



**ORIENTAL  
HOLDINGS  
BERHAD** (5286-U)

# ANNUAL REPORT 2014

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# NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN** that the Fifty-Third Annual General Meeting of stockholders of Oriental Holdings Berhad will be held at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang on Tuesday, 09 June 2015 at 2.30 p.m. for the following purposes:

## Ordinary Business

- |    |                                                                                                                                                             |                        |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 1. | To receive the audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' Report and Auditors' Report thereon. |                        |
| 2. | To declare a Final Single Tier Dividend of 6% and a Special Single Tier Dividend of 2% for the financial year ended 31 December 2014.                       | Ordinary Resolution 1  |
| 3. | To re-appoint the following Directors who retire in accordance with Section 129 of the Companies Act, 1965:                                                 |                        |
|    | (a) Dato' Robert Wong Lum Kong, DSSA, JP                                                                                                                    | Ordinary Resolution 2  |
|    | (b) Dato' Seri Lim Su Tong                                                                                                                                  | Ordinary Resolution 3  |
|    | (c) Dato' Ghazi Bin Ishak                                                                                                                                   | Ordinary Resolution 4  |
|    | (d) Puan Sharifah Intan Binti S M Aidid                                                                                                                     | Ordinary Resolution 5  |
| 4. | To re-elect Datuk Loh Kian Chong who retires in accordance with Article 133 of the Company's Articles of Association.                                       | Ordinary Resolution 6  |
| 5. | To re-elect the following Directors who retire in accordance with Article 138 of the Company's Articles of Association:                                     |                        |
|    | (a) Ms Tan Kheng Hwee                                                                                                                                       | Ordinary Resolution 7  |
|    | (b) Mr Lee Kean Teong                                                                                                                                       | Ordinary Resolution 8  |
| 6. | To approve the Directors' Fees of RM80,000 each for the financial year ended 31 December 2014.                                                              | Ordinary Resolution 9  |
| 7. | To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.                                              | Ordinary Resolution 10 |

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

- |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 8. | <b>Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Ordinary Resolution 11 |
|    | <p>"THAT, pursuant to Chapter 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 18 May 2015 ("the Circular") with any person who is a related party as described in the Circular, provided that such transactions are undertaken in the ordinary course of business, on an arm's length basis, and on normal commercial terms, or on terms not more favourable to the Related Party than those generally available to the public and are not, in the Company's opinion, detrimental to the minority stockholders; and that disclosure will be made in the annual report of the aggregate value of transactions conducted during the financial year; and that such approval, unless revoked or varied by the Company in general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."</p> |                        |

## NOTICE OF MEETING (CONT'D)

9. **Proposed Renewal of Stock Buy-Back**

Ordinary Resolution 12

"THAT, subject to compliance with Section 67A of the Companies Act, 1965 (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 RM360.4 million which represents the audited retained profits reserve of the Company as at 31 December 2014, otherwise available for dividend for the time being, to purchase on Bursa Securities its own stocks up to 62,039,364 ordinary stocks of RM1.00 each representing 10% of the issued and paid up share capital of the Company of 620,393,638 ordinary stocks of RM1.00 each as at 16 April 2015 (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 Securities; or
- (c) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the stocks purchased and rationale thereof will be made to Bursa Securities AND THAT such authority from the stockholders would be effective immediately upon passing of this Ordinary Resolution up till the conclusion of the next Annual General Meeting ("AGM") of the Company or 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 Securities or any other relevant authorities; AND 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."

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

**By Order of the Board**

**TAI YIT CHAN (MAICSA 7009143)**

**ONG TZE-EN (MAICSA 7026537)**

Joint Company Secretaries

Penang, 18 May 2015

## NOTICE OF MEETING (CONT'D)

### Notes:

1. A member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his stockholdings to be represented by each proxy.
2. Where a Member of the Company is authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it may holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which hold ordinary stocks in the Company for multiple beneficial owner 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 authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. If the appointer is a corporation, the Form of Proxy must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
5. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
6. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 2 June 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.

### Explanatory Note on Ordinary Business:

1. Agenda 1 is meant for discussion only as the provision of section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company, and hence, Agenda 1 is not put forward for voting.

### Explanatory Notes on Special Business:

1. **Resolution 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 Listing Requirements of Bursa Securities. This approval shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM is required by the law to be held or revoked/varied by resolution passed by the stockholders in general meeting whichever is the earlier.
2. **Resolution pursuant to Proposed Renewal of Stock Buy-Back**  
This Ordinary Resolution, if passed will allow the Company to purchase its own stocks. The total number of stocks purchased shall not exceed 62,039,364 stocks representing 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

### Statement of Accompanying Notice of Annual General Meeting (Pursuant to Paragraph 8.27(2) of the Listing Requirements)

1. No individual is seeking election as a Director at the forthcoming Fifty-Third AGM of the Company.

## **DIVIDEND ANNOUNCEMENT**

**NOTICE IS HEREBY GIVEN that a depositor shall qualify for entitlement to the Final Single Tier Dividend of 6% and the Special Single Tier Dividend of 2% only in respect of:**

- (a) Stocks transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2015 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 the Special Single Tier Dividend, if approved, will be paid on 15 July 2015 to depositors registered in the Records of Depositors at the close of business on 30 June 2015.**

# STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

## 1. INTRODUCTION

At the AGM of the Company held on 6 June 2014, the Directors had obtained stockholders' approval to undertake the Proposed Stock Buy-Back of up to 10% of the issued and paid-up share capital 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 16 April 2015 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 16 April 2015, the issued and paid up share capital of the Company is RM620,393,638 comprising of 620,393,638 Stocks of RM1.00 each (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 issued and paid-up share capital of OHB or 62,039,364 Stocks for the time being quoted on the Bursa Securities through its appointed stockbroker, Affin Hwang Investment Bank Berhad previously notified to the Bursa Securities.

The new mandate from stockholders will be effective immediately upon the passing of the Ordinary Resolution for the Proposed Stock Buy-Back up till the conclusion of the next AGM of OHB in the year 2016 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 67A of the Companies Act, 1965 (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 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 in treasury 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.

# STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS (CONT'D)

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

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

## 3. RATIONALE FOR THE PROPOSED STOCK BUY-BACK

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

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

### 3.1 Potential Advantages

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

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

### 3.2 Potential Disadvantages

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

## 4. FINANCIAL EFFECTS OF THE PROPOSED STOCK BUY-BACK

### 4.1 Share Capital

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

	<b>No. of Stocks</b>
Existing as at 16 April 2015	620,393,638
Proposed Stock Buy-Back (10% of the issued and paid up share capital, including 31,808 Treasury Stocks)	62,039,364
	558,354,274

However, there will be no effect on the issued and paid-up share capital of OHB if the Stocks so purchased are retained as Treasury Stocks.



# STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS (CONT'D)

## 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 asset per stock when the purchase price exceeds the net asset per stock at the relevant point in time. However, the net asset per stock will be increased when the purchase price is less than the net asset per stock at the relevant point in time. The net asset per stock is RM8.23 as per audited financial statements as at 31 December 2014.

### 4.3 Working Capital

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

### 4.4 Earnings Per Stock

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

### 4.5 Dividends

Assuming the Proposed Stock Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Stock Buy-Back will have the effect of increasing the dividend rate of OHB as a result of the reduction in the issued and paid-up share capital of OHB as described under Section 3.1 above.

## 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 utilized 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 profits reserve and the share premium reserve 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 profits reserve of the Company, otherwise available for dividend for the time being. Based on the audited financial statements as at 31 December 2014, the Company's retained earnings is RM360.4 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 16 April 2015, the public stockholding spread of the Company is approximately 41.68% of its issued share capital.

# STATEMENT ON PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS (CONT'D)

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

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

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

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

### 6.3 Implication on The Malaysian Code On Take-Overs and Mergers 2010 ("the Code")

Boon Siew Sdn Bhd, a major stockholder of OHB by virtue of the management control exercised collectively by Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Seri Lim Su Tong @ Lim Chee Tong, Ms Tan Kheng Hwee and Dato' Sri 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 under Part II of the Code to undertake a Mandatory General Offer for the remaining ordinary stocks in OHB not already held by them.

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

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

## 7. INTERESTS OF DIRECTORS, SUBSTANTIAL STOCKHOLDERS AND PERSONS CONNECTED

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

## 8. DIRECTORS' RECOMMENDATION

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

## 9. 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 Securities has not reviewed this Statement prior to its issuance.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Chairman

- Datuk Loh Kian Chong *D.M.S.M.*

### Group Managing 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.*

### Other Directors

- Tan Kheng Hwee
- Dato' Sri Tan Hui Jing  
*S.S.A.P., P.K.T., P.J.K.*
- Sharifah Intan binti S. M. Aidid
- Mary Geraldine Phipps
- Dato' Ghazi bin Ishak *D.S.S.A.*
- Koji Onishi
- Lee Kean Teong
- 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 Tan Hui Jing

## AUDIT COMMITTEE

### Chairman

- Mary Geraldine Phipps

### Members

- Dato' Ghazi bin Ishak
- Sharifah Intan binti S. M. Aidid

## REMUNERATION COMMITTEE

### Chairman

- Dato' Ghazi bin Ishak

### Members

- Mary Geraldine Phipps
- Sharifah Intan binti S. M. Aidid

## NOMINATING COMMITTEE

### Chairman

- Mary Geraldine Phipps

### Members

- Dato' Ghazi bin Ishak
- Sharifah Intan binti S. M. Aidid

## RISK MANAGEMENT COMMITTEE

### Chairman

- Mary Geraldine Phipps

### Members

- Dato' Robert Wong Lum Kong  
*D.S.S.A., J.P.*
- Dato' Seri Lim Su Tong
- Tan Kheng Hwee
- Wong Tet Look

## COMPANY SECRETARIES

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

## REGISTERED OFFICE

Suite 16-1 (Penthouse Upper)  
Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No : 04-2294390  
Fax No : 04-2265860

## SHARE REGISTRAR

AGRITEM 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, Penang  
Chartered Accountants

## MAJOR BANKERS

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

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Code : 4006

## WEBSITE

[www.ohb.com.my](http://www.ohb.com.my)

## PROFILE OF DIRECTORS

### **Datuk Loh Kian Chong**

*Executive Chairman*

Datuk Loh Kian Chong, aged 39, a Malaysian, joined the Board as an Executive Director on 15 May 2009 and was re-designated as Chairman on 1 January 2015 (previously Deputy Chairman appointed on 8 November 2013).

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 a major stockholder of Oriental Holdings Berhad.

He is a Director of Penang Yellow Bus Company Berhad and Boon Siew Credit Berhad.

He attended all the 6 Board Meetings held in 2014.

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 Tan Hui Jing and Tan Kheng Hwee.

### **Dato' Robert Wong Lum Kong, DSSA, JP**

*Group Managing Director*

Dato' Robert Wong Lum Kong, DSSA, JP, aged 74, a Malaysian, was appointed to the Board on 12 April 1976. He is the Group Managing Director in charge of the automotive division for Honda, Hyundai and Mitsubishi in Malaysia as well as the plastic division and industrial and commercial property division (Malaysia).

A Chartered Accountant and a Fellow of CPA Australia with Cost Accounting background from Australia, Dato' Wong became a member of CPA Australia in 1965, followed by membership in the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of The Malaysian Institute of Directors and a Fellow of The Institute of The Motor Industry.

He has 51 years experience in the business, corporate and entrepreneurship sectors, which started in 1964 when he assumed the post of General Manager and Director of a manufacturing and trading concern dealing in non-consumable products. From 1967 to 1971, he joined a Certified Public Accounting firm as Senior Accountant, 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 his own Certified Public Accounting firm.

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

He is one of the four 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 addition, he is the Managing Director of the following Oriental Holdings Berhad subsidiaries, namely:

- Kah Motor Company Sdn Bhd – (Malaysia's branches) since 1987;
- Kah Bintang Auto Sdn Bhd;
- Kah Classic Auto Sdn Bhd;
- Happy Motoring Co. Sdn Bhd, exclusive distributor of Honda automobiles in Brunei.

## PROFILE OF DIRECTORS (CONT'D)

### **Dato' Robert Wong Lum Kong, DSSA, JP**

*Group Managing Director (cont'd)*

He also established Teck See Plastic Group as an integrated one-stop centre for designing, compounding and manufacturing of automotive and consumer products.

