ORIENTAL HOLDINGS BERHAD
196301000446 (5286-U)

ANNUAL REPORT 2019

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Eighth (58th) Annual General Meeting of stockholders of Oriental Holdings Berhad ("the Company" or "OHB") will be conducted as a virtual meeting for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice.

Remote Participation and Voting ("RPV") Facilities	: https://web.vote2u.app
Event Name	: OHB AGM
Day and Date	: Wednesday, 15 July 2020
Time	: 2.30 pm
Broadcast Venue	: Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang
Mode of Communication	: (1) Typed text in the RPV Facilities (2) E-mail questions to help.pg@boardroomlimited.com prior to Meeting

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2019 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 10 sen per ordinary stock for the financial year ended 31 December 2019.	Ordinary Resolution 1
3.	To re-elect the following Directors who retire in accordance with Clause 103 of the Company's Constitution:	
	(a) Dato' Robert Wong Lum Kong, DSSA, JP	Ordinary Resolution 2
	(b) Puan Sharifah Intan Binti S M Aidid	Ordinary Resolution 3
	(c) Dato' Ghazi Bin Ishak	Ordinary Resolution 4
4.	To re-elect Mr Yoshitaka Nakamura who retires in accordance with Clause 110 of the Company's Constitution.	Ordinary Resolution 5
5.	To approve the Directors' Fees and benefits payable up to an aggregate amount of RM2.33 million to the Directors for the period commencing this Annual General Meeting ("AGM") through to the next AGM of the Company in 2021.	Ordinary Resolution 6
6.	To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 7

As Special Business

7. **Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** — Ordinary Resolution 8

"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 23 June 2020 ("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.

NOTICE OF ANNUAL GENERAL MEETING

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."

8. **Proposed Renewal of Authority to Buy-Back its Own Stocks** Ordinary Resolution 9

"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 RM547.9 million which represents the audited retained profits reserve of the Company as at 31 December 2019, 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 5 June 2020 (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

(d) 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."

9. **Retention as Independent Non-Executive Director** Ordinary Resolution 10

"THAT, Ms Mary Geraldine Phipps be 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."

NOTICE OF ANNUAL GENERAL MEETING

10. **Retention as Senior Independent Non-Executive Director** — Ordinary Resolution 11
"THAT, Dato' Ghazi Bin Ishak be retained as Senior Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next AGM."

11. 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) (SSM PC No.: 202008001023)
Ong Tze-En (MAICSA 7026537) (SSM PC No.: 202008003397)
Joint Company Secretaries

Penang, 23 June 2020

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). Alternatively, you may deposit your Form of Proxy via Vote2U Online at https://web.vote2u.app.

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 7 July 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes on the resolutions:

1. The Ordinary Resolution 6, is to seek stockholders' approval for fees/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 2021. 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 for 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 8 pursuant to Proposed New and 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 law to be held or revoked/varied by resolution passed by the stockholders in a general meeting whichever is the earlier.

3. **Ordinary Resolution 9 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 10 and 11 pursuant to retention of Ms Mary Geraldine Phipps and Dato' Ghazi bin Ishak as the Independent Non-Executive Director and Senior Independent Non-Executive Director of the Company respectively**
   Ms Mary Geraldine Phipps ("Ms Phipps") and Dato' Ghazi bin Ishak ("Dato' Ghazi") were appointed as the Independent Non-Executive Directors on 14 August 2009 and 22 September 2010 respectively. They have served the Company as the Independent Non-Executive Directors for more than nine (9) years as at the date of the notice of the Fifty-Eighth Annual General Meeting. The Nominating Committee has assessed the independence of Ms Phipps and Dato' Ghazi and noted that they meet the independence guidelines as set out in Chapter 1 and Practice Note 13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They have demonstrated complete independence in character and judgement. The Board, therefore, considers Ms Phipps and Dato' Ghazi to be independent and recommends them to remain as Independent Non-Executive Director and Senior Independent Non-Executive Director of the Company respectively.

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.

IMPORTANT NOTICE:
In view of the outbreak of COVID-19 which is now a global pandemic, the Company has in place rules and control for the 58th AGM. You are requested to read and adhere to the Administrative Guide issued which is sent together with this Notice of 58th AGM and published on the Company's website at www.ohb.com.my. Stockholders are also reminded to monitor the Company's website and announcements from time to time for any changes to the 58th AGM's arrangements.

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 10 sen per ordinary stock only in respect of:

(a) Stocks transferred into the Depositor's Securities Account before 4.30 pm on 23 July 2020 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 Special Final Single Tier Dividend, if approved, will be paid on 7 August 2020 to Depositors registered in the Records of Depositors at the close of business on 23 July 2020.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

1. INTRODUCTION

At the AGM of the Company held on 12 June 2019, 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 21 May 2020 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 21 May 2020, the issued share capital of the Company is RM620,393,638 comprising 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 62,039,363 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 2021 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 stock 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 5 June 2020	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 RM10.75 as per audited financial statements as at 31 December 2019.

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 exercised 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 2019, the Company’s retained earnings is RM547.9 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 5 June 2020, the public stockholding spread of the Company is approximately 40.30% 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 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 Stock Price

The monthly highest and lowest prices of the Stocks as traded on the Bursa Securities for the last twelve (12) months from June 2019 to May 2020 are as follows:

	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	April 2020	May 2020
Highest (RM)	6.87	6.67	6.62	6.53	6.61	6.57	6.58	6.56	6.46	6.25	5.23	5.80
Lowest (RM)	6.46	6.49	6.44	6.44	6.44	6.45	6.45	6.42	6.01	4.50	4.90	4.99

(Source : Bursa Malaysia's Daily Scoreboard and Stock Summary)

The last transacted price of OHB Stocks on 29 May 2020, being the latest practicable date prior to the date of printing of the Circular was RM5.66.

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, 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, 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 pursuant to the Code, which is in respect of exemption for holders of voting stocks, directors and persons acting in concert when a company purchases its own voting stocks.

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 5 June 2020							
	Before Proposed Stock Buy-Back				**After Proposed Stock Buy-Back**			
	Direct	**%**	**Indirect**	**%**	**Direct**	**%**	**Indirect**	**%**
Directors								
Datuk Loh Kian Chong	800,000	0.13	[a] 359,852,450	58.01	800,000	0.14	[a] 359,852,450	64.45
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

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 5 June 2020							
	Before Proposed Stock Buy-Back				After Proposed Stock Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Directors								
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) 794,800	0.13	-	-	(c) 794,800	0.14
Mary Geraldine Phipps	-	-	(d) 5,161	0.00	-	-	(d) 5,161	0.00
Dato' Ghazi Bin Ishak	-	-	-	-	-	-	-	-
Lee Kean Teong	7,680	0.00	-	-	7,680	0.00	-	-
Sharifah Intan Binti S. M. Aidid	18,000	0.00	-	-	18,000	0.00	-	-
Yoshitaka Nakamura	-	-	-	-	-	-	-	-
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	60,823,016	9.80	-	-	60,823,016	10.89	-	-
Penang Yellow Bus Company Berhad	32,848,477	5.30	-	-	32,848,477	5.88	-	-
Datuk Loh Kian Chong	800,000	0.13	(a) 359,852,450	58.01	800,000	0.14	(a) 359,852,450	64.45

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 spouse 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.*

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.

STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

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 2018 and 2019.

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
- Yoshitaka Nakamura
  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, Adrian

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
(SSM PC NO.: 202008001023)

Ong Tze-En (MAICSA 7026537)
(SSM PC NO.: 202008003397)

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 44, 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 5 Board Meetings held in 2019.

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 79, 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.

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,

PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

DATO' ROBERT WONG LUM KONG, DSSA, JP (cont'd)

Group Managing Director | Key Senior Management

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 5 Board meetings held in 2019.

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 75, 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 5 Board Meetings held in 2019.

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 54, 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 5 Board Meetings held in 2019.

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 39, 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 5 Board Meetings held in 2019.

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 76, 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 4 out of 5 Board Meetings held in 2019.

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 71, 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 all the 5 Board Meetings held in 2019.

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 61, 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).

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 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 5 Board Meetings held in 2019.

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 85, 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 5 Board Meetings held in 2019.

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

YOSHITAKA NAKAMURA

Non-Independent Non-Executive Director

Mr. Yoshitaka Nakamura, aged 49, Male, a Japanese, was appointed to the Board as a Non-Independent Non-Executive Director on 1 April 2020. He is the representative of Honda Motor Co., Ltd..

He graduated from Yokohama National University in 1996 with a major in International Economics.

He began his career in Honda Motor Co., Ltd. in Tokyo, Japan ("Honda Japan") in April 1996 focusing on Japan domestic motorcycle sales before moving onto overseas motorcycle sales operations of Asia and Oceania region. In October 2016, he was promoted as Assistant Manager and went on his first foreign assignment as Assistant Manager of Asian Honda Motor Co., Ltd. in Thailand for 5 years followed by a second stint of 2 ½ years as Deputy Director of Honda Motorcycle and Scooter India Pvt. Ltd. in India in October 2014. 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 Manager of Sales Division of Motorcycle Operations of Honda, Japan in April 2017.

He was appointed as Chief Marketing & Planning Officer of Boon Siew Honda Sdn. Bhd. ("BSH"), a subsidiary of Honda Japan, in Malaysia in January 2019 before assuming his new role as Managing Director & Chief Executive Officer of BSH effective 1 April 2020.

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 78, 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 70, 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 has 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
	ACPV	: Armstrong Component Parts (Vietnam) Co., Ltd (Commenced member's voluntary winding up on 6 February 2017)
	ATS	: Armstrong Trading & Supplies Sdn. Bhd.
	BSB	: Boon Siew (Borneo) Sendirian Berhad
	HM	: Happy Motoring Co. Sdn. Bhd.
	KAHA	: Kah Agency 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.
	SOAM	: Selasih OAM Sdn. Bhd.
	SP	: Selasih Permata Sdn. Bhd.
Investment Properties and Trading of Building Material Products	**ACP**	: Armstrong Cycle Parts (Sdn.) Berhad
	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.
	SJ	: Star Joy Sdn. Bhd.
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, ATS, ACPV*, HM, BSB, KP, KAHA, Kah M, KBA, KC, KMA

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
- Chateau Tongariro Hotel
- Wairakei Resort Taupo

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, SOAM

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

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, it is my pleasure to present to you the Annual Report together with the Audited Financial Statements of Oriental Holdings Berhad (the "Company" or "Oriental") and its subsidiaries (the "Group") for the financial year ended 31 December 2019 ("FY2019").

FINANCIAL PERFORMANCE

The Group has recorded a revenue of RM5.2 billion and a profit before tax of RM458.9 million for the financial year ended 31 December 2019 compared to a revenue of RM6.4 billion and a profit before tax of RM596.7 million for the preceding year. Automotive and Plantation segments led the contribution by 70% and 10% to the consolidated revenue respectively.

The net assets per stock of the Group increased from RM10.59 to RM10.75, 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 FY2019, 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 10 sen per ordinary stock for this financial year. Combined with the interim dividend of 12 sen per ordinary stock each which was paid on 22 November 2019, this brings the total dividend for FY2019 to 30 sen per ordinary stock.

The Board will endeavor to pay a reasonable dividend each year and regularly reviews the distribution to stockholders vis-à- vis the Group's overarching 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 not affect the Group's sustainability going forward. The total dividend payout for FY2019 represents more than 52.78% of the profit after tax after non-controlling interest.

OUTLOOK & FUTURE STRATEGIES

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

While the overall market climate is one of cautious optimism, with the recent economic fallout following the global COVID-19 pandemic, the Board is of the view that the Group's performance for FY2020 will be challenging. Despite the challenges, the Board is optimistic that the Group's fundamental strengths and diversified conglomerate activities will enable us to remain resilient and propel the Group forward.

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 unrelenting commitment and dedication towards 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 co-operation.

On 31 March 2020, we bid farewell to Mr Keiichi Yasuda, our Non-Independent Non-Executive Director who left the Board for a new position abroad. In his stead, we warmly welcome Mr Yoshitaka Nakamura who joined the Board as Non-Independent Non-Executive Director. The Board and I thanked Mr Yasuda for his support and contribution throughout his tenure of service. We wish him well for the future.

Lastly, I hereby express my sincere gratitude to my fellow Board members for their invaluable support, dedication and guidance throughout 2019. Let's keep the passion going towards our common goal to enhance the performance and value of Oriental.

Datuk Loh Kian Chong
Executive Chairman
21 May 2020

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, provision of after sales services as well as subsequent diversification to Mitsubishi marque at the end of 2014. In addition, Kah Bintang Auto Sdn. Bhd. has commenced the used car sales business in June 2019.

We are the exclusive distributor of Honda cars in both Singapore and Brunei Darussalam. Kah Motor Malaysia currently operates eight out of 91 Honda dealerships in Peninsular Malaysia and one 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 sole outlet at Jalan Ipoh, Kuala Lumpur.

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

The segment's objective is to become the top automobile retailer 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 decrease of 23.5% in total revenue to RM3.6 billion compared to RM4.7 billion in FY2018. Revenue contributions from retail operations in Singapore accounted for 64.0% of total revenue, while the remaining 36.0% came from operations in Malaysia and Brunei.

Retail operations in Singapore recorded a decrease in revenue and operating profit by 24.7% and 17.5% respectively mainly due to lower number of cars sold by 21.9% in line with lower Certificate of Entitlement ("COE") quota issued. Significant drop was recorded for certain models such as Honda City and Odyssey.

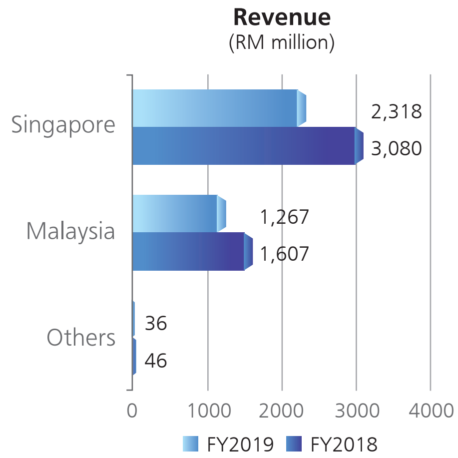
Where retail operation in Malaysia is concerned, revenue dropped by 22.8% in line with lower number of cars sold by 29.2% especially for Honda Civic, Jazz, Accord and BRV models due to overall slowdown in the market condition and competition from other car brands. This was mitigated, in part, by a three-month tax holiday which helped boost the buying sentiments among customers. However, Malaysia's retail operation recorded a 61.6% drop in operating profit owing largely to a gain derived from the disposal of property of RM11 million and compensation for loss on operation of RM2 million from the government's mandatory land acquisition in FY2018.

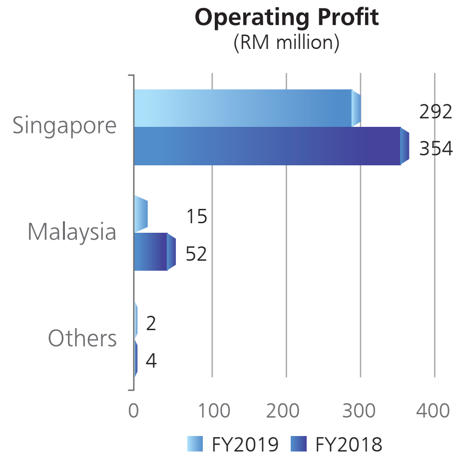
For Malaysia's retail operation, the overall number of cars sold for Honda and Mitsubishi brands dropped by 29.2% and 32.3% respectively which correlated with the overall total sales for Honda and Mitsubishi cars in Malaysia by 16.5% and 12.1% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS
- AUTOMOTIVE SEGMENT

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

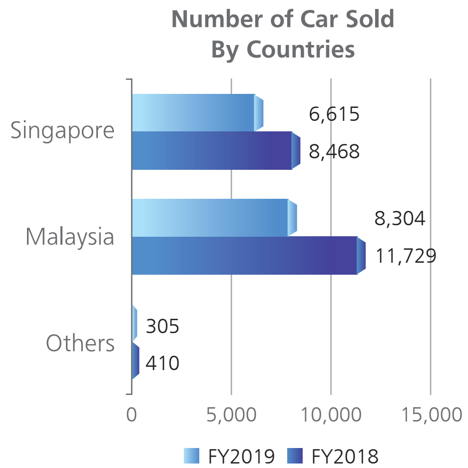
A summary of the financial results of the Automotive segment for the corresponding periods are as follows:

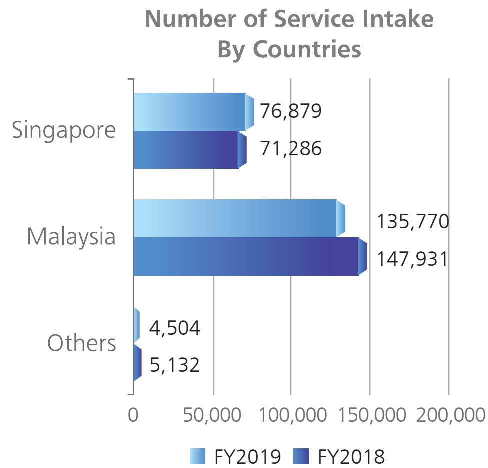




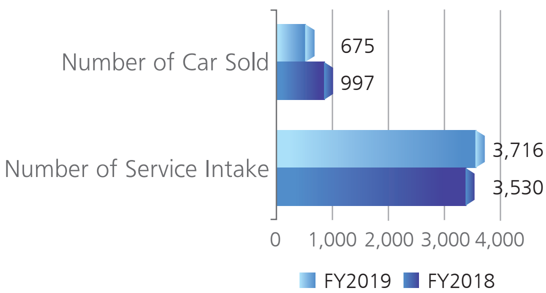
A summary of the number of cars sold and service intake of the Automotive segment for the corresponding periods are as follows:

Honda Brand





Mitsubishi Brand (Malaysia)

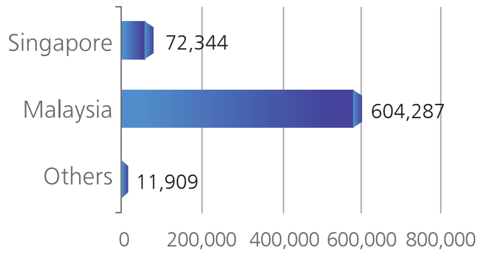


MANAGEMENT DISCUSSION AND ANALYSIS
- AUTOMOTIVE SEGMENT

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

The market share analysis for Financial Year 2019 are as follows:

Industry Volume by Countries



Honda Market Share

Singapore: 21.0%

Malaysia: 14.1%

Brunei: 2.6%

Mitsubishi Market Share

Malaysia: 1.3%

OHB Group Market Share over Honda Market Share

Singapore	: 43.5%
Malaysia	: 9.7%
Brunei	: 100%

OHB Group Market Share over Mitsubishi Market Share

Malaysia	: 8.3%

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

We envisage less than positive market conditions ahead, stringent controls on hire purchase loans with the automotive segment facing fierce market competition due to external factors such as rising costs of living and volatility of the Ringgit against major currencies. Nevertheless, we will endeavour to maintain our standing in the market. Over the past years, we have been continuously expanded and upgraded 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, 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 RM32.0 million in FY2019 as compared to RM17.2 million in the previous financial year. The capital expenditure was primarily incurred on expansion and upgrade to showrooms and service centres with the objective to improve 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 will remain as main challenge to the Automotive segment.

In addition, Honda Malaysia has announced that the prices of selected Honda cars sold in Malaysia will increase by about 5% to 9%, depending on models and variants effective from 21 February 2020 which will further impact car sales performance in 2020.

Last but not least, as the worldwide grapples with the outbreak of COVID-19 pandemic, many automotive players across the globe have shut down their operations in tandem with the nationwide lockdown of their respective countries. This has disrupted the global supply chain for automotive parts resulting in major disruption to production and worsen by adverse effects from the on-going trade tension between the US and China.

On the local front, many car companies have announced temporary suspension of operations during the imposition of Movement Control Order ("MCO") effective 18 March 2020 with extension under Conditional MCO from 5 May to 9 June and further extended under Recovery MCO from 10 June to 31 August 2020. Operations only resumed upon obtaining specific approval from Ministry of International Trade and Industry ("MITI"). Therefore, we expect the sales in 2020 to be severely affected due to the enforcement of MCO.

MANAGEMENT DISCUSSION AND ANALYSIS
- AUTOMOTIVE SEGMENT

FORWARD-LOOKING STATEMENT

2019 has been a challenging year with concerns over resurgence of Proton (under Geely leadership) in the local market scene and continued tight hire purchasing lending policies. Notwithstanding, total industry volume grew higher by 0.9% which was mainly contributed by Proton and Perodua.

Looking forward, 2020 is expected to be more challenging as the ongoing COVID-19 pandemic has affected many manufacturing activities, including that of automotive, that depend on supply from mainland China. The lockdown to slow the spread of COVID-19 pandemic in Malaysia and elsewhere has affected consumer sentiment and curb spending powers to that of necessity only. This, coupled with Honda Malaysia’s announcement of car price hike ranging between 5% to 9%, would test the segment’s ability to deliver top-line growth.

Having said that, silver linings appeared: new models launched in early 2020 has injected some excitement into the market and Bank Negara Malaysia’s announcement of reduction to Overnight Policy Rate (“OPR”) by 25 basis points on 3 March 2020 followed by a further 50 basis points to 2.00% on 5 May 2020. We are hopeful that the financial institution would ease on the lending policies to help rejuvenate the economy in general and the automotive market specifically.

Delving further, Mitsubishi Motors has set its target to grow its South-East Asian market and has been building network and brand image to grow their market presence and sales. Thus far, KCA has consistently deliver an above average sales contribution per outlet to Mitsubishi and has been identified as an anchor dealer which is a trusted and valued business partner of Mitsubishi Motors.

In Singapore, we expect market to remain challenging due to its relatively small market size and competitors’ ability to undercut prices easily. Parallel importers are increasing competition with wide range of hybrids from Japanese domestic market on offer at lower price range direct to customers. As a counterpoint, these parallel imports would not be able to enjoy warranty support at the approved vendors. Further, we anticipate COE quota to shrink further in 2020.

As part of our initiative to further enhance our market positioning and portfolios’ attractiveness to customers, the management will be expanding the reach of its sales and after-sales service networks and improving the overall service quality levels on offer to support the increasing requirements from customers.

