886	23,581	906,095	929,676
Current tax assets	35,311	-	35,311	32,091	-	32,091
Short term investments	716,536	(716,536)	-	906,095	(906,095)	-
Cash and cash equivalents	2,821,752	-	2,821,752	3,040,600	-	3,040,600
Total current assets	4,635,477	38,842	4,674,319	4,791,785	14,273	4,806,058
Total assets	8,908,606	264,584	9,173,190	9,223,607	326,528	9,550,135

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

a. Statement of financial position (cont'd)

	1.1.2017			31.12.2017		
Group	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**
Equity						
Share capital	620,394	-	620,394	620,462	-	620,462
Reserves	5,247,719	244,038	5,491,757	5,436,512	323,021	5,759,533
	5,868,113	244,038	6,112,151	6,056,974	323,021	6,379,995
Treasury stocks	(249)	-	(249)	(249)	-	(249)
Total equity attributable to stockholders of the Company	5,867,864	244,038	6,111,902	6,056,725	323,021	6,379,746
Non-controlling interests	951,046	15,516	966,562	930,060	5,517	935,577
Total equity	6,818,910	259,554	7,078,464	6,986,785	328,538	7,315,323

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

a. Statement of financial position (cont'd)

Group	FRSs RM'000 (1.1.2017)	Effect of transition to MFRSs RM'000 (1.1.2017)	MFRSs RM'000 (1.1.2017)	FRSs RM'000 (31.12.2017)	Effect of transition to MFRSs RM'000 (31.12.2017)	MFRSs RM'000 (31.12.2017)
Liabilities						
Deferred tax liabilities	31,617	9,702	41,319	31,921	3,560	35,481
Borrowings	74,590	-	74,590	62,162	-	62,162
Provisions	73,422	(73,422)	-	88,317	(88,317)	-
Deferred income	4,890	(4,890)	-	4,727	(4,727)	-
Retirement benefits	18,357	-	18,357	21,679	-	21,679
Contract liabilities	-	74,877	74,877	-	89,395	89,395
Total non-current liabilities	202,876	6,267	209,143	208,806	(89)	208,717
Trade and other payables	469,611	(6,013)	463,598	441,313	(13,291)	428,022
Borrowings	1,367,826	-	1,367,826	1,519,677	-	1,519,677
Current tax liabilities	49,383	-	49,383	67,026	-	67,026
Contract liabilities	-	4,776	4,776	-	11,370	11,370
Total current liabilities	1,886,820	(1,237)	1,885,583	2,028,016	(1,921)	2,026,095
Total liabilities	2,089,696	5,030	2,094,726	2,236,822	(2,010)	2,234,812
Total equity and liabilities	8,908,606	264,584	9,173,190	9,223,607	326,528	9,550,135

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

a. Statement of financial position (cont'd)

	1.1.2017			31.12.2017		
	FRSs	Effect of transition to MFRSs	MFRSs	FRSs	Effect of transition to MFRSs	MFRSs
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets						
Property, plant and equipment	969	-	969	809	-	809
Investment properties	15,061	-	15,061	15,057	-	15,057
Interests in subsidiaries	876,932	-	876,932	857,792	-	857,792
Investments in associates	34,006	6,645	40,651	34,006	6,645	40,651
Other investments	32,341	204,551	236,892	32,341	280,685	313,026
Total non-current assets	959,309	211,196	1,170,505	940,005	287,330	1,227,335
Trade and other receivables	45,933	-	45,933	9,142	-	9,142
Current tax assets	197	-	197	342	-	342
Cash and cash equivalents	157,769	-	157,769	222,692	-	222,692
Total current assets	203,899	-	203,899	232,176	-	232,176
Total assets	1,163,208	211,196	1,374,404	1,172,181	287,330	1,459,511

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

a. Statement of financial position (cont'd)

	1.1.2017			31.12.2017		
	FRSs	Effect of transition to MFRSs	MFRSs	FRSs	Effect of transition to MFRSs	MFRSs
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Equity						
Share capital	620,394	-	620,394	620,462	-	620,462
Reserves	407,700	211,196	618,896	453,419	287,330	740,749
	1,028,094	211,196	1,239,290	1,073,881	287,330	1,361,211
Treasury stocks	(249)	-	(249)	(249)	-	(249)
Total equity attributable to stockholders of the Company	1,027,845	211,196	1,239,041	1,073,632	287,330	1,360,962
Liabilities						
Trade and other payables	1,271	-	1,271	1,473	-	1,473
Borrowings	134,092	-	134,092	97,076	-	97,076
Total current liabilities	135,363	-	135,363	98,549	-	98,549
Total liabilities	135,363	-	135,363	98,549	-	98,549
Total equity and liabilities	1,163,208	211,196	1,374,404	1,172,181	287,330	1,459,511

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

b. Statement of profit or loss and other comprehensive income

		31.12.2017	
		Effect of transition to	
	FRSs	MFRSs	MFRSs
Group	**RM'000**	**RM'000**	**RM'000**
Revenue	6,329,181	(31,178)	6,298,003
Cost of sales	(5,213,756)	(32,501)	(5,246,257)
Gross profit	1,115,425	(63,679)	1,051,746
Distribution expenses	(107,468)	39,607	(67,861)
Administrative expenses	(302,029)	-	(302,029)
Other operating expenses	(244,920)	-	(244,920)
Other operating income	52,541	(2,315)	50,226
	(601,876)	37,292	(564,584)
Results from operating activities	513,549	(26,387)	487,162
Finance cost	(20,706)	-	(20,706)
Operating profit	492,843	(26,387)	466,456
Share of profit after tax of equity accounted associates	26,036	-	26,036
Profit before tax	518,879	(26,387)	492,492
Income tax expense	(96,637)	6,142	(90,495)
Profit for the year	422,242	(20,245)	401,997
Other comprehensive (expense)/income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	(1,552)	-	(1,552)

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

b. Statement of profit or loss and other comprehensive income (cont'd)