Dato' Wong is in charge of the automotive business in Malaysia and Brunei as well as the plastic division of the Group locally and abroad. He is highly experienced in the motor industry, and has 43 years experience encompassing distribution, assembly and marketing in both car and motorcycle, as well as the manufacturing of components for the automotive (2-wheelers and 4-wheelers), electronics and parts industry both locally and overseas.

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

In recognition for achieving 11 consecutive years (1990 – 2000) in the No. 1 position for Honda in Malaysia in the non-national passenger car segment, the only company and country in the world to achieve this magnificent result, Dato' Wong received formal recognition during this period from various Honda directors, including the President and Managing Director of Honda Motor Co., Ltd. (Japan). Dato' Wong has also maintained the No. 1 position for Honda motorcycles in Malaysia in the non-national segment for 33 years and has developed over 300 professional Honda motorcycle dealers from bicycle shops. During this time, he also established a professional and successful network of Honda car dealers as well as CKD Honda parts suppliers. Dato' Wong was involved in Kah Motor's - Boon Siew Honda motorcycle assembly plant, which entered the Malaysian book of records as the first motorcycle assembly plant in Malaysia and he continues to be involved in Oriental Assemblers Sdn Bhd's automotive assembly plant.

In recognition of his outstanding and exemplary achievements in entrepreneurship, Dato' Wong was awarded 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 and 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. In addition, in recognition of his lifetime achievements, he was awarded the Lifetime Achievement Global Leadership Award 2011 and the Lifetime Achievement Master Class Award in 2011 from ASEAN Retail Chains & Franchise Federation.

He is a director of several subsidiaries of Oriental Holdings Berhad involving in hotels and resorts, plantation, property development, healthcare, construction machinery, safety driving centre, leasing and finance.

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

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

He attended all the 6 Board meetings held in 2014.

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

## PROFILE OF DIRECTORS (CONT'D)

### **Dato' Seri Lim Su Tong**

*Group Managing Director*

Dato' Seri Lim, aged 70, a Malaysian, was appointed to the Board on 1 July 1974. He is currently the Group Managing Director in charge of the property development and plantation divisions 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 four Executive Directors responsible for the overall business and management operations of the Group.

In addition, Dato' Seri Lim is the CEO of the property development and plantation divisions of the Group.

He is currently a Director of several subsidiaries of Oriental Holdings Berhad involved in hotels and resorts, automotive industries 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 attended all the 6 Board Meetings held in 2014.

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 Tan Hui Jing and Tan Kheng Hwee.

### **Tan Kheng Hwee**

*Executive Director*

Ms. Tan Kheng Hwee, aged 49, 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 division.

She is a Director of Boon Siew Credit Berhad and Penang Yellow Bus Company Berhad.

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 Tan Hui Jing.

## PROFILE OF DIRECTORS (CONT'D)

### **Dato' Sri Tan Hui Jing**

*Executive Director*

Dato' Sri Tan Hui Jing, aged 34, 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 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 currently the Deputy CEO and Deputy Chairman of Boon Siew Honda Sdn. Bhd.

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

He attended 5 Board Meetings since his appointment during the year 2014.

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.

### **Sharifah Intan binti S.M. Aidid**

*Non-Independent Non-Executive Director*

Puan Sharifah, aged 80, a Malaysian, is a Non-Independent Non-Executive Director. She was appointed as a Director 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 of Messrs. Lim Huck Aik & Co, Advocates & Solicitors.

In addition, she is a director of Boon Siew Honda Sdn. Bhd., Penang Yellow Bus Company Berhad and Chainferry Development Sdn. Bhd..

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

She attended all the 6 Board Meetings held in 2014.

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

## PROFILE OF DIRECTORS (CONT'D)

### **Mary Geraldine Phipps**

*Independent Non-Executive Director*

Ms. Mary Geraldine Phipps, aged 66, a Malaysian, was appointed to the Board as an Independent Non-Executive Director of the Company on 14 August 2009.

In 1976, she became a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants in 1982. In 1992, she became a member of the Malaysian Institute of Taxation and is currently a Fellow of the Malaysian Institute of Taxation.

She joined KPMG, Penang as an articled student in 1969 and remained in public practice until her retirement in December 2004. In 1982, she was made a partner of KPMG and in 1990 she was appointed Managing Partner of KPMG Penang practice. 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 overseas offices which have manufacturing facilities in Penang.

She currently sits on the Board of SLP Resources Berhad and PBA Holdings Bhd.

She is the Chairman of the Audit Committee, Risk Management Committee and Nominating Committee. She is also a member of Remuneration Committee.

She attended all the 6 Board Meetings held in 2014.

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

### **Dato' Ghazi bin Ishak**

*Independent Non-Executive Director*

Dato' Ghazi, aged 71, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 22 September 2010.

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. 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 currently sits on the Board of Wing Tai Malaysia Berhad.

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

He attended 3 out of 6 Board Meetings held in 2014.

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



## PROFILE OF DIRECTORS (CONT'D)

### **Koji Onishi**

*Non-Independent Non-Executive Director*

Mr. Koji Onishi, aged 58, a Japanese was appointed to the Board as a Non-Independent Non-Executive Director on 1 April 2014.

Mr. Koji Onishi holds a Bachelor of Law from Meijo University, Tempaku Nagoya Japan.

He began his career as Staff Member in Honda Motor Co., Ltd. in January, 1982. In July 1982, he worked as Staff Member in Honda Motorcycle Aichi Co., Ltd and was appointed as Senior Staff on April 1988. In October 1990, he worked as Senior Staff in Honda Motor Co., Ltd and was appointed as Assistant Manager in 1993. In 2001, he worked as Assistant Manager in Asian Honda Motor Co., Ltd, Thailand before appointed as Manager of Honda Motor Co., Ltd in 2002. He was appointed as President of Honda Motor (China) Co., Ltd in April 2003 and also President of Honda Vietnam Co., Ltd in April 2007. Previously, he was the Deputy General Manager and General Manager of Honda Motor Co., Ltd in Japan and Myanmar respectively.

Mr. Koji Onishi is currently the Managing Director of Boon Siew Honda Sdn. Bhd. and the representative of Honda Motor Co., Ltd.

He attended 4 Board Meetings since his appointment during the year 2014.

He 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 56, a Malaysian was appointed to the Board as an Independent Non-Executive Director on 31 March 2015.

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

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

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

## PROFILE OF DIRECTORS (CONT'D)

### **Datin Loh Ean**

*Alternate Director*

Datin Loh Ean, aged 73, 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 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 Tan Hui Jing and Tan Kheng Hwee.

#### Notes:-

- (a) Conflict of Interest  
None of the Directors has any conflict of interest with the Group.
- (b) Convictions of Offences  
None of the Directors has been convicted of any offences withing the past 10 years.

## NAME OF SUBSIDIARIES AND ASSOCIATES

<b>AAP</b>	: Armstrong Auto Parts Sdn. Berhad
<b>ACP</b>	: Armstrong Cycle Parts (Sdn.) Berhad
<b>ACPV</b>	: Armstrong Component Parts (Vietnam) Co., Ltd
<b>AI</b>	: Armstrong Industries Sdn. Bhd.
<b>AR</b>	: Armstrong Realty Sdn. Bhd.
<b>ATS</b>	: Armstrong Trading & Supplies Sdn. Bhd.
<b>BBDS</b>	: Bukit Batok Driving Centre Ltd.
<b>Bint</b>	: Bayview International Sdn. Bhd.
<b>BSB</b>	: Boon Siew (Borneo) Sendirian Berhad
<b>BSH</b>	: Boon Siew Honda Sdn. Bhd.
<b>BSKah</b>	: B. S. Kah Pte. Ltd.
<b>CC</b>	: Compounding & Colouring Sdn. Bhd.
<b>ChDev</b>	: Chainferry Development Sdn. Berhad
<b>DF</b>	: Dragon Frontier Sdn. Bhd.
<b>Gbay</b>	: Geographe Bay Motel Unit Trust
<b>HAP</b>	: Honda Autoparts Manufacturing (M) Sdn. Bhd.
<b>HCM</b>	: Hitachi Construction Machinery (Malaysia) Sdn. Bhd.
<b>HM</b>	: Happy Motoring Co. Sdn. Bhd.
<b>HTSM</b>	: Hicom Teck See Manufacturing Malaysia Sdn. Bhd.
<b>Juta</b>	: Jutajati Sdn. Bhd.
<b>KC</b>	: Kah Classic Auto Sdn. Bhd.
<b>Kah M</b>	: Kah Motor Company Sdn. Berhad
<b>KAust</b>	: Kah Australia Pty. Limited
<b>KBA</b>	: Kah Bintang Auto Sdn. Bhd.
<b>Ken</b>	: Kenanga Mekar Sdn. Bhd.
<b>KMA</b>	: KM Agency Sdn. Bhd.
<b>KNZ</b>	: Kah New Zealand Limited
<b>KP</b>	: Kah Power Products Pte. Ltd.
<b>KPCL</b>	: Kingdom Properties Co. Limited
<b>KST</b>	: Kasai Teck See Co., Ltd.
<b>KTSM</b>	: Kasai Teck See (Malaysia) Sdn. Bhd.
<b>KWE</b>	: Kwong Wah Enterprise Sdn. Bhd.
<b>KU</b>	: Konkrit Utara Sdn. Bhd.
<b>LBSE</b>	: Loh Boon Siew Education Sdn. Bhd.
<b>LEM</b>	: Lipro Electrical Manufacturing Sdn. Bhd.
<b>LMold</b>	: Lipro Mold Engineering Sdn. Bhd.
<b>LT</b>	: Lipro Trading Sdn. Bhd.
<b>MSM</b>	: Melaka Straits Medical Centre Sdn. Bhd.
<b>NILAM</b>	: Nilam Healthcare Education Centre Sdn. Bhd.
<b>NME</b>	: North Malaya Engineers Trading Company Sdn. Berhad
<b>NMEO</b>	: North Malaya Engineers Overseas Sdn. Bhd.
<b>NMX</b>	: North Malaya (Xiamen) Steel Co., Ltd.
<b>OA</b>	: Oriental Assemblers Sdn. Bhd.
<b>OAM</b>	: Oriental Asia (Mauritius) Pte. Ltd.

## NAME OF SUBSIDIARIES AND ASSOCIATES (CONT'D)

<b>OAMA</b>	: OAM (Aust) Pty. Ltd.
<b>OAMS</b>	: OAM Asia (Singapore) Pte. Ltd.
<b>OBSM</b>	: Oriental Boon Siew (Mauritius) Pte. Ltd.
<b>OBS(M)</b>	: Oriental Boon Siew (M) Sdn. Bhd.
<b>OBSS</b>	: OBS (Singapore) Pte. Ltd.
<b>OC</b>	: Syarikat Oriental Credit Berhad
<b>OIM</b>	: Oriental International (Mauritius) Pte. Ltd.
<b>OIW</b>	: Oriental Industries (Wuxi) Co., Ltd.
<b>OKI</b>	: PT Oriental Kyowa Industries
<b>ONDE</b>	: Oriental Nichinan Design Engineering Sdn. Bhd.
<b>OR</b>	: Oriental Realty Sdn. Berhad
<b>ORPO</b>	: Oriental Rubber & Palm Oil Sdn. Berhad
<b>OSI</b>	: Oriental San Industries Sdn. Bhd.
<b>PgA</b>	: Penang Amusements Company Sdn. Bhd.
<b>PSH</b>	: Park Suanplu Holdings Co., Ltd.
<b>PT DAM</b>	: PT Dapo Agro Makmur
<b>PT GBina</b>	: PT Gunungsawit Binalestari
<b>PT GML</b>	: PT Gunung Maras Lestari
<b>PT GSSL</b>	: PT Gunung Sawit Selatan Lestari
<b>PT BSSP</b>	: PT Bumi Sawit Sukses Pratama
<b>PT PPA</b>	: PT Pratama Palm Abadi
<b>PT KTS</b>	: PT Kasai Teck See Indonesia
<b>PWR</b>	: Penang Wellesley Realty Sdn. Berhad
<b>SBHL</b>	: Silver Beech Holdings Limited
<b>SBIOM</b>	: Silver Beech (IOM) Limited
<b>SBO</b>	: Silver Beech Operations UK Limited
<b>SBL</b>	: Suanplu Bhiman Limited
<b>SP</b>	: Selasih Permata Sdn. Bhd.
<b>SPP</b>	: Southern Perak Plantations Sdn. Berhad
<b>SOth</b>	: Super Othello Sdn. Bhd. (formally known as Southern Oriental Sdn. Bhd.)
<b>SSDC</b>	: Singapore Safety Driving Centre Ltd.
<b>SU</b>	: Simen Utara Sdn. Bhd.
<b>TSP</b>	: Teck See Plastic Sdn. Bhd.
<b>UG</b>	: Ultra Green Sdn. Bhd.
<b>UMix</b>	: Unique Mix (Penang) Sdn. Bhd.
<b>UniMix</b>	: Unique Mix Sdn. Bhd.
<b>UP</b>	: Unique Pave Sdn. Bhd.
<b>UMS</b>	: Unique Mix (Singapore) Pte. Ltd.