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 plantation business in Indonesia in 1994 with the acquisition of 20,000 hectares of concession plantation land in Bangka Island, Indonesia, thus marking its first foray into the overseas market. As at 31 December 2019, the Group operates eight plantation companies in Indonesia; three on Bangka Island and five in South Sumatra, Indonesian Plantation.

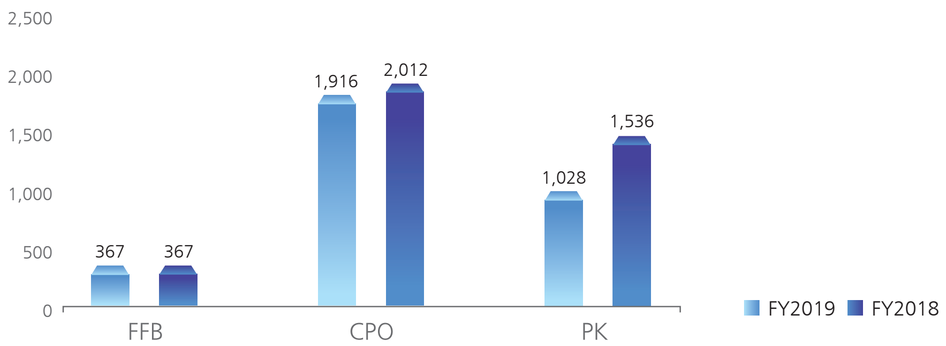
The Group commissioned its first Crude Palm Oil ("CPO") mill in Bangka Island, in 1999 followed by a second mill on the island in 2003 in line with rapid increase in fresh fruit bunches ("FFB") production in Indonesia. The third oil mill on the island was commissioned in FY2016. The three mills on Bangka Island enabled the Group to process 514,777 MT per annum of FFB in FY2019. Meanwhile, construction of the fourth oil mill, the first for its South Sumatra operations has been completed and targeted to be commissioned during first half of 2020.

As of 31 December 2019, the Group's plantation land bank concession stands close to 96,007 hectares, of which 40,859 hectares have been planted with oil palm trees. About 91,048 hectares are in Indonesia (Pulau Bangka and South Sumatra) while the remaining 4,959 hectares are located in Malaysia (Pahang and Negeri Sembilan). The segment currently has a matured area of 33,560 hectares.

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND CONDITIONS

Plantation segment reported revenue of RM 506.7 million, a decline of RM 109.8 million or 17.8% compared to RM 616.5 million for FY2018 with the drop, attributed to the decrease in CPO and Palm Kernel ("PK") selling prices and sales volume. Sales volume for CPO and PK decreased by 15.8% and 14.4% respectively compared to the preceding year. Despite a decline in revenue, plantation segment recorded an operating profit of RM 66.0 million, a 481.5% increase from the preceding year's operating loss of RM 17.3 million. RM 62.0 million or 93.9% of the operating profit was from Indonesian Operations. The improvement in performance was mainly attributed to unrealised foreign exchange gain on our JPY borrowings and gradual improvement in commodities prices towards the end of the year.

The Average Selling Price
(RM/MT)



The Group's estates produced a total of 635,542 MT of FFB, a decrease of 10.0% compared to 705,999 MT for the preceding year. The drop was mainly due to lower yield - FFB yield per hectare of 18.94 MT/Ha in FY2019 compared to 21.93 MT/Ha in FY2018.

In FY2019, the plantation recorded an unrealised foreign exchange gain of RM 35.4 million compared with unrealised foreign exchange loss of RM 97.3 million in FY2018 mainly attributable to weakening of Japanese Yen for its yen-denominated borrowings for its Indonesian Operations.

For capital expenditure, the segment spent a total of RM 151.4 million in FY2019 compared to RM 118.4 million in the preceding year. The capital expenditure consists mainly of development cost for its Indonesian Operations, including new planting and replanting of oil palm, construction of staff quarters and new oil mill, and acquisition of agricultural equipment and vehicles. In FY2020, total capital expenditure to be incurred for new planting, construction of office and estate building is expected to reach around RM 50.1 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 MT per hour, process their 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 892,113 MT in FY2019, a decrease of 27.0% compared to FY2018 of 1,221,977 MT. The decrease in FFB processed correlated with drop in FFB yield per hectare and decrease in external purchases. 42.3% of the total FFB processed during the year was sourced from third parties compared to 50.3% in FY2018.

In FY2019, average CPO and PK extraction rates stood at 19.67% and 5.12% respectively, increasing by 1.8% and 3.0% compared to 19.33% and 4.97% achieved in FY2018. Higher extraction rates were attributable to higher yielding planting materials that boost oil yields and productivity.

A total of 318 hectares of oil palms were replanted in FY2019 compared against 239 hectares in FY2018 for Malaysian plantations. Moving forward, our strategy for FY2020 is to replant 340 hectares. As for new planting activities in Indonesia, we have planted 11,500 hectares to date and targeted to plant about 1,000 to 2,000 hectares each year over the next two years. A total of 838 hectares were replanted in FY2019 compared to 822 hectares in FY2018. An estimated 1,000 hectares is planned for replanting in FY2020. All the replanting activities will be carried out in a sustainability manner and in accordance with environmental-friendly, zero burning policy.

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

Oil palm industry is exposed to climate risk such as erratic weather patterns from the prolonged wet weather due to La Nina and prolonged low rainfall from El Nino. Other factors include the depressed prices for CPO and PK, unstable Ringgit, intensified competition from substitutes, rising operational costs, notably that of fuel, fertilisers and chemicals. Geopolitical factors such as the ongoing trade tensions between United States of America and China, social disorder, cross border and country risks as well as labour shortages in estates also impacted the segmental performance. On the international front, palm oil continues to face criticism for alleged links to deforestation, climate change, health effects and market restrictions in terms of tariff and non-tariff trade barriers and were further exacerbated by 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.

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 improvements through better agronomic administration, reorganising harvesting operations, focus on automation and mechanisation of our mills and estates operations as reliance on manpower is limiting and restricting while 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 unlocks 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 our current land bank. Marginal land will be removed from development. Efforts will be focussed on the development of existing land bank into premium quality plantations and the expansion of planted hectares via acquisition of planted areas and plantation companies which fit our technical specifications and affordability requirements. In tandem with the expansion plans, the Group is also focused on enhancing and improving the technical skills and capabilities of our staff through trainings for talent rentention to fulfil current and future needs.

MANAGEMENT DISCUSSION AND ANALYSIS
- PLANTATION SEGMENT

FORWARD-LOOKING STATEMENT

FY2019 has been a challenging year with geopolitical and trade tensions as well as tightening financial conditions with the US-China trade tensions spilling into currencies and commodities with clear signs of an economic slowdown across the world that things could worsen.

The palm oil industry was adversely impacted by the uncertainties on the economic and business landscape in the form of volatility in both commodity prices and foreign exchange markets, aggravated further by negative sentiments against oil palm. CPO prices, which had started 2019 at RM 2,121 per MT had sank to hit a low of RM 1,937 per MT by July 2019. This was followed by a rally in prices in late 2019 driven by fears of a supply crunch owing to lower output growth and rising biodiesel mandates. The low output was being triggered by 2 factors: normal biological high low cycle and the dry weather plus low or no fertiliser applications in first half of 2019.

Notwithstanding the tough conditions faced in 2019, 2020 is shaping up to be a year of biodiesel, lower production and buoyant demand and we will continue to strive to improve operational productivity and efficiency as well as strengthening sustainable estate management practices at all levels of operations.

The commissioning of the first palm oil mill in South Sumatra in the first half of 2020 will boost plantation performance going forward. We remain confident that by building strong fundamentals and placing emphasis on delivering results will enable the Group to remain resilient and weather such challenges.

Indonesia has launched biodiesel containing 30% palm-based fuel ("B30"), the highest mandatory mix in the world, in a bid to slash its fuel import bill, boost domestic palm oil consumption and absorb growing supplies of palm oil. The B30 mandatory policy was implemented on 1 January 2020. Meanwhile, Malaysia has kicked start the nationwide implementation of B20 programme this year in stages, starting with Langkawi. The move ultimately will strengthen the palm oil industry and stabilise the palm oil prices in the market.

Prior to COVID-19, the average CPO price assumption for FY2020 of RM 2,300 per MT was anticipated by many research houses. This was supported by continuous CPO production decline from the dry weather impact, lower fertiliser application as well as lower replanting, sturdy demand from implementation of biodiesel mandates and widening of soybean oil-crude palm oil premium.

The onset of the COVID-19 pandemic in January 2020 and the resulting lockdown within and between countries on a global scale to contain its spread and the resulting widespread disruptions to supply chains have raised fears on the health of both the global economy and markets.

Much uncertainty remains on COVID-19 impact to the plantation segment. What is certain is that demand for palm oil has been affected since the start of the pandemic. Our main focus remain to keep all operational costs down, maximize efficiency and effectiveness in the use of all resources, close monitoring of the market conditions with prompt management action and decision to ensure the sustainability of the operations especially during these trying times.

PLANTATION STATISTICS

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

	FY2019	FY2018	Change (%)
Production (MT)			
Malaysian Operations			
FFB	61,729	61,100	1.0
Indonesian Operations			
FFB	573,813	644,899	-11.0
Total FFB	**635,542**	**705,999**	**-10.0**
Yield Per Mature Hectare (MT)			
Malaysian Operations	16.11	16.62	-3.1
Indonesian Operations	19.30	22.61	-14.6
Group	**18.94**	**21.93**	**-13.6**
Operating Profit/(Loss) Per Mature Hectare (RM)			
Malaysian Operations	1,049	(1,257)	183.5
Indonesian Operations	2,084	(445)	568.3
Group	**1,966**	**(538)**	**465.4**

MANAGEMENT DISCUSSION AND ANALYSIS
- PLANTATION SEGMENT

PLANTATION STATISTICS (cont'd)

The Group's production records of 3 palm oil mills

	FY2019	FY2018	Change (%)
Indonesian Operations			
FFB processed (MT)			
Own Estates	514,777	607,772	-15.3
External	377,336	614,205	-38.6
Total	**892,113**	**1,221,977**	**-27.0**
CPO production (MT)	175,469	236,226	-25.7
PK production (MT)	45,667	60,678	-24.7
Extraction rates (%)			
CPO	19.67	19.33	1.8
PK	5.12	4.97	3.0

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

Malaysian Operations	**FY2019**	**FY2018**
	Ha	**Ha**
Matured	3,832	3,676
Immature	947	1,134
Planted	**4,779**	**4,810**
Buildings, roads, etc.	180	158
Land bank	**4,959**	**4,968**

Indonesian Operations	**2019**	**2018**
	Ha	**Ha**
Matured	29,728	28,518
Immature	6,352	6,442
Planted	**36,080**	**34,960**
Plantable	52,657	53,355
Buildings, roads, etc.	2,311	2,221
Land bank	**91,048**	**90,536**
Total Group Planted	**40,859**	**39,770**
Total Group Land Bank	**96,007**	**95,504**

Distribution by Age Profile of the Group's Oil Palms

Malaysian Operations	**FY2019**		**FY2018**	
	Ha	**%**	**Ha**	**%**
Young (4 to 7 years)	1,582	41%	1,316	36
Prime (8 to 18 years)	718	19%	118	3
Mature (More than 18 years)	1,532	40%	2,242	61
Total Matured Planted	**3,832**	**100%**	**3,676**	**100**

Indonesian Operations	**FY2019**		**FY2018**	
	Ha	**%**	**Ha**	**%**
Young (4 to 7 years)	5,122	17%	5,043	18
Prime (8 to 18 years)	8,153	28%	6,212	22
Mature (More than 18 years)	16,453	55%	17,263	60
Total Matured Planted	**29,728**	**100%**	**28,518**	**100**
Group Matured Planted	**33,560**	**100%**	**32,194**	**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, with one in Malaysia and nine based overseas. 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).

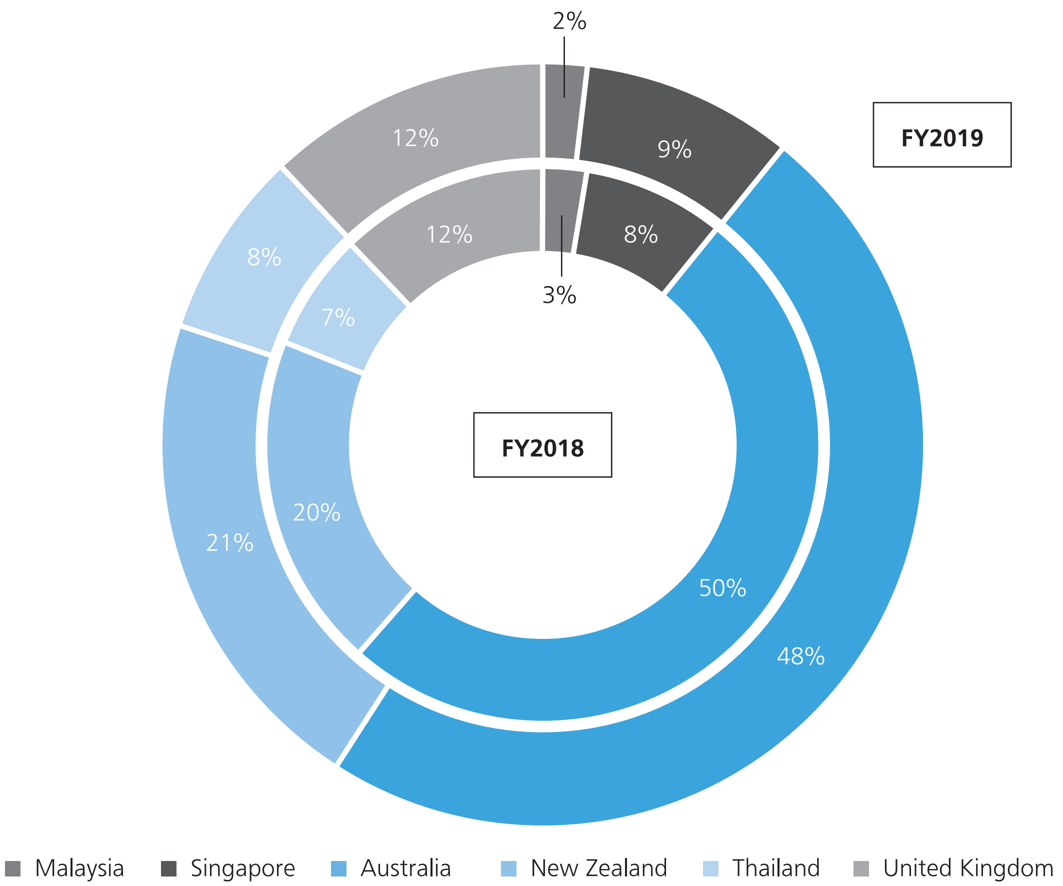
The Group operates all hotels and resorts on its own with the exception of Somerset Park Suanplu (managed by The Ascott Limited) and Thistle Holborn The Kingsley Hotel (managed by Guoman). The portfolio also includes Bayview International Sdn Bhd which oversees operations, marketing and promotion activities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

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS & CONDITIONS

The Hotels & Resorts segment recorded a revenue of RM312.9 million, a decrease of RM3.6 million (1.1%) compared to RM316.5 million for FY2018. This was mainly attributed to lower average occupancy rate and average room rate in hotels in Australia.

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 FY2019 decreased to RM58.7 million compared to RM59.8 million in FY2018 with the marginal drop driven by existing oversupply situation from new hotels as well as the rapid growth of Airbnb and increase in selling & marketing expenses due to increase in staffing and energy expenses. The average occupancy rate for 10 hotels and resorts dropped slightly from 76% to 75% in FY2019.

Hotels	Location	Star Rating	Managed by	Occupancy Rate	
				FY2019	FY2018
Bayview Hotel Malacca	Malaysia	4 Star	Bayview International Sdn Bhd	57%	64%
30 Bencoolen	Singapore	4 Star	Bayview International Sdn Bhd	92%	91%
The Sydney Boulevard Hotel	Australia	4 Star	Bayview International Sdn Bhd	84%	90%
Bayview Eden Melbourne	Australia	4 Star	Bayview International Sdn Bhd	78%	79%
Bayview On The Park	Australia	4 Star	Bayview International Sdn Bhd	72%	77%
Bayview Geographe Resort	Australia	4 Star	Bayview International Sdn Bhd	56%	54%
Chateau Tongariro Hotel	New Zealand	4 Star	Bayview International Sdn Bhd	75%	76%
Wairakei Resort Taupo	New Zealand	4 Star	Bayview International Sdn Bhd	60%	57%
Somerset Park Suanplu	Thailand	4 Star	The Ascott Limited	86%	84%
Thistle Holborn The Kingsley Hotel	United Kingdom	4 Star	Guoman	86%	84%

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 are 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 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.

Despite these efforts taken by hotels and resorts, the COVID-19 pandemic had a significant impact on the global travel and hospitality industry after nations across the world imposed travel restrictions to curb its spread. As a result, consistent with the risk of business downturn in hotel industry, we are also experiencing occupancy rate at close to zero while continue to incur the fixed and semi fixed cost.

While the spread of COVID-19 has a direct impact to hoteliers, we look into practising tighter cost control to ensure a healthy cash flow. We are mindful to plan out the cost reduction actions to ensure short term activities do not affect our business opportunities in the long run. We maintain proper staffing to run the operations during the travel restrictions period.

The segment had spent a total of RM13.5 million in its capital expenditure in FY2019 compared to RM8.4 million in the preceding year. The capital expenditure incurred was primarily for reconstruction of the main building at Bayview Geographe Resort as well as general upgrading of gym equipment, room refurbishment, furniture, fittings and equipment in Australia to increase our competitive performance.

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 ease pressure on pricing, Bayview Hotel Malacca has introduced aggressive marketing strategies including the introduction of value added products and dynamic pricing to help drive greater revenue in addition to the implementation of more effective cost management practices.

For Somerset Park Suanplu and Thistle Holborn The Kingsley Hotel, the segment will continue to ensure that 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. In addition, management of part-time and casual employees is also vital given the shortage of skilled employees, especially during peak seasons.

FORWARD-LOOKING STATEMENT

The COVID-19 pandemic would directly dampen the demand for hotel rooms as well as MICE activities. Therefore, we are not optimistic for the rest of year 2020 as we expect the full year results for 2020 to be a loss for the segment but how substantial a loss would directly tie to the effectiveness of the containment measures for COVID-19. The faster the virus is contained, the faster the leisure and hospitality industry will recover.

During this recovery period, we focus on assuring travellers of a sanitary and safe environment for healthy and productive travel. It is important to maintain channel promotions and sales as well as implement cost efficiency measures, reduce wastage and improve staff efficiency to provide satisfactory services to travellers.

Besides planned major refurbishments, about 3% to 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

In this segment, the companies are principally engaged in the operations of medical centre and nursing college. The healthcare segment was launched concurrent with the acquisition of a nursing college in Melaka in April 2011 followed by the construction of the medical hub in August 2012 on the OHB Group's reclaimed land in Klebang, Melaka. Officially launched on 31 January 2015, Oriental Melaka Straits Medical Centre ("OMSMC") is the flagship hospital for the Group's healthcare segment. The hospital has been growing constantly since its inception to become a leading tertiary hospital in Melaka.

As a healthcare service provider, the segment is setting a 10-year direction to develop and grow OMSMC into: (1) a full-fledged 300-bed tertiary medical centre offering multi-disciplinaries with subspecialty services, providing quality and value-based services, with a strong presence in the community; (2) a leader in quality healthcare delivery (trendsetter/brand differentiator).

This segment targets to open its first retail pharmacy outlet in Melaka by first half of FY2020. The setting-up of retail pharmacies will produce synergistic effect with the hospital in addition to offering a variety of extended healthcare services which include comprehensive product segmentation.

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS & FINANCIAL CONDITION

The performance of the segment is expected to accelerate due to increased life expectancy, customer emphasis on greater comfort and reasonable pricing while seeking treatment, as well as improving treatments in therapeutic areas.

The segment will continue to leverage on its operational efficiency, as evidenced by positive revenue and earning before interest, taxes, depreciation, and amortisation ("EBITDA") growth of 7% and 25% respectively compared to FY2018, to grow its topline and market share. The improvement in revenue came from the strong performance aided by increasing number of patients, operational beds and consultants. Operating loss reduced by RM2.4 million or 32% from previous year.

With the continued ramp-up of operations, we expect the segment to continue contributing to the Group's revenue and EBITDA.

Key Indicators

	FY2019	FY2018	Variance (%)
Revenue (RM'000)	73,390	68,362	7.4
EBITDA (RM'000)	10,145	8,148	24.5
Number of beds (operational)	132	129	2.3
Medical consultants	51	45	13.3
No. of inpatients	11,612	10,544	10.1
No. of outpatients	92,619	92,657	0.0
Number of student intake	140	143	- 2.1

MANAGEMENT DISCUSSION AND ANALYSIS
- HEALTHCARE SEGMENT

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

OMSMC, now in its fifth year of offering quality-based health services is going through a transformational expansion to become a leading tertiary hospital in Melaka and southern Malaysia. In 2016, the hospital was awarded a full 4-year accreditation from Malaysia Society of Quality Healthcare ("MSQH"). The company looks forward to achieving another 4-year MSQH accreditation (second cycle) this year. While conducting business and strategising for the future, the management keeps a close eye on relevant trends to spot opportunities and challenges so as to prepare better and more effectively for future developments.

Key profit drivers affecting the segment are:

Opportunities and challenges	Directions
Emergence of New Competition - Today, private hospitals outnumbered government hospitals. Growth in the industry has increased the number of healthcare service providers.	• OMSMC will strengthen its position by enhancing brand awareness and active brand differentiation. • OMSMC will continue to develop brand loyalty via positive experience such as providing the best quality in terms of clinical, process and services. • OMSMC will continue the process of recruiting additional medical consultants to provide/introduce new services / subspeciality such as cardiothoracic surgery.
Evolving consumer expectations - Today's consumers are more informed, involved in, and financially responsible for their health care decisions. They also have higher expectations for the services and products given.	• OMSMC will continue its efforts to improve through innovation to provide better and faster service to the patients. • OMSMC provides digital technologies to facilitate convenience-driven care and nurture two-way relationship for the long term through online resources (reach out via social media channel, online appointment, and other means) to develop patient engagement strategies to help individuals make informed healthcare decisions. • OMSMC actively promotes and participates in health-related events in the local and international communities. • In order to keep healthcare costs sustainable over long term, OMSMC takes efforts to keep hospital charges competitive with pricing adjustments to better position the brand.