		31.12.2017	
Group	**FRSs RM'000**	**Effect of transition to MFRSs RM'000**	**MFRSs RM'000**
Fair value gain of equity instruments designated at fair value through other comprehensive income	-	134,523	134,523
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(163,749)	-	(163,749)
Fair value of available-for-sale financial assets	45,294	(45,294)	-
Share of other comprehensive expense of equity accounted associates	(219)	-	(219)
	(118,674)	(45,294)	(163,968)
Total other comprehensive (expense)/income for the year	(120,226)	89,229	(30,997)
Total comprehensive income for the year	302,016	68,984	371,000
Profit attributable to :			
Owners of the Company	395,016	(10,246)	384,770
Non-controlling interests	27,226	(9,999)	17,227
Profit for the year	422,242	(20,245)	401,997
Total comprehensive income attributable to :			
Owners of the Company	312,933	78,983	391,916
Non-controlling interests	(10,917)	(9,999)	(20,916)
Total comprehensive income for the year	302,016	68,984	371,000
Basic earnings per ordinary stock (sen)	63.68	-	62.02

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

b. Statement of profit or loss and other comprehensive income (cont'd)

	FRSs RM'000	31.12.2017 Effect of transition to MFRSs RM'000	MFRSs RM'000
Company			
Revenue	176,534	-	176,534
Gross profit	176,534	-	176,534
Administrative expenses	(8,305)	-	(8,305)
Other operating expenses	(2,361)	-	(2,361)
Other operating income	7,871	-	7,871
	(2,795)	-	(2,795)
Results from operating activities	173,739	-	173,739
Interest expense	(1,148)	-	(1,148)
Profit before tax	172,591	-	172,591
Income tax expense	(2,732)	-	(2,732)
Profit for the year	169,859	-	169,859
Other comprehensive income, net of tax			
Item that will not be reclassified subsequently to profit or loss			
Fair value gain of equity instruments designated at fair value through other comprehensive income	-	76,134	76,134
Total comprehensive income for the year	169,859	76,134	245,993

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

c. Statement of cash flows

Group	FRSs RM'000	31.12.2017 Effect of transition to MFRSs RM'000	MFRSs RM'000
Cash flows from operating activities			
Profit before tax	518,879	(26,387)	492,492
Adjustments for :			
Amortisation of :			
- biological assets	23,508	(23,508)	-
- prepaid land lease payments	2,932	-	2,932
- intangible assets	736	-	736
Depreciation of :			
- property, plant and equipment	107,016	23,508	130,524
- investment properties	6,436	-	6,436
Dividend income	(59,789)	-	(59,789)
Interest income	(92,051)	401	(91,650)
Interest expense	20,706	-	20,706
Assets written off :			
- property, plant and equipment	1,182	285	1,467
- biological assets	285	(285)	-
- investment properties	2	-	2
Impairment loss on :			
- property, plant and equipment	-	2,074	2,074
- intangible assets	1,167	-	1,167
- biological assets	2,074	(2,074)	-
- investment properties	1,430	-	1,430
- other investments	2,427	(2,427)	-
(Gain)/Loss on disposal of :			
- property, plant and equipment	(3,901)	-	(3,901)
- other investments	(4,034)	4,741	707
- a subsidiary	(22,289)	-	(22,289)

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

c. Statement of cash flows (cont'd)

		31.12.2017	
	FRSs	Effect of transition to MFRSs	MFRSs
Group	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities (cont'd)			
Gain on liquidation of a subsidiary	(78)	-	(78)
Fair value change from biological asset	-	3,399	3,399
Provision for retirement benefits	3,884	-	3,884
Share of profits of equity-accounted associates, net of tax	(26,036)	-	(26,036)
Unrealised loss/(gain) on foreign exchange on borrowings	50,348	-	50,348
Operating profit/(loss) before changes in working capital	534,834	(20,273)	514,561
Changes in working capital :			
Property development costs	(115)	115	-
Inventories	179,842	21,055	200,897
Trade and other receivables	64,180	-	64,180
Contract liabilities	-	22,944	22,944
Trade and other payables	2,613	(23,841)	(21,228)
Cash generated from operations	781,354	-	781,354
Dividends received (net)	78,273	-	78,273
Interest paid	(20,530)	(3,450)	(23,980)
Tax paid	(91,019)	-	(91,019)
Retirement benefits paid	(563)	-	(563)
Net cash from operating activities	747,515	(3,450)	744,065

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd))

c. Statement of cash flows (cont'd)

		31.12.2017	
		Effect of transition to	
	FRSs	MFRSs	MFRSs
Group	**RM'000**	**RM'000**	**RM'000**
Cash flows from investing activities			
Additions of :			
- property, plant and equipment	(117,370)	(96,236)	(213,606)
- intangible assets	(220)	-	(220)
- biological assets	(99,686)	99,686	-
- land held for property development	(68)	-	(68)
- prepaid land lease payment	(3,621)	-	(3,621)
- investment properties	(146,691)	-	(146,691)
- other investments	(321,640)	-	(321,640)
Interest received	91,734	-	91,734
Proceeds from disposal of :			
- other investments	95,254	-	95,254
- a subsidiary	27,002	-	27,002
- property, plant and equipment	8,158	-	8,158
- prepaid land lease payment	833	-	833
- investment properties	324	-	324
Net cash (used in)/from investing activities	(465,991)	3,450	(462,541)

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.1 Impacts on financial statements (cont'd)

c. Statement of cash flows (cont'd)

		31.12.2017	
	FRSs	Effect of transition to MFRSs	MFRSs
Group	**RM'000**	**RM'000**	**RM'000**
Cash flows from financing activities			
Dividends paid to :			
- stockholders of the Company	(124,072)	-	(124,072)
- non-controlling interests	(19,700)	-	(19,700)
Placement of fixed deposits pledged for banking facilities	(37,518)	-	(37,518)
Changes in bank borrowings	241,111	-	241,111
Proceeds from issue of shares to non-controlling interests	9,800	-	9,800
Net cash from financing activities	69,621	-	69,621
Net increase in cash and cash equivalents	351,145	-	351,145
Cash and cash equivalents at 1 January	2,192,937	-	2,192,937
Effect of exchange rate fluctuations on cash held	(168,495)	-	(168,495)
Cash and cash equivalents at 31 December	2,375,587	-	2,375,587

Company

The transition from FRSs to MFRSs do not have any impact on the statement of cash flows of the Company.

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.2 Notes to reconciliation

(a) Property, plant and equipment – Deemed cost exemption – previous revaluation

Under FRSs, the Group has availed itself to the transitional provision when MASB first adopted IAS 16, Property, Plant and equipment in 1998. Certain properties were revalued in 1976 and 1978 and no later valuation has been recorded for these property, plant and equipment.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM2,646,000 at 1 January 2017 and 31 December 2017 was reclassified to retained earnings.