## GROUP STRUCTURE

AS AT 31 DECEMBER 2014

Automotive & Related Products	AAP	ACPV	ATS	HM	KBA	KMA	OA	BSH	HAP	
	ACP	AR	BSB	Kah M	KC	KP	BBDS	BSKah	SSDC	
Plastics Products	AI	DF	LEM	OIW	ONDE	TSP	KST			
	CC	KTSM	LMold	OKI	OSI	HTSM	PT KTS			
Hotels & Resorts	KNZ	- Bayview Chateau Tongariro - Bayview Wairakei Resort			Kah M	- Bayview Hotel Melaka - Bayview Hotel Singapore			Bint	KPCL
	KAust	- Bayview Geographe Resort,WA - Bayview Eden, Melbourne - The Sydney Boulevard Hotel - Bayview on the Park, Melbourne - 100 William Street			Gbay	SBHL	SBO	SBIOM	SBL	PSH
Plantations	ORPO	PT DAM	PT GML	PT PPA						
	PT BSSP	PT GBina	PT GSSL	SPP						
Investment Holding & Financial Services	Juta	NMEO	OAMS	OBSS	OIM	UMS				
	KWE	OAM	OBSM	OC	SP	SOth				
Investment Properties & Trading of Building Materials Products	Ken	LT	NMX	OBS(M)	SU	UMix	UP	PWR		
	KU	NME	OAMA	OR	UG	UniMix	ChDev			
Healthcare & Others	MSM	NILAM	HCM							
	LBSE	PgA								

 SUBSIDIARIES
  ASSOCIATES

## CHAIRMAN'S STATEMENT

I am deeply honored to be the third Executive Chairman of Oriental Holdings Berhad ("Oriental") since its listing in 1963. It is both humbling and exciting experience to helm this highly regarded blue chip conglomerate when realizing the shoes that I am filling. As we cross the 52-year mark this year, I marvel at how far we had come and what we had accomplished in Oriental. I am indeed indebted to my predecessor, Dato' Seri Loh Cheng Yean, for her leadership and foresight in steering Oriental thus far and I look forward to taking it to the next level.

### Financial Performance

It is indeed gratifying to deliver my first annual results as Executive Chairman and to report that our diversified operations have delivered solid financial results for the financial year ended 31 December 2014 ("FY2014"). Our strong financial performance is reflected in profits after tax ("PAT") of RM408.7 million on the back of revenue of RM3.46 billion; substantially 105.1% and 25.81% higher than FY2013 results. As a result, earnings per stock also improved 78.55% to 53.37 sen from 29.89 sen in FY2013.

The balance sheet is further strengthen as total assets increased to RM6.96 billion while shareholders' fund grew to RM5.11 billion compared to FY2013. This represented a net asset value per stock of RM8.23 at end of FY2014, compared with RM7.65 reported for FY2013. Cash and bank balances which grew to RM2.42 billion from operations attributable to robust allocation of capital and efficient management of assets have given the Group the financial flexibility to capitalize on growth opportunities on a timely basis and to maximize shareholders' value. These milestones are significant considering the challenging business and economic environment that we operate in.

During FY2014, the Group continued to expand its existing businesses and grow a new division to build a more profitable, resilient and diversified entity well positioned to withstand competition and capture emerging trends in the industries that we operate in across the regions.

In FY2014, our automotive division surged forward on the back of robust retail sales to be the major contributor to our record revenue. The new 3S set-up in Tebrau, Johor and Selayang, Selangor marked our strong commitment to staying the course with our principal, Honda and has certainly helped to secure robust retail sales following introduction of the much anticipated sleeker and efficient new vehicle models. However, the divisional profit was tempered by lower operating activities in the automotive parts manufacturing operations due to ongoing restructuring and downsizing aimed at enhancing efficiency and efficacy across the board.

Although plastic division has been impacted by the uncertainties in global economic conditions as well as rising costs and intense competition in electrical and automotive businesses which had severely affected the production orders from major customers, it still managed to achieve marginal increase in revenue to RM271.21 million and returned to the black with an operating profit of RM1.09 million in FY2014.

The plantation division reported record revenue and profits for FY2014 bolstered by increase in average selling price for crude palm oil ("CPO") and palm kernel as well as higher fresh fruit bunch ("FFB") processed and production yield. In 2014, the overall CPO price was on a slight upward trend to RM2,319 per MT from RM2,165 per MT reported in 2013. The highest traded price was RM2,527 per MT in March with the lowest being RM2,124 per MT reported in September 2014. Although the palm oil industry continues to be affected by compressed margins arising from excess refining capacity, management continues to pursue and refine its cost management practices and productivity improvements to ensure optimum operations whilst delivering desired financial returns.

Despite competition from increasing inventories of varying types to their individual market, the properties under the hotel and resorts division performed fairly well to report yet another year of consistent revenue and profits.

### Dividend

In view of the robust performance in FY2014, the Board is pleased to recommend the payment of a final single tier dividend of 6.0 sen per share and special single tier dividend of 2.0 sen. Combined with the interim dividend of 6.0 sen per share paid in March 2015, the dividend for FY2014 is 14.0 sen per share, representing dividend payout of more than 26.23% of the profit after tax after non-controlling interests. We paid 7 sen per share in FY2013.

## CHAIRMAN'S STATEMENT (CONT'D)

### Prospects

In light of the downward trend in crude oil price and cautious consumer spending, Malaysia's real gross domestic product growth forecast has been revised lower to hover between 4.5% to 5.5% in FY2015. Adding to this are the weakened Malaysia Ringgit against US Dollar, volatile commodity prices, the recent implementation of the Goods and Services Tax ("GST") and the prospect of rising interest rates arising from tighter lending policy.

Given the afore-mentioned, we expect the Group's business and operating environment to remain challenging and demanding. Whilst being mindful of the uncertainties that lie ahead, the Group is of the opinion that its diversified portfolio of businesses and focus on execution and delivery will enable the Group to withstand any cyclical fluctuation in the global and local economies.

While the automotive industry is expected to experience marginal growth in FY2015, factors such as overall cost of ownership of vehicles, follow through impact from GST implementation and tightening of credit by financial institutions along with subsidy rationalization are expected to cast a pall over the growth potential. Even under this trying operating environment coupled with aggressive competition among market players, the Malaysian operations of the automotive division has expanded into multi-brands dealership in late FY2014 to have a wider array of motor vehicles to meet the diverse and discerning needs of end consumers. This move and other marketing strategies to boost sales are expected to yield positive outcome for the automotive division in FY2015 and also for the Group performance. The division will focus on quality, strengthening its sales and service network to uphold its market share.

The continued uncertainties in global market conditions, escalating expenses driven in part by weakening Ringgit Malaysia and severe competition continue to cloud the market outlook for plastic division. The division continues to focus on the electronic and electrical as well as expanding its presence in the automotive industry. Management has undertaken key measures, including cost rationalization, inventory optimization as well as supply and distribution efficiency, to address the limited growth in overall sales volume as upcoming new products come in at smaller production volume and pricing pressure from customers.

The outlook for hotel and resorts division in FY2015 appears to be encouraging following soft refurbishment exercise. The division is expected to grow the demand further, in selected markets, as the properties are in a strong position to benefit from continuous positive demand trends.

The prices of CPO, palm kernel and FFB are still on downward trend to record low in recent months due to supply outstripping demand and record global soybean harvest. Key strategies for 2015 include increasing oil yields and labour productivity in view of rising wages. The division will consolidate its present land bank in Indonesia and focus on buying more planted land as these will have shorter gestation period for return on investment. The division has also diversified into real estate by acquiring its first investment property in Australia.

The prevailing weak sentiments in the local property market arising from tighter lending policies, less than optimistic consumer sentiments and higher costs following imposition of GST do not augur well for the investment property division. The Group will focus on reclamation works on the remaining 415 acres in Melaka and will unlock the land bank at an appropriate time.

Oriental Melaka Straits Medical Centre ("Oriental Medical"), a 300 bed medical centre which opened for business in late January 2015, is the healthcare division's inaugural centre and marked the Group's venture into regional healthcare industry. Strong response to this new player in the Melaka healthcare industry has helped to shape and enhance Oriental Medical's position as a centre of excellence for reliable and affordable healthcare and serves as a catalyst for future expansion.

On the overall and in spite of the mixed performance expectation under trying circumstances, the Board is of the view that the Group will be able to deliver a strong performance in FY2015.

### Return to shareholders

A holding of 1,000 stocks in Oriental at listing back in 1964 would translate into 48,306 Oriental stocks worth RM342,490, based on the share price of RM7.09 at end of 2014. In addition, the stocks would have earned a total gross dividend of RM170,834. The gross dividends received and the appreciation in value is equivalent to a remarkable average rate of return of 13.02% for each of the 51 years.

## **CHAIRMAN'S STATEMENT**

### **(CONT'D)**

#### **Leadership**

During FY2014 and more recently, there have been a number of changes to the Board. On 1 January 2015, we welcomed Ms Tan Kheng Hwee and Dato' Sri Tan Hui Jing to the Board as Executive Directors to helm their respective divisions. I believe their commitment coupled with expertise and experience will benefit the Group greatly in the years ahead.

Mr Lee Kean Teong joined the Board on 31 March 2015 as Independent Non-Executive Director to fill the vacancy left by YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail who retired at the close of FY2014.

The year 2014 also saw Dato' Seri Loh Cheng Yean retiring from the Board as Executive Chairman. Dato' Seri Loh has been pivotal in ensuring the continuity of the late Tan Sri Dato' Loh Boon Siew's legacy and guiding Oriental to its present state during her 19-year tenure chairing the Board.

I would like to thank Dato' Seri Loh and YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen for their invaluable guidance and contributions over these many years of service to the Board and committees. The Board and I wish them well for the future.

I am also pleased to note that we maintain a good record on gender diversity on the Board with 30% women representation at the Board level, which is higher than the national average.

#### **Acknowledgement and Appreciation**

On behalf of the Board, I would like to express my heartfelt appreciation to the management team and our employees for their professionalism, dedication and commitment towards the continued growth and success of the Group. I would also like to convey my appreciation to the Board for their support and contribution. Thanks also go to our shareholders, customers, business associates and regulatory authorities for your trust and unwavering support.

Thank you for investing and keeping the faith in Oriental.