Aside from providing quality patient care, the segment will continue to:
- actively promote and participate in health-related events in local and international communities such as medical education talks, public forums, corporate or insurance health talks and blood donation campaign;
- sponsor and organize fund raising events, for both environmental and community initiatives, such as health camps and thematic walks;
- position itself as a medical centre that not only provides treatment but also promotes healthy lifestyle through Pro-Health initiatives and activities;
- build a core OMSMC team with focus on talent management and retention to grow and retain talents, with necessary competence, attitudes and skill sets; and
- promote ongoing culture of quality improvement and patient safety.

MANAGEMENT DISCUSSION AND ANALYSIS
- HEALTHCARE SEGMENT

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

Notwithstanding comprehensive efforts taken-to-date to enhance the operations of the segment to counter the spread of coronavirus (COVID-19) pandemic, the segment will face unprecedented challenges during this uncertain time. Among other impacts, patient volume for non-essential medical attention has dropped dramatically coupled with manpower shortage due to disruption of staff work schedule, increased usage of personal protective equipment and increased manpower requirement for screening of human traffic and safety supply of controls. Arising from this challenges, the main priority for OMSMC has been to keep all occupants of the hospital safe, staff morale up and ensure adequate personal protective equipment at all times. OMSMC has been working to determine how best to support the patients who require health care services and medicines but do not want to go to the hospital for fear of cross-contamination.

Moving on, the segment will progressively in increase the number of operational beds and expand healthcare services via setting-up of retail pharmacy outlet to meet the local community's needs. The segment spent a total of RM6.8 million in FY2019 as compared to RM1.3 million the previous financial year. The increase in spending was in line with the year's budget and capital expenditure strategies. Capital expenditure incurred was primarily for the renovation of future inpatient wards, expansion of retail pharmacy outlet and increased use of medical equipment to further improve quality care.

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

Under Budget 2020, the Malaysian government has allocated RM25 million to the Malaysian Healthcare Tourism Council ("MHTC") in conjunction with the Malaysia Year of Healthcare Travel 2020 as part of the initiative to strengthen Malaysia's position as preferred destination for health tourism in the Asean region for oncology, cardiology and fertility treatments. Medical tourism is expected, a "rapidly expanding" sector. In terms of revenue, healthcare tourism's compound annual growth rate from 2015 to 2018 of 17 per cent in turn, to attract significant investment in the healthcare (hospital) industry. However, due to the COVID-19 pandemic, the initiative by government is not expected to materialised over the short term. While the industry expects to take a financial hit in the first quarter, we expect the adverse consequences could continue further into the year and significantly impact 2020 forecasts.

The domestic healthcare industry continues to be competitive with increasing number of new hospitals and expansion to existing hospitals. Human capital retention remains a key challenge to operations. Skilled and qualified healthcare professional and support staff are presented with more options with the increasing number of medical institutions. Thus, the segment will continue to build a core team focusing 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.

FORWARD-LOOKING STATEMENT

The demand for quality healthcare is increasing and continues to be unrelenting with opportunities for improved diagnostics and treatments. Healthcare expenditure will continue to increase because of ageing population, increased incidences of non-communicable diseases, prolonged life expectations, and demand for better quality healthcare. The segment is confident that the strong OMSMC brand, will continue to deliver high standards of quality healthcare and steer growth on the right path in the next 10 years.

The strategic focus for the segment in the year 2020 will include the following action plans:

- continue to expand its reach to foreign medical travellers by opening new representative offices in neighbouring geographies like Indonesia;
- set up retail pharmacy outlets with first outlet targeted to open by first half of year 2020, in a wholesome community-based setting to serve as a contact point for recruitment and maintenance of customers into the OMSMC healthcare ecosystem;
- continue monitoring the progress of setting up aged care facility and transitional care centre to provide specialised care for patients requiring medium to long-term medical or rehabilitative services;
- continue to monitor the progress of setting up VIP ward to be completed by close of third quarter of year 2020;
- look for opportunity in the form of healthcare e-commerce where doctors could give online consultations or to speak on social media; and
- look for further expansion both organically and inorganically, whenever opportunity arises.

FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM' Million)

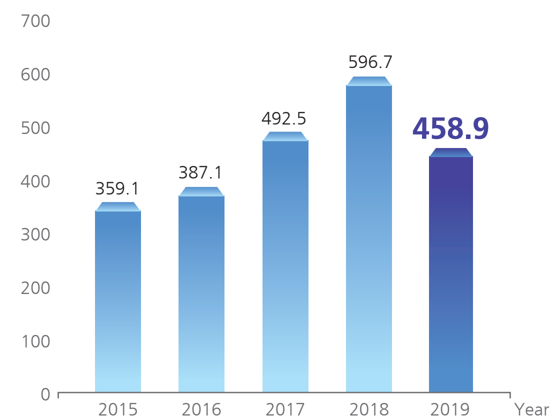
	2019	2018	2017[1]	2016[2]	2015[2]
FINANCIAL POSITION ANALYSIS					
Share capital	**620.5**	620.5	620.5	620.4	620.4
Reserves	**6,046.0**	5,947.7	5,759.4	5,247.7	5,025.5
Treasury stocks	**(0.2)**	(0.2)	(0.2)	(0.2)	(0.2)
Total equity attributable to stockholders of the Company	**6,666.3**	6,568.0	6,379.7	5,867.9	5,645.7
Non-controlling interests	**876.3**	868.3	935.6	951.0	893.8
TOTAL EQUITY	**7,542.6**	7,436.3	7,315.3	6,818.9	6,539.5
Property, plant and equipment	**1,964.7**	2,160.8	2,218.7	1,554.7	1,595.1
Right-of-use assets	**348.7**	-	-	-	-
Intangible assets	**21.9**	29.1	29.6	34.0	49.8
Biological assets	**-**	-	-	690.1	553.7
Investment properties	**1,108.3**	1,095.3	1,018.8	892.1	818.2
Prepaid land lease payments	**-**	60.0	63.0	63.9	66.2
Investments	**1,286.7**	1,314.3	1,298.5	935.8	873.3
Deferred tax assets	**35.2**	32.8	53.1	39.2	31.2
Inventories	**35.9**	36.2	36.2	36.1	36.1
Other receivables	**32.6**	28.8	26.1	-	-
Current assets	**5,399.7**	5,262.6	4,806.1	4,662.7	4,155.3
TOTAL ASSETS	**10,233.7**	10,019.9	9,550.1	8,908.6	8,178.9
TOTAL LIABILITIES	**(2,691.1)**	(2,583.6)	(2,234.8)	(2,089.7)	(1,639.4)
	7,542.6	7,436.3	7,315.3	6,818.9	6,539.5
OTHER DATA					
Profit before taxation	**458.9**	596.7	492.5	387.1	359.1
Taxation	**(105.6)**	(122.5)	(90.5)	(88.9)	(75.9)
PROFIT FOR THE YEAR	**353.3**	474.2	402.0	298.2	283.2
Non-controlling interests	**(0.7)**	35.6	(17.2)	(18.7)	(10.8)
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	**352.6**	509.8	384.8	279.5	272.4
DIVIDEND					
Net - RM' million	**186.1**	248.1	248.1	124.1	124.1
Sen	**30.0**	40.0	40.0	20.0	20.0

Notes : [1] Restated following the first-time adoption of the Malaysian Financial Reporting Standards ("MFRS") framework in FY2018.

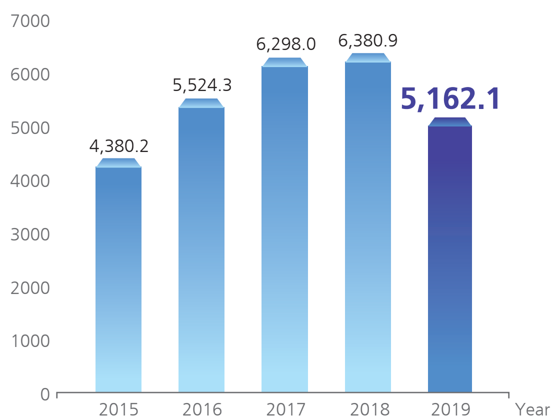
[2] The comparatives have not been restated for the first-time adoption of MFRS framework and reclassifications made in 2018.

FINANCIAL HIGHLIGHTS OF THE GROUP

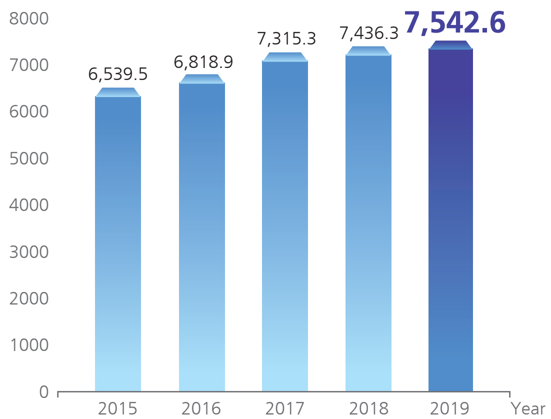
Profit Before Taxation
RM' Million



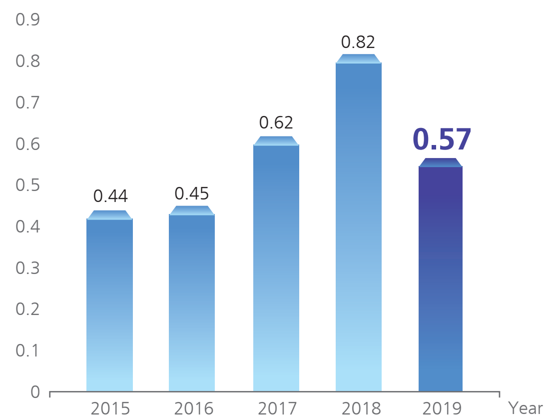
Turnover
RM' Million



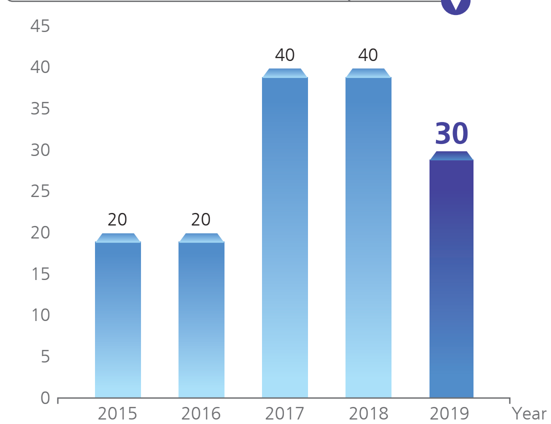
Shareholders' Fund
RM' Million



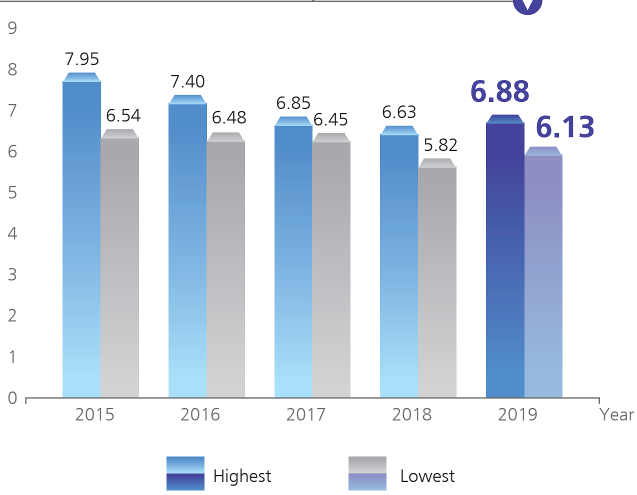
Earning Per Stock
RM



Gross Dividend
sen



Market Price
RM



FINANCIAL CALENDAR

FINANCIAL YEAR END	31 December 2019
ANNOUNCEMENT OF RESULTS	
Quarter ended 31 March 2019	29 May 2019
Quarter ended 30 June 2019	28 August 2019
Quarter ended 30 September 2019	27 November 2019
Quarter ended 31 December 2019	28 February 2020
DIVIDENDS	
Payment of 2nd Interim Dividend of 6 sen per ordinary stock for Year 2018	11 April 2019
Payment of Final and Special Dividend of 28 sen per ordinary stock for Year 2018	11 July 2019
Payment of Interim Dividend of 12 sen per ordinary stock for Year 2019	22 November 2019
POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS	23 June 2020
ANNUAL GENERAL MEETING	15 July 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of Oriental Holdings Berhad ("OHB" or the "Company") remained committed to implement and maintain high 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 is 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 key approach to a robust and dynamic corporate governance framework 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 Company 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 2019, 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 departure from the promulgated 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. The details on how OHB has applied the Practices are available in the Corporate Governance Report.

OHB's corporate governance practices make reference to the three Principles of MCCG as outlined below:

Principle A		Principle B		Principle C
Board Leadership and Effectiveness	+	Effective Audit and Risk Management	+	Integrity in corporate reporting and meaningful relationship with stakeholders

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 long-term stockholder value whilst 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 obligation 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 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 ("TOR") 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 makes subsequent recommendations to the Board.

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.

The RC is primarily responsible for recommending to the Board the remuneration of Executive Directors, drawing from outside advice, if necesary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

I: Board responsibilities (cont'd)

The NC oversees the nomination and election of new directors, the conduct of Directors' assessment and the facilitation of Directors' induction, training and succession programmes.

The RMC is tasked 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.

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*	5/5		5/5	3/3		
Dato' Robert Wong Lum Kong, DSSA, JP *Group Managing Director*	5/5		5/5	3/3		
Dato' Seri Lim Su Tong *Group Managing Director*	5/5		4/5	3/3		
Ms. Tan Kheng Hwee *Executive Director*	5/5		5/5	3/3		
Dato' Sri Datuk Wira Tan Hui Jing *Executive Director*	5/5		5/5	3/3		
Dato' Ghazi bin Ishak *Senior Independent Non-Executive Director*	4/5[1]	4/6[3]			1/1	1/1
Mary Geraldine Phipps *Independent Non-Executive Director*	5/5	6/6		3/3	1/1	1/1
Lee Kean Teong *Independent Non-Executive Director*	5/5	6/6			1/1	1/1
Sharifah Intan binti S. M. Aidid *Non-Independent Non-Executive Director*	5/5	6/6			1/1	1/1
Keiichi Yasuda *Non-Independent Non-Executive Director* (Resigned on 31 March 2020)	4/5[2]					

Chairman Member

Note:
[1] Dato' Ghazi bin Ishak *was absent due to illness.*
[2] Keiichi Yasuda *was absent due to urgent commitment elsewhere.*
[3] Dato' Ghazi bin Ishak *was absent due to illness on 28 August 2019 and to attend court case on 6 November 2019.*

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.

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

I: Board responsibilities (cont'd)

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 meeting(s). The minutes of meetings reflect the decisions made by the Board, 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 meetings are targeted to be circulated within fourteen (14) calendar days of each Board or Board Committee meetings 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 at www.ohb.com.my.

In addition, the Group is in the midst of establishing an Anti-Bribery and Corruption Policy that outlines OHB's commitment toward ethical business practices in compliance with the Malaysian Anti-Corruption Commission Act 2009 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. OHB takes zero-tolerance to corruption and bribery, and OHB is committed to carry out all of its business practice with transparency, accountability and integrity.

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 experience. 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 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 Board has also appointed Mr. Yoshitaka Nakamura as the Non-Independent Non-Executive Director on 1 April 2020 in replacement of Mr. Keiichi Yasuda.

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 Director 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 oder 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 TOR to recommend to the Board the candidature of Directors (if any), 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).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

II: Board composition (cont'd)

As a future priority for the Board, the NC will continue assessing 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, ensures 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 28% of the total workforce of the Group.

On an annual basis, the Board, Board Committees and individual Directors including Independent Directors are subjected to a comprehensive evaluation process that review their performance and assess their effectiveness during the year. 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 model. 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.

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 stockholders' 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 Nominating Committee 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 although her tenure has exceeded nine (9) years since being appointed on 14 August 2009. In addition, the Group also wish to remain Dato' Ghazi bin Ishak as Senior Independent Non-Executive Director as his tenure has exceeded nine (9) years by 31 December 2019. Both are subject to stockholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company. Key justifications for their 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 free from any relationship and able to bring independent and objective judgement to the Board;

- has proven business insight, academic qualifications, professional and entrepreneurial experience to enable him/her to share his/her valuable experience, skills and expertise with the Board;

- has been with the Company long and therefore understands and have detailed knowledge of the Company's business operations, internal controls and risk profile which enables him/her to contribute actively and effectively during deliberations or discussions at Board meetings;

- contributed sufficient time and efforts in attending the Board meetings;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

II: Board composition (cont'd)

- actively participated in Board deliberations, provided objectivity in decision making and possesses sufficient self-esteem and confidence to stand up with an independent voice to the Board; and

- exercised due care during his/her tenure as Independent Non-Executive Director of the Company and carried out his/her professional duties in the best interest of the Company and stakeholders.

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 and regulatory changes relevant to the growth and performance of the Group. All Directors attended the training entitled "The Malaysian Code on Corporate Governance" except for Ms. Tan Kheng Hwee.

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

Directors	Details of Training Programme
Datuk Loh Kian Chong	• Global Research Briefing Event • Navigating Corporate Liability • Briefing on Malaysian Anti-Corruption Commission (Amendment) Act 2018
Dato' Robert Wong Lum Kong	• Briefing on Malaysian Anti-Corruption Commission (Amendment) Act 2018
Dato' Seri Lim Su Tong	• Preparation for Corporate Liability on Corruption • Briefing on Malaysian Anti-Corruption Commission (Amendment) Act 2018
Ms Tan Kheng Hwee	• Briefing on Malaysian Anti-Corruption Commission (Amendment) Act 2018
Dato' Sri Datuk Wira Tan Hui Jing	• Briefing on Malaysian Anti-Corruption Commission (Amendment) Act 2018
Mary Geraldine Phipps	• MIA International Accountants Conference 2019 • Navigating Corporate Liability • Preparation for Corporate Liability on Corruption • MFRS Updates 2019/2020 Seminar • Director Duties and Liabilities - Updates • KPMG Penang Tax Summit 2019 • Briefing on Malaysian Anti-Corruption Commission (Amendment) Act 2018
Lee Kean Teong	• Preparation for Corporate Liability on Corruption • Corporate Liability Provision - Malaysian Anti-Corruption Commission Amendment 2018

III: Remuneration

The Board recognises 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

III: Remuneration (cont'd)

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. In addition, the payment of Directors' Fees and benefits payable to the Directors was tabled and approved on 57th Annual General Meeting ("AGM").

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

Details of remuneration of Directors of the Company for the financial year ended 31 December 2019 are provided in the Corporate Governance Report.

The Director's Remuneration Policy and the Terms 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Auditor. 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. The AC has also formalised the policy and procedures on the nature of non-audit services that may be provided by External Auditor.

During the year under review, the Board has received confirmation from its External Auditor 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 2019. Top 6 risks were identified with Management controls, Key Risk Indicators ("KRI") and action plan put in place to manage the risks. In addition, Management had conducted corruption risk assessment according to the 5 principles of the Guidelines on Adequate Procedures ("GAP"), pursuant to Section 17A(5) of the Malaysian Anti-Corruption Act 2009 and any of its amendments or re-enactments. The outcome of the assessment has been reviewed by the RMC in February 2020.

The Group has established an in-house Internal Audit function. The AC assesses the performance of 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 Institution of Internal Auditors Malaysia. 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 AGMs 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 provided 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 57th AGM was circulated at least twenty-one (21) days prior to the date of the meeting. 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 57th AGM were put to vote by poll and the voting was conducted through an electronic voting (e-voting) system. The outcome of the AGM was announced to Bursa Malaysia on the same day.

All Directors except for Ms. Tan Kheng Hwee attended the 57th AGM on 12 June 2019. The Group Chief Financial Officer shared the responses to questions submitted in advance by the Minority Shareholders 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 scheduled on 15 July 2020 has been provided more than twenty-one (21) days in advance to enable stockholders to make adequate preparation.

This CG Overview Statement was approved by the Board of Directors of OHB on 21 May 2020.

OTHER INFORMATION AND DISCLOSURE

I. NON-AUDIT FEES

Non-audit fees amounting to RM 1,493,000 for the Group and RM 204,000 for the Company were paid to the External Auditors of the Company for the financial year ended 31 December 2019 mainly for the services in connection with the Group risk compilation, annual tax compliances and special engagement in the tax audit.

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) Total USD 9.3 million in loan contracts of USD 6 million, USD 3.3 million dated December 28, 2018 and December 11, 2019 respectively between OBS (Singapore) Pte. Ltd. ("OBSS") and PT Sumatera Sawit Lestari ("SSL");

(c) Total RM 91.5 million loan contract of RM 38 million, RM 20 million, RM 20 million, RM 9 million, RM 4.5 million dated January 11, 2013, March 19, 2014, September 3, 2014, March 1, 2019 and July 19, 2019 respectively between OHB and Armstrong Auto Parts Sdn Berhad ("AAP"); and

(d) Total RM 100 million loan contract 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 are 90% owned by OBSS, which in turn is 45.5% owned by OHB.