(b) Revenue recognition

Upon transition to MFRSs, the Group adopted MFRS 15, Revenue from contract with customers. The Company previously recognised upfront the revenue from new car sale of which 2-year complimentary extended warranty and free servicing were given. The estimated costs for providing these warranty and servicing were recognised as a provision in the financial statements. Under MFRS 15, the extended warranty and free servicing are identified as separate performance obligations and a "stand-alone" selling price has been allocated accordingly.

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:

(a) for completed contracts, the Group does not restate contracts that:

   (i) begin and end within the same annual reporting period; or
   (ii) are completed contracts at the beginning of the earliest period presented.

(b) for comparatives, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Company expects to recognise revenue.

The application of these practical expedients is not expected to have material impact to the Group.

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.2 Notes to reconciliation (cont'd)

(c) Financial Instruments

Upon transition to MFRSs, the Group and the Company adopted MFRS 9 financial instruments. The Group elected to apply the optional exemption not to present the comparative information under the requirements of MFRS 7, *Financial Instruments : Disclosure.*

The following table shows the measurement categories under FRSs and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2017 and 31 December 2017:

		At 1 January 2017		
			Reclassification to new MFRS 9 category	
Category under FRSs	**At 1 January 2017**	**Transition adjustment**	**Amortised cost ("AC")**	**Fair value through other comprehensive income ("FVOCI")**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Financial assets				
Loans and receivables				
Other investments	716,536	-	716,536	-
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	513,690	-	513,690	-
Cash and cash equivalents	2,821,752	-	2,821,752	-
Available-for-sale				
Other investments	353,156	225,742	128,083	450,815
	4,405,134	225,742	4,180,061	450,815
Financial liabilities measured at amortised cost				
Trade and other payables	469,611	(6,013)	463,598	-
Borrowings	1,442,416	-	1,442,416	-
	1,912,027	(6,013)	1,906,014	-

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.2 Notes to reconciliation (cont'd)

(c) Financial Instruments (cont'd)

	At 1 January 2017			
			Reclassification to new MFRS 9 category	
Category under FRSs	At 1 January 2017	Transition adjustment	Amortised cost ("AC")	Fair value through other comprehensive income ("FVOCI")
	RM'000	RM'000	RM'000	RM'000
Company				
Financial assets				
Loans and receivables				
Trade and other receivables (excluding deposits and prepayments)	45,797	-	45,797	-
Cash and cash equivalents	157,769	-	157,769	-
Available-for-sale				
Other investments	32,341	204,551	-	236,892
	235,907	204,551	203,566	236,892
Financial liabilities measured at amortised cost				
Trade and other payables	1,271	-	1,271	-
Borrowings	134,092	-	134,092	-
	135,363	-	135,363	-

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.2 Notes to reconciliation (cont'd)

(c) Financial Instruments (cont'd)

	At 31 December 2017			
			Reclassification to new MFRS 9 category	
Category under FRSs	At 31 December 2017	Transition adjustment	Amortised cost ("AC")	Fair value through other comprehensive income ("FVOCI")
	RM'000	RM'000	RM'000	RM'000
Group				
Financial assets				
Loans and receivables				
Other investments	906,095	-	906,095	-
Trade and other receivables (excluding deposits, prepayments and indirect tax refundable)	469,587	(63,939)	405,648	-
Cash and cash equivalents	3,040,600	-	3,040,600	-
Available-for-sale				
Other investments	416,815	312,255	158,397	570,673
	4,833,097	248,316	4,510,740	570,673
Financial liabilities measured at amortised cost				
Trade and other payables	441,313	(13,291)	428,022	-
Borrowings	1,581,839	-	1,581,839	-
	2,023,152	(13,291)	2,009,861	-

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.2 Notes to reconciliation (cont'd)

(c) Financial Instruments (cont'd)

	At 31 December 2017			
			Reclassification to new MFRS 9 category	
Category under FRSs	At 31 December 2017	Transition adjustment	Amortised cost ("AC")	Fair value through other comprehensive income ("FVOCI")
	RM'000	RM'000	RM'000	RM'000
Company				
Financial assets				
Loans and receivables				
Trade and other receivables (excluding deposits and prepayments)	4,585	-	4,585	-
Cash and cash equivalents	222,692	-	222,692	-
Available-for-sale				
Other investments	32,341	280,685	-	313,026
	259,618	280,685	227,277	313,026
Financial liabilities measured at amortised cost				
Trade and other payables	1,271	202	1,473	-
Borrowings	134,092	(37,016)	97,076	-
	135,363	(36,814)	98,549	-

NOTES TO THE FINANCIAL STATEMENTS

34. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

34.2 Notes to reconciliation (cont'd)

(c) Financial Instruments (cont'd)

(i) Reclassification from loan and receivables to amortised cost

Trade and other receivables that were classified as loans and receivables under FRSs are now reclassified at amortised cost.

(ii) Reclassification from AFS to FVOCI

Investment in quoted and unquoted shares are investments that the Group intends to hold for long term strategic purposes. As permitted by MFRS 9, the Group has designated these investments as measured at FVOCI at the date of initial application.

(iii) Reclassification from AFS to amortised cost

Quoted bonds previously classified as available-for-sale were held by the Group primarily for collecting contractual cash flows. These quoted bonds were reclassified as financial assets at amortised costs.

(d) Biological assets

Upon transition to MFRSs, the Group adopted *MFRS 141 Agriculture*. Plantation assets of the Group that meet the definition of a bearer plant is reclassified to property, plant and equipment and to be accounted for in accordance with the accounting policies of property, plant and equipment.

The agriculture produce on bearer plant will be accounted for using fair value less cost to sell. Changes in fair value less costs to sell of these agriculture produce is recognised in profit or loss for the period in which it arises.

(e) Inventories

Upon transition to MFRSs, the Group adopted *MFRS 102 Inventories* on the measurement of land held for property development and property development cost. Accordingly, land held for property development and property development cost are reclassified as inventories.

35. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(i) The Company had on 22 January 2019 incorporated a wholly-owned subsidiary named Star Life Pharma Sdn. Bhd.. The initial issued share capital of Star Life Pharma Sdn. Bhd. is one ordinary share at an issue price of RM1 only. The intended principal activity of Star Life Pharma Sdn. Bhd. is to operate as an integrated lifestyle retail pharmacy.