**DATUK LOH KIAN CHONG**

**Executive Chairman**

Oriental Holdings Berhad

16 April 2015



## FIVE-YEAR GROUP FINANCIAL SUMMARY

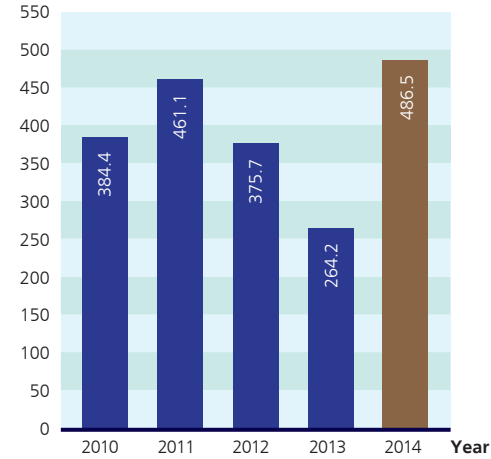
(RM' million)

	2014	2013	2012	2011	2010
<b>FINANCIAL POSITION ANALYSIS</b>					
Share capital	620.4	620.4	620.4	620.4	620.4
Reserves	687.0	614.8	595.8	542.2	514.2
Retained earnings	3,800.0	3,512.4	3,381.1	3,236.3	3,003.3
Treasury stocks	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Total equity attributable to stockholders of the Company</b>	<b>5,107.2</b>	<b>4,747.4</b>	<b>4,597.1</b>	<b>4,398.7</b>	<b>4,137.7</b>
Minority interest	849.0	745.3	728.3	669.6	601.0
<b>TOTAL EQUITY</b>	<b>5,956.2</b>	<b>5,492.7</b>	<b>5,325.4</b>	<b>5,068.3</b>	<b>4,738.7</b>
Property, plant and equipment	1,487.7	1,324.4	1,338.3	1,117.9	1,241.2
Intangible assets	49.6	49.7	52.0	57.3	32.3
Biological assets	310.5	235.6	214.1	166.2	137.1
Investment properties	569.0	555.0	492.5	487.9	72.6
Land held for property development	36.0	35.9	35.8	37.8	167.5
Prepaid land lease payments	30.7	33.9	40.0	40.5	52.5
Investments	781.5	705.3	647.4	540.2	542.0
Current assets	3,684.1	3,403.8	3,309.7	3,511.5	3,262.5
Deferred tax assets	10.4	11.5	8.0	6.3	3.8
<b>TOTAL ASSETS</b>	<b>6,959.5</b>	<b>6,355.1</b>	<b>6,137.8</b>	<b>5,965.6</b>	<b>5,511.5</b>
<b>TOTAL LIABILITIES</b>	<b>(1,003.3)</b>	<b>(862.4)</b>	<b>(812.4)</b>	<b>(897.3)</b>	<b>(772.8)</b>
	<b>5,956.2</b>	<b>5,492.7</b>	<b>5,325.4</b>	<b>5,068.3</b>	<b>4,738.7</b>
<b>OTHER DATA</b>					
Profit before taxation	486.5	264.2	375.7	461.1	384.4
Taxation	(77.7)	(65.0)	(73.2)	(91.8)	(76.5)
<b>PROFIT FOR THE YEAR</b>	<b>408.8</b>	<b>199.2</b>	<b>302.5</b>	<b>369.3</b>	<b>307.9</b>
Non-controlling interests	(77.7)	(13.8)	(101.9)	(99.1)	(58.4)
<b>NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY</b>	<b>331.1</b>	<b>185.4</b>	<b>200.6</b>	<b>270.2</b>	<b>249.5</b>
<b>DIVIDEND</b>					
Net - RM' million	86.9	43.4	49.6	55.8	55.8
Gross rate - %	14.0	7.0	8.0	9.0	9.0

# FINANCIAL HIGHLIGHTS OF THE GROUP

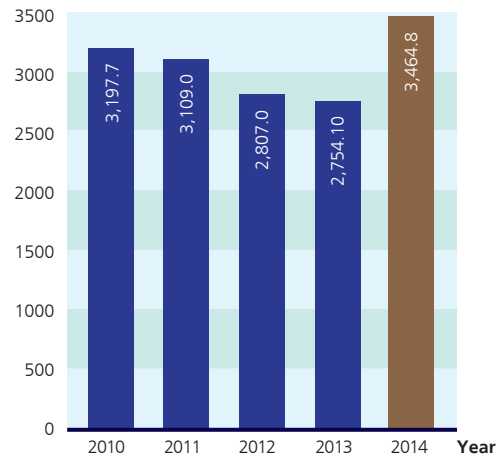
## Profit Before Taxation

RM' million



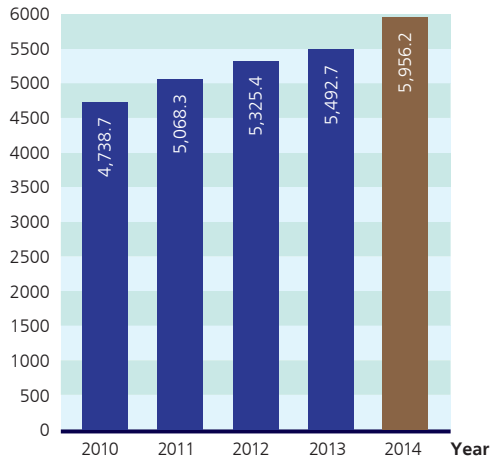
## Turnover

RM' million



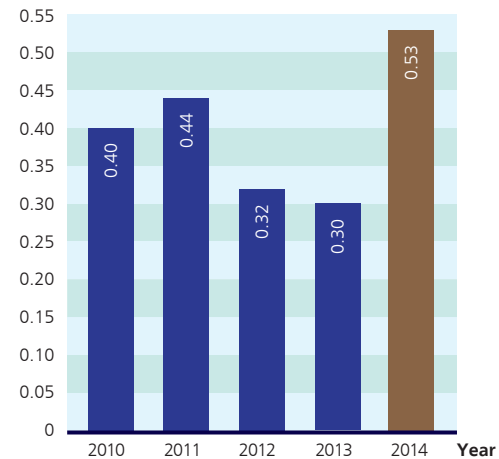
## Shareholders' Fund

RM' million



## \*Earnings Per Stock

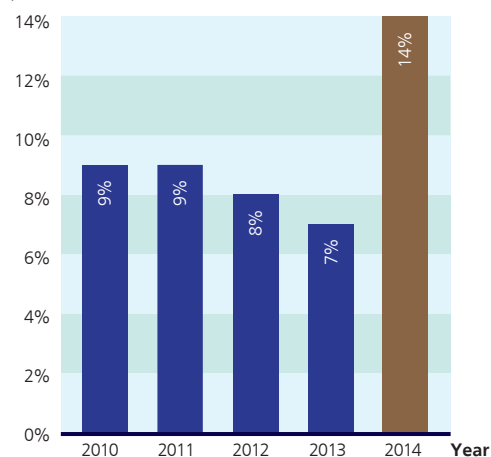
RM



\* Adjusted for 2010 Bonus Issue

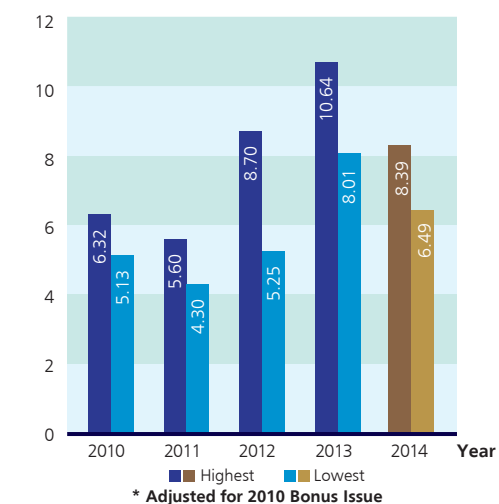
## Gross Dividends

%



## \*Market Price

RM



\* Adjusted for 2010 Bonus Issue

## PLANTATION STATISTICS

			2014	2013
<b>I Estates - Malaysia &amp; Indonesia</b>				
<b>A Area Statement</b>				
1 Matured	Ha		25,624	25,408
2 Immature	Ha		2,427	2,690
3 <b>Total Planted</b>	Ha		28,051	28,098
4 Plantable	Ha		47,288	47,239
5 <b>Sub total</b>	Ha		75,339	75,337
6 Buildings, roads, etc	Ha		1,592	1,594
7 <b>Total</b>	Ha		76,931	76,931
<b>B FFB Yield per Hectare</b>	MT		22.80	21.66
<b>C Estate FFB Production</b>	MT		584,106	550,246
<b>II Oil Mills - Indonesia</b>				
<b>A FFB Throughput</b>				
1 Own Estates	MT		513,407	457,363
2 External	MT		141,071	77,397
3 <b>Total</b>	MT		654,478	534,760
<b>B Extraction Rates</b>				
1 CPO	%		19.65	19.90
2 Palm Kernel	%		5.29	5.31
<b>C Production</b>				
1 CPO	MT		128,583	106,405
2 Palm Kernel	MT		34,634	28,384
<b>III Age Profile of Planted Area</b>				
			<b>Hectares</b>	<b>Hectares</b>
1 Matured				
a Young (4 to 7 years)			1,477	871
b Prime (8 to 18 years)			18,882	22,273
c Due (more than 18 years)			5,265	2,264
d <b>Sub total</b>			25,624	25,408
2 Immature			2,427	2,690
3 <b>Total Planted</b>			28,051	28,098
<b>IV Data - Comprises of</b>				
			<b>2014</b>	<b>2013</b>
1 Indonesia				
a PT Gunung Maras Lestari			√	√
b PT Gunungsawit Binalestari			√	√
c PT Bumi Sawit Sukses Pratama			√	√
d PT Gunung Sawit Selatan Lestari			√	√
e PT Pratama Palm Abadi			√	√
f PT Dapo Argo Makmur			√	√
2 Malaysia				
a Oriental Rubber & Palm Oil Sdn Berhad			√	√

## FINANCIAL CALENDAR

<b>FINANCIAL YEAR END</b>	31 December 2014
<b>ANNOUNCEMENT OF RESULTS</b>	
Quarter ended 31 March 2014	29 May 2014
Quarter ended 30 June 2014	21 August 2014
Quarter ended 30 September 2014	20 November 2014
Quarter ended 31 December 2014	17 February 2015
<b>DIVIDENDS</b>	
Payment of Interim Dividend for Year 2013	30 April 2014
Payment of Final Dividend for Year 2013	8 August 2014
Payment of Interim Dividend for Year 2014	26 March 2015
Proposed Final and Special Dividend for Year 2014	16 April 2015
<b>POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS</b>	18 May 2015
<b>ANNUAL GENERAL MEETING</b>	9 June 2015

## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) is committed to implementing and maintaining high standards of corporate governance in promoting transparency, accountability and integrity to enhance shareholder value. As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form.

The Board is pleased to provide the following Statement, which sets out how the Company has applied the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (the “MCCG 2012”) during the financial year under review following the release of the MCCG 2012 by the Securities Commission in late March 2012. Non-observation of specific Recommendation of the MCCG 2012 during the financial year, including the reasons thereof and alternative practice, if any, is included in this Statement.

### **Principle 1 Establish clear roles and responsibilities of the Board and Management**

#### ***Duties and Responsibilities of the Board***

The Board recognizes the vital role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil its role, the Board has assumed and established the following responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Group to ensure sustainability of its business as the Board brings objectivity and breadth of judgement to the Group’s operations;
- overseeing the conduct of the Group’s businesses and performance of Management to determine whether or not its businesses are being properly managed;
- identifying principal risks for the Company and its subsidiaries and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- Succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;
- overseeing the development and implementation of a shareholder communications policy for the Company; and
- reviewing the adequacy and integrity of the Group’s risk management and internal control system.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Executive Committee, Audit Committee, Remuneration Committee, Nominating Committee and Risk Management Committee, to oversee matters within their specific terms of reference as approved by the Board and report to the Board on key issues deliberated at their respective meetings. The ultimate responsibility for decision making, however, lies with the Board.

#### ***Board Charter***

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include setting the overall group strategy and direction, approving acquisitions and divestitures, annual operating and capital budgets, quarterly and annual financial statements for announcement as well as monitoring of financial and operating performance of the Group. Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, Management is responsible for instituting measures on compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group’s corporate objectives. Such delineation of roles is clearly set out in the Board Charter which serves as a reference point for Board activities and reinforces the supervisory role of the Board.

In early 2013, the Board revised its Board Charter to take into account the Recommendations promulgated by the MCCG 2012 and changes to the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”), including Board dynamics. The revised Board Charter is published on the corporate website.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### **Principle 1 Establish clear roles and responsibilities of the Board and Management (cont'd)**

#### ***Code of Ethics and Whistle Blowing Policy***

The Board has also formalized in writing a Code of Ethics in early 2013, setting out the standards of ethics and conduct expected from Directors and employees to uphold good corporate behaviour. To complement the Code of Ethics, the Company's existing whistle blowing policy was also enhanced accordingly to outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employee, Management or Director in the Group. All concerns reported by the whistle blower are made to the Chairman of the Audit Committee according to the form and specific conditions prescribed under the policy. The identity of the whistle blower is kept confidential and protection is accorded to the whistle blower against any form of reprisal or retribution.