AAP and MSMC is a 94.79% and 51% owned subsidiary 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) + 0.25% 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 + 0.25% 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 12 June 2019, the Company obtained a 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 Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2019 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	1,101
Transport charges, truck rental and labour charges	1
Quarry products and red earth	220
Office rental expenses	885
Land rental	63
Plant rental	35
Rental of premises	240
Provision of sales, corporate advertising and marketing of hotel	785
Management, technical and advisory services	10,696
Mixed concrete and quarry product	60
Finance lease	2,105
Nursing course sponsorship	551

OTHER INFORMATION AND DISCLOSURE

IV. RECURRENT RELATED PARTY TRANSACTIONS (cont'd)

(b) 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 and land rental	1,815
Motorcycle spokes, nipples, control cables, shock absorbers, raw materials and motorcycle parts	2,925
Plastic components for motorcycles	183
Car services	149

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

	RM' 000
Fresh fruit bunches	2,251
Contractor for land clearing	5,141

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

	RM' 000
Mixed concrete and quarry product	231
Mixer truck hiring services, plant & truck maintenance services	259

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

	RM' 000
Cements	2,107

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

	RM' 000
Building materials	95

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

	RM' 000
Prototype of plastic parts, jigs	789
Plastic parts	7,156

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

	RM' 000
New molds, mold repairs	473
Plastic parts	8,094

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 six (6) meetings during the financial year. Details of the attendance of members are as follows:

Name of member	Attendance
Mary Geraldine Phipps	6/6
Dato' Ghazi bin Ishak	4/6
Lee Kean Teong	6/6
Sharifah Intan binti S.M. Aidid	6/6

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 Corporate Governance Overview Statement 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 Committee's Terms of Reference to include matters pertaining to oversight of ethics and integrity in line with the newly reposed section 17A of the Malaysian Anti-Corruption Commission Act 2009 and any of its amendments or re-enactments;

- 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 2019 and 27 November 2019 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 stockholders for approval at the Annual General Meeting;

- Reviewed the Internal Audit Department ("IAD") 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 IAD 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 IAD against the international practices framework for internal auditing;

- Reviewed the Internal Audit reports, which highlighted 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 for clarification and resolution;

- Reviewed and approved the IAD's annual 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 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 on 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;

AUDIT COMMITTEE REPORT

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

- 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;
- 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, operating 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 18 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.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION (cont'd)

The total costs incurred for the Internal Audit function of the Company and the Group for 2019 and 2018 are as follows:

	2019 RM '000	2018 RM '000
Group	1,878	1,827
Company	1,731	1,709

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 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 IAD;
- 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 to ensure compliance with prescibe policy and guideline;
- 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 presented 4 Internal Audit reports to the Committee. The Internal Audit team visited the Group's oil palm estates in Pulau Bangka, 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 healthcare segment in Melaka was also undertaken to ensure that continuous improvements are carried out by the management as the size of operations continues to grow. The review was more focused on the management's activities in ensuring the achievement of its financial and operational targets, such as 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 Honda automotive dealership operations in Peninsular Malaysia as well as in Sabah. The review centered mainly on how the segment manage the various challenges in the industry, namely competition from other dealerships as well as regulatory and changing customer preferences. 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. The Audit Committee did not receive any cases of whistleblowing during the course of the year.

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 the Group's system of risk management and internal control. This includes reviewing the adequacy and integrity of the system's financial, operational, regulatory compliance and risk management procedures. In view of the inherent limitations in any system, the Board ensures that the risk management and internal control framework is designed to manage the Group's key risk areas 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 to ensure 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 Group.

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 Group risk management framework which is firmly embedded in all key processes. Management has the overall responsibility for ensuring that the day-to-day management of the Group's activities is consistent with its risk strategy, risk appetite and policies approved by the Board. In addition, key responsibilities of the Management are to identify, evaluate, monitor and report the risks and internal control as well as provide assurance to the Board that it has done so in accordance with the adopted framework.

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

- formalisation of Enterprise Risk Management ("ERM") framework with reference to global standards and better practices of ISO 31000 Risk Management Guidelines;

- establishment of a RMC with the responsibility of identifying key risks and communicating to the Board the present and potential risks, risk changes and mitigation plans;

- the appointment of a team of dedicated Risk Officers reporting to the RMC to coordinate ERM activities across the Group which includes supervising policy implementation, overseeing documentation at Group level, function as the central contact and provide guidance for ERM issues;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (cont'd)

- identification of key risk indicators to monitor the risk and Management's deployment of internal controls to manage these risks; and
- 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.

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 during the year 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 strategic 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;
- 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;
- reviewed insurance risk for sufficiency of insurance coverage against any mishap that could result in material loss. Established an insurance reporting template to facilitate review on an annual basis;
- rolled out three enterprise risk management workshops across the Group for key management personnel focusing on alignment of strategic objectives through risk awareness, risk identification and key risk indicator monitoring;
- conducted corruption risk assessment according to the 5 principles of the Guidelines on Adequate Procedures ("GAP"), pursuant to Section 17A(5) of the Malaysian Anti-Corruption Act 2009 and any of its amendments or re-enactments;
- established a Group Emergency Reporting framework to facilitate reporting of all life-threatening emergencies immediately to OHB Corporate Office for attention and support;
- three (3) Risk Management Committee meetings were conducted during the year on 21 February 2019, 23 August 2019 and 26 November 2019 where the significant risks of the Group and management action plans were presented for deliberations and approval. The final Group risk profile for year 2019 was presented in February 2020, detailing the top five (5) principal risks for each business segment, based on the significance of evaluated risks to the segment's results. Management of each segment/ company in the Group shall continue to monitor and manage all risks at their level, as appropriate;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

- 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 divisional head has been assigned to ensure appropriate action plans are carried out in a timely manner; and

- the Enterprise Risk Management ("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.

In view of the recent outbreak of COVID-19, the Group has implemented several measures to minimize the impact of these factors on the business of the Group. These measures include enabling employees to work from home and remote access to office email to ensure the day-to-day operation of the Group remain active and at the same time remain in contact with the stakeholders through online meetings and email communications. On 6 April 2020, the Group Chief Financial Officer had briefed the EXCO members on the need to carry out an impact assessment by the respective business segment as well as utilising the flash report issued under the Group Risk Management Policy and Procedures to update any significant risks and its impact of COVID-19 that may cast significant doubt on any entity's ability to continue as a going concern. The outcome of the impact assessment will be compiled and reviewed by the EXCO members collectively. In addition, meetings of the Board of Directors and the Board Committees will be conducted via virtual meeting rooms, utilizing the available technology, as and when necessary.

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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL (cont'd)

- *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.

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 2019, 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 21 May 2020.

SUSTAINABILITY STATEMENT

OVERVIEW

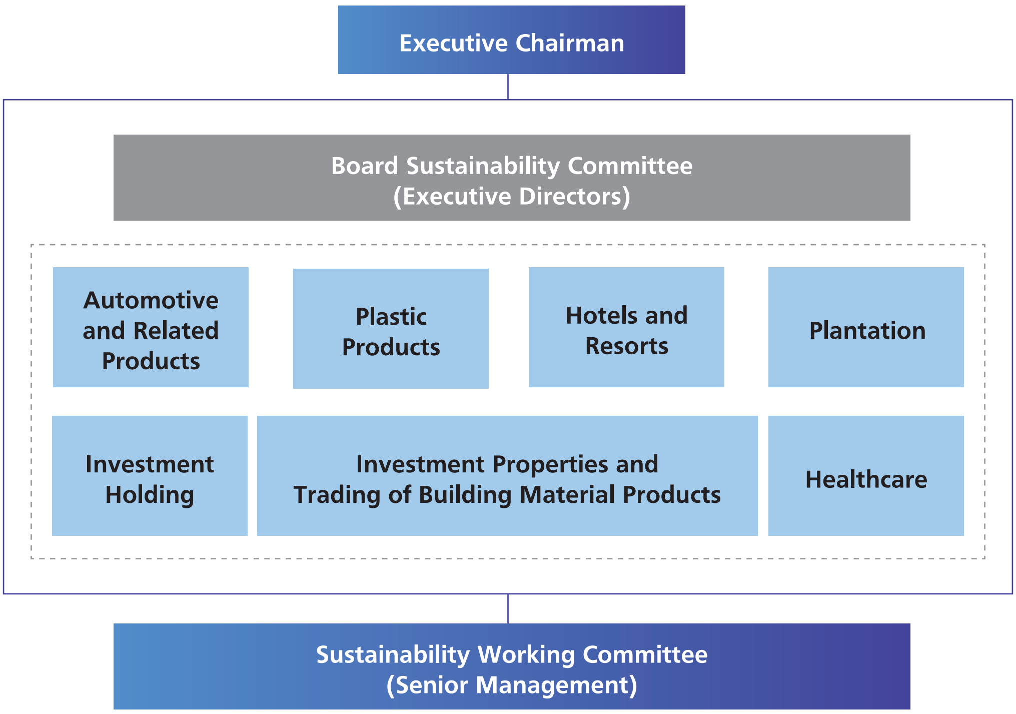
We are proud to present our fourth standalone sustainability report to reflect our sustainability process across the Group in 2019. Building on a strong foundation of corporate governance, our goal setting, actions and decisions are built upon the sustainability principles of Economic, Environmental, and Social. We ensure responsible and ethical business practices are implemented across the Group's operations, manage the environmental impact of our operational activities, provide a safe and inclusive workplace for our employees, and meet the needs of society as a whole.

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

GOVERNANCE STRUCTURE

The Board Sustainability Committee ("BSC"), comprising the Executive Directors oversees the seven segments, holds the responsibility of providing oversight and guidance in the formulation and direction of our corporate strategies and policies. The BSC is regularly updated on sustainability issues by our Sustainability Working Committee, consisting of Senior Management, who are responsible in setting goals and targets for identified key sustainability matters and overseeing the progress of our sustainability efforts. As an overall platform, our quarterly Executive Committee meeting is an avenue for the BSC to highlight and deliberate any matters relating to our sustainability approach and reporting.

OHB Group Governance Structure



SCOPE

Our Sustainability Report covers the sustainability performance and progress from all segments for the financial year ended December 2019, unless otherwise stated. The baseline year of the Sustainability Reporting has been changed from 2018 to 2019 as the materiality matrix was refreshed in 2019 and will be relied upon for the year 2019, 2020 and 2021 as a way to increase the impact of our sustainability goals and initiatives.

SUSTAINABILITY STATEMENT

SUSTAINABILITY MATTERS

The three sustainability matters are as follows:-

1. **Economic**
   We constantly review our business practices and focus on creating long-term sustainable economic growth for our stakeholders. We deliver economic performance that is underpinned by good corporate governance and high ethical standards. We ensure compliance with various national laws in Malaysia, Indonesia, Singapore, Australia, New Zealand and other overseas markets where we have operations and business activities.

2. **Environment**
   We strive to adopt best practices in our daily operations through implemention of effective sustainable initiatives and continuous monitoring to reduce and mitigate our environmental footprint. We work with our stakeholders to enhance awareness, promote environmental practices and focus on operational processes that do not adversely affect the environment where we operate.

3. **Social**
   We consider our people to be our most valued resource and we take great care in managing and developing talent to ensure our people are supported and protected at the workplace. We also strongly believe that our growth should have parallel benefits to the local communities where we conduct our businesses. We work to give back to our local communities in ways that are meaningful as well as impactful.

For more detailed disclosures on our sustainability efforts, please refer to our Sustainability Report 2019, available at our corporate website at **www.ohb.com.my**.

FORWARD LOOKING STATEMENT

Aligned with our Economic, Environment and Social pillars of sustainability, we are constantly embedding and reinforcing sustainable measures within our operational footprints. This is in line with our mission to be a highly competitive organisation through innovation and progressive developments while maintaining constructive efforts in expanding our sustainability outreach. We will continue to provide viable disclosure and reporting on our approach, performance and progress within these pillars of sustainability.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019.

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 9 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 8 and Note 36 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to :		
Stockholders of the Company	352,600	292,266
Non-controlling interests	728	-
	353,328	292,266

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 2018 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 11 April 2019;
- a final single tier dividend of 8 sen per ordinary stock and special final single tier dividend of 20 sen per ordinary stock totalling RM173,701,312 paid on 11 July 2019; and

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

DIVIDENDS (cont'd)

ii) In respect of the financial year ended 31 December 2019:

- a single tier first interim dividend of 12 sen per ordinary stock totalling RM74,443,420 paid on 22 November 2019.

A final single tier dividend of 8 sen per ordinary stock and special final single tier dividend of 10 sen per ordinary stock totalling RM49,628,946 and RM62,036,183 respectively have been recommended by the Directors in respect of the year ended 31 December 2019, 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)
Yoshitaka Nakamura (Appointed on 1 April 2020)
Keiichi Yasuda (Resigned on 31 March 2020)

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 1.1.2019	Bought	Sold	Balance at 31.12.2019
	Number of Ordinary Stocks			
Interest in the Company				
Dato' Robert Wong Lum Kong, DSSA, JP				
Direct interest				
- own	181,149	-	-	181,149

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' INTERESTS IN SHARES (cont'd)

	Balance at 1.1.2019	Bought	Sold	Balance at 31.12.2019
		Number of Ordinary Stocks		
Interest in the Company				
Dato' Seri Lim Su Tong, DGPN, DSPN				
Direct interest				
- own	2,966,906	-	-	2,966,906
Indirect interest				
- others *	3,792,626	274,600	-	4,067,226
Datuk Loh Kian Chong, DMSM				
Direct interest				
- own	600,000	200,000	-	800,000
Indirect interest				
- own	358,902,450	700,000	-	359,602,450
Tan Kheng Hwee				
Direct interest				
- own	172,032	-	-	172,032
Dato' Sri Datuk Wira Tan Hui Jing, SSAP, DCSM, PKT, PJK				
Indirect interest				
- own	772,000	22,800	-	794,800
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
Lee Kean Teong				
Direct interest				
- own	-	7,680	-	7,680

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' INTERESTS IN SHARES (cont'd)

	Balance at 1.1.2019	Bought	Sold	Balance at 31.12.2019
	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 names 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 2019 had any interest in the shares of the Company and of its related corporations during the financial year.

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 31 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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 2019 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events during the financial year are as disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENTS

Details of the subsequent events are as disclosed in Note 37 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 24 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 : 21 May 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Assets			
Property, plant and equipment	3	**1,964,742**	2,160,794
Right-of-use assets	4	**348,695**	-
Intangible assets	5	**21,902**	29,098
Investment properties	6	**1,108,333**	1,095,294
Prepaid land lease payments	7	**-**	59,951
Investments in associates	9	**608,330**	632,997
Other investments	10	**678,300**	681,324
Deferred tax assets	11	**35,226**	32,857
Inventories	12	**35,935**	36,238
Other receivables	14	**32,610**	28,759
Total non-current assets		**4,834,073**	4,757,312
Inventories	12	**318,668**	329,253
Biological assets	13	**8,166**	4,515
Trade and other receivables	14	**396,412**	474,689
Current tax assets		**22,243**	23,218
Other investments	10	**1,723,452**	805,942
Cash and cash equivalents	15	**2,930,765**	3,625,002
Total current assets		**5,399,706**	5,262,619
Total assets		**10,233,779**	10,019,931

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Equity			
Share capital	**16**	**620,462**	620,462
Reserves	**17**	**6,045,847**	5,947,547
Total equity attributable to stockholders of the Company		**6,666,309**	6,568,009
Non-controlling interests		**876,243**	868,256
Total equity		**7,542,552**	7,436,265
Liabilities			
Deferred tax liabilities	**11**	**35,000**	32,591
Lease liabilities		**28,261**	-
Borrowings	**18**	**41,244**	47,352
Retirement benefits	**19**	**27,482**	21,972
Contract liabilities	**20**	**113,482**	109,456
Total non-current liabilities		**245,469**	211,371
Borrowings	**18**	**2,009,341**	1,870,933
Lease liabilities		**8,130**	-
Current tax liabilities		**53,725**	56,427
Contract liabilities	**20**	**17,871**	17,818
Trade and other payables	**21**	**356,691**	427,117
Total current liabilities		**2,445,758**	2,372,295
Total liabilities		**2,691,227**	2,583,666
Total equity and liabilities		**10,233,779**	10,019,931

The notes on pages 85 to 201 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Revenue	**22**	**5,162,134**	6,380,947
Cost of sales		**(4,171,556)**	(5,152,432)
Gross profit		**990,578**	1,228,515
Distribution expenses		**(58,971)**	(75,972)
Administrative expenses		**(315,726)**	(313,723)
Other operating expenses		**(243,713)**	(312,629)
Other operating income		**66,197**	35,262
		(552,213)	(667,062)
Results from operating activities		**438,365**	561,453
Finance costs	**23**	**(29,363)**	(21,135)
Operating profit		**409,002**	540,318
Share of profit after tax of equity accounted associates	**9**	**49,903**	56,345
Profit before tax	**24**	**458,905**	596,663
Income tax expense	**25**	**(105,577)**	(122,489)
Profit for the year		**353,328**	474,174

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 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		**(258)**	2,382
Fair value gain/(loss) of equity instruments designated at fair value through other comprehensive income		**18,029**	(22,721)
		17,771	(20,339)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		**24,518**	(72,492)
Share of other comprehensive expense of equity accounted associates	9	**7,450**	-
		31,968	(72,492)
Total other comprehensive income/(expense) for the year	26	**49,739**	(92,831)
Total comprehensive income for the year		**403,067**	381,343
Profit/(Loss) attributable to :			
Stockholders of the Company		**352,600**	509,836
Non-controlling interests		**728**	(35,662)
Profit for the year		**353,328**	474,174
Total comprehensive income/(expense) attributable to :			
Stockholders of the Company		**383,666**	443,020
Non-controlling interests		**19,401**	(61,677)
Total comprehensive income for the year		**403,067**	381,343
Basic earnings per ordinary stock (sen)	27	**56.84**	82.18

The notes on pages 85 to 201 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to stockholders of the Company								
	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 28)	-	-	-	-	(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 transactions with stockholders	-	-	-	-	(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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to stockholders of the Company								
	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 2019	**620,462**	**842,404**	**385,813**	**(249)**	**4,679,331**	**40,248**	**6,568,009**	**868,256**	**7,436,265**
Remeasurement of defined benefit liability	-	-	-	-	(118)	-	(118)	(140)	(258)
Foreign currency translation differences for foreign operations	-	16,049	-	-	-	-	16,049	8,469	24,518
Fair value loss of equity instruments designated at fair value through other comprehensive income	-	-	7,685	-	-	-	7,685	10,344	18,029
Share of other comprehensive income of equity accounted associates	-	-	7,450	-	-	-	7,450	-	7,450
Total other comprehensive income/ (expense) for the year	-	16,049	15,135	-	(118)	-	31,066	18,673	49,739
Profit for the year	-	-	-	-	352,600	-	352,600	728	353,328
Total comprehensive income for the year	-	16,049	15,135	-	352,482	-	383,666	19,401	403,067
Dividends paid to stockholders (Note 28)	-	-	-	-	(285,366)	-	(285,366)	-	(285,366)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(10,703)	(10,703)
Liquidation of a subsidiary	-	-	-	-	-	-	-	(711)	(711)
Total transactions with stockholders	-	-	-	-	(285,366)	-	(285,366)	(11,414)	(296,780)
At 31 December 2019	**620,462**	**858,453**	**400,948**	**(249)**	**4,746,447**	**40,248**	**6,666,309**	**876,243**	**7,542,552**

The notes on pages 85 to 201 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Cash flows from operating activities			
Profit before tax		**458,905**	596,663
Adjustments for :			
Amortisation of :			
- intangible assets	**5**	**260**	439
- prepaid land lease payments	**7**	**-**	2,842
Depreciation of :			
- property, plant and equipment	**3**	**128,809**	132,043
- right-of-use assets	**4**	**16,338**	-
- investment properties	**6**	**10,547**	6,202
Dividend income	**22**	**(41,889)**	(116,805)
Interest income	**22**	**(103,475)**	(89,900)
Interest expense	**23**	**29,363**	21,135
Assets written off :			
- property, plant and equipment	**24**	**1,096**	311
- right-of-use assets	**24**	**14**	-
- intangible assets	**24**	**107**	-
Impairment loss on :			
- property, plant and equipment	**3**	**33,351**	23,859
- intangible assets	**5**	**7,429**	-
- investment properties	**6**	**15,978**	-
(Gain)/Loss on disposal of :			
- property, plant and equipment	**24**	**(2,919)**	(13,424)
- investment properties	**24**	**(1,721)**	-
- debt instruments at amortised cost	**24**	**3**	500
Gain on liquidation of a subsidiary	**24**	**(715)**	-
Fair value change from biological asset	**13**	**(3,551)**	2,422
Provision for retirement benefits	**19**	**5,037**	4,427
Share of profits of equity-accounted associates, net of tax	**9**	**(49,903)**	(56,345)
Unrealised (gain)/loss on foreign exchange for borrowings	**D**	**(30,164)**	105,290
Operating profit before changes in working capital		**472,900**	619,659

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Cash flows from operating activities (cont'd)			
Changes in working capital :			
Inventories		**11,736**	(13,859)
Trade and other receivables		**77,621**	7,192
Contract liabilities		**3,840**	26,303
Trade and other payables		**(74,507)**	9,994
Cash generated from operations		**491,590**	649,289
Dividends received (net)		**125,381**	134,053
Interest paid		**(32,683)**	(24,701)
Tax paid		**(106,269)**	(107,992)
Retirement benefits paid	**19**	**(405)**	(265)
Net cash from operating activities		**477,614**	650,384
Cash flows from investing activities			
Additions of :			
- property, plant and equipment	**A**	**(201,662)**	(147,829)
- intangible assets	**5**	**(92)**	(670)
- investment properties	**6**	**(43,205)**	(104,043)
- land held for property development	**12.1**	**(7)**	(39)
- other investments		**(924,493)**	(38,081)
Interest received		**101,942**	88,078
Proceeds from disposal of :			
- property, plant and equipment		**5,614**	14,405
- investment properties		**2,454**	-
- other investments		**26,272**	143,194
Acquisition of non-controlling interests		**-**	(4,970)
Net cash used in investing activities		**(1,033,177)**	(49,955)
Cash flows from financing activities			
Dividends paid to :			
- stockholders of the Company	**28**	**(285,366)**	(248,144)
- non-controlling interests		**(10,703)**	(8,807)
Proceeds from issue of shares to non-controlling interests		**-**	1,520
Placement of fixed deposits pledged for banking facilities		**(41,940)**	(778)
Changes in bank borrowings	**D**	**142,404**	258,577
Payment of lease liabilities	**D**	**(16,682)**	-
Net cash (used in)/from financing activities		**(212,287)**	2,368
Net (decrease)/increase in cash and cash equivalents		**(767,850)**	602,797

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

Net cash (used in)/from financing activities (cont'd)

	Note	2019 RM'000	2018 RM'000
Cash and cash equivalents at 1 January		**2,959,210**	2,375,587
Effect of exchange rate fluctuations on cash held		**31,574**	(19,174)
Cash and cash equivalents at 31 December	**B**	**2,222,934**	2,959,210

Notes to statement of cash flows

A. *Additions of property, plant and equipment*

In the previous financial year, the Group acquired property, plant and equipment (excluding interest capitalised) with an aggregate cost of RM148,259,000 of which RM430,000 was acquired by hire purchase/lease arrangements.