(ii) The Company through its direct 51% owned subsidiary, Melaka Straits Medical Centre Sdn. Bhd. had on 23 January 2019 incorporated a wholly-owned subsidiary named Star Joy Sdn. Bhd.. The initial issued share capital is one ordinary share at an issue price of RM1 only. The intended principal activity of Star Joy Sdn. Bhd. is to manage and operate transitional care centre(s).

NOTES TO THE FINANCIAL STATEMENTS

36. DETAILS OF SUBSIDIARIES

Name of subsidiaries and principal activities	Group's effective interest 2018 %	2017 %
Oriental Realty Sdn. Bhd. *Property development and investment holding*	**100.0**	100.0
Subsidiary company of Oriental Realty Sdn. Bhd. - **Kenanga Mekar Sdn. Bhd.** *Property development*	**100.0**	100.0
Syarikat Oriental Credit Berhad *Money lending and leasing*	**100.0**	100.0
Dragon Frontier Sdn. Bhd. *Manufacture of plastic moulded parts for electrical, electronics and automotive industries*	**100.0**	100.0
Bayview International Sdn. Bhd. *Provision of advertising, marketing and central reservation services*	**100.0**	100.0
Oriental Rubber & Palm Oil Sdn. Berhad *Cultivation of oil palm, investment holding and letting of parking lots*	**100.0**	100.0
Subsidiary of Oriental Rubber & Palm Oil Sdn. Berhad - **Oriental Boon Siew (M) Sdn. Bhd.** *Land reclamation and investment holding*	**51.0**	51.0
Compounding & Colouring Sdn. Bhd. *Manufacture and sale of polypropylene compounds*	**70.0**	70.0
Armstrong Cycle Parts (Sdn.) Berhad * *Property investment holding company*	**100.0**	57.1
Kah Bintang Auto Sdn. Bhd. *Investment holding company and retailer of motor vehicles and trader of spare parts, accessories and related component parts and provision of after sales services*	**100.0**	100.0
Subsidiary of Kah Bintang Auto Sdn. Bhd. - **Kah Classic Auto Sdn. Bhd.** *Retailer of motor vehicles and trader of spare parts, accessories and related component parts, and provision of after sales services*	**100.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS

36. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest 2018 %	2017 %
Oriental Boon Siew (Mauritius) Pte. Ltd. # *Investment holding and granting of loans*	**50.5**	50.5
Subsidiaries of Oriental Boon Siew (Mauritius) Pte. Ltd.		
- **OAM Asia (Singapore) Pte. Ltd. #** *Investment holding*	**50.5**	50.5
Subsidiaries of OAM Asia (Singapore) Pte. Ltd.		
- **OAM (Aust) Pty. Ltd. #** *Property investment holding*	**50.5**	50.5
- **PT Surya Agro Persada *** *Oil palm plantation*	**45.5**	45.5
- **OBS (Singapore) Pte. Ltd. #** *Investment holding and granting of loans*	**50.5**	50.5
Subsidiaries of OBS (Singapore) Pte. Ltd.		
- **PT Bumi Sawit Sukses Pratama *** *Oil palm plantation*	**45.5**	45.5
- **PT Gunung Sawit Selatan Lestari *** *Oil palm plantation*	**45.5**	45.5
- **PT Pratama Palm Abadi *** *Oil palm plantation*	**45.5**	45.5
- **PT Dapo Agro Makmur *** *Oil palm plantation*	**45.5**	45.5
- **PT Sumatera Sawit Lestari *** *Cultivation of oil palm plantation*	**45.5**	45.5
Teck See Plastic Sdn. Bhd. *Investment holding, letting of property, plant and equipment and manufacture and distribution of plastic articles and products*	**60.0**	60.0
- **Lipro Mold Engineering Sdn. Bhd.** *Manufacture and repair of moulds, jigs and fixtures*	**48.0**	48.0
- **Armstrong Industries Sdn. Bhd.** *Investment holding*	**60.0**	60.0
- **Kasai Teck See (Malaysia) Sdn. Bhd.** *Designing, research and development, manufacturing and sale of plastic and automotive interior parts*	**45.0**	45.0

NOTES TO THE FINANCIAL STATEMENTS

36. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest 2018 %	2017 %
Oriental Nichinan Design Engineering Sdn. Bhd. *Design, manufacture and sale of prototype plastic models*	**88.0**	88.0
Oriental San Industries Sdn. Bhd. *Letting of properties and manufacturing and trading of plastic articles and products*	**100.0**	100.0
Oriental International (Mauritius) Pte. Ltd. # *Investment holding*	**100.0**	100.0
- **Oriental Industries (Wuxi) Co., Ltd. *** *Letting of property*	**95.0**	95.0
- **OIM (Aust) Pty. Ltd. #** *Property investment holding*	**100.0**	100.0
Kah Motor Company Sdn. Berhad *Distribution and retailing of motor vehicles and spare parts, servicing, rental and leasing of motor vehicles, investment holding as well as hotelier*	**100.0**	100.0
Subsidiaries of Kah Motor Company Sdn. Berhad		
- **Boon Siew (Borneo) Sendirian Berhad *** *Distribution of Honda motor cars and related spare parts*	**99.0**	99.0
- **Ultra Green Sdn. Bhd.** *Land reclamation and investment holding*	**100.0**	100.0
- **Happy Motoring Co. Sdn. Bhd. *** *Motor car dealer and the general repair and servicing of motor cars*	**51.0**	51.0
- **Kah New Zealand Limited #** *Provision of hotel accommodation*	**100.0**	100.0
- **Kah Australia Pty Limited *** *Property investment and hotel operation*	**100.0**	100.0
- **Kah Power Products Pte. Ltd. #** *Distribution of motor power products*	**100.0**	100.0
- **KM Agency Sdn. Bhd.** *Insurance services for motor vehicles including cars*	**100.0**	100.0
- **Kingdom Properties Co. Limited** *Investment holding*	**100.0**	100.0
Subsidiaries of Kingdom Properties Co. Limited		
- **Park Suanplu Holdings Co., Ltd. *** *Hotelier*	**89.5**	89.5
- **Suanplu Bhiman Limited *** *Investment holding*	**79.4**	79.4