During the year, Management has undertaken a review of the Code of Ethics to enhance better understanding and implementation. Plan is underway to have it translated into Bahasa Malaysia language. This is expected to further improve the communication and effective dissemination to all level of staff.

The Board recognises the importance on adherence to the Code of Ethics by all personnel in the Group and has made available a summary of the Code of Ethics and Whistle Blowing Policy on the corporate website.

#### ***Sustainability of Business***

The Board is aware of the importance of business sustainability and has embedded its Sustainability Policy in developing its corporate strategies with the impact on the environmental, social and governance aspects taken into consideration. As for the Group's activities on corporate social responsibilities for the year under review, they are disclosed on pages 54 to 55 of this Annual Report.

#### ***Supply of and Access to Information***

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for informed decision making and effective discharge of Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committees papers to all Directors at least seven (7) days to the Board and Board Committees meetings, to give effect to Board decisions and to deal with matters arising from such meetings. Senior Management of the Group and external advisors are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

# STATEMENT ON CORPORATE GOVERNANCE

## (CONT'D)

### Principle 2 Strengthen Composition of the Board

#### **Board Composition and Balance**

At the date of this Statement, the Board consists of ten (10) members, comprising five (5) Executive Directors and five (5) Non-Executive Directors, three (3) of whom are Independent. This composition fulfils the requirements as set out under the Listing Requirements of Bursa, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 11 to 17 of this Annual Report.

#### **Nominating Committee**

The Company has a Nominating Committee, which comprises wholly Non-Executive Directors, with a majority being Independent. At the date of this Statement, the members are as follows:

Chairman:

- Mary Geraldine Phipps – *appointed on 29 April 2010*  
*Independent Non-Executive Director*

Members:

- Sharifah Intan binti S.M. Aidid – *appointed on 28 May 2007*  
*Non Independent Non-Executive Director*
- Dato' Ghazi bin Ishak – *appointed on 24 February 2011*  
*Independent Non-Executive Director*

The Nominating Committee was formed by the Board with specific terms of reference to recommend to the Board the candidature of Directors, oversee assessment of Directors, appoint Directors to Board Committees and review the Board's succession plans as well as training programmes.

#### **Appointment and Induction**

In discharging its responsibilities, the Nominating Committee has developed certain criteria for use in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the Nominating Committee considers, inter-alia, the competency, experience, commitment (including time commitment), contribution and integrity of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

Following the appointment of new Directors to the Board, the Committee, along with the Chairman, Group Managing Directors and other Executive Director ensure that an induction programme is arranged to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

#### **Annual Assessment and Board Diversity**

The Committee reviews annually the required mix of skills and experience of Directors to enhance board diversity. This is achieved through the use of questionnaire for Directors to assess the effectiveness of the Board, as a whole, the Committees of the Board and contribution of each individual Director. This process includes a peer review where Directors assess their own and also their fellow Directors' performance. The assessment and comments by all Directors are summarized and reported at a Board Meeting by the Nominating Committee Chairman for continuous improvements of the Board, Board Committees and Directors.

Since 2009, the Board has already achieved the gender diversity target set by the Government in 2011 to have at least 30% women representation in the boards of public listed companies by 2016 as three (3) out of ten (10) Directors are women. Nevertheless, the evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### Principle 2 Strengthen Composition of the Board (cont'd)

#### ***Re-election and re-appointment of Directors***

The Company's Articles of Association provide that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are those who have been longest in office since their appointment or reappointment. All Directors are required to submit themselves for re-election at regular intervals and at least every three (3) years.

In addition, Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

During the financial year under review, three (3) Committee meetings were held. Annually, the Nominating Committee reviews and assesses the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors; the contribution of each individual Director; effectiveness of the Board, as a whole, and the Board Committees and also the retirement of Directors by rotation who are eligible for re-election.

#### ***Remuneration Committee – Directors' Remuneration***

The Remuneration Committee, established by the Board, is responsible for setting the policy framework and recommending to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to financial performance of the Group in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

The Remuneration Committee comprises wholly Non-Executive Directors, with a majority being Independent. At the date of this Statement, the members are as follows:

Chairman:

- Dato' Ghazi bin Ishak – *appointed on 28 February 2013*  
*Independent Non-Executive Director*

Members:

- Sharifah Intan binti S.M. Aidid – *appointed on 29 April 2009*  
*Non Independent Non-Executive Director*
- Mary Geraldine Phipps – *appointed on 19 November 2009*  
*Independent Non-Executive Director*

The Remuneration Committee is entrusted to recommend to the Board, the remuneration of Executive Directors in all its forms 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 shareholders. The Committee also ensures the levels of remuneration for Executive Directors are linked to their extent of responsibilities undertaken and contribution to the effective functioning of the Board. None of the Executive Directors participated in any way in determining their individual remuneration.

The Board, as a whole, approves the remuneration of Non-Executive Directors with the Directors concerned abstaining from the decision in respect of their individual remuneration and recommends Directors' fees to be approved at the forthcoming annual general meeting in line with the Company's Articles of Association.

During the financial year under review, the Remuneration Committee reviewed and recommended to the Board, the remuneration for all Executive Directors of the Company. Directors' fees for all directors are recommended by the Board for shareholders' approval at the Company's Annual General Meeting.



# STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

## Principle 2 Strengthen Composition of the Board (cont'd)

### Remuneration Committee – Directors' Remuneration (cont'd)

Details of remuneration of Directors of the Company for the financial year ended 31 December 2014 are as follows:

	Executive RM'000	Non-Executive RM'000	Total RM'000
Directors' Fees	700	647	1,347
Salaries	2,726	437	3,163
Other emoluments	9,930	1,344	11,274
<b>Total</b>	<b>13,356</b>	<b>2,428</b>	<b>15,784</b>

The number of Directors of the Company in each remuneration band is as follows:

	Number of directors	
	Executive	Non-Executive
RM 0 - RM 50,000	-	3*
RM 50,001 - RM 100,000	-	1
RM 100,001- RM 150,000	-	3
RM 150,001- RM 200,000	-	1
RM 600,001- RM 650,000	-	1*
RM 1,150,001 - RM 1,200,000	-	1
RM 2,750,001 - RM 2,800,000	1	-
RM 3,400,001 - RM 3,450,000	1	-
RM 3,500,001 - RM 3,550,000	1	-
RM 3,600,001 - RM 3,650,000	1	-
<b>Total</b>	<b>4</b>	<b>10</b>

\* Included in the RM 0 – RM 50,000 and RM 600,001 – RM 650,000 category are two (2) former Non – Executive Directors and two (2) alternate directors.

## Principle 3 Reinforce Independence of the Board

### Directors' Independence

There is a clear division of responsibilities amongst the Executive Chairman and Group Managing Directors to embed accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. All Executive Directors, supported by the Management team, implement the Group's strategic plan, policies and decisions adopted by the Board, and oversee the operations and business development of the Group.

The Board recognises the importance of independence and objectivity in the decision making process. Executive Directors are responsible for the management of day-to-day business operations in the respective divisions as well as the implementation of policies and decisions approved by the Board, whilst the Executive Committee, as a whole, sets the strategic direction for the Group.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### **Principle 3 Reinforce Independence of the Board (cont'd)**

#### ***Directors' Independence (cont'd)***

Recommendation 3.5 of the MCGG 2012 provides that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The existing composition of the Board is such that Independent Directors do not form a majority. The Board believes that the interests of shareholders are best served by a Chairman who is sanctioned by shareholders and who acts in the best interests of shareholders as a whole. As the Chairman has a significant relevant interest in the Group, he is well placed to act on behalf of shareholders and in their best interests. The Board also believes that the current Directors has a balanced mix of skills, experience, expertise and competency to bring the Group forward while discussions are always carried out with candour and vigour, allowing all Directors to express their opinions regardless of their position. Moreover, the Directors are professionals in their own rights and are recognisable public figures who exercise objectivity in making decisions for the benefit of the Group.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

In early 2014, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out under the Listing Requirements of Bursa Securities and adopted by the Nominating Committee.

The Board Charter was revised to restrict the tenure of an Independent Director to a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board shall justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

### **Principle 4 Foster commitment of Directors**

#### ***Board and Board Committees Attendance***

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers are prepared by Management which provides the relevant facts and analysis for the convenience of Directors. The agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of each Board Committee informs the Directors at each Board meetings of any salient matters noted during the respective Committee's meetings which require the Board's notice or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

# STATEMENT ON CORPORATE GOVERNANCE

## (CONT'D)

### Principle 4 Foster commitment of Directors (cont'd)

#### Board and Board Committees Attendance (cont'd)

During the financial year under review, the Board met on six (6) occasions. Details of Directors' attendance for Board and Board Committee meetings are as follows:

BOD	Board of Directors	NC	Nominating Committee
EXCO	Executive Committee	RC	Remuneration Committee
AC	Audit Committee	RMC	Risk Management Committee

Directors	BOD	EXCO	AC	NC	RC	RMC
Datuk Loh Kian Chong <i>Executive Chairman</i> (Re-designated on 1 January 2015)	6/6	6/6				
Dato' Robert Wong Lum Kong <i>Group Managing Director</i>	6/6	5/6				2/2
Dato' Seri Lim Su Tong <i>Group Managing Director</i>	6/6	6/6				2/2
Dato' Sri Tan Hui Jing <i>Non-Independent Executive Director</i> (Re-designated on 1 January 2015)	5/5					
Sharifah Intan binti S.M. Aidid <i>Non-Independent Non-Executive Director</i>	6/6		5/5	3/3	2/2	
Koji Onishi <i>Non-Independent Non-Executive Director</i> (Appointed on 1 April 2014)	4/4					
Mary Geraldine Phipps <i>Independent Non-Executive Director</i>	6/6		5/5	3/3	2/2	2/2
Dato' Ghazi bin Ishak <i>Independent Non-Executive Director</i>	3/6		5/5	3/3	2/2	
Dato' Seri Loh Cheng Yean <i>Executive Chairman</i> (Resigned on 31 December 2014)	6/6	6/6				
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail <i>Senior Independent Non-Executive Director</i> (Resigned on 31 December 2014)	3/6					
Satoshi Okada <i>Non-Independent Non-Executive Director</i> (Resigned on 31 March 2014)	2/2					
Dato' Dr Tan Chong Siang <i>Non-Independent Non-Executive Director</i> (Resigned on 31 January 2014)	1/1	1/1				

Ms Tan Kheng Hwee and Mr Lee Kean Teong joined the Board as a Non-Independent Executive Director and Independent Non-Executive Director on 1 January 2015 and 31 March 2015 respectively. Ms Tan was previously the Alternate Director to Dato' Seri Loh Cheng Yean who retired from the Board on 31 December 2014.

It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to sit on the boards of not more than five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

# STATEMENT ON CORPORATE GOVERNANCE

## (CONT'D)

### Principle 4 Foster commitment of Directors (cont'd)

#### Board and Board Committees Attendance (cont'd)

##### Directors' Training

The Board, via the Nominating Committee, continues to identify appropriate briefings, seminars, conferences and courses to be attended by Board members to keep abreast of changes in legislations and regulations affecting the Group.

All Directors, including Alternate Directors, have completed the Mandatory Accreditation Programme. During the financial year under review, all Directors attended development and training programmes as well as conferences in areas of finance, corporate governance, leadership, legal and regulatory developments.