B. *Cash and cash equivalents*

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

	Note	2019 RM'000	2018 RM'000
Fixed deposits	**15**	**1,597,347**	2,226,512
Cash and bank balances	**15**	**1,214,128**	1,257,890
Unit trust money market funds	**15**	**119,290**	140,600
Bank overdrafts	**18**	**(99)**	-
		2,930,666	3,625,002
Less :			
Deposits pledged	**15.1**	**(707,732)**	(665,792)
		2,222,934	2,959,210

C. *Cash out flow for leases as a lessee*

	Note	2019 RM'000	2018 RM'000
Included in net cash from operating activities:			
Payment relating to short-term leases	**24**	**5,070**	-
Payment relating to leases of low-value assets	**24**	**242**	-
Payment relating to variable lease payments not included in the measurement of lease liabilities	**24**	**303**	-
Interest paid in relation to lease liabilities	**23**	**1,725**	-
Included in net cash from financing activities:			
Payment of lease liabilities		**16,682**	-
Total cash outflows for leases		**24,022**	-

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

Notes to statement of cash flows (cont'd)

D. *Reconciliation of movements of liabilities to cash flows arising from financing activities*

	At 1.1.2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1.1.2019, restated RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Unrealised gain on foreign exchange RM'000	Foreign exchange movement RM'000	At 31.12.2019 RM'000
Term loans	52,818	-	52,818	(10,480)	-	534	154	43,026
Revolving credit	1,828,657	-	1,828,657	159,530	-	(30,698)	29,641	1,987,130
Bankers' acceptance	26,976	-	26,976	(6,646)	-	-	-	20,330
Lease obligations	9,834	(9,834)	-	-	-	-	-	-
Lease liabilities	-	40,447	40,447	(16,682)	12,336	-	290	36,391
Total liabilities from financing activities	1,918,285	30,613	1,948,898	125,722	12,336	(30,164)	30,085	2,086,877

	At 1.1.2018 RM'000	Net changes from financing cash flows RM'000	New lease financing RM'000	Unrealised gain on foreign exchange RM'000	Foreign exchange movement RM'000	At 31.12.2018 RM'000
Term loans	56,368	(3,776)	-	(957)	1,183	52,818
Revolving credit	1,478,886	272,558	-	106,247	(29,034)	1,828,657
Bankers' acceptance	31,319	(4,343)	-	-	-	26,976
Lease obligations	15,266	(5,862)	430	-	-	9,834
Total liabilities from financing activities	1,581,839	258,577	430	105,290	(27,851)	1,918,285

The notes on pages 85 to 201 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Assets			
Property, plant and equipment	**3**	**822**	878
Investment properties	**6**	**15,050**	15,053
Interests in subsidiaries	**8**	**1,002,382**	926,778
Investments in associates	**9**	**28,935**	28,935
Other investments	**10**	**320,868**	348,810
Total non-current assets		**1,368,057**	1,320,454
Trade and other receivables	**14**	**3,774**	3,108
Current tax assets		**52**	317
Cash and cash equivalents	**15**	**224,022**	292,687
Total current assets		**227,848**	296,112
Total assets		**1,595,905**	1,616,566
Equity			
Share capital	**16**	**620,462**	620,462
Reserves	**17**	**872,848**	893,890
Total equity attributable to stockholders of the Company		**1,493,310**	1,514,352
Liabilities			
Borrowings	**18**	**101,728**	101,436
Trade and other payables	**21**	**867**	778
Total current liabilities		**102,595**	102,214
Total liabilities		**102,595**	102,214
Total equity and liabilities		**1,595,905**	1,616,566

The notes on pages 85 to 201 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Revenue	22	**323,791**	332,599
Cost of sales		**-**	-
Gross profit		**323,791**	332,599
Administrative expenses		**(7,236)**	(11,888)
Other operating expenses		**(20,541)**	(4,235)
Other operating income		**557**	53,053
		(27,220)	36,930
Results from operating activities		**296,571**	369,529
Interest expense	23	**(1,064)**	(948)
Profit before tax	24	**295,507**	368,581
Income tax expense	25	**(3,241)**	(2,831)
Profit for the year		**292,266**	365,750
Other comprehensive (expense)/income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Fair value (loss)/gain of equity instruments designated at fair value through other comprehensive income		**(27,942)**	35,784
Total other comprehensive (expense)/income for the year		**(27,942)**	35,784
Total comprehensive income for the year attributable to stockholders of the Company		**264,324**	401,534

The notes on pages 85 to 201 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to stockholders of the Company					
		Share capital RM'000	Fair value reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	Total equity RM'000
At 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		-	-	-	365,750	-	365,750
Total comprehensive income for the year		-	35,784	-	365,750	-	401,534
Dividends to stockholders	28	-	-	-	(248,144)	-	(248,144)
At 31 December 2018/1 January 2019		**620,462**	**323,114**	**(249)**	**541,033**	**29,992**	**1,514,352**
Net change in fair value of equity investment designated at FVOCI		**-**	**(27,942)**	**-**	**-**	**-**	**(27,942)**
Profit for the year		**-**	**-**	**-**	**292,266**	**-**	**292,266**
Total comprehensive income for the year		**-**	**(27,942)**	**-**	**292,266**	**-**	**264,324**
Dividends to stockholders	**28**	**-**	**-**	**-**	**(285,366)**	**-**	**(285,366)**
At 31 December 2019		**620,462**	**295,172**	**(249)**	**547,933**	**29,992**	**1,493,310**

The notes on pages 85 to 201 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Cash flows from operating activities			
Profit before tax		**295,507**	368,581
Adjustments for :			
Depreciation of :			
- property, plant and equipment	**3**	**219**	228
- investment properties	**6**	**3**	4
Dividend income	**22**	**(307,113)**	(318,717)
Interest income	**22**	**(12,243)**	(12,083)
Interest expense	**23**	**1,064**	948
Provision for/(Reversal of) impairment loss on investment in subsidiaries	**24**	**20,000**	(52,266)
Gain on disposal of property, plant and equipment	**24**	**-**	(46)
Unrealised loss on foreign exchange on borrowings	**B**	**292**	4,360
Operating loss before changes in working capital		**(2,271)**	(8,991)
Changes in working capital :			
Trade and other receivables		**(666)**	6,034
Trade and other payables		**89**	(695)
Cash used in operations		**(2,848)**	(3,652)
Dividends received		**307,113**	318,717
Interest paid		**(1,064)**	(948)
Tax paid		**(2,976)**	(2,806)
Net cash from operating activities		**300,225**	311,311
Cash flows from investing activities			
Additions of :			
- property, plant and equipment	**3**	**(163)**	(297)
- interests in subsidiaries		**(95,604)**	(5,004)
Interest received		**12,243**	12,083
Proceeds from disposal of property, plant and equipment		**-**	46
Net cash (used in)/from investing activities		**(83,524)**	6,828

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Cash flows from financing activities			
Dividends paid		**(285,366)**	(248,144)
Net cash used in financing activities		**(285,366)**	(248,144)
Net (decrease)/increase in cash and cash equivalents		**(68,665)**	69,995
Cash and cash equivalents at 1 January		**292,687**	222,692
Cash and cash equivalents at 31 December	**A**	**224,022**	292,687

Notes to statement 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	2019 RM'000	2018 RM'000
Fixed deposits	**15**	**105,234**	152,655
Cash and bank balances	**15**	**1,937**	1,548
Unit trust money market funds	**15**	**116,851**	138,484
		224,022	292,687

B. *Reconciliation of movements of liabilities to cash flows arising from financing activities*

	At 1 January 2018 RM'000	Unrealised gain on foreign exchange RM'000	At 31 December 2018/ 1 January 2019 RM'000	Unrealised gain on foreign exchange RM'000	At 31 December 2019 RM'000
Revolving credit	97,076	4,360	**101,436**	**292**	**101,728**

The notes on pages 85 to 201 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 2019 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 9 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 21 May 2020.

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.

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 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*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

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 1 January 2022
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

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 where applicable, in the respective financial years when the abovementioned accounting standards, amendments and interpretations become effective.

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.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (cont'd)

(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 - incremental borrowing rate in relation to leases
Note 8 - impairment loss of interest in subsidiaries
Note 11 - deferred tax asset recognition
Note 22.4 - allocation of transaction price as contract liabilities for free servicing and complimentary extended warranties
Note 25 - income tax recognition
Note 32.7 - 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 have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, Leases, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impact arising from the changes are disclosed in Note 35.

(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 also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, 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's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group's equity and any resulting gain or 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.

Investments 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 stockholders 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 stockholders 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 fair value through other comprehensive income or a financial instrument designated as a 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

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

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.

(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.

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

(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.

(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)).

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(v) Derecognition (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

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

(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 that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group 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

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) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

Current financial year (cont'd)

(i) Definition of a lease (cont'd)

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following :

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

Current financial year (cont'd)

(ii) Recognition and initial measurement (cont'd)

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

(b) As a lessor

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

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group’s net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(q)(i)).

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was 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 was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was 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 were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was 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 did not assume substantially all the risks and rewards of the ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both, was classified as investment property, and measured using fair value model.

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(f) Intangible assets (cont'd)

(ii) Research and development (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(g) Biological assets (cont'd)

(i) Bearer plants (cont'd)

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.

(h) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under lease contract 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(h) Investment properties (cont'd)

Investment properties carried at cost (cont'd)

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 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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similar to other right-of-use assets.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(i) Inventories (cont'd)

(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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(p) Employee benefits (cont'd)

(iii) Defined benefits plans (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(q) Impairment (cont'd)

(i) Financial assets (cont'd)

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(q) Impairment (cont'd)

(ii) Other assets (cont'd)

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.

(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.

2. Significant accounting policies (cont'd)

(r) Revenue and other income (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that 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 stock 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(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 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 6)	(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/ 1 January 2019	**235,510**	**320,581**	**1,420,894**	**778,950**	**588,236**	**372,378**	**25,141**	**3,741,690**
Adjustment on initial application of MFRS 16	**-**	**(315,225)**	**-**	**-**	**(22,321)**	**(3,164)**	**-**	**(340,710)**
At 1 January 2019, as restated	**235,510**	**5,356**	**1,420,894**	**778,950**	**565,915**	**369,214**	**25,141**	**3,400,980**
Additions	**-**	**-**	**7,107**	**80,360**	**31,574**	**14,870**	**71,390**	**205,301**
Disposal/Write-off	**(39)**	**-**	**(6,291)**	**(2,981)**	**(26,258)**	**(20,757)**	**-**	**(56,326)**
Reclassification	**-**	**(5,356)**	**4,460**	**5,356**	**8,769**	**2,564**	**(15,793)**	**-**
Transfer to investment properties (Note 6)	**(2,062)**	**-**	**(745)**	**-**	**-**	**-**	**(502)**	**(3,309)**
Exchange differences	**4,232**	**-**	**9,254**	**18,294**	**1,531**	**500**	**418**	**34,229**
At 31 December 2019	**237,641**	**-**	**1,434,679**	**879,979**	**581,531**	**366,391**	**80,654**	**3,580,875**

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

	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								
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
Impairment loss	-	-	-	23,859	-	-	-	23,859
Disposal/Write-off	-	(1,601)	(703)	(1,968)	(21,843)	(14,918)	-	(41,033)
Reclassification	-	269	(482)	-	213	-	-	-
Transfer from/(to) investment properties (Note 6)	-	192	(1,686)	-	-	-	-	(1,494)
Exchange differences	-	150	(14,505)	(5,687)	(9,826)	(3,483)	-	(33,351)
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

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

	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								
Accumulated depreciation and impairment								
At 1 January 2019								
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
Adjustment on initial application of MFRS 16								
Accumulated depreciation	-	(65,517)	-	-	(13,450)	(2,036)	-	(81,003)
At 1 January 2019, as restated								
Accumulated depreciation	-	-	532,568	205,241	455,587	267,397	-	1,460,793
Accumulated impairment	-	-	-	38,080	-	1,020	-	39,100
	-	-	532,568	243,321	455,587	268,417	-	1,499,893
Depreciation for the year	-	-	35,623	30,503	32,255	30,428	-	128,809
Impairment loss	-	-	2,070	29,141	2,657	(517)	-	33,351
Disposal/Write-off	-	-	(5,675)	(2,683)	(24,603)	(19,574)	-	(52,535)
Reclassification	-	-	407	-	(402)	(5)	-	-
Transfer to investment properties (Note 6)	-	-	(372)	-	-	-	-	(372)
Exchange differences	-	-	318	5,620	523	526	-	6,987

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 31 December 2019								
Accumulated depreciation	-	-	**562,869**	**238,681**	**463,360**	**278,772**	-	**1,543,682**
Accumulated impairment	-	-	**2,070**	**67,221**	**2,657**	**503**	-	**72,451**
	-	-	**564,939**	**305,902**	**466,017**	**279,275**	-	**1,616,133**
Carrying amounts								
At 1 January 2018	238,509	253,995	940,295	517,369	145,296	118,446	4,768	2,218,678
At 31 December 2018/ 1 January 2019	235,510	255,064	888,326	535,629	119,199	101,925	25,141	2,160,794
At 31 December 2019	**237,641**	-	**869,740**	**574,077**	**115,514**	**87,116**	**80,654**	**1,964,742**

Buildings of the Group with carrying amount of **RM26,877,000** (2018 : RM27,500,000) are erected on land belonging to a related party.

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 2018	289	1,973	2,262
Additions	-	297	297
Disposals	-	(162)	(162)
At 31 December 2018/1 January 2019	**289**	**2,108**	**2,397**
Additions	**-**	**163**	**163**
Write-off	**-**	**(36)**	**(36)**
At 31 December 2019	**289**	**2,235**	**2,524**
Accumulated depreciation			
At 1 January 2018	-	1,453	1,453
Depreciation for the year	-	228	228
Disposals	-	(162)	(162)
At 31 December 2018/1 January 2019	**-**	**1,519**	**1,519**
Depreciation for the year	**-**	**219**	**219**
Write-off	**-**	**(36)**	**(36)**
At 31 December 2019	**-**	**1,702**	**1,702**
Carrying amounts			
At 1 January 2018	289	520	809
At 31 December 2018/1 January 2019	289	589	878
At 31 December 2019	**289**	**533**	**822**

NOTES TO THE FINANCIAL STATEMENTS

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

3.1 Assets under hire purchase and leasing arrangements

In the previous financial year, assets financed under leasing instalment plans included in the net book value of property, plant and equipment of the Group were as follows:

	2018 RM'000
Plant and machinery	8,871
Furniture, fittings, equipment and vehicles	1,128
	9,999

3.2 Security

Freehold land, leasehold land and building of the Group with carrying amount of **RM Nil** (2018 : RM143,652,000) are pledged to the bank as securities for the secured term loans of the Group (see Note 18).

3.3 Borrowing costs capitalised

Additions to bearer plants of the Group during the year include:

	2019 RM'000	2018 RM'000
- Interest expense	**3,639**	3,927

Interest is capitalised under bearer plants at an average rate of **0.78% to 2.84%** (2018 : 1.07% to 2.30%) 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

3.5.1 Bearer plants

For the purposes of impairment testing, plantation assets of each subsidiary in the plantation segment are regarded as separate cash-generating units by the Group. The carrying amounts of certain cash-generating units with carrying amounts of **RM406,722,000** (2018 : RM521,655,000) were determined to be higher than their recoverable amounts of **RM367,735,000** (2018 : RM497,796,000). Slow development on these plantation has led to the bearer plants of **RM38,987,000** (2018 : RM23,859,000) being impaired during the financial year. Meanwhile, the other cash-generating unit with carrying amount of RM76,756,000 was determined to be lower than its recoverable amount of RM102,233,000, resulting in an impairment loss reversal of RM9,846,000. The reversal of impairment loss was driven by the positive development of that cash-generating unit noted during the financial year. The net impairment loss on bearer plants of **RM29,141,000** (2018 : RM23,859,000) was charged to the income statement and is included in other operating expense of the Group.

The recoverable amount of these cash generating units of **RM469,968,000** (2018 : RM497,796,000) was assessed using the value in use 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 **10.76%** (2018 : 10.52%).

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

3.5 Impairment loss (cont'd)

3.5.2 Buildings and equipment

During the financial year, the Group assessed the recoverable amount of property, plant and equipment in the automotive segment used for the cable product line that was loss making. The cable product line is regarded as one cash-generating unit by the Group. Arising from the assessment carried out, the Group recognised an impairment loss of RM4,727,000. The impairment loss of RM4,727,000 was recognised in other operating expense of the Group.

The recoverable amount of the cash generating unit was a deficit of RM4 million which was assessed using the value in use method. The estimate of the value in use was determined based on the projected cash flows of the remaining useful lives of the property, plant and equipment using a post-tax discount rate of 8%.

4. Right-of-use assets - Group

	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture fitting, equipment and vehicles RM'000	Total RM'000
At 1 January 2019	310,748	28,338	9,163	2,023	350,272
Additions	7,177	-	4,919	240	12,336
Depreciation for the year	(6,446)	(3,966)	(4,876)	(1,050)	(16,338)
Write-off	-	-	(14)	-	(14)
Transfer to investment properties (Note 6)	(2,180)	-	-	-	(2,180)
Exchange differences	4,525	69	-	25	4,619
At 31 December 2019	313,824	24,441	9,192	1,238	348,695

4.1 Significant judgements and assumptions in relation to leases

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.2 Security

Leasehold land of the Group with carrying amount of RM9,741,000 is pledged to the bank as securities for the secured revolving credit of the Company (see Note 18).

NOTES TO THE FINANCIAL STATEMENTS

5. Intangible assets - Group

	Goodwill RM'000	Development cost RM'000	Total RM'000
Cost			
At 1 January 2018	29,004	3,637	32,641
Additions	-	670	670
Exchange differences	(727)	-	(727)
At 31 December 2018/1 January 2019	**28,277**	**4,307**	**32,584**
Additions	**-**	**92**	**92**
Write-off	**-**	**(107)**	**(107)**
Impairment loss	**(7,429)**	**-**	**(7,429)**
Exchange differences	**508**	**-**	**508**
At 31 December 2019	**21,356**	**4,292**	**25,648**
Amortisation			
At 1 January 2018	-	3,047	3,047
Amortisation for the year	-	439	439
At 31 December 2018/1 January 2019	**-**	**3,486**	**3,486**
Amortisation for the year	**-**	**260**	**260**
At 31 December 2019	**-**	**3,746**	**3,746**
Carrying amounts			
At 1 January 2018	29,004	590	29,594
At 31 December 2018/1 January 2019	28,277	821	29,098
At 31 December 2019	**21,356**	**546**	**21,902**

NOTES TO THE FINANCIAL STATEMENTS

5. 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:

	2019 RM'000	2018 RM'000
Automotive and related products	**1,172**	1,172
Plastic products	**2,117**	2,117
Plantation	**14,936**	21,857
Hotels and resorts	**1,004**	1,004
Multiple units without significant goodwill	**2,127**	2,127
	21,356	28,277

5.1 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.

NOTES TO THE FINANCIAL STATEMENTS

6. Investment properties

	Note	2019 RM'000	2018 RM'000
Group			
Cost			
At 1 January		**1,188,289**	1,106,277
Additions		**43,205**	104,043
Disposal/Write-off		**(951)**	-
Transfer from property, plant and equipment	**3**	**3,309**	8,510
Transfer from right-of-use assets	**4**	**3,583**	-
Exchange differences		**(8,508)**	(30,541)
At 31 December		**1,228,927**	1,188,289
Accumulated depreciation			
At 1 January		**92,995**	87,504
Disposal/Write-off		**(218)**	-
Depreciation for the year		**10,547**	6,202
Impairment loss	**24**	**15,978**	-
Transfer from property, plant and equipment	**3**	**372**	1,494
Transfer from right-of-use assets	**4**	**1,403**	-
Exchange differences		**(483)**	(2,205)
At 31 December		**120,594**	92,995

NOTES TO THE FINANCIAL STATEMENTS

6. Investment properties (cont'd)

	2019 RM'000	2018 RM'000
Carrying amount	**1,108,333**	1,095,294
Included in the above are :		
Freehold land	**298,125**	307,346
Buildings	**296,671**	287,316
Leasehold land	**-**	499,720
Rights-of-use assets	**512,724**	-
Electrical fittings	**813**	912
	1,108,333	1,095,294
Company		
Cost		
At 1 January/31 December	**15,137**	15,137
Accumulated depreciation		
At 1 January	**84**	80
Depreciation for the year	**3**	4
At 31 December	**87**	84
Carrying amount	**15,050**	15,053
Included in the above are :		
Freehold land	**14,963**	14,963
Buildings	**87**	90
	15,050	15,053

Investment properties comprise a number of commercial properties and vacant land that are leased to third parties or held for capital appreciation.

The title deed of right-of-use assets/leasehold land of the Group with a carrying amount of **RM445,372,000** (2018 : RM433,560,000) is still being processed by the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS

6. Investment properties (cont'd)

6.1 Security

Carrying amounts of investment properties pledged to the bank as securities for the secured term loans and revolving credit of the Group (see Note 18) are as follows:

	2019 RM'000	2018 RM'000
Freehold land	**146,365**	156,453
Buildings	**183,959**	176,047
	330,324	332,500

6.2 Direct operating expenses

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Lease income	**75,863**	72,325	**1,284**	1,162
Direct operating expenses of investment properties :				
- non-income generating	**2,574**	1,675	**268**	261
- income generating	**19,659**	17,336	**37**	41

6.3 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
31.12.2019				
Group				
Freehold land	**-**	**-**	**1,358,300**	**1,358,300**
Right-of-use assets	**-**	**-**	**926,480**	**926,480**
Buildings	**-**	**-**	**418,976**	**418,976**
	-	**-**	**2,703,756**	**2,703,756**
Company				
Freehold land	**-**	**-**	**303,800**	**303,800**
Buildings	**-**	**-**	**400**	**400**
	-	**-**	**304,200**	**304,200**

NOTES TO THE FINANCIAL STATEMENTS

6. Investment properties (cont'd)

6.3 Fair value information (cont'd)

	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
Leasehold land	-	-	902,830	902,830
Buildings	-	-	365,050	365,050
	-	-	2,706,643	2,706,643
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 - RM125,045)** (2018 : 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%** (2018 : 1%) Risk adjusted discount rate is **6.22%** (2018 : 9%)	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

6. Investment properties (cont'd)

6.3 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 using either discounted cash flows or recent transaction prices around the vicinity.

Highest and best use

Investment properties comprise a number of commercial properties and vacant land. The Directors had determined the current uses of these investment properties as their highest and best use.

7. Prepaid land lease payments - Group

	2018 RM'000
At 1 January	62,960
Amortisation for the year	(2,842)
Exchange differences	(167)
At 31 December	59,951

8. Interests in subsidiaries

	Note	**2019 RM'000**	**2018 RM'000**
Company			
Unquoted shares, at cost		**858,822**	780,823
Amount due from subsidiaries	**8.1**	**205,009**	187,404
Less :			
Impairment losses		**(61,449)**	(41,449)
		1,002,382	926,778

Details of the subsidiaries are listed under Note 36.