NOTES TO THE FINANCIAL STATEMENTS

36. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest 2018 %	2017 %
- **Silver Beech Operations UK Limited *** *Managing and operating of hotel*	**100.0**	100.0
- **Silver Beech Holdings Limited *** *Investment holding*	**100.0**	100.0
Subsidiary of Silver Beech Holdings Limited		
- **Silver Beech (IOM) Limited *** *Property holding*	**100.0**	100.0
- **30 Bencoolen Pte. Ltd. #** *Management of hotel operations*	**100.0**	100.0
Armstrong Auto Parts Sdn. Berhad *Investment holding company and a manufacturer of automotive parts*	**89.7**	60.3
Subsidiaries of Armstrong Auto Parts Sdn. Berhad		
- **Armstrong Realty Sdn. Bhd.** *Commenced members' voluntary winding up on 28 September 2018*	**89.7**	60.3
- **Armstrong Trading & Supplies Sdn. Bhd.** *General trading of related automotive parts*	**89.7**	60.3
- **Armstrong Component Parts (Vietnam) Co., Ltd *** *Under liquidation*	**89.7**	60.3
Jutajati Sdn. Bhd.* *Investment holding*	**100.0**	100.0
Subsidiaries of Jutajati Sdn. Bhd.		
- **Kwong Wah Enterprise Sdn. Bhd.*** *Investment holding*	**100.0**	100.0
Subsidiaries of Kwong Wah Enterprise Sdn. Bhd.		
- **North Malaya Engineers Trading Company Sdn. Berhad*** *Manufacture of steel wire, galvanised wire, wire mesh, barbed wire, weld mesh, nails and building materials*	**100.0**	100.0
- **Lipro Trading Sdn. Bhd.*** *Commission agent in trading of cement*	**100.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS

36. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest 2018 %	2017 %
- **Simen Utara Sdn. Bhd. *** *Distributor of cement, concrete products and building materials*	**91.0**	91.0
Subsidiaries of Simen Utara Sdn. Bhd.		
- **Unique Pave Sdn. Bhd. *** *Manufacturer and dealer of concrete products*	**74.9**	74.9
- **Unique Mix (Penang) Sdn. Bhd. *** *Manufacturer and dealer of concrete products*	**63.7**	63.7
Subsidiaries of Unique Mix (Penang) Sdn. Bhd.		
- **Unique Mix Sdn. Bhd. *** *Sale and distribution of ready-mixed concrete*	**63.7**	63.7
North Malaya Engineers Overseas Sdn. Bhd. * *Investment holding*	**100.0**	100.0
Subsidiary of North Malaya Engineers Overseas Sdn. Bhd.		
- **North Malaya (Xiamen) Steel Co., Ltd. *** *Production of steel wire and its related products, and automobile spare parts*	**100.0**	100.0
Selasih Permata Sdn. Bhd. *Investment holding*	**50.5**	50.5
Subsidiaries of Selasih Permata Sdn. Bhd.		
- **PT Gunung Maras Lestari *** *Oil palm plantation*	**46.7**	46.7
- **PT Gunungsawit Binalestari *** *Oil palm plantation*	**46.7**	46.7
- **PT Oriental Kyowa Industries *** *Dormant*	**72.8**	72.8
- **Oriental Asia (Mauritius) Pte. Ltd. #** *Investment holding, provision of consultancy and employment services and granting of loans*	**50.5**	50.5
- **Oriental Asia (Aust.) Pty. Ltd. #** *Investment property*	**50.5**	50.5

NOTES TO THE FINANCIAL STATEMENTS

36. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest 2018 %	2017 %
Melaka Straits Medical Centre Sdn. Bhd. *Operate a medical centre and provision of related healthcare services*	**51.0**	51.0
Loh Boon Siew Education Sdn. Bhd. *Investment holding*	**70.0**	70.0
Subsidiary of Loh Boon Siew Education Sdn. Bhd. **- Nilam Healthcare Education Centre Sdn. Bhd.** *Institution in providing nursing program*	**70.0**	70.0

* *not audited by KPMG.*

\# *audited by member firms of KPMG International.*

All the subsidiaries are incorporated in Malaysia except for :

	Country of incorporation
- Kah Australia Pty. Limited	Australia
- OAM (Aust) Pty. Ltd.	Australia
- Oriental Asia (Aust.) Pty. Ltd.	Australia
- OIM (Aust.) Pty. Ltd.	Australia
- Happy Motoring Co. Sdn. Bhd.	Brunei Darussalam
- North Malaya (Xiamen) Steel Co., Ltd.	China
- Oriental Industries (Wuxi) Co., Ltd.	China
- Oriental Asia (Mauritius) Pte. Ltd.	Mauritius
- Oriental Boon Siew (Mauritius) Pte. Ltd.	Mauritius
- Oriental International (Mauritius) Pte. Ltd.	Mauritius
- Kah New Zealand Limited	New Zealand

NOTES TO THE FINANCIAL STATEMENTS

36. DETAILS OF SUBSIDIARIES (cont'd)

All the subsidiaries are incorporated in Malaysia except for (cont'd) :

	Country of incorporation
- PT Bumi Sawit Sukses Pratama	Republic of Indonesia
- PT Dapo Agro Makmur	Republic of Indonesia
- PT Gunungsawit Binalestari	Republic of Indonesia
- PT Gunung Maras Lestari	Republic of Indonesia
- PT Gunung Sawit Selatan Lestari	Republic of Indonesia
- PT Oriental Kyowa Industries	Republic of Indonesia
- PT Pratama Palm Abadi	Republic of Indonesia
- PT Surya Agro Persada	Republic of Indonesia
- PT Sumatera Sawit Lestari	Republic of Indonesia
- Kah Power Products Pte. Ltd.	Singapore
- OAM Asia (Singapore) Pte. Ltd.	Singapore
- OBS (Singapore) Pte. Ltd.	Singapore
- 30 Bencoolen Pte. Ltd.	Singapore
- Park Suanplu Holdings Co., Ltd.	Thailand
- Suanplu Bhiman Limited	Thailand
- Silver Beech Holdings Limited	United Kingdom
- Silver Beech Operations UK Limited	United Kingdom
- Silver Beech (IOM) Limited	United Kingdom
- Armstrong Component Parts (Vietnam) Co., Ltd	Vietnam

APPENDIX

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The list of Directors (other than Directors of the Company) who served on the Boards of the subsidiaries of the Company during the financial year until the date of the Directors Report are set out below:

Angela Morris (Resigned on 24.8.2018)
Baey Cheng Song
Caroline Ip
Chan Kuang
Chew Kian Hong, Michael
Chrispian Fry
Colin Herbert Charles Morrison
(Resigned on 1.4.2019)
Dato' Dr Abdul Latiff bin Awang
Dato' Dr Tan Chong Siang
Dato' Lim Kean Seng, D. I. M. P.
Dato' Lim Tiong Boon
Dato' Loh Sum Min @ Loh Kean Min
Dato' Seri Haji Mohd Isahak bin Mohd Yusuf
Dato' Seri Loh Cheng Yean
Dato' Syed Mohamad bin Syed Murtaza
Datuk Abd Rahim bin Abd Halim
David William Stavert
Deven Coopoosamy
(Appointed on 16.3.2018)
Dr Tan Hui Ling
Eda Syukriati Binti Usman
Effendi Suryono
Fayaz Doobarry (Appointed on 16.3.2018)
Georges Valery Magon
(Appointed on 16.3.2018)
Heng Chin Hooi (Resigned on 7.3.2019)
Hideaki Matsuya
Jayechund Jingree (Resigned on 16.3.2018)
John Tyrer (Resigned on 19.9.2018)
Justin Kim Chuen Cheng
(Appointed on 16.9.2018)
Kang Boon Seng @ Kang Siew Seng
Karli Boenjamin
Kazuhiko Mori (Resigned on 12.1.2018)
Keisuke Koyama (Resigned on 21.3.2018)
Kevin Yasheel Jingree
(Resigned on 16.3.2018)
Khaw Liang Tse
Khoo Kay Jee
Koji Toyota (Alternate to Kazuhiko Mori)
(Ceased on 12.1.2018)
Kuniyuki Watanabe
Lim Ee Hean
Lim Ee Ling
Lim How Ghee
Lim Huck Seng
Lim Yoke Tuan
Loh Kok Sin
Loh Nam Hooi
Loke Kim Hai
Loke Poay Seng
Loo Chin Chee
Looi Kok Loon
(Resigned on 17.2.2018)
Masami Masuyama
(Resigned on 12.1.2018)
Masanobu Ikegami
Muhammad Hariz bin Mohd Nadzmi
Navin Nagawa (Appointed on 16.3.2018)
Ngeow Zoo Gin
Ong Chai Hong
Ong Liang Ghee
Ooi Soo Pheng
Robert William McNab
Ronnie Lee Lye Beng
Rose Ling Hie Ting
Ruddy Samuel
Sharmil Shah
Simon Garton
Sushil Kumar Jugoo
(Resigned on 16.3.2018)
Tae Biggs (Appointed on 24.8.2018)
Tan Hui Ming
Tan Liang Chye
Teo Mui Huee @ Alice
Viroj Tangjetanaporn
Wong Tet Look
Yaep Chin Yee
Yap Keow Seng
YM Tengku Tan Sri Dato' Seri Ahmad
Rithauddeen Bin Tengku Ismail
Yusuf Bin Jamil

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

In the opinion of the Directors, the financial statements set out on pages 68 to 213 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

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

....

Datuk Loh Kian Chong, DMSM

Director

....

Dato' Seri Lim Su Tong, DGPN, DSPN

Director

Penang

Date : 9 April 2019

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

I, Wong Tet Look, the officer primarily responsible for the financial management of Oriental Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 213 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Wong Tet Look, NRIC: 501015-07-5255, MIA CA1586, at George Town in the State of Penang on 9 April 2019.

....

Wong Tet Look

Before me :

Goh Suan Bee (No. P125)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF

ORIENTAL HOLDINGS BERHAD(Company No. 5286-U) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oriental Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 213.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

1. Impairment of bearer plants

Refer to Note 1(d) (*basis of preparation - use of estimates and judgements*), Note 2(q)(ii) *(significant accounting policies – Impairment of other assets)* and Note 3.5.

The Group's carrying amount of bearer plants as at 31 December 2018 of RM536 million relates mainly to the plantation companies in Indonesia. The recoverability of the carrying amount of the cash generating units of the affected plantation companies, including bearer plants is dependent on their recoverable values, determined using the discounted cash flows forecast/projections. This is one of the areas that our audit focuses on because there are inherent uncertainties and significant management judgement involved in forecasting and discounting future cash flows of the affected cash generating units to arrive at the recoverable values. The inherent uncertainties include among others, the appropriateness of significant assumptions and discount rates.

INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF

ORIENTAL HOLDINGS BERHAD(Company No. 5286-U) (Incorporated in Malaysia)

Key Audit Matters (cont'd)

1. Impairment of Planting expenditure (cont'd)

How our audit addressed the key audit matter

Our audit procedures include, among others:

- evaluated the impairment test model by comparing it with the requirements of the Malaysian Financial Reporting Standards;
- assessed the appropriateness of the discount rates used by comparing these with our expectations based on our knowledge of the industry in which the Group operates;
- assessed those significant and highly sensitive assumptions, such as the long term outlook of prices for crude palm oil and palm kernel oil, to determine that these were reasonable and supportable by comparing them with internal and external sources;
- read the report of and interviewed the valuer engaged by the Group in estimating the recoverable values for some of the cash generating units of the affected plantations;
- considered the adequacy of the disclosures on the impairment assessment for the cash generating units of which the assumptions applied were particularly sensitive, uncertain or required significant judgement. As such, these assumptions may have a significant risk which could result in a material adjustment to the carrying amount of bearer plants and other assets within the cash generating units over the next financial year.

2. Interests in subsidiaries

Refer to Note 1(d) (*basis of preparation - use of estimates and judgements*), Note 2(q)(ii) *(significant accounting policies – Impairment of other assets)* and Note 7.2.

As disclosed in Note 7 to the financial statements, the Company's carrying amount of interests in subsidiaries stood at about RM927 million at year end, including an amount of RM187 million due from certain subsidiaries which is regarded as net interests in subsidiaries. There is an indicator of impairment arising from some of the loss-making subsidiaries. This is an area that our audit focuses on as there are inherent uncertainties and significant management judgement involved in forecasting and discounting future cash flows of the affected cash generating units to arrive at the recoverable values versus the carrying amount of the interests in subsidiaries. The inherent uncertainties include among others, the appropriateness of significant assumptions and discount rates.

How our audit addressed the key audit matter

Our audit procedures include, among others:

- evaluated the impairment test model by comparing it with the requirements of the Malaysian Financial Reporting Standards;
- assessed the appropriateness of the discount rates used by comparing these with our expectations based on our knowledge of the industry in which the subsidiaries operate;
- assessed those significant and highly sensitive assumptions, such as the sales growth rate, sales quantity, selling price and gross profit margin to determine that these were reasonable and supportable by comparing them with internal and external sources;
- considered the adequacy of the disclosures on the impairment assessment for the cash generating units of which the assumptions applied were particularly sensitive, uncertain or required significant judgement. As such, these assumptions may have a significant risk which could result in a material adjustment to the carrying amount of the interests in subsidiaries.

INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF

ORIENTAL HOLDINGS BERHAD(Company No. 5286-U) (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF

ORIENTAL HOLDINGS BERHAD(Company No. 5286-U) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 36 to the financial statements.

Other Matter

As stated in Note 1(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018, and the financial performance and cash flows for the year then ended.

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

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Lee Phaik Im
Approval Number : 03177/05/2019 J
Chartered Accountant

Date : 9 April 2019

Penang

TEN LARGEST PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2018

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
Phase 1A, 2A, 3A, 3B & 4 Pekan Klebang Sek. IV Melaka Tengah, Melaka	Reclaimed land	1,689,522	Leasehold (Pending issuance of title)	-	-	230.3
Thistle Holborn The Kingsley Hotel Bloomsbury Way London WC1A 2SD United Kingdom	Hotel	8,027	Freehold	95	13 Feb 2012	200.8
Phase 3 Pekan Klebang Sek. IV Melaka Tengah, Melaka	Reclaimed land	687,966	Leasehold (Pending issuance of title)	-	-	195.5
Lot 2051, PN 50435 PHTM : 2361 Pekan Klebang Sek. IV Melaka Tengah Melaka	Land and hospital building	75,740	Leasehold (99 years expiring 2107)	5	16 Jul 2008	169.9
Kecamatan Karang Dapo Kecamatan Rawas Ilir Kecamatan Mura Lakitan Kecamatan Muara Kelingi Kabupaten Musi Rawas Propinsi Sumatera Selatan Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	2,835 (hectares)	Pending Hak Guna Usaha	-	18 July 2011	161.8
Kecamatan Simpang Rimba dan Payung, Kabupaten Bangka Selatan, Pulau Bangka Propinsi Kepulauan Bangka Belitung Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	4,135 (hectares)	Pending Hak Guna Usaha	12	17 Nov 2006	148.5
315-319 Burwood Highway Burwood East VIC 3151 Australia	Land and service apartment	6,013	Freehold	-	20 Nov 2014	147.0
Kecamatan Jaya Loka Kecamatan Tiang Pumpung Kepungut Kecamatan Bulang Tenga Suku Ulu Kabupaten Musi Rawas Propinsi Sumatera Selatan Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	2,425 (hectares)	Pending Hak Guna Usaha	7	31 Jan 2011	141.1

TEN LARGEST PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2018

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
Somerset Park Suanplu No 39 Soi Suanplu South Sathorn Road Bangkok 10120 Thailand	Service apartment	6,555	Freehold	22	15 Sept 2011	133.8
247-249 Collins Street Melbourne Victoria 3000 Australia	Office building	478	Freehold	135	23 June 2017	106.3

STOCKHOLDING STATISTICS

STOCKHOLDING STATISTICS AS AT 29 MARCH 2019

ISSUED SHARE CAPITAL	:	RM620,393,638/= comprising 620,393,638 stocks (including 31,808 treasury stocks)
CLASS OF STOCK	:	Ordinary Stocks
VOTING RIGHTS	:	On a poll - One vote for every ordinary stock held

ANALYSIS OF STOCKHOLDINGS

Size of Stockholding	No. of Stockholders/ Depositors	No. of Stocks	% of Issued Capital
1 - 99	334	11,759	0.00
100 - 1,000	1,222	879,364	0.14
1,001 - 10,000	3,536	14,285,935	2.31
10,001 - 100,000	1,309	40,383,986	6.51
100,001 to less than 5% of issued stocks	223	210,577,439	33.94
5% and above of issued stocks	4	354,255,155	57.10
Total	6,628	620,393,638	100.00

SUBSTANTIAL STOCKHOLDERS

	Name	*No. of stocks Direct*	*% of Issued Capital*	*No. of stocks Indirect*	*% of Issued Capital*
1.	Boon Siew Sdn Bhd	266,729,662	43.00	78,604,757 [a]	12.67
2.	Employees Provident Fund Board	62,147,816	10.02	-	-
3.	Penang Yellow Bus Company Berhad	32,848,477	5.30	-	-
4.	Datuk Loh Kian Chong	620,000	0.10	359,002,450 [b]	57.87
5.	Aberdeen Asset Management PLC	-	-	37,634,200 [c]	6.07
6.	Standard Life Aberdeen PLC and its Subsidiaries	-	-	37,634,200 [c]	6.07

[a] *Deemed interested via Penang Yellow Bus Company Berhad, Bayview Hotel Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Berhad.*

[b] *Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Berhad, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd, Southern Perak Plantations Sdn Berhad and Global Investment Limited.*

[c] *Deemed interested via various funds managed by its subsidiaries.*

STOCKHOLDING STATISTICS

THIRTY LARGEST STOCKHOLDERS AS AT 29 MARCH 2019

No.	Name	No. of Stocks	% of Issued Capital
1.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOON SIEW SDN BERHAD (00-00198-000)	133,365,188	21.50
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW SDN BHD	133,364,474	21.50
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	54,677,016	8.81
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PENANG YELLOW BUS COMPANY BHD	32,848,477	5.30
5.	CITIGROUP NOMINEES (ASING) SDN BHD HONDA MOTOR COMPANY LTD	25,119,424	4.05
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BAYVIEW HOTEL SDN BHD	21,848,407	3.52
7.	HSBC NOMINEES (ASING) SDN BHD BPSS LUX FOR ABERDEEN GLOBAL - ASIAN SMALLER COMPANIES FUND	10,492,300	1.69
8.	HSBC NOMINEES (ASING) SDN BHD BPSS LDN FOR ABERDEEN STANDARD ASIA FOCUS PLC	10,154,700	1.64
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	9,479,700	1.53
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD (PB)	9,000,000	1.45
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH BOON SIEW HOLDINGS SDN BHD	7,568,031	1.22
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	7,470,800	1.20
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BOONTONG ESTATES SDN BERHAD (PB)	7,000,000	1.13
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	6,324,400	1.02
15.	LOH KAR BEE HOLDINGS SDN BHD	5,900,000	0.95
16.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOONTONG ESTATES SDN BERHAD (00-00200-000)	4,432,966	0.71
17.	CHINCHOO INVESTMENT SDN. BERHAD	3,369,960	0.54
18.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,186,379	0.51
19.	GOLDEN FRESH SDN BHD	3,050,000	0.49
20.	ANG TEOW CHENG & SONS SDN BHD	3,000,000	0.48