All Directors attended the following trainings except for Mr Koji Onishi who joined on the 1 April 2014:

- Current Issues in Financial Reporting for Directors and Senior Management
- Corporate Governance Guide (2<sup>nd</sup> Edition), Roles and Responsibility as a Director of PLC & Key Provisions under the Proposed Companies Bill

Additional training attended by the Directors are as below:

Directors	Details of Programme
Dato' Robert Wong Lum Kong <i>Group Managing Director</i>	<ul style="list-style-type: none"> <li>• Annual Director Duties, Governance and Regulatory Updates Seminar 2014</li> <li>• Nominating Committee Programme 2 : Effective and Evaluation</li> </ul>
Datin Loh Ean <i>Alternate Director to Dato' Robert Wong Lum Kong</i>	
Mary Geraldine Phipps <i>Independent Non-Executive Director</i>	<ul style="list-style-type: none"> <li>• MFRS/FRS Update 2014/2015 Seminar</li> <li>• MIA International Accountants Conference 2014</li> <li>• GST Synergisation Tutorial</li> <li>• Breakfast Roundtable titled The Impact of Cyber Security at Board Levels</li> </ul>
Koji Onishi <i>Non-Independent Non-Executive Director</i>	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>

In addition, the Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

### Principle 5 Uphold integrity in financial reporting by the Company

#### Compliance with financial reporting standards

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year. This includes the results and cash flows of the Group and Company for the year then ended. The Board has established an Audit Committee, comprising exclusively Non-Executive Directors, majority of whom are Independent, to ensure that the financial statements of the Group and Company comply with applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965. The composition of the Committee, including its roles and responsibilities, is set out on pages 43 to 49 of this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### Principle 5 Uphold integrity in financial reporting by the Company (cont'd)

#### ***Relationship with external auditors***

The Board upholds the integrity of financial reporting by the Company. In assessing the suitability and independence of the external auditors, the Board, via the Audit Committee, has, in early 2013, formalized policy and procedures on the types of non-audit services that may be provided by the external auditors, including the thresholds and procedures that need to be observed should the external auditors be contracted to provide the non-audit services.

### Principle 6 Recognise and manage risks

#### ***Risk Management***

Recognising the importance of risk management, the Board has in past years formalised a structured Enterprise Risk Management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis.

The Company has established a Risk Management Committee to review and recommend the risk management policies and strategies for the Group as well as assisting the Board to fulfil its risk management and statutory responsibilities in order to manage the overall risk exposure of the Group. At the date of this Statement, the members of the Committee are as follows:

Chairman:

- Mary Geraldine Phipps – *appointed on 30 November 2010*  
*Independent Non-Executive Director*

Members:

- Dato' Robert Wong Lum Kong – *appointed on 20 May 2002*  
*Group Managing Director*
- Dato' Seri Lim Su Tong – *appointed on 20 May 2002*  
*Group Managing Director*
- Tan Kheng Hwee – *appointed on 20 May 2002*  
*Non-Independent Executive Director*
- Wong Tet Look – *appointed on 20 May 2002*  
*Group Chief Financial Officer*

The key features of the Enterprise Risk Management framework, including the internal control system to address risk identified are set out in the Internal Control Statement of the Group set out on pages 50 to 53 of this Annual Report.

#### ***Internal Audit***

In line with the MCCG 2012 and the Listing Requirements of Bursa, the Board has established an independent internal audit function that reports directly to the Audit Committee. Details of the work conducted by the internal audit function are disclosed in the Audit Committee Report and Internal Control Statement set out on pages 43 to 45 and pages 50 to 53 respectively of this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### **Principle 7 Ensure timely and high quality disclosure**

#### ***Corporate Disclosure***

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to the regulators, shareholders and stakeholders. In early 2013, the Board has formalised pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

To augment the process of disclosure, the Board has established a dedicated section for corporate governance under the Investor Relations heading on the Company's website.

### **Principle 8 Strengthen relationship between company and shareholders**

#### ***Shareholder participation at general meeting***

The Annual General Meeting ("**AGM**"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating on resolutions being proposed or on the Group's operations in general. During the last AGM, a question & answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the 52th AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. Going forward, the Board will consider poll voting for substantive resolutions, being resolutions for which circulars have been issued to shareholders.

During the last AGM, the Executive Chairman provided shareholders with a brief review of the Group's operations for the financial year while the Group Chief Financial Officer also shared with shareholders at the meeting responses to questions submitted in advance by the Minority Shareholder Watchdog Group.

#### ***Effective communication with shareholders***

The Company recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, Annual General Meeting and through the Group's website at [www.ohb.com.my](http://www.ohb.com.my) where shareholders can access corporate information, annual reports and company announcements.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

#### ***Investor relations***

The Board has formalised its policy on communication with shareholders in early 2013 to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations. To maintain transparency and to effectively address any issues and concerns, the Company has a dedicated an electronic mail, i.e. [corporate@ohb.com.my](mailto:corporate@ohb.com.my) to which stakeholders can direct their queries.

This Statement is issued in accordance with a resolution of the Board dated 16 April 2015.

## OTHER INFORMATION AND DISCLOSURE

### I. Non-audit fees

Non-audit fees amounting to RM 499,000 for the Group and RM 310,000 for the Company were paid to the external auditors of the Company for the financial year ended 31 December 2014.

### II. Loan Contracts Involving Interest of Related Party

- (a) Loan contract of USD 8 million dated January 1, 2013 between the Company ("OHB") and Oriental Boon Siew (Mauritius) Pte. Ltd. ("OBSM");
- (b) Loan contracts of USD 5 million and USD 6.5 million dated June 6, 2008 and September 23, 2013 respectively between OBS (Singapore) Pte. Ltd. ("OBSG") and PT Bumi Sawit Sukses Pratama ("BSSP");
- (c) Loan contract of RM 38 million, RM 20 million and RM 21.35 million dated January 11, 2013, March 19, 2014 and September 3, 2014 respectively between OHB and Armstrong Auto Parts Sdn Bhd ("AAP"); and
- (d) Loan contract of RM 25 million dated September 15, 2014 between OHB and Melaka Straits Medical Centre Sdn Bhd ("MSMC").

OBSG 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-subsidiaries, namely BSSP in Indonesia are 90% owned by OBSG, which in turn 45.5% owned by OHB.

AAP and MSMC is a 60.26% 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 OBSG to BSSP

Purpose	For working capital.
Interest rate	USD LIBOR + 1.5% 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 OHB to AAP

Purpose	For working capital and restructuring.
Interest rate	Overnight Policy Rate (OPR) + 0.2% per annum
Term as to payment of interest	Payable monthly
Repayment of principal	On demand
Security	Unsecured

## OTHER INFORMATION AND DISCLOSURE

### (CONT'D)

#### II. Loan Contracts Involving Interest of Related Party (cont'd)

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

#### III. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during FY2014.

#### IV. Sanctions and /or Penalties Imposed

There were no material sanctions and/or penalties imposed by the relevant regulatory bodies on OHB or its subsidiary, directors or management during FY2014.

#### V. Variation in Results

There was no material variation between the audited results for FY2014 and the unaudited results previously released.

#### VI. Profit Guarantee

There was no profit guarantee given by the Company during FY2014.

#### VII. Material Contracts

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

#### VIII. Recurrent Related Party Transactions

At the Annual General Meeting held on 6 June 2014, the Company obtained a shareholders' 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 2014 pursuant to the Shareholders' Mandate are disclosed as follows:-



## OTHER INFORMATION AND DISCLOSURE

### (CONT'D)

#### VIII. Recurrent Related Party Transactions (cont'd)

- (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*

	<b>RM' 000</b>
Plastic parts for batteries	895
Building management charges	13
Spare parts and raw material	110
New cars, spare parts and car services	714
Transport charges, truck rental and labour charges	3
Quarry products	608
Office rental expenses	615
Land rental	63
Plant rental	35
Rental of premises	72
Office rental received	31
Provision of sales, corporate advertising and marketing of hotel	1,429
Management, technical and advisory services	4,565
Car services	28
Building materials	57
Mixed concrete and quarry product	1
Mix concrete	1

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

	<b>RM' 000</b>
Motorcycle spokes, nipples, control cables and motorcycle parts	2,703

## OTHER INFORMATION AND DISCLOSURE

### (CONT'D)

#### VIII. Recurrent Related Party Transactions (cont'd)

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

	<b>RM' 000</b>
Factory rental	1,656
Spoke semi product	665
Shock absorbers for motor vehicles, lock, switches automotive control cables & power window regulator	112,503
Motorcycle spokes, nipples, control cables, shock absorbers, raw materials and motorcycle parts	53,546
Motorcycle raw materials and tool	175
Plastic components for motorcycles	209

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

	<b>RM' 000</b>
New vehicles, spare parts and accessories for motor vehicles	25,574
Purchase of cars, spare parts and services	90,116

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

	<b>RM' 000</b>
Fresh fruit bunches	8,614
Contractor for land clearing	9,807
Seedling	55

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

	<b>RM' 000</b>
Subcontract transportation	570
Caterpillar & pick up rental	28
Mixed concrete and quarry product	96

## OTHER INFORMATION AND DISCLOSURE

(CONT'D)

### VIII. Recurrent Related Party Transactions (cont'd)

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

	RM' 000
Cements	7,549

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

	RM' 000
Building materials	37

# 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
Sharifah Intan binti S.M. Aidid	Non-Independent Non-Executive Director
Dato' Ghazi bin Ishak	Independent Non-Executive Director

## 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 in this Annual Report.

## Meetings

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

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

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

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

## Training and continuous engagement

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

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

## **AUDIT COMMITTEE REPORT**

### **(CONT'D)**

#### **Summary of activities 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 2012. The main activities undertaken by the Committee were as follows:

- Reviewed the External Auditors' scope of work and audit plan for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;
- 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;
- 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) during the financial year without the presence of any Executive Board members and Senior Management, to discuss problems and reservations arising from the interim and final audits, if any, or any other matter the External Auditors may wish to discuss;
- Considered and recommended to the Board on the re-appointment of the External Auditors and the audit fees payable to the External Auditors for the Board's submission to shareholders for approval at the Annual General Meeting;
- Reviewed the Internal Audit Department's audit plan for the financial year under review to ensure adequate scope and comprehensive coverage of the activities of the Group;
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of Internal Audit Department;
- Reviewed the Internal Audit reports, which highlighted the audit issues and Management's response. Where appropriate, the Committee has directed Management to present its status report on the management action plans to the Committee directly;
- Reviewed the audited financial statements of the Group and of the Company, before submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards adopted by the Malaysian Accounting Standards Board;
- Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, 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 and announcements before recommending them for the Board's approval; and
- Reviewed the recurrent related party transaction of revenue and trading nature and other related party transactions entered into by the Group.

## **AUDIT COMMITTEE REPORT**

**(CONT'D)**

### **Internal Audit function**

The Group has an Internal Audit function that is independent of the activities and operations it audits. The head of Internal Audit reports directly to the Audit Committee who reviews and approves the Internal Audit department's annual audit plan, financial budget and human resource requirements to ensure that the department is adequately resourced with competent and proficient Internal Auditors. 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 total costs incurred for the Internal Audit function of the Company and the Group for 2014 are as follow:

	<b>RM'000</b>
Company	963
Group	1,063

Further details of the activities of the Internal Audit function are set out under the Internal Control Statement in this Annual Report.

# TERMS OF REFERENCE OF THE AUDIT COMMITTEE

## Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting;
- evaluate the internal and external audit processes, including issues relating to the system of internal control, risk management and governance within the Group; and
- investigate any concerns received on possible improprieties within the Group.

## Composition

The Board shall elect and appoint Committee members from amongst its numbers, comprising no fewer than three (3) Directors, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors of the Company. No alternate director shall be appointed a member of the Audit Committee. The Chairman of the Committee shall be an Independent Non-Executive Director.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- A member of the Malaysian Institute of Accountants ("MIA"); or
- If he/she is not a member of MIA, he/ she must have at least three (3) years of working experience and:
  - he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - he or she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967; and
- Fulfils such other requirements as prescribed or approved by the Bursa Malaysia.

If a member of the Committee resigns, passes away or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may required to fill the vacancy.

The Board shall review the terms of each of its members at least once (1) every three (3) years.

## Quorum and Meeting Procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. In addition to the regular scheduled meeting, the Chairman shall call a meeting of the Committee if so requested by any member of the Committee or by the Chairman of the Board.

The Chairman of the Committee shall engage with Senior Management, such as the Executive Directors, Chief Financial Officer, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Group in a timely manner.

In order to form a quorum (subject to a minimum number of two (2) members) for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretaries shall be appointed Secretaries of the Committee (the "Secretaries"). The Company Secretaries, in co-operation with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least seven (7) days prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board. The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

# TERMS OF REFERENCE OF THE AUDIT COMMITTEE

## (CONT'D)

### Authority

The Committee is authorised to investigate any matter within its terms of reference and all employees are directed to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have the necessary resources, including the procurement of independent professional or other advice which are required to perform its duties.