8.1 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 **2.59% to 3.63%** (2018: 2.19% to 3.73%) per annum.

8.2 Key sources of estimation uncertainties

The Company determines whether there is impairment on interests 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.

8. Interests in subsidiaries (cont'd)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2019						
	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	345,247	264,143	72,174	57,473	163,000	160,961	(82,548)
Profit/(Loss) allocated to NCI	21,515	14,604	545	(4,666)	(497)	1,813	427
Summarized financial information before intra-group elimination							
As at 31 December							
Non-current assets	46,067	34,537	67,698	222,561	397,075	89,386	98,710
Current assets	733,065	487,927	78,170	20,279	6,153	156,778	31,091
Non-current liabilities	(16,253)	(6,393)	-	(4,813)	-	(186)	(968)
Current liabilities	(97,899)	(5,143)	(62)	(122,859)	(575)	(20,692)	(274,936)
Net assets/(liabilities)	664,980	510,928	145,806	115,168	402,653	225,286	(146,103)
Year ended 31 December							
Revenue	180,469	103,401	1,981	69,717	110	115,262	6,464
Profit/(Loss) for the year	40,376	27,407	1,101	(8,300)	(1,013)	4,534	783
Total comprehensive income/ (expense) for the year	55,398	38,995	1,101	(8,300)	(1,013)	4,534	(2,738)
Cash flows from operating activities	27,478	27,014	(384)	8,755	(47,835)	(13,375)	(15,219)
Cash flows from investing activities	19,936	7,707	1,980	(6,398)	(17,532)	8,771	(7,819)
Cash flows from financing activities	(1,291)	-	(6,800)	(527)	70,000	(9,778)	16,397
Net increase/(decrease) in cash and cash equivalents	46,123	34,721	(5,204)	1,830	4,633	(14,382)	(6,641)
Dividend paid to NCI	-	-	3,366	-	-	4,001	-

8. Interests in subsidiaries (cont'd)

Non-controlling interests in subsidiaries (cont'd)

	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)
Summarized 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	-

NOTES TO THE FINANCIAL STATEMENTS

9. Investments in associates

	2019 RM'000	2018 RM'000
Group		
Unquoted shares, at cost	**82,284**	82,275
Share of post-acquisition reserves	**526,046**	550,722
	608,330	632,997
Company		
Unquoted shares, at cost	**28,935**	28,935

Details of associates:

	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Incorporated in Malaysia :			
Honda Autoparts Manufacturing (M) Sdn. Bhd.	**49.0**	49.0	Manufacture and sale of motor vehicle parts
Southern Perak Plantations Sdn. Berhad	**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	Sale of construction machinery, attachments and spare parts and renting of machinery
Boon Siew Honda Sdn. Bhd.	**49.0**	49.0	Manufacture, assembly and sale of motorcycles
Chainferry Development Sdn. Berhad	**33.4**	33.4	Property development
Penang Wellesley Realty Sdn. Berhad	**39.8**	39.8	Property development
Penang Amusements Company Sdn. Berhad	**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	Manufacture of thermo plastic and thermo setting products

NOTES TO THE FINANCIAL STATEMENTS

9. Investments in associates (cont'd)

Details of associates (cont'd):

	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Incorporated in Singapore :			
Held through a subsidiary of the Company, Kah Motor Company Sdn Berhad			
Singapore Safety Driving Centre Ltd	**27.5**	27.5	Operation of a driving school
B.S. Kah Pte. Ltd	**40.0**	40.0	Property management
Bukit Batok Driving Centre Ltd	**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	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	**30.3**	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.

9. 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 2019					
Non-current assets	189,023	13,432	127,143	83,508	143,054
Current assets	109,069	97,822	31,403	146,795	427,743
Non-current liabilities	(21,063)	-	(6,731)	-	(1,324)
Current liabilities	(132,187)	(6,606)	(3,235)	(65,453)	(223,032)
Net assets	144,842	104,648	148,580	164,850	346,441
Year ended 31 December 2019					
Profit/(Loss) from continuing operations	8,204	(24,192)	14,048	2,757	92,694
Other comprehensive expense	-	-	-	-	-
Total comprehensive income/(expense)	8,204	(24,192)	14,048	2,757	92,694
Included in the total comprehensive income is :					
Revenue	339,355	67,947	31,166	288,184	1,794,381

9. **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 2019							
Group's share of net assets	42,584	51,278	58,689	49,455	169,756	232,189	603,951
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	42,584	51,278	61,944	49,455	169,756	233,313	608,330
Group's share of results							
Year ended 31 December 2019							
Group's share of profit/(loss) from continuing operations	2,412	(11,854)	5,549	827	45,420	7,549	49,903
Group's share of other comprehensive expense	-	-	-	-	-	7,450	7,450
Group's share of total comprehensive income/(expense)	2,412	(11,854)	5,549	827	45,420	14,999	57,353
Other information							
Dividend received by the Group for the year ended 31 December 2019	734	73,450	3,950	392	-		

9. Investments in associates (cont'd)

	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

9. **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	-		

10. 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								
2019								
Non-current								
Fair value through other comprehensive income	339,706	214,191	-	11,128	-	-	-	565,025
Amortised cost	-	-	102,016	-	-	10,180	1,079	113,275
	339,706	214,191	102,016	11,128	-	10,180	1,079	678,300
Current								
Amortised cost	-	-	28,552	-	4,665	1,690,235	-	1,723,452
	-	-	28,552	-	4,665	1,690,235	-	1,723,452
	339,706	214,191	130,568	11,128	4,665	1,700,415	1,079	2,401,752
						Note 10.1		
Company								
2019								
Non-current								
Fair value through other comprehensive income	320,868	-	-	-	-	-	-	320,868

10. 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								
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 10.1		
Company								
2018								
Non-current								
Fair value through other comprehensive income	348,810	-	-	-	-	-	-	348,810

10.1 Fixed deposits placed with licensed banks

Included in the fixed deposits placed with licensed banks of the Group is an amount of **RM242,384,000** (2018 : RM180,202,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 18).

10.2 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.

10. Other investments (cont'd)

10.3 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 2019 RM'000	Dividend income recognised during 2019 RM'000	Fair value at 31 December 2018 RM'000	Dividend income recognised during 2018 RM'000
Consumer products	**339,123**	**31,319**	366,872	106,770
Financial services	**95,549**	**3,062**	70,777	2,704
Property	**87,978**	**1,860**	65,332	1,803
Others	**42,375**	**1,484**	43,385	1,740
	565,025	**37,725**	546,366	113,017

There was no disposal of investment carried at fair value through other comprehensive income during the financial year.

11. 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment - capital allowances	**7,417**	2,698	**(47,479)**	(43,048)	**(40,062)**	(40,350)
Prepaid land lease payments - fair value adjustment	**-**	-	**-**	(5,771)	**-**	(5,771)
Right-of-use of assets	**-**	-	**(5,651)**	-	**(5,651)**	-
Fair value of biological assets	**-**	-	**(8,899)**	(6,889)	**(8,899)**	(6,889)
Provisions	**10,776**	11,416	**-**	-	**10,776**	11,416
Capital allowances carry-forwards	**23,249**	20,036	**-**	-	**23,249**	20,036
Tax losses carry-forwards	**11,261**	13,059	**-**	-	**11,261**	13,059
Unutilised reinvestment allowances	**2,664**	2,644	**-**	-	**2,664**	2,644
Others	**6,888**	6,121	**-**	-	**6,888**	6,121
	62,255	55,974	**(62,029)**	(55,708)	**226**	266
Set off of tax	**(27,029)**	(23,117)	**27,029**	23,117	**-**	-
Net tax assets/(liabilities)	**35,226**	32,857	**(35,000)**	(32,591)	**226**	266

NOTES TO THE FINANCIAL STATEMENTS

11. Deferred tax assets and (liabilities) - Group (cont'd)

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

	2019 RM'000	2018 RM'000
Tax losses carry-forwards		
- Expiring not more than five years (see Note (a) below)	**357,607**	315,585
- Expiring not more than seven years (see Note (b) below)	**131,819**	109,895
- No expiry period (see Note (c) below)	**4,470**	9,704
	493,896	435,184
Unutilised reinvestment allowances (see Note (b) below)	**2,024**	2,024
Unutilised capital allowances carry-forwards (see Note (c) below)	**4,507**	4,256
Deductible temporary differences	**3,135**	6,291
Provisions	**487**	508
Others	**942**	952
	504,991	449,215

(a) Tax losses carry-forwards of the Indonesian subsidiaries are subjected to a 5-year time limit under the tax legislations of Indonesia.

(b) the unutilised tax losses above relate to Malaysian subsidiaries and are subjected to a 7-year time limit under the tax legislations of Malaysia. 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.

11. Deferred tax assets and (liabilities) - Group (cont'd)

The components and movements of deferred tax assets/(liabilities) are as follows:

	At 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/ 1 January 2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	Exchange differences RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31 December 2019 RM'000
Property, plant and equipment	(34,870)	262	(5,742)	-	**(40,350)**	**-**	**(37)**	**162**	**163**	**(40,062)**
Prepaid land lease payments										
- fair value adjustment	(5,891)	-	120	-	**(5,771)**	**5,771**	**-**	**-**	**-**	**-**
Right-of-use-assets	-	-	-	-	**-**	**(5,771)**	**-**	**120**	**-**	**(5,651)**
Fair value of biological assets	(3,560)	-	(3,329)	-	**(6,889)**	**-**	**-**	**(2,010)**	**-**	**(8,899)**
Provisions	22,445	(129)	(10,106)	(794)	**11,416**	**-**	**132**	**(858)**	**86**	**10,776**
Capital allowances carried-forwards	17,821	-	2,215	-	**20,036**	**-**	**-**	**3,213**	**-**	**23,249**
Tax losses carry-forwards	15,054	(349)	(1,646)	-	**13,059**	**-**	**(27)**	**(1,771)**	**-**	**11,261**
Unutilised reinvestment allowances	2,644	-	-	-	**2,644**	**-**	**-**	**20**	**-**	**2,664**
Others	3,987	(58)	2,192	-	**6,121**	**-**	**(16)**	**783**	**-**	**6,888**
	17,630	(274)	(16,296)	(794)	**266**	**-**	**52**	**(341)**	**249**	**226**
			Note 25					**Note 25**		

NOTES TO THE FINANCIAL STATEMENTS

12. Inventories - Group

	Note	2019 RM'000	2018 RM'000
Non-current			
Land held for property development	**12.1**	**35,935**	36,238
Current			
Manufactured goods		**75,194**	82,246
Trading inventories		**123,103**	118,576
Work-in-progress		**3,535**	4,217
Raw materials		**58,299**	61,865
Consumable stores and spares		**47,385**	50,061
Completed development properties		**6,270**	6,270
Hotel stocks		**2,584**	2,685
Property development costs	**12.2**	**2,298**	3,333
		318,668	329,253
Recognised in profit or loss:			
Inventories recognised as cost of sales		**4,167,486**	5,157,864
Write-down/(Reversal of write-down) to net realisable value		**4,070**	(5,432)

12.1 Land held for property development

	2019 RM'000	2018 RM'000
At 1 January	**36,238**	36,199
Additions during the year	**7**	39
Write-down during the year	**(310)**	-
At 31 December	**35,935**	36,238
Represented by :		
Freehold land	**34,026**	34,335
Other outgoings	**1,909**	1,903
	35,935	36,238

12.2 Property development costs

	2019 RM'000	2018 RM'000
At 1 January	**3,333**	3,228
Development costs incurred during the year	**1**	105
Cost charged to income statement	**(1,036)**	-
At 31 December	**2,298**	3,333

NOTES TO THE FINANCIAL STATEMENTS

13. Biological assets - Group

	2019 RM'000	2018 RM'000
Oil palm fruits	**8,166**	4,515

13.1 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
2019				
Oil palm fruits	**-**	**-**	**8,166**	**8,166**
2018				
Oil palm fruits	-	-	4,515	4,515

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	2019 RM'000	2018 RM'000
At 1 January	**4,515**	6,937
Fair value change recognised in profit or loss	**3,551**	(2,422)
Exchange differences	**100**	-
At 31 December	**8,166**	4,515

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%)** (2018 : 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

14. Trade and other receivables

	Note	2019 RM'000	2018 RM'000
Group			
Non-current			
Plasma receivable		**32,610**	28,759
Current			
Trade			
Trade receivables		**256,873**	271,310
Amount due from associates		**6,546**	6,067
		263,419	277,377
Current			
Non-trade			
Other receivables	**14.1**	**66,428**	102,452
Deposits		**7,372**	7,919
Prepayments		**24,970**	30,450
Indirect tax refundable		**34,223**	56,491
		132,993	197,312
		396,412	474,689
Company			
Current			
Non-trade			
Amount due from subsidiaries	**14.2**	**3,624**	2,963
Deposits		**23**	23
Prepayments		**127**	122
		3,774	3,108

NOTES TO THE FINANCIAL STATEMENTS

14. Trade and other receivables (cont'd)

14.1 Other receivables

Included in other receivables of the Group are as follows :

a) an amount of **RM5,170,000** (2018 : RM6,461,000) representing advance payments made for the acquisition of land.

b) an amount of **RM8,181,000** (2018 : RM53,212,000) representing deposits for Certificates of Entitlement for purchase of vehicles in a foreign jurisdiction.

14.2 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand except for an amount of **RM500,000** (2018 : RM2,500,000) which is subject to interest at the rate of **2.00%** (2018 : 2.00%) per annum.

15. Cash and cash equivalents

	Note	2019 RM'000	2018 RM'000
Group			
Fixed deposits with licensed banks	**15.1**	**1,597,347**	2,226,512
Cash and bank balances	**15.2**	**1,214,128**	1,257,890
Unit trust money market funds		**119,290**	140,600
		2,930,765	3,625,002
Company			
Fixed deposits with licensed banks		**105,234**	152,655
Cash and bank balances		**1,937**	1,548
Unit trust money market funds		**116,851**	138,484
		224,022	292,687

15.1 Fixed deposits with licensed banks

Included in fixed deposits with licensed banks of the Group is an amount of **RM707,732,000** (2018 : RM665,792,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 18).

NOTES TO THE FINANCIAL STATEMENTS

15. Cash and cash equivalents (cont'd)

15.2 Cash and bank balances

Included in cash and bank balances of the Group is :

i) an amount of **RM796,362,000** (2018 : RM775,173,000) which bears interest at a rate of **0.80%** (2018 : 0.82%) per annum.

ii) an amount of **RM667,000** (2018 : RM655,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

16. Share capital - Group/Company

	2019		**2018**	
	Amount	**Number of shares**	**Amount**	**Number of shares**
	RM'000	**'000**	**RM'000**	**'000**
Ordinary stocks, issued and fully paid				
At 1 January/31 December	**620,462**	**620,394**	620,462	620,394

16.1 Ordinary stocks

The holders of ordinary stocks are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

17. Reserves

17.1 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.

17.2 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.

17.3 Capital reserve

The capital reserve comprises surplus on sale of land and building and long term investments.

17.4 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. As at 31 December 2019, the Group held **31,808** (31.12.2018 : 31,808) of the Company's own shares. Treasury stocks have no rights to voting, dividends and participation in distribution.

NOTES TO THE FINANCIAL STATEMENTS

18. Borrowings

	Note	2019 RM'000	2018 RM'000
Group			
Non-current			
Secured :			
Term loans		**41,244**	42,917
Lease obligations	**18.1**	**-**	4,435
		41,244	47,352
Current			
Secured :			
Revolving credit		**1,364,080**	1,187,268
Term loans		**1,782**	9,901
Unsecured :			
Bank overdrafts		**99**	-
Revolving credit		**623,050**	641,389
Bankers' acceptances		**20,330**	26,976
		643,479	668,365
Lease obligations	**18.1**	**-**	5,399
		2,009,341	1,870,933
		2,050,585	1,918,285
Company			
Current			
Unsecured :			
Revolving credit		**101,728**	101,436

18.1 Lease obligations

	2018		
	Future minimum lease payment RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than 1 year	5,751	352	5,399
Between 1 to 5 years	4,609	174	4,435
	10,360	526	9,834

NOTES TO THE FINANCIAL STATEMENTS

18. Borrowings (cont'd)

18.2 Security

The secured bank borrowings are secured by way of the Group's fixed deposits (see Note 10 and Note 15) and freehold land and building (see Note 3) with a carrying amount of **RM Nil** (2018 : RM143,652,000), right of use assets (see Note 4) with a carrying amount of **RM9,741,000** (2018 : RM Nil), and investment properties (see Note 6) of **RM330,324,000** (2018 : RM332,500,000).

19. 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

	2019 **RM'000**	**2018** **RM'000**
Balance at 1 January	**21,972**	21,679
Included in profit or loss		
Current service cost	**3,141**	3,161
Interest cost	**1,896**	1,564
Past service cost	**-**	(298)
	5,037	4,427
Included in other comprehensive income		
Remeasurement loss		
- Actuarial loss arising from change in financial assumptions	**344**	(3,176)
Benefits paid	**(405)**	(265)
Exchange differences	**534**	(693)
Balance at 31 December	**27,482**	21,972

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 :

	2019	**2018**
Discount rate	**8.00% per annum**	8.50% - 8.75% per annum
Future salary incremental rate	**10.00% per annum**	10.00% per annum

NOTES TO THE FINANCIAL STATEMENTS

19. Retirement benefits - Group (cont'd)

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 :

	2019		2018	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	**(2,630)**	**3,050**	(2,073)	2,399
Future salary incremental rate (1% movement)	**3,040**	**(2,699)**	2,456	(2,159)

20. Contract liabilities - Group

	2019 RM'000	2018 RM'000
Non-current	**113,482**	109,456
Current	**17,871**	17,818
	131,353	127,274

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 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 2018/1 January 2019	**86,085**	**41,189**	**127,274**
Revenue deferred during the year	**54,866**	**9,926**	**64,792**
Amounts recognised as revenue during the year	**(57,591)**	**(3,361)**	**(60,952)**
Exchange differences	**162**	**77**	**239**
At 31 December 2019	**83,522**	**47,831**	**131,353**

Contract liabilities represent deferred income relating to extended warranty and free servicing for motor vehicles sold.

NOTES TO THE FINANCIAL STATEMENTS

21. Trade and other payables

	Note	2019 RM'000	2018 RM'000
Group			
Trade			
Trade payables		**157,168**	154,441
Advances from customers		**35,047**	101,307
		192,215	255,748
Non-trade			
Amount due to associates	**21.1**	**2,436**	2,031
Other payables		**111,519**	106,646
Accrued expenses		**50,521**	62,692
		164,476	171,369
		356,691	427,117
Company			
Non-trade			
Other payables		**457**	292
Accrued expenses		**410**	486
		867	778

21.1 Amount due to associates

The amount due to associates is unsecured, interest-free and repayable on demand.

22. Revenue

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers	**4,915,409**	6,077,948	**-**	-
Other revenue				
- Interest income from financial assets at amortised cost	**103,475**	89,900	**12,243**	12,083
- Dividend income	**41,889**	116,805	**307,113**	318,717
- Rental income from properties	**75,863**	72,325	**1,284**	1,162
- Others	**25,498**	23,969	**3,151**	637
	246,725	302,999	**323,791**	332,599
Total revenue	**5,162,134**	6,380,947	**323,791**	332,599

22. Revenue (cont'd)

22.1 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
2019								
Primary geographical markets								
- Malaysia	1,252,435	240,144	7,227	25,085	-	300,908	68,337	1,894,136
- Singapore	2,257,414	4,007	28,204	-	-	-	-	2,289,625
- Indonesia	-	-	-	429,294	-	-	-	429,294
- Australia	-	4,058	111,806	-	-	-	-	115,864
- Others	37,813	21,123	125,400	-	-	2,154	-	186,490
	3,547,662	269,332	272,637	454,379	-	303,062	68,337	4,915,409
Major products and service lines								
Sale of cars and accessories	3,068,792	-	-	-	-	-	-	3,068,792
Car services rendered	191,804	-	-	-	-	-	-	191,804
Hotel services rendered	-	-	272,637	-	-	-	-	272,637
Commission income	51,353	-	-	-	-	270	-	51,623
Sale of automotive manufacturing products	235,713	-	-	-	-	-	-	235,713
Sale of plastic products	-	269,332	-	-	-	-	-	269,332
FFB, crude palm oil and palm kernel	-	-	-	454,379	-	-	-	454,379
Sale of building material products	-	-	-	-	-	302,792	-	302,792
Healthcare services	-	-	-	-	-	-	68,337	68,337
	3,547,662	269,332	272,637	454,379	-	303,062	68,337	4,915,409

22. Revenue (cont'd)

22.1 Disaggregation of revenue (cont'd)

Group	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
	Reportable segments							
2019								
Timing and recognition								
- At a point in time	3,355,857	259,840	-	454,379	-	303,062	68,337	4,441,475
- Over time	191,805	9,492	272,637	-	-	-	-	473,934
	3,547,662	269,332	272,637	454,379	-	303,062	68,337	4,915,409
Revenue from contracts with customers	3,547,662	269,332	272,637	454,379	-	303,062	68,337	4,915,409
Other revenue								
- Dividend income	4,619	-	-	2,294	34,920	56	-	41,889
- Rental income	15,130	4,653	35,872	1,640	738	16,743	1,087	75,863
- Interest income	35,382	6,854	3,558	48,351	6,553	2,623	154	103,475
- Others	17,751	-	786	-	3,151	-	3,810	25,498
	3,620,544	280,839	312,853	506,664	45,362	322,484	73,388	5,162,134

22. Revenue (cont'd)

22.1 Disaggregation of revenue (cont'd)

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

22. Revenue (cont'd)

22.1 Disaggregation of revenue (cont'd)

Group	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
	Reportable segments							
2018								
Timing and recognition								
- At a point in time	4,497,423	205,652	-	570,938	-	293,281	64,024	5,631,318
- Over time	168,109	3,239	275,282	-	-	-	-	446,630
	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

22. Revenue (cont'd)

22.2 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. 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 sale 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.	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.	Not applicable.	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.

22. Revenue (cont'd)

22.2 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					
- 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.
Hotels 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.