STOCKHOLDING STATISTICS

THIRTY LARGEST STOCKHOLDERS AS AT 29 MARCH 2019 (cont'd)

No.	Name	No. of Stocks	% of Issued Capital
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LIM SU TONG	2,966,906	0.48
22.	KEY DEVELOPMENT SDN. BERHAD	2,736,000	0.44
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BOON SIEW DEVELOPMENT SDN BERHAD (PB)	2,035,000	0.33
24.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	1,870,000	0.30
25.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD TONG YEN SDN BHD (00-00203-000)	1,708,278	0.28
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)(419500)	1,470,800	0.24
27.	FOO LOKE WENG	1,470,024	0.24
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW DEVELOPMENT SDN BHD	1,439,907	0.23
29.	SEAH HENG LYE	1,355,000	0.22
30.	SEAH MOK KHOON	1,302,000	0.21
	TOTAL:	510,006,137	82.21

STOCKHOLDING STATISTICS

DIRECTORS' STOCKHOLDINGS AS AT 29 MARCH 2019

	Name of Directors	Direct Interest	%	Indirect Interest		%
1.	Datuk Loh Kian Chong	620,000	0.10	359,002,450	[a]	57.87
2.	Dato' Robert Wong Lum Kong, DSSA, JP	181,149	0.03	161,872	[b]	0.03
3.	Dato' Seri Lim Su Tong	2,966,906	0.48	4,067,226	[b]	0.66
4.	Tan Kheng Hwee	172,032	0.03	-		-
5.	Dato' Sri Datuk Wira Tan Hui Jing	-	-	772,000	[c]	0.12
6.	Dato' Ghazi Bin Ishak	-	-	-		-
7.	Mary Geraldine Phipps	-	-	5,161	[d]	0.00
8.	Lee Kean Teong	-	-	-		-
9.	Sharifah Intan Binti S. M. Aidid *	18,000	0.00	-		-
10.	Keiichi Yasuda	-	-	-		-
11.	Datin Loh Ean *(alternate director to Dato' Robert Wong Lum Kong, DSSA, JP)*	161,872	0.03	181,149	[b]	0.03

[a] *Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Berhad, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd, Southern Perak Plantations Sdn Berhad and Global Investment Limited.*

[b] *These are stocks held in the name of the spouses and children and are regarded as interests of the Directors in accordance with Section 59(11)(c) of the Companies Act, 2016.*

[c] *Deemed interest via Loh Gim Ean Holdings Sdn. Bhd.*

[d] *Deemed interest via Phipps Holdings Sdn. Bhd.*

* *She also holds 227,318 shares and 100,000 shares in Armstrong Auto Parts Sdn Berhad and Teck See Plastic Sdn Bhd respectively.*

ORIENTAL HOLDINGS BERHAD (5286-U)

FORM OF PROXY

CDS Account No.:	No. of stocks held:

I/We ____
(Full name in Block Letters and NRIC / Passport No. / Company No.)

of ____ and ____________________
(Address) (Tel. No.)

being a *member/ members of Oriental Holdings Berhad hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	No. of Stocks	% of Stockholding

* and/or

Full Name (in Block Letters)	NRIC/Passport No.	No. of Stocks	% of Stockholding

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our proxy, to vote for *me/us and on *my/our behalf at the FIFTY-SEVENTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, 12 June 2019 at 2:30 pm at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang or at any adjournment thereof.

*My/our proxy is to vote on a poll as indicated below with an "X".

	ORDINARY								
Resolutions	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
FOR									
AGAINST									

* Strike out if not applicable

Signed this ____________ day of ____________ 2019

____
Signature of Stockholder(s)/Common Seal

Notes:
1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it may holds with ordinary stocks of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary stocks in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. If the appointer is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or an attorney duly authorised.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 31 May 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

Personal Data Privacy
By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

Fold along this line

Affix
Postage
Stamp

The Company Secretaries
Oriental Holdings Berhad (5286-U)

170-09-01, Livingston Tower, Jalan Argyll
10050 George Town, Pulau Pinang

Fold along this line

57^{TH} ANNUAL GENERAL MEETING ADMINISTRATIVE DETAILS

Day and Date	Wednesday, 12 June 2019
Time	2.30 pm
Venue	Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang

PARKING

1. Parking is free and you are required to park your vehicle at Wisma Boon Siew's car park (Bayview Hotel Georgetown Penang).

   Kindly get the car park ticket endorsed with the rubber stamp of Oriental Holdings Berhad at the registration hall and validate the said ticket at Boon Siew Group car park post (next to the car park entrance/exit) later to enjoy free parking.

REGISTRATION

2. Registration will commence at 1.00 pm and will end at the time as may be determined by the Chairman of the meeting.
3. Please present your original National Registration Identity Card (NRIC) or Passport to the registration staff for verification. Please make sure your NRIC is returned to you after registration.
4. An access card will be given to you thereafter. No one will be allowed to enter the meeting room without the access card. There will be no replacement should you lose or misplace the access card.
5. You may proceed to the meeting room thereafter.
6. Registration must be done in person. No person is allowed to register on behalf of another.
7. The registration counter will handle verification of identity, registration and revocation of proxy/ proxies.

PROXY

8. A member entitled to attend and vote in the meeting is allowed to appoint proxy. Please submit your Form of Proxy in accordance with the notes and instructions printed therein.
9. The Form of Proxy is not required if you are attending the meeting.
10. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the Registration Counter to revoke the appointment of your proxy.
11. Please ensure that the original Form of Proxy is deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang not less than forty-eight (48) hours before the meeting time. No proof of despatch of Form of Proxy will be entertained.

GENERAL MEETING RECORD OF DEPOSITORS

12. For the purpose of determining who shall be entitled to attend the 57^{th} Annual General Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 31 May 2019 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

ANNUAL REPORT 2018

13. The Annual Report 2018 is available on the Company's website at www.ohb.com.my and Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

AGM ENQUIRY

14. For any enquiry prior to the 57^{th} AGM, please contact the Boardroom Corporate Services Sdn. Bhd. (Tel +604 229 4390 / 227 7762) during office hours.

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