The Committee shall have direct communication channels, and shall be able to convene meetings during the financial year with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Bursa Securities Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

### Attendance

The Committee may, as and when deemed necessary, invite other Board members and Management to attend the meetings.

### Duties and Responsibilities

In fulfilling its primary objectives in accordance with Paragraph 15.12 of the Listing Requirements, the Committee shall undertake the following responsibilities and duties:

#### A. Internal Audit

- Review the adequacy of the Internal Audit scope and plan, functions, competency and resources of the Internal Audit function and that it has the necessary authority to carry out its work;
- Ensure Internal Auditors carry out their work according to the standards set by recognised professional bodies (e.g. Malaysian Institute of Accountants, Institute of Internal Auditors);
- Review the Internal Audit programmes, processes, and reports to evaluate the findings of Internal Audit and to ensure that appropriate and prompt remedial action is taken by Management on the recommendations of the Internal Audit function;
- Review the performance of Internal Auditors, who will report functionally to the Committee, on an annual basis. Approve any appointment or termination of senior members of the Internal Audit function and take cognisance of resignations and providing the resigning members an opportunity to submit reasons for resigning;
- Review the Internal Audit Charter, budget and staffing of the Internal Audit department;
- Review the adequacy and effectiveness of internal control system, including management information system and the Internal Auditors' and/or External Auditors' evaluation of the said systems.

#### B. External Audit

- Recommend the nomination of a person or persons as External Auditors;
- Review the appointment and performance of External Auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;



# TERMS OF REFERENCE OF THE AUDIT COMMITTEE

## (CONT'D)

### Duties and Responsibilities (cont'd)

#### B. External Audit (cont'd)

- Review with the External Auditors, the audit scope and plan, including any changes to the planned scope of the audit plan;
- Review 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;
- Review the non-audit services provided to the Company for the financial year, including the nature of the non-audit services, fee levels of the non-audit services - individually and in aggregate relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided;
- Develop and review for recommendation to the Board, the Company's policy in relation to the provision of non-audit services by the External Auditors, which amongst others, takes into consideration:
  - whether the skills and experience of the audit firm makes it a suitable service provider for non-audit services;
  - whether there are safeguards in place to eliminate or reduce to an acceptable level any threat to objectivity or independence in the conduct of the audit resulting from non-audit services provided by the External Auditors; and
  - the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the external audit fees of the Company.

#### C. Audit Reports

- Review the External and Internal Audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that have been identified;
- Review major audit findings and Management's response during the financial year with Management, External Auditors and Internal Auditors, including the status of previous audit recommendations.

#### D. Financial Reporting

- Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on:
  - Changes in implementation of major accounting policy;
  - Significant or unusual events; and
  - Compliance with applicable financial reporting and accounting standards as well as other legal requirements.

#### E. Related Party Transactions

Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity.

# TERMS OF REFERENCE OF THE AUDIT COMMITTEE

## (CONT'D)

### Duties and Responsibilities (cont'd)

#### F. Other Matters Delegated by the Board

- Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information;
- Direct and, where appropriate, supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Bursa Securities Listing Requirements and other legislative and reporting requirements;
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities; and
- Any other activities, as authorised by the Board.

### Reporting

Upon the conclusion of each meeting, the Chairman shall report to the Board of Directors the activities that it had undertaken and the key recommendations for the Board's consideration and decision. Thereafter, the implementation status or progress of key recommendations from previous Internal Audits shall also be reported to the Board.

### Committee Ethics and Procedures

All members shall safeguard internal committee communications and treat them as strictly private and confidential, and for the use of Committee members only, except for meeting minutes which shall be circulated to members of the Board.

The Committee may be required to check references and consult selected third party sources on a confidential basis before making its final recommendations. The Committee shall work diligently in performing its duties and responsibilities while adhering to the Directors' and Company's Code of Ethics.

### Review of the Terms of Reference

The terms of reference shall be reviewed by the Committee as and when required. All amendments to the terms of reference must be approved by the Board.

# STATEMENT ON INTERNAL CONTROL

## Introduction

The Board is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following Internal Control Statement ("Statement"), which outlines the nature and scope of risk management and internal control of the Group. 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 Internal Control Statement pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities.

## Board's Responsibility

The Board is ultimately responsible for the Group's system of risk management and internal control (the "system"), which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness to safeguard shareholders' investment and the Group's assets. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, the system can only provide reasonable, but not absolute assurance against material misstatement or loss.

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

The Audit Committee and Risk Management Committee assist the Board to review 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.

## Risk Management

In accordance with Recommendation 6.1 of the Malaysian Code on Corporate Governance ("MCCG 2012"), the Board has, through its Risk Management Committee ("RMC"), established a risk management and control framework that was implemented throughout the Group, which is firmly embedded in the Group's key processes. Management is responsible for identifying, evaluating, monitoring and reporting of risks and internal control as well as providing assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function, which operates across the Group.

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

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

## STATEMENT ON INTERNAL CONTROL (CONT'D)

### Risk Management (cont'd)

- articulation of the Group's risk appetite and parameters (qualitative and quantitative) for the Group and individual business units so as to gauge acceptability of risk exposure; and
- the appointment of a dedicated Risk Officer to coordinate the ERM activities within the Group, to supervise the ERM policy implementation and documentation at Group level and to act as the central contact and guide for ERM issues within the Group.

### Summary of risk management activities during the financial year

The Risk Management Committee carried out its duties in accordance with its term of reference during the financial year. Highlights of the activities undertaken by the Committee are as follows:

- the Risk Management Committee, with the assistance from a firm of independent consultants and Management, continues to drive the risk management activities across all business segments of the Group on risk identification, evaluation, control, monitoring and reporting;
- representatives for each company within the Group's business segments, i.e. Automotive and related products, Hotel and resorts, Plantation, Plastic products, Investment holding and financial services, Healthcare as well as others, including investment properties and trading of building materials products, assess existing as well as emerging risks and compile the Company's top risks in risk registers for submission to their segment's risk coordinator for review;
- risk coordinators, in turn, identify key risks faced by their business segments, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level;
- on the basis of significance of evaluated risks to the segment's results, the top five (5) principal risks for each business segment are reported to the Risk Management Committee on 19 November 2014. Nonetheless, Management of each company in the Group continues to monitor and manage all risks at company level, as appropriate;
- briefings were held in Kuala Lumpur and Penang for the Senior Management on the regulatory requirements on Risk Management, improvement opportunities on Management's risk assessment activities, efforts in managing the emerging risk and also recapitulated the Code of Ethics. The main objective is to engender continuous and proactive risk management activities within the Group;
- outcome from the compilation of a 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 Senior Management and feedback from Executive Directors on strategic risks was carried out with assistance from a firm of consultants and periodically presented to the Risk Management Committee for deliberation and approval;
- the risk mitigating measures taken and/or to be taken by Management are reported and reviewed at the Risk Management Committee meetings. For each of the risks identified, the divisional head is assigned to ensure appropriate action plans are carried out in a timely manner; and
- the Enterprise Risk Management ("ERM") Policy and Procedures has been updated with the risk reporting framework, e.g. risk organisation structure, frequency and risk reporting documents for the Group.

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

## STATEMENT ON INTERNAL CONTROL (CONT'D)

### 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, organizational structures and appropriate authority limits. Hierarchical reporting is also in place to enhance the Group's ability to achieve its strategies and operational objectives as well as provide for documented and auditable trail of accountability;

- *planning, monitoring, reporting and safeguarding*

- established budgeting process requiring all business segments within the Group to prepare the annual budget, taking into consideration the strategic plans, capital and operating expenditure for the upcoming financial year to be compiled by Corporate Office for discussion and approval by the Executive Committee;
- Performance Coordinating Team ("PCT") comprising Senior 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;
- Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues.

## **STATEMENT ON INTERNAL CONTROL**

**(CONT'D)**

### **Review by 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 adequate and effective to safeguard the shareholders' investment and the Group's asset. The Board recognizes 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 has been prepared in accordance with the Guidelines and has been approved by the Board.

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT

## INTRODUCTION

Oriental Holdings Berhad ("OHB") recognises the need to place a firm commitment towards corporate social responsibility ("CSR") and sustainable development activities, of which stems from fundamental principles of good corporate governance and striking a harmonious synergy between corporate pursuits and social obligations.

OHB remains committed to the community, environment, customers, employees and stakeholders. OHB aims to foster not only positive community relationships, but also help create sustained economic growth by building human and institutional capacity from our operational sectors.

Highlights of CSR initiatives carried out by the respective Group operational sectors for 2014 include the following:

## THE COMMUNITY

At OHB, community development and care activities are recognised as one of the most important corporate priorities with various community activities carried out across the Group's business operations during the financial year 2014.

In the Group's hotels and resorts segment, Bayview Hotel Melaka embarked on a Blood Donation Drive on 20 May 2014 in collaboration with Hospital Melaka. Bayview Hotel Melaka also hosted the orphans from Rumah Lindungan Kasih to a break fast dinner on 2 July 2014. In conjunction with the National Breast Cancer Awareness Month, Bayview Hotel Melaka raised funds for the Melaka Cancer Society by selling cookies and a total of RM5,140 was raised.

In Australia, Kah Australia Pty Ltd continues to earn accolade for its community service. In 2014, it was honoured with the Outstanding Community Service and Achievement Award by Tourism Accommodation Australia (NSW). Kah Australia Pty Ltd is proud to give back meaningfully to the community which included held donation drive for Cancer Council of Australia, charity accommodation package for Vision Australia and sponsorship for Make a Wish Foundation.

The plastic segment hosted a study tour for students from Multimedia University on 18 November 2014 who were briefed on the factory operations.

In Indonesia, the Group's plantation segment was involved in various community activities to improve the well being and foster a good harmonious relationship with the local community. In 2014, the Group provided assistance to the surrounding villages for building extensions and renovations. Other activities includes oil palm seedings, land clearing loan programme to farmers and provision of free labour, material fertilizers and chemicals to villagers to maintain their oil palm plantings.

The healthcare segment also sponsored Persatuan Kanner Melaka signature awareness and fundraising event "Walk for Autism" at Melaka in conjunction with the World Autism Awareness. The event raised public awareness regarding the increasing of prevalence of autism besides to strengthen and unite the local autism community. The segment also hosted the Majlis Berbuka Puasa together with orphans at Rumah Anak-anak Yatim Sultan Salahuddin Abdul Aziz Shah Al-Haj with the presence of the members of Persatuan Kanner Melaka.

# **CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

## **(CONT'D)**

### **THE ENVIRONMENT**

OHB Group promotes environmental awareness through participation in environmental conservation action across the Group's business operations.

OHB's hotels and resorts segment continues to carry out recycling projects all year round to recycle bottles, newspapers, and other paper products. The hotels and resorts promoted bathroom towel recycling program, used eco-friendly laundry chemicals and installed timers on lights, air-conditioners and televisions. In addition, hotels and resorts segment also supported the Earth Hour 2014 on 29 March 2014 from 8.30 pm to 9.30 pm. As part of the environmental sustainability project, Bayview Hotel Melaka has planted varieties of spices which can be used by the Kitchen Department.

Kah New Zealand has been awarded the Qualmark Gold Environment Awards in 2014 in recognition of its high standards in environmental practices, focusing on recycling, waste reduction, water and energy conservation.

In-house water treatments plants are also practiced by manufacturing sector to ensure effluent discharge from the factory complies with the Environmental Quality Act 1974. Activities such as reducing effluent discharge, daily industrial waste and lowering energy and material usage were carried out for operational improvements.

The plantation operations initiated recycling projects in the estate to promote greater awareness of the environmental health and needs. Palm oil mill by-products were recycled and utilised for mulching and revitalisation of soils in the fields. The biological control of rats with the introduction of barn owls has helped in doing away with usage of pesticides. Hills, steep gradient and peat land will not be planted and will remain in its natural form.

### **THE WORKPLACE**

OHB Group recognises that success and growth of the Group over the years has been built on the foundation of a skilled and talented workforce. Therefore, motivating and developing the workplace is very important in order to meet the needs of our different segments, which require various skills, capabilities and expertise from our employees.

The group continues to prioritise training and development programmes that create opportunities for professional growth for its employees. The employees are nurtured to fulfil their full potential and achieve both personal and corporate goals through the conduct of external and in-house training to enhance employees' knowledge and skills at all levels of employment in order to meet their responsibilities and perform at their best.