NOTES TO THE FINANCIAL STATEMENTS

22. Revenue (cont'd)

22.2 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-mixed 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.	Cash or credit terms typically within 30 - 60 days, in line with market practice without any financing component.	Not applicable.	Not applicable.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

22. Revenue (cont'd)

22.3 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 2019. The disclosure is only providing information of contracts that have a durations of more than one year.

	2020 RM'000	2021 RM'000	2022 and onwards RM'000	Total RM'000
Workshop service	17,870	44,547	68,938	131,355

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected duration 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 goods or service to a customer and when the customer pays for that goods or service is one year or less.

22.4 Judgements and estimation uncertainty

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 according to the Group's price list.

23. Finance costs

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	**31,277**	25,062	**1,064**	948
Interest expense on lease liabilities	**1,725**	-	**-**	-
	33,002	25,062	**1,064**	948
Recognised in profit or loss	**29,363**	21,135	**1,064**	948
Capitalised on qualifying assets:				
- property, plant and equipment	**3,639**	3,927	**-**	-
	33,002	25,062	**1,064**	948

NOTES TO THE FINANCIAL STATEMENTS

24. Profit before tax

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration				
Audit fees				
- KPMG PLT Malaysia				
- current year	**773**	809	**200**	280
- prior year	**13**	6	**-**	-
- Overseas affiliates of KPMG PLT Malaysia	**773**	715	**-**	-
- Other auditors	**1,241**	1,390	**-**	-
Non-audit fees				
- KPMG PLT Malaysia	**26**	26	**26**	26
- Local affiliates of KPMG PLT Malaysia	**1,230**	341	**178**	118
- Overseas affiliates of KPMG PLT Malaysia	**237**	196	**-**	-
- Other auditors	**215**	312	**113**	225
Material expenses/(incomes)				
Directors' remunerations				
Directors of the Company :				
- fees				
- current year	**1,501**	1,469	**1,050**	1,018
- remuneration				
- current year	**19,074**	25,179	**549**	560
- prior year	**200**	1,474	**-**	-
- benefits-in-kind	**22**	23	**-**	6
Past Directors of the Company :				
- fees	**-**	30	**-**	30
- others	**-**	2	**-**	2
Assets written off				
- property, plant and equipment	**1,096**	311	**-**	-
- intangible assets	**107**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

24. Profit before tax (cont'd)

Profit before tax is arrived at after charging/(crediting) (cont'd):

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Impairment loss on :				
- property, plant and equipment	**33,351**	23,859	**-**	-
- intangible assets	**7,429**	-	**-**	-
- investment properties	**15,978**	-	**-**	-
- receivables	**1,660**	2,113	**-**	-
(Gain)/Loss on disposal of :				
- property, plant and equipment	**(2,919)**	(13,424)	**-**	(46)
- investment properties	**(1,721)**	-	**-**	-
- debt instruments at amortised cost	**3**	500	**-**	-
Gain on liquidation of a subsidiary	**(715)**	-	**-**	-
Provision for/(Reversal of) impairment loss on investment in subsidiaries	**-**	-	**20,000**	(52,266)
(Gain)/Loss on foreign exchange (net)				
- Unrealised	**(34,829)**	119,718	**359**	4,235
- Realised	**12,830**	2,246	**(34)**	(5)
Bad debts written off (net)	**258**	-	**-**	-
Staff costs	**464,053**	464,624	**3,012**	2,788
Expenses arising from leases				
Expenses relating to short-term leases	**5,070**	-	**68**	-
Expenses relating to leases of low value assets	**242**	-	**5**	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities	**303**	-	**-**	-
Right-of-use assets written off	**14**	-	**-**	-
Rental expense:				
- land and buildings	**-**	15,442	**-**	50
- equipment	**-**	712	**-**	3

Included in staff costs of the Group and of the Company is an amount of **RM28,494,000** (2018 : RM27,684,000) and **RM414,000** (2018 : RM383,000) respectively representing contributions made to the Employees' Provident Fund.

NOTES TO THE FINANCIAL STATEMENTS

25. Income tax expense

Recognised in profit or loss

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax expense on continuing operations	**105,577**	122,489	**3,241**	2,831
Share of tax of equity accounted associates	**17,399**	10,115	**-**	-
Total income tax expense	**122,976**	132,604	**3,241**	2,831

Major components of tax expense include:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
Malaysian - current year	**15,678**	17,548	**3,247**	2,825
- prior years	**10,332**	(1,004)	**(6)**	6
	26,010	16,544	**3,241**	2,831
Overseas- current year	**78,430**	89,959	**-**	-
- prior years	**796**	(310)	**-**	-
	79,226	89,649	**-**	-
Total current tax	**105,236**	106,193	**3,241**	2,831
Deferred tax expense				
Origination and reversal of temporary differences	**(1,128)**	6,471	**-**	-
Prior year	**1,469**	9,825	**-**	-
Total deferred tax	**341**	16,296	**-**	-
	105,577	122,489	**3,241**	2,831
Share of tax of equity accounted associates	**17,399**	10,115	**-**	-
Total tax expense	**122,976**	132,604	**3,241**	2,831

NOTES TO THE FINANCIAL STATEMENTS

25. Income tax expense (cont'd)

Reconciliation of tax expense

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	**353,328**	474,174	**292,266**	365,750
Total tax expense	**122,976**	132,604	**3,241**	2,831
Profit excluding tax	**476,304**	606,778	**295,507**	368,581
Income tax at Malaysian tax rate of **24%** (2018 : 24%)	**114,313**	145,627	**70,922**	88,459
Effect of tax rates in foreign jurisdictions **	**(11,981)**	(12,216)	**-**	-
Non-deductible expenses	**32,077**	13,497	**6,332**	5,123
Income not subject to tax	**(38,651)**	(43,031)	**(74,006)**	(90,757)
Deferred tax assets not recognised	**13,386**	20,475	**-**	-
Others	**1,235**	(259)	**(1)**	-
Under/(Over) provision in prior years	**12,597**	8,511	**(6)**	6
	122,976	132,604	**3,241**	2,831

** 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.

25.1 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.

26. Other comprehensive income/(expense) - Group

	2019			2018		
	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	**(344)**	**86**	**(258)**	3,176	(794)	2,382
Fair value gain/(loss) of equity instruments designated at fair value through other comprehensive income	**18,029**	**-**	**18,029**	(22,721)	-	(22,721)
	17,685	**86**	**17,771**	(19,545)	(794)	(20,339)
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations						
- Gain/(Loss) arising during the year	**24,518**	**-**	**24,518**	(72,492)	-	(72,492)
	42,203	**86**	**42,289**	(92,037)	(794)	(92,831)
Share of other comprehensive income of equity accounted associates			**7,450**			-
			49,739			(92,831)

NOTES TO THE FINANCIAL STATEMENTS

27. Basic earnings per ordinary stock

The basic earnings per ordinary stock have been calculated based on the profit attributable to the stockholders of the Company and the number of stocks in issue of **620,361,830** (2018 : 620,361,830), after deducting the treasury stocks of **31,808** (2018 : 31,808).

28. Dividends

Dividends recognised by the Group and the Company are:

	Sen per share	Total amount RM'000	Date of payment
2019			
In respect of financial year 2019 :			
- Single tier first interim dividend	**12**	**74,443**	**22 November 2019**
In respect of financial year 2018 :			
- Single tier second interim dividend	**6**	**37,222**	**11 April 2019**
- Single tier final and special dividend	**28**	**173,701**	**11 July 2019**
		285,366	
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	

A final single tier dividend of 8 sen per ordinary stock and special final single tier dividend of 10 sen per ordinary stock totalling RM49,628,946 and RM62,036,183 respectively have been recommended by the Directors in respect of the year ended 31 December 2019, subject to approval of the stockholders at the forthcoming Annual General Meeting.

The financial statements do not reflect these final and special dividends in relation to the financial year ended 31 December 2019, which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

29. 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.

NOTES TO THE FINANCIAL STATEMENTS

29. 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
2019											
Revenue from external customers	3,620,542	280,839	312,854	506,664	45,362	322,483	73,390	5,162,134	-		5,162,134
Inter-segment revenue	522	183	332	-	10,696	55	-	11,788	(11,788)	A	-
Total revenue	3,621,064	281,022	313,186	506,664	56,058	322,538	73,390	5,173,922	(11,788)		5,162,134
Results											
Interest income	35,382	6,854	3,558	48,351	6,553	2,623	154	103,475	-		103,475
Dividend income	4,619	-	-	2,294	34,920	56	-	41,889	-		41,889
Depreciation and amortisation	35,103	9,494	38,125	47,401	679	10,206	14,948	155,956	-		155,956
Share of results of associates	7,520	6,824	-	(563)	34,215	1,907	-	49,903	-		49,903
Impairment loss on non-financial assets	5,227	-	-	46,416	-	15,978	-	67,621	-		67,621
Reversal of impariment loss on non-financial assets	(1,017)	-	-	(9,846)	-	-	-	(10,863)	-		(10,863)
Other non-cash expenses	8,680	(20)	531	458	5,982	7,890	634	24,155	-	B	24,155
Segment profit/ (loss)	308,227	8,325	58,678	65,979	19,541	(17,427)	(4,958)	438,365	20,540	C	458,905
Assets											
Investment in associates	128,419	124,970	-	19,918	308,684	26,339	-	608,330	-		608,330
Additions to non-current assets	32,038	12,091	13,492	151,350	5,324	39,896	6,750	260,941	-	D	260,941
Segment assets	3,511,947	383,811	1,072,723	2,498,403	741,977	1,145,104	214,015	9,567,980	665,799	E	10,233,779

29. 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
Impairment loss on non-financial assets	-	-	-	23,859	-	-	-	23,859	-		23,859
Other non-cash expenses	5,439	2,270	989	105,351	8,016	(139)	49	121,975	-	B	121,975
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

NOTES TO THE FINANCIAL STATEMENTS

29. 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	2019 RM'000	2018 RM'000
Assets written off :			
- Property, plant and equipment	**24**	**1,096**	311
- Right-of-use assets	**4**	**14**	-
Write-down of inventories, gross		**4,153**	764
Bad and doubtful debts, gross		**1,918**	2,113
Unrealised loss on foreign exchange, gross		**11,674**	113,838
Loss on disposal of :			
- Property, plant and equipment, gross		**260**	22
- Debt instruments at amortised cost	**24**	**3**	500
Provision for retirement benefits	**19**	**5,037**	4,427
		24,155	121,975

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:

	2019 RM'000	2018 RM'000
Share of results of associates	**49,903**	56,345
Interest expense	**(29,363)**	(21,135)
	20,540	35,210

NOTES TO THE FINANCIAL STATEMENTS

29. Operating segments (cont'd)

D Additions to non-current asset other than financial instruments and deferred tax assets consist of:

	Note	2019 RM'000	2018 RM'000
Property, plant and equipment	**3**	**205,301**	152,186
Right-of-use assets	**4**	**12,336**	-
Intangible assets	**5**	**92**	670
Investment properties	**6**	**43,205**	104,043
Land held for property development	**12.1**	**7**	39
		260,941	256,938

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2019 RM'000	2018 RM'000
Investment in associates	**608,330**	632,997
Current tax assets	**22,243**	23,218
Deferred tax assets	**35,226**	32,857
	665,799	689,072

29. 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 associates, other investments and deferred tax assets. Geographical information for revenue is as disclosed in Note 22.1.

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Australia RM'000	Others RM'000	Consolidated RM'000
2019						
Non-current assets by location of assets	**1,283,749**	**258,007**	**954,690**	**566,856**	**448,915**	**3,512,217**
2018						
Non-current assets by location of assets	1,243,068	276,158	869,758	579,613	441,537	3,410,134

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

30. Commitments

	Group 2018 RM'000
(i) Non-cancellable operating lease commitments	
Within 1 year	4,315
Between 1 to 5 years	13,841
Above 5 years	8,004
	26,160

	Group 2019 RM'000	Group 2018 RM'000
(ii) Operating lease income commitments		
Receivables :		
Within 1 year	**5,076**	5,950
Between 1 to 5 years	**3,874**	5,048
	8,950	10,998
(iii) Capital expenditure		
- contracted but not provided for	**93,133**	99,962

31. 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

31. 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”);

iii) Company in which certain Director has substantial financial interests; and

iv) 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	
	2019	**2018**
	RM’000	**RM’000**
i) Rental receivables	**1,209**	1,086
ii) Interest income	**7,305**	7,196

b) With associates of the Group

	Group	
	2019	**2018**
	RM’000	**RM’000**
i) Sale of goods	**39,413**	36,474
ii) Purchase of goods	**(8,202)**	(11,130)
iii) Rental charges receivables	**1,013**	40

NOTES TO THE FINANCIAL STATEMENTS

31. Related parties (cont'd)

Significant related party transactions (cont'd)

c) With Boon Siew Group of Companies

	Group	
	2019	**2018**
	RM'000	**RM'000**
i) Commission receivable in respect of advertising, marketing and hotel reservation services	**785**	596
ii) Sale of goods and services	**1,991**	1,399
iii) Purchase of goods	**(812)**	(536)
iv) Rental charges receivables	**1,561**	153

d) With a company in which certain Director has substantial financial interests

	Group	
	2019	**2018**
	RM'000	**RM'000**
i) Sale of goods	**1,626**	-

e) 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 24.

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 14 and Note 21 to the financial statements.

32. Financial instruments

32.1 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

32. Financial instruments (cont'd)

32.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	AC RM'000	FVOCI RM'000
2019			
Financial assets			
Group			
Other investments	2,401,752	1,836,727	565,025
Trade and other receivables (excluding plasma receivables, deposits, prepayments and indirect tax refundable)	329,847	329,847	-
Cash and cash equivalents	2,930,765	2,930,765	-
	5,662,364	5,097,339	565,025
Company			
Other investments	320,868	-	320,868
Trade and other receivables (excluding deposits and prepayments)	3,624	3,624	-
Cash and cash equivalents	224,022	224,022	-
	548,514	227,646	320,868

	Carrying amount RM'000	AC RM'000
2019		
Financial Liabilities		
Group		
Borrowings	2,050,585	2,050,585
Trade and other payables	356,691	356,691
	2,407,276	2,407,276
Company		
Borrowings	101,728	101,728
Trade and other payables	867	867
	102,595	102,595

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	AC RM'000	FVOCI RM'000
2018			
Financial assets			
Group			
Other investments	1,487,266	940,900	546,366
Trade and other receivables (excluding plasma receivables, 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

	Carrying amount RM'000	AC RM'000
2018		
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

32. Financial instruments (cont'd)

32.2 Net gains and losses arising from financial instruments

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Recognised in profit or loss:				
Financial assets measured at amortised cost	**96,610**	80,804	**12,174**	12,214
Equity instruments designated at fair value through other comprehensive income	**41,886**	116,305	**307,113**	318,717
Financial liabilities measured at amortised cost	**(2,418)**	(135,527)	**(1,320)**	(5,309)
	136,078	61,582	**317,967**	325,622
Recognised in other comprehensive income:				
Equity instruments designated at fair value through other comprehensive income	**18,029**	(22,721)	**(27,942)**	35,784
	18,029	(22,721)	**(27,942)**	35,784
	154,107	38,861	**290,025**	361,406

32.3 Financial risk management

The Group has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.4 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	
	2019	**2018**
	RM'000	**RM'000**
Domestic	**220,397**	205,531
Singapore	**22,362**	42,710
Indonesia	**11,729**	19,878
Australia	**4,292**	4,703
Others	**4,639**	4,555
	263,419	277,377

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.4 Credit risk (cont'd)

Trade receivables (cont'd)

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 2019 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			
2019			
Not past due	**227,356**	**70**	**227,286**
Past due < 3 months	**30,339**	**608**	**29,731**
	257,695	**678**	**257,017**
Credit impaired			
Past due 3-6 months	**5,035**	**594**	**4,441**
Past due 6-12 months	**1,026**	**434**	**592**
Past due more than 1 year	**6,297**	**4,928**	**1,369**
	270,053	**6,634**	**263,419**

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Group			
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

The movements in the allowance for impairment losses of receivables during the financial year were :

	Group 2019 RM'000	Group 2018 RM'000
At 1 January	**4,974**	3,572
Impairment loss allowance	**1,764**	2,432
Impairment loss reversed	**(104)**	(319)
Amounts written off	**-**	(710)
Exchange differences	**-**	(1)
At 31 December	**6,634**	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.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.4 Credit risk (cont'd)

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.

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 **RM263.7 million** (2018 : RM271.1 million) representing the outstanding banking facilities and **RM10.7 million** (2018 : 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.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.4 Credit risk (cont'd)

Financial guarantees (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.4 Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2019.

	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
Company			
2019			
Low credit risk	**3,624**	**-**	**3,624**
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.

32.5 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.

32. Financial instruments (cont'd)

32.5 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:

	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
2019							
Group							
Non-derivative financial liabilities							
Secured term loans	43,026	3.17	57,964	2,400	2,400	53,164	-
Secured revolving credit	1,364,080	0.85 - 5.05	1,381,952	1,381,952	-	-	-
Bank overdrafts	99	8.65	99	99	-	-	-
Unsecured revolving credit	623,050	0.96 - 1.42	629,876	629,876	-	-	-
Unsecured bankers' acceptances	20,330	3.78 - 4.14	20,330	20,330	-	-	-
Lease liabilities	36,391	2.47 - 6.50	40,783	10,867	9,115	14,089	6,712
Trade and other payables	356,691	-	356,691	356,691	-	-	-
	2,443,667		2,487,695	2,402,215	11,515	67,253	6,712
Company							
Non-derivative financial liabilities							
Trade and other payables	867	-	867	867	-	-	-
Unsecured revolving credit	101,728	0.98	101,818	101,818	-	-	-
Corporate guarantees	-	-	274,400	274,400	-	-	-
	102,595		377,085	377,085	-	-	-

32. Financial instruments (cont'd)

32.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	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
2018							
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	-	-	-

32. Financial instruments (cont'd)

32.6 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.

32.6.1 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
2019						
Group						
Other financial assets	108,272	-	-	-	-	-
Trade and other receivables	1,417	971	11	-	4	15
Borrowings	(223,976)	(1,783,818)	-	-	-	-
Trade and other payables	(5,512)	(11,560)	-	(153,087)	-	-
Cash and bank balances	300,862	80,422	192,035	-	16,753	40,359
Exposure in the statement of financial position	181,063	(1,713,985)	192,046	(153,087)	16,757	40,374
Company						
Cash and bank balances	269	13	-	-	-	-
Intra-group balances	6,140	-	-	-	-	-
Borrowings	-	(101,728)	-	-	-	-
Exposure in the statement of financial position	6,409	(101,715)	-	-	-	-

32. Financial instruments (cont'd)

32.6 Market risk (cont'd)

32.6.1 Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

	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
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)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.6 Market risk (cont'd)

32.6.1 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 2019 RM'000	Profit or loss 2018 RM'000
Group		
US Dollar	**(9,053)**	(2,973)
Japanese Yen	**85,699**	75,371
Australian Dollar	**(9,602)**	(8,252)
Thai Baht	**7,654**	848
Great Britain Pound	**(838)**	(541)
New Zealand Dollar	**(2,019)**	(1,996)
Company		
US Dollar	**(320)**	(314)
Japanese Yen	**5,086**	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.

32.6.2 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.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.6 Market risk (cont'd)

32.6.2 Interest rate risk (cont'd)

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. Interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-earning financial assets are mainly short term in nature and are mostly placed in fixed deposits.

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
2019		
Fixed rate instruments		
Financial assets		
- Quoted bonds	**130,568**	**-**
- Fixed deposits	**3,297,762**	**105,234**
- Trade and other receivables	**-**	**500**
- Bank balances	**796,362**	**-**
	4,224,692	**105,734**
Financial liabilities		
- Bankers’ acceptance	**20,330**	**-**
- Lease liabilities	**36,391**	**-**
	56,721	**-**
Floating rate instruments		
Financial assets		
- Unit trust money market funds	**123,955**	**116,851**
Financial liabilities		
- Other borrowings	**2,030,255**	**101,728**

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.6 Market risk (cont'd)

32.6.2 Interest rate risk (cont'd)

Exposure to interest rate risk (cont'd)

	Group RM'000	Company RM'000
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

32. Financial instruments (cont'd)

32.6 Market risk (cont'd)

32.6.2 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**
2019		
Group		
Floating rate instruments		
- Unit trust money market funds	**620**	**(620)**
- Other borrowings	**(10,151)**	**10,151**
Company		
Floating rate instruments		
- Other borrowings	**(509)**	**509**
- Unit trust money market funds	**584**	**(584)**
	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)

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.6 Market risk (cont'd)

32.6.3 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 **RM56,503,000** (2018 : RM54,637,000). A 10% weakening in the stock exchange index would have had equal but opposite effect on equity respectively.

32. Financial instruments (cont'd)

32.7 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
2019										
Group										
Financial assets										
Quoted shares	214,191	-	-	214,191	-	-	-	-	214,191	214,191
Unquoted shares	-	-	339,706	339,706	-	-	-	-	339,706	339,706
Quoted bonds	-	-	-	-	131,529	-	-	131,529	131,529	130,568
Quoted unit trusts & REITS	7,815	3,313	-	11,128	-	-	-	-	11,128	11,128
	222,006	3,313	339,706	565,025	131,529	-	-	131,529	696,554	695,593
Financial liabilities										
Term loans	-	-	-	-	-	-	43,026	43,026	43,026	43,026
Company										
Financial assets										
Unquoted shares	-	-	320,868	320,868	-	-	-	-	320,868	320,868

32. Financial instruments (cont'd)

32.7 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
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

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.7 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.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (cont'd)

32.7 Fair value information (cont'd)

Level 3 fair value (cont'd)

(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 (**2019 : 0.37 - 1.23** and 2018 : 0.77 - 1.19)	The estimated fair value would increase/ decrease if the adjusted market multiple were higher/ lower.

Sensitivity analysis

	Profit or loss		Other comprehensive income, net of tax	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
2019				
Adjusted market multiple (5% movement)	**-**	**-**	**16,986**	**(16,986)**
2018				
Adjusted market multiple (5% movement)	-	-	18,387	(18,387)

(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 reviews significant unobservable inputs and valuation adjustments used in estimating the fair value of unquoted shares.

NOTES TO THE FINANCIAL STATEMENTS

33. 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.

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

34. Significant events during the financial year

(i) Armstrong Realty Sdn. Bhd. ("AR"), a wholly-owned subsidiary of Armstrong Auto Parts Sdn. Berhad which, in turn is an 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. A final General Meeting was called by liquidator on 31 October 2019 to make final capital distribution. AR has completely dissolved on 7 February 2020 after 3 months from the lodgement of return on 6 November 2019.

(ii) 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.

(iii) 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).

(iv) The Company had on 16 April 2019 incorporated a subsidiary named Selasih OAM Sdn. Bhd., as a wholly-owned subsidiary of Oriental Asia (Mauritius) Pte. Ltd. which, in turn is a wholly-owned subsidiary of Selasih Permata Sdn. Bhd. Selasih Permata Sdn. Bhd. is a 50.5% owned subsidiary of OHB. The initial issued share capital of Selasih OAM Sdn. Bhd. is two ordinary shares at an issue price of RM1 each. The principal activity of Selasih OAM Sdn. Bhd. is investment holding.

(v) The Company had on 20 June 2019 incorporated a subsidiary named Kah Agency Sdn. Bhd., as a wholly-owned subsidiary of Kah Motor Company Sdn. Berhad. The initial issued share capital is two ordinary share at an issue price of RM1 each. The principal activity of Kah Agency Sdn. Bhd. is insurance agent.

35. Significant changes in accounting policies

During the year, the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

35. Significant changes in accounting policies (cont'd)

As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. The rates applied ranged from 2.47% - 6.50%. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

Impacts on financial statements

Since the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	RM'000
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	26,160
Discounted using the incremental borrowing rate at 1 January 2019	21,738
Finance lease liabilities recognised at 31 December 2018	9,834
Other leases recognised upon adoption of MFRS 16	8,875
Lease liabilities recognised at 1 January 2019	40,447

NOTES TO THE FINANCIAL STATEMENTS

36. Details of subsidiaries

Name of subsidiaries and principal activities	Group's effective interest 2019 %	2018 %
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**	100.0
Kah Bintang Auto Sdn. Bhd. *Investment holding company, retailer of motor vehicles and trader of spare parts, accessories and related component parts, provision of after sales services and trading of used motor vehicles*	**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
Star Life Pharma Sdn. Bhd. *Intended activity is to operate as an integrated lifestyle retail pharmacy*	**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 2019 %**	**2018 %**
Oriental Boon Siew (Mauritius) Pte. Ltd.*	**50.5**	50.5
Investment holding and granting of loans		
Subsidiaries of Oriental Boon Siew (Mauritius) Pte. Ltd.		
- OAM Asia (Singapore) Pte. Ltd. #	**50.5**	50.5
Investment holding		
Subsidiaries of OAM Asia (Singapore) Pte. Ltd.		
- OAM (Aust) Pty. Ltd. #	**50.5**	50.5
Property investment holding		
- PT Surya Agro Persada *	**45.5**	45.5
Oil palm plantation		
- OBS (Singapore) Pte. Ltd. #	**50.5**	50.5
Investment holding and granting of loans		
Subsidiaries of OBS (Singapore) Pte. Ltd.		
- PT Bumi Sawit Sukses Pratama *	**45.5**	45.5
Oil palm plantation		
- PT Gunung Sawit Selatan Lestari *	**45.5**	45.5
Oil palm plantation		
- PT Pratama Palm Abadi *	**45.5**	45.5
Oil palm plantation		
- PT Dapo Agro Makmur *	**45.5**	45.5
Oil palm plantation		
- PT Sumatera Sawit Lestari *	**45.5**	45.5
Cultivation of oil palm plantation		
Teck See Plastic Sdn. Bhd.	**60.0**	60.0
Investment holding, letting of property, plant and equipment and manufacture and distribution of plastic articles and products		
- Lipro Mold Engineering Sdn. Bhd.	**48.0**	48.0
Manufacture and repair of moulds, jigs and fixtures		
- Armstrong Industries Sdn. Bhd.	**60.0**	60.0
Investment holding		
- Kasai Teck See (Malaysia) Sdn. Bhd.	**37.5**	37.5
Designing, research and development, manufacturing and sale of plastic and automotive interior parts		

NOTES TO THE FINANCIAL STATEMENTS

36. Details of subsidiaries (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest 2019 %	2018 %
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 agent*	**100.0**	100.0
- Kah Agency Sdn. Bhd. *Insurance agent*	**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 2019 %	2018 %
- 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
- 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**	89.7
Subsidiaries of Armstrong Auto Parts Sdn. Berhad **- Armstrong Realty Sdn. Bhd.** *Commenced members' voluntary winding up on 28 September 2018*	**-**	89.7
- Armstrong Trading & Supplies Sdn. Bhd. *General trading of related automotive parts*	**89.7**	89.7
- Armstrong Component Parts (Vietnam) Co., Ltd * *Under liquidation*	**89.7**	89.7
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. Bhd.*** *Manufacture of steel wire, galvanised wire, wire mesh, barbed wire, weld mesh, nails and building materials*	**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 2019 %**	**2018 %**
- Lipro Trading Sdn. Bhd.* *Commission agent in trading of cement*	**100.0**	100.0
- 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
- Selasih OAM Sdn. Bhd. *Investment holding*	**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 2019 %	2018 %
Melaka Straits Medical Centre Sdn. Bhd. *Operate a medical centre and provision of related healthcare services*	**51.0**	51.0
Subsidiary of Melaka Straits Medical Centre Sdn. Bhd. **- Star Joy Sdn. Bhd.** *Manage and operate transitional care centres*	**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
- 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

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 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

37. Subsequent events

37.1 Increase in interests in a subsidiary

Subsequent to the financial year end, the Company had subscribed the Rights Issue of 35,620,000 new ordinary shares in Armstrong Auto Parts Sdn Berhad (“AAP”) at an issue price of RM1.00 each (“Rights Issue”) for a total cash consideration of RM35,620,000. OHB holds 94.79% interest in AAP whereby 91.44% is held directly and the remaining 3.35% is held indirectly through a wholly-owned subsidiary.

37.2 Coronavirus Pandemic

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic, causing huge impacts on people’s lives, communities and businesses around the world. The pandemic has led to severe global socioeconomic disruption, postponement or cancellation of activities and events, shortages in the supply chain management and widespread impact on the public-health. This has caused significant disruptions to the business operations and a significant increase in economic uncertainty.

As at the date of the financial statements are authorised for issuance, the COVID-19 situation is still evolving and unpredictable. As a result, it is not practicable for the Group and the Company to estimate the financial effect of COVID-19 at this juncture. The Group and the Company are actively monitoring and managing the Group’s and the Company’s operations to minimise any impacts that may arise from COVID-19.

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:

Baey Cheng Song
Caroline Ip
Chawarat Ittipoonswat
(Appointed on 14.6.2019)
Chan Kuang
Chew Kian Hong, Michael
Chrispian Fry
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
Dato' Yeoh Soo Keng
(Appointed on 19.9.2019)
Datuk Abd Rahim bin Abd Halim
(Resigned on 30.10.2019)
David William Stavert
(Resigned on 12.11.2019)
Dr. Muhammad Iqbal bin Shaharom
(Appointed on 2.12.2019)
Dr Tan Hui Ling
Eda Syukriati Binti Usman
Effendi Suryono
Gan Ching Shien
(Appointed on 20.6.2019)
Georges Valery Magon
Heng Chin Hooi
(Resigned on 7.3.2019)
Hideaki Matsuya
Jerome Dyer
(Appointed on 8.11.2019)
Justin Kim Chuen Cheng
Kang Boon Seng @ Kang Siew Seng
Karli Boenjamin
Khaw Liang Tse
Khoo Kay Jee
Lim Ee Hean
Lim Ee Ling
Lim How Ghee
Lim Huck Seng
Loh Kok Sin
(Retired on 31.3.2020)
Loh Nam Hooi
Loke Kim Hai
Loke Poay Seng
Loo Chin Chee
Masanobu Ikegami
Muhammad Hariz bin Mohd Nadzmi
Navin Nagawa
Ngeow Zoo Gin
Ong Chai Hong
Ong Liang Ghee
Ooi Soo Pheng
Oon Leong Lye @ Khoo Leong Lye
(Appointed on 19.4.2019)
Robert William McNab
Ronnie Lee Lye Beng
Rose Ling Hie Ting
Ruddy Samuel
Sharmil Shah
Simon Garton
Tae Biggs
Takashi Matsuba
Tan Hee Lan
(Appointed on 19.4.2019)
Tan Hui Ming
Tan Liang Chye
Teo Mui Huee @ Alice
Timmy Ang Chiew Peng
(Appointed on 16.5.2019)
Viroj Tangjetanaporn
(Resigned on 14.6.2019)
Wong Chee Choong
(Appointed on 20.6.2019)
Wong Tet Look
Yaep Chin Yee
Yap Keow Seng
Yeap Tze Tsing
(Appointed on 19.4.2019)
Yeoh Khoon Cheng
(Resigned on 19.9.2019)
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 70 to 201 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 2019 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 : 21 May 2020

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 70 to 201 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 21 May 2020.

....

Wong Tet Look

Before me :

Goh Suan Bee (No. P125)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ORIENTAL HOLDINGS BERHAD (Registration No. 196301000446 (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 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 201.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for 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 2019 of RM574 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 MEMBERS OF

ORIENTAL HOLDINGS BERHAD (Registration No. 196301000446 (5286-U)) (Incorporated in Malaysia)

Key Audit Matters (cont'd)

1. Impairment of bearer plants (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 8.2.

As disclosed in Note 8 to the financial statements, the Company's carrying amount of interests in subsidiaries stood at about RM1,002 million at year end, including an amount of RM205 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 MEMBERS OF

ORIENTAL HOLDINGS BERHAD (Registration No. 196301000446 (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 MEMBERS OF

ORIENTAL HOLDINGS BERHAD (Registration No. 196301000446 (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

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 : 03177/05/2021 J
Chartered Accountant

Penang

Date : 21 May 2020

TEN LARGEST PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2019

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)	-	-	248.5
Thistle Holborn The Kingsley Hotel Bloomsbury Way London WC1A 2SD United Kingdom	Hotel	8,027	Freehold	96	13 Feb 2012	202.8
Phase 3 Pekan Klebang Sek. IV Melaka Tengah, Melaka	Reclaimed land	688,008	Leasehold (Pending issuance of title)	-	-	196.8
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	3,783 (hectares)	Pending Hak Guna Usaha	-	18 July 2011	172.3
Lot 2051, PN 50435 PHTM : 2361 Pekan Klebang Sek. IV Melaka Tengah Melaka	Land and hospital building	75,740	Leasehold (99 years expiring 2107)	6	16 July 2008	167.0
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	13	17 Nov 2006	150.9
315-319 Burwood Highway Burwood East VIC 3151 Australia	Land and service apartment	6,013	Freehold	-	20 Nov 2014	149.2
Somerset Park Suanplu No 39 Soi Suanplu South Sathorn Road Bangkok 10120 Thailand	Service apartment	6,555	Freehold	23	15 Sept 2011	140.6

TEN LARGEST PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2019

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
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	2,680 (hectares)	Pending Hak Guna Usaha	8	31 Jan 2011	135.9
247-249 Collins Street Melbourne Victoria 3000 Australia	Office building	481	Freehold	136	23 June 2017	103.8

STOCKHOLDING STATISTICS

STOCKHOLDING STATISTICS AS AT 19 MAY 2020

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	332	11,525	0.00
100 - 1,000	1,436	1,020,178	0.16
1,001 - 10,000	3,789	15,337,354	2.47
10,001 - 100,000	1,373	42,180,321	6.80
100,001 to less than 5% of issued stocks	238	207,117,805	33.39
5% and above of issued stocks	4	354,726,455	57.18
Total	7,172	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	60,823,016	9.80	-	-
3.	Penang Yellow Bus Company Berhad	32,848,477	5.30	-	-
4.	Datuk Loh Kian Chong	800,000	0.13	359,852,450 [(b)]	58.01

(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.

STOCKHOLDING STATISTICS

THIRTY LARGEST STOCKHOLDERS AS AT 19 MAY 2020

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	55,148,316	8.89
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PENANG YELLOW BUS COMPANY BERHAD	32,848,477	5.29
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 LDN FOR ABERDEEN STANDARD ASIA FOCUS PLC	10,154,700	1.64
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD (PB)	9,000,000	1.45
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH BOON SIEW HOLDINGS SDN BHD	7,568,031	1.22
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BOONTONG ESTATES SDN BERHAD (PB)	7,000,000	1.13
11	LOH KAR BEE HOLDINGS SDN BHD	6,750,000	1.09
12	HSBC NOMINEES (ASING) SDN BHD BPSS LUX FOR ABERDEEN STANDARD SICAV I - ASIAN SMALLER COMPANIES FUND	6,638,800	1.07
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	6,522,200	1.05
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	5,674,700	0.91
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	5,142,500	0.83
16	ANG TEOW CHENG & SONS SDN BHD	4,584,000	0.74
17	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOONTONG ESTATES SDN BERHAD (00-00200-000)	4,432,966	0.71
18	CHINCHOO INVESTMENT SDN.BERHAD	3,369,960	0.54
19	GOLDEN FRESH SDN BHD	3,050,000	0.49
20	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,038,079	0.49

STOCKHOLDING STATISTICS

THIRTY LARGEST STOCKHOLDERS AS AT 19 MAY 2020 (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	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KOO KOW KIANG @ KO KECK TING (PB)	1,723,000	0.28
25	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD TONG YEN SDN BHD (00-00203-000)	1,708,278	0.28
26	SEAH MOK KHOON	1,566,000	0.25
27	ANG SENG CHIN	1,500,000	0.24
28	SEAH HENG LYE	1,500,000	0.24
29	FOO LOKE WENG	1,470,024	0.24
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW DEVELOPMENT SDN BHD	1,439,907	0.23
	TOTAL:	503,265,337	81.12

STOCKHOLDING STATISTICS

DIRECTORS' STOCKHOLDINGS AS AT 19 MAY 2020

	Name of Directors	Direct Interest	%	Indirect Interest		%
1.	Datuk Loh Kian Chong	800,000	0.13	359,852,450	(a)	58.01
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	-	-	794,800	(c)	0.13
6.	Dato' Ghazi Bin Ishak	-	-	-		-
7.	Mary Geraldine Phipps	-	-	5,161	(d)	0.00
8.	Lee Kean Teong	7,680	0.00	-		-
9.	Sharifah Intan Binti S. M. Aidid *	18,000	0.00	-		-
10.	Yoshitaka Nakamura #	-	-	-		-
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.*

\# *He appointed on 1 April 2020.*

ORIENTAL HOLDINGS BERHAD 196301000446 (5286-U)

FORM OF PROXY

CDS Account No.:	No. of stocks held:

I/We ____
(Full name in Block Letters and NRIC No. / 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-EIGHTH ANNUAL GENERAL MEETING of the Company to be held as a virtual meeting on Wednesday, 15 July 2020 at 2:30 pm at Broadcast Venue 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**	**10**	**11**
FOR											
AGAINST											

* Strike out if not applicable

Signed this ____________ day of ____________ 2020

____
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). Alternatively, you may deposit your Form of Proxy via Vote2U Online at https://web.vote2u.app.
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 7 July 2020 (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
Registration No. 196301000446 (5286U)

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

Fold along this line

ADMINISTRATIVE GUIDE FOR THE 58TH ANNUAL GENERAL MEETING

Remote Participation and Voting ("RPV") Facilities	: https://web.vote2u.app
Event Name	: OHB AGM
Day and Date	: Wednesday, 15 July 2020
Time	: 2.30 pm
Broadcast Venue	: Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang
Mode of Communication	: (1) Typed text on the RPV Facilities (2) E-mail questions to help.pg@boardroomlimited.com prior to Meeting

Mode of meeting

As a precautionary measure amid COVID-19 pandemic, the Company's forthcoming 58th Annual General Meeting (**58th AGM**) will be conducted virtually from the Broadcast Venue on RPV Facilities, as the safety of our members, Directors, staff and other stakeholders who will attend the AGM is of paramount importance to us. This is in line with the Guidance Note on Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 with revisions on 23 April 2020, 14 May 2020 and 11 June 2020.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Stockholders **will not be allowed** to attend the 58th AGM in person at the Broadcast Venue on the day of the meeting. Stockholders who turn up at the Broadcast Venue will be requested to leave the venue politely.

RPV Facilities

RPV Facilities provided by Boardroom Corporate Services Sdn. Bhd. ("BoardRoom") via Vote2U Online at https://web.vote2u.app will enable you to exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors and/or Management of the Company via real time submission of typed texts) and vote remotely at the AGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when our virtual AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

Entitlement to Participate the AGM

In respect of deposited securities, only members whose MyKad/passport number appear on the Record of Depositors on 7 July 2020 (General Meeting Record of Depositors) shall be eligible to participate the meeting or appoint proxy(ies) to participate on his/her behalf.

Form(s) of Proxy

As the 58th AGM is a virtual meeting, you are encouraged to appoint the Chairman of the meeting as your proxy and indicate the voting instructions in the Form of Proxy accordingly.

Stockholders must ensure that the duly executed original Form(s) of Proxy is deposited at our registered office not less than forty-eight (48) hours before the time appointed for holding the meeting.

Alternatively, you may deposit your Forms of Proxy via Vote2U Online at https://web.vote2u.app not less than forty-eight (48) hours before the time appointed for holding the meeting.

Revocation of Proxy

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our virtual AGM by yourself, please write in to help.pg@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before the meeting.

Alternatively, stockholders who have registered directly with Vote2U can login to revoke the earlier appointed proxy anytime before the start of meeting.

Voting Procedure

In accordance with para 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 58th AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

ADMINISTRATIVE GUIDE FOR THE 58TH ANNUAL GENERAL MEETING

RPV Facilities

Stockholders / proxies / corporate representatives who wish to participate at the 58th AGM remotely using the RPV Facilities are to follow the requirements and procedures as summarised:

Before the AGM

1. Register with Vote2U Online by Individual Members

(a) Access the website at https://web.vote2u.app using your computer or smartphone.
(b) Click/Tap "Sign Up".
(c) Read the Privacy Policy and Terms & Conditions and indicate your acceptance of the Privacy Policy and Terms & Conditions on a small box X. Then click/tap "Next".
(d) Fill-in your details (note: create your own password). Then click/tap "Continue".
(e) Upload your identification card (MyKad).
(f) Login as user completed.

Note:
If you have registered as a user with Vote2U Online previously, you are not required to register again.

2. Register by Proxies/Corporate Representatives

Registration for remote access will be opened on 23 June 2020. Please note that the closing time to submit your request is at 2.30 pm on 13 July 2020 (48 hours before the commencement of the 58th AGM).

Individual Members

(a) Individual stockholder to log in with your email and password.
(b) Click/Tap on the General Meeting event to participate, ie "OHB AGM".
(c) Scroll down and click/tap "Register a Proxy".
(d) Read the Declarations and indicate your acceptance of the Declarations on a small box X. Then click/tap "Next".
(e) Select the Central Depository System ("CDS") account number.
(f) Click/Tap "Appoint Proxy".
(g) Fill-in the details of your Proxy(ies).
(h) Indicate your voting instruction should you prefer to do so.
(i) After you have completed the above procedures, the system will send an e-mail to the registered Proxy(ies) email address.

Note:
You need to register as a stockholder before you register and submit the e-Proxy form.

Corporate Members

(a) Fill-in details on the hardcopy Form of Proxy and provide the following information:
- MyKad/Passport number of the Corporate Representative.
- Email address of the Corporate Representative.

(b) Submit the hardcopy Form of Proxy to the address provided (refers to Notice of Meeting) with the following documents:
- A copy of the Certificate of Appointment of Corporate Representative.
- A copy of the Corporate Representative MyKad (front & back).

Note:
After verification, an email notification will be sent to the Proxy (Corporate Representative) with a temporary password. The Proxy could use the temporary password to log in to Vote2U.

Authorised Nominee and Exempt Authorised Nominee

(a) Fill-in details on the hardcopy Form of Proxy and provide the following information:
- MyKad/Passport number of the Beneficial Owner.
- Email address of the Beneficial Owner.

(b) Submit the hardcopy Form of Proxy to the address provided (refers to Notice of Meeting) with the following documents:
- A copy of the Beneficial Owner MyKad (front & back).

Note:
After verification, an email notification will be sent to the Proxy (Beneficial Owner) with a temporary password. The Proxy could use the temporary password to log in to Vote2U.

ADMINISTRATIVE GUIDE FOR THE 58TH ANNUAL GENERAL MEETING

On the day of the 58th AGM

3.	**Login to Vote2U Online** Login with your email and password for remote participation at the AGM, 1 hour before the commencement of the AGM.
4.	**Participate through Live Streaming** (a) Select the General Meeting event to participate, ie "OHB AGM". (b) Confirm the RPV participant's details. (c) Click on the "*Watch Live*" button to view the Live Streaming. Note: That the quality of the Live Streaming will be dependent on the bandwidth and stability of the internet connection at the location.
5.	**Online Remote Voting** (a) Select the General Meeting event to participate, ie "OHB AGM". (b) Select the CDS account. (c) Please note that if you have more than one CDS Account, you are required to select one CDS account at a time for voting. (d) Select the vote for the resolutions that are tabled for voting. (e) Confirm and submit your votes.
6.	**Ask Question** (a) Click on the "*Ask Question*" button to pose question(s) to the Board. (b) Type in your question and "*Submit*". (c) The Chairman/ Board will endeavor to respond to questions submitted by remote participants during the AGM. Note: There shall not be two-way communication available at the meeting.
7.	**End of RPV** Upon the announcement by the Chairman on the closure of the AGM, the Live Streaming will end.

No Distribution Door Gifts, Food and Beverage

Stockholders/proxies who turn up at the Broadcast Venue will not be distributed with door gifts, food and beverage.

No Recording or Photography

No recording or photography of the 58th AGM proceedings is allowed without the prior written permission of the Company.

Enquiry

If you have any enquiries prior to the 58th AGM, please contact the following during office hours from Monday to Friday (8.30 am to 5.30 pm):-

Registration Helpdesk

Boardroom Corporate Services Sdn. Bhd. (Penang Branch)
170-09-01, Livingston Tower, Jalan Argyll,
10050 George Town, Penang
T: +604-229 4390 | F: +604 226 5860
E: help.pg@boardroomlimited.com

RPV Facilities Helpdesk

Agmo Studio Sdn Bhd
Level 38 MYEG Tower, Empire City Damansara
Jalan PJU 8, Damansara Perdana
47820 Petaling Jaya, Selangor
T: +603-7664 8520/21
E: vote2u@agmostudio.com

Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the stockholder's breach of warranty.

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