The group also promotes a work-life balance workplace. Various sports, family and social activities such as bowling tournament, family day, festivals and annual dinner were conducted to foster closer working relationship and teamwork.

In additions, the benefits provided for employees include food allowance, health insurance and medical as a token of appreciation for their contribution towards the performance of the Group.



# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014.

### 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 39 and Note 10 to the financial statements respectively.

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

### Results

	Group RM'000	Company RM'000
Profit attributable to:		
Owners of the Company	331,083	74,918
Non-controlling interests	77,643	-
	<u>408,726</u>	<u>74,918</u>

### 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 Company paid:

- i) a single tier interim dividend of 3.5% totalling RM21,712,664 for the year ended 31 December 2013 on 30 April 2014; and
- ii) a single tier final dividend of 3.5% totalling RM21,712,664 for the year ended 31 December 2013 on 8 August 2014.

A single tier interim dividend of 6% totalling RM37,221,710 in respect of the year ended 31 December 2014 was declared by the Directors on 17 February 2015 and paid on 26 March 2015.

A single tier final dividend of 6% and single tier special dividend of 2% totalling RM49,628,946 have been recommended by the Directors in respect of the year ended 31 December 2014, subject to approval of the stockholders at the forthcoming Annual General Meeting.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT'D)

### Directors of the Company

Directors who served since the date of the last report are:

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	<i>(Ceased to be alternate Director to Dato' Seri Loh Cheng Year, DGPN, DSPN on 31 December 2014; Appointed as Director on 1 January 2015)</i>
Dato' Sri Tan Hui Jing, SSAP, PKT, PJK	
Sharifah Intan Binti S. M. Aidid	
Mary Geraldine Phipps	
Dato' Ghazi Bin Ishak, DSSA	
Koji Onishi	
Lee Kean Teong	<i>(Appointed on 31 March 2015)</i>
Datin Loh Ean	
<i>(alternate to Dato' Robert Wong Lum Kong, DSSA, JP)</i>	
Dato' Seri Loh Cheng Year, DGPN, DSPN	<i>(Resigned on 31 December 2014)</i>
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen	<i>(Resigned on 31 December 2014)</i>
Bin Tengku Ismail, PMN, SPMP, SSAP, PMK	

### Directors' interests in shares

The holdings in the stocks of the Company and shares of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at 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 1.1.2014	Bought	(Sold)	Balance at 31.12.2014
<b>Interest in the Company</b>				
<b>Number of Ordinary Stocks of RM1 each</b>				
<b>Dato' Robert Wong Lum Kong, DSSA, JP</b>				
<i><b>Direct interest</b></i>				
- own	181,149	-	-	181,149
<b>Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN</b>				
<i><b>Direct interest</b></i>				
- own	2,966,906	-	-	2,966,906
<i><b>Indirect interest</b></i>				
- others *	3,302,626	-	-	3,302,626

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014  
(CONT'D)

## Directors' interests in shares (cont'd)

	Balance at 1.1.2014	Bought	(Sold)	Balance at 31.12.2014
Interest in the Company				
	Number of Ordinary Stocks of RM1 each			
Sharifah Intan Binti S. M. Aidid				
Direct interest				
- own	18,000	-	-	18,000
Datuk Loh Kian Chong, DMSM				
Direct interest				
- own	1,200	80,000	-	81,200
Indirect interest				
- own	346,964,026	7,000,000	-	353,964,026
Mary Geraldine Phipps				
Indirect interest				
- own	5,161	-	-	5,161
Datin Loh Ean				
Direct interest				
- own	161,872	-	-	161,872
Tan Kheng Hwee				
Direct interest				
- own	172,032	-	-	172,032
Interest in subsidiaries				
	Number of Shares of RM1 each			
Dato' Sri Tan Hui Jing, SSAP, PKT, PJK				
Indirect interest - own				
- Melaka Straits Medical Centre Sdn. Bhd.	43,500,000	14,500,000	-	58,000,000
Sharifah Intan Binti S.M. Aidid				
Direct interest - own				
- Armstrong Auto Parts Sdn. Berhad	227,318	-	-	227,318
- Teck See Plastic Sdn. Bhd.	100,000	-	-	100,000

\* These are shares held in the name of the spouses and children and are regarded as interest of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interests of more than 15% in the stocks of the Company, Datuk Loh Kian Chong is also deemed interested in the shares of all subsidiaries of the Company to the extent that the Company has an interest.

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2014**  
**(CONT'D)**

### **Directors' interests in shares (cont'd)**

None of the other Directors holding office at 31 December 2014 had any interest in the stocks of the Company and shares 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 emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company 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:-

- (a) certain Directors who received fixed salaries as full-time employees in the related corporations; and
- (b) certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 33 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 authorised, 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.

### **Other statutory information**

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2014**  
**(CONT'D)**

### **Other statutory information (cont'd)**

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### **Significant events**

Details of the significant events are as disclosed in Note 36 to the financial statements.

### **Subsequent events**

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

### **Auditors**

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

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 @ Lim Chee Tong, DGPN, DSPN**

Director

Penang,

Date: 16 April 2015

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2014

		31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)
	Note			
<b>Assets</b>				
Property, plant and equipment	3	1,487,745	1,324,446	1,338,313
Intangible assets	4	49,590	49,658	52,023
Biological assets	5	310,530	235,633	214,142
Land held for property development	6	36,011	35,940	35,823
Prepaid land lease payments	7	30,713	33,895	39,983
Investment properties	8	568,952	554,994	492,490
Investments in subsidiaries	9	(22,867)	(22,867)	(22,867)
Investments in associates	10	496,971	435,134	395,989
Other investments	11	307,354	293,004	274,257
Deferred tax assets	12	10,427	11,559	7,994
<b>Total non-current assets</b>		<b>3,275,426</b>	<b>2,951,396</b>	<b>2,828,147</b>
Property development costs	13	2,882	2,786	2,668
Inventories	14	232,512	230,232	365,338
Trade and other receivables	15	517,922	372,791	272,164
Current tax assets		11,044	36,371	45,507
Short term investments	16	504,540	355,160	380,031
Cash and cash equivalents	17	2,415,232	2,406,418	2,243,985
<b>Total current assets</b>		<b>3,684,132</b>	<b>3,403,758</b>	<b>3,309,693</b>
<b>Total assets</b>		<b>6,959,558</b>	<b>6,355,154</b>	<b>6,137,840</b>
<b>Equity</b>				
Share capital		620,394	620,394	620,394
Reserves		687,039	614,823	595,885
Retained earnings		3,800,072	3,512,414	3,381,095
		<b>5,107,505</b>	<b>4,747,631</b>	<b>4,597,374</b>
<b>Treasury stocks</b>		<b>(249)</b>	<b>(249)</b>	<b>(249)</b>
<b>Total equity attributable to stockholders of the Company</b>	18	<b>5,107,256</b>	<b>4,747,382</b>	<b>4,597,125</b>
<b>Non-controlling interests</b>		<b>849,048</b>	<b>745,328</b>	<b>728,276</b>
<b>Total equity</b>		<b>5,956,304</b>	<b>5,492,710</b>	<b>5,325,401</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT 31 DECEMBER 2014**  
**(CONT'D)**

		31.12.2014	31.12.2013	1.1.2013
		RM'000	RM'000	RM'000
	Note		(Restated)	(Restated)
<b>Liabilities</b>				
Deferred tax liabilities	12	19,230	19,036	25,321
Borrowings	19	2,219	2,723	26,480
Provisions	20	7,622	4,529	3,989
Deferred income	21	6,981	14,139	13,154
Retirement benefits	22	9,465	-	-
<b>Total non-current liabilities</b>		<b>45,517</b>	40,427	68,944
Trade and other payables	23	276,278	315,382	282,501
Borrowings	19	659,175	494,962	451,787
Current tax liabilities		22,284	11,673	9,207
<b>Total current liabilities</b>		<b>957,737</b>	822,017	743,495
<b>Total liabilities</b>		<b>1,003,254</b>	862,444	812,439
<b>Total equity and liabilities</b>		<b>6,959,558</b>	6,355,154	6,137,840

The notes on pages 73 to 176 are an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2014

	Note	31.12.2014 RM'000	31.12.2013 RM'000
<b>Assets</b>			
Property, plant and equipment	3	757	691
Investment properties	8	15,067	15,071
Investments in subsidiaries	9	649,939	653,439
Investments in associates	10	28,291	28,291
Other investments	11	33,113	33,113
<b>Total non-current assets</b>		<b>727,167</b>	730,605
Trade and other receivables	15	171,881	125,874
Current tax assets		158	876
Cash and cash equivalents	17	112,565	169,914
<b>Total current assets</b>		<b>284,604</b>	296,664
<b>Total assets</b>		<b>1,011,771</b>	1,027,269
<b>Equity</b>			
Share capital		620,394	620,394
Reserves		30,060	30,060
Retained earnings		360,379	328,886
		<b>1,010,833</b>	979,340
<b>Treasury stocks</b>		<b>(249)</b>	(249)
<b>Total equity attributable to stockholders of the Company</b>	18	<b>1,010,584</b>	979,091
<b>Liabilities</b>			
Trade and other payables	23	1,187	1,445
Borrowings	19	-	46,733
<b>Total current liabilities</b>		<b>1,187</b>	48,178
<b>Total liabilities</b>		<b>1,187</b>	48,178
<b>Total equity and liabilities</b>		<b>1,011,771</b>	1,027,269

The notes on pages 73 to 176 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Continuing operations</b>					
Revenue	24	3,464,831	2,754,094	119,118	98,217
Cost of sales		(2,750,688)	(2,222,823)	-	-
<b>Gross profit</b>		<b>714,143</b>	<b>531,271</b>	<b>119,118</b>	<b>98,217</b>
Distribution expenses		(51,929)	(46,820)	-	-
Administrative expenses		(184,987)	(175,447)	(4,745)	(4,815)
Other operating expenses		(145,393)	(157,745)	(45,021)	-
Other operating income		79,040	63,563	7,983	10,707
		(303,269)	(316,449)	(41,783)	5,892
<b>Results from operating activities</b>		<b>410,874</b>	<b>214,822</b>	<b>77,335</b>	<b>104,109</b>
Interest expense		(8,538)	(8,071)	(668)	(670)
<b>Operating profit</b>	24	<b>402,336</b>	<b>206,751</b>	<b>76,667</b>	<b>103,439</b>
Share of profit after tax of equity accounted associates		84,117	57,509	-	-
<b>Profit before tax</b>		<b>486,453</b>	<b>264,260</b>	<b>76,667</b>	<b>103,439</b>
Income tax expense	27	(77,727)	(65,009)	(1,749)	(15,869)
<b>Profit for the year</b>		<b>408,726</b>	<b>199,251</b>	<b>74,918</b>	<b>87,570</b>
<b>Other comprehensive income/(expense), net of tax</b>					
Foreign currency translation differences for foreign operations		72,716	(28,967)	-	-
Fair value of available-for-sale financial assets		18,462	14,909	-	-
Share of other comprehensive expense of equity accounted associates		(4,953)	(301)	-	-
<b>Total other comprehensive income/(expense) for the year</b>		<b>86,225</b>	<b>(14,359)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>494,951</b>	<b>184,892</b>	<b>74,918</b>	<b>87,570</b>



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014  
(CONT'D)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Profit attributable to:</b>					
Owners of the Company		<b>331,083</b>	185,402	<b>74,918</b>	87,570
Non-controlling interests		<b>77,643</b>	13,849	-	-
<b>Profit for the year</b>		<b>408,726</b>	199,251	<b>74,918</b>	87,570
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>403,299</b>	218,024	<b>74,918</b>	87,570
Non-controlling interests		<b>91,652</b>	(33,132)	-	-
<b>Total comprehensive income for the year</b>		<b>494,951</b>	184,892	<b>74,918</b>	87,570
<b>Basic earnings per ordinary stock (sen)</b>	<b>28</b>	<b>53.37</b>	29.89		

The notes on pages 73 to 176 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

Attributable to stockholders of the Company												
Non-distributable												
Distributable												

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014  
(CONT'D)

Attributable to stockholders of the Company											
Non-distributable											
Distributable											
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Capital redemption reserve RM'000	Asset revaluation reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	Total RM'000
Group											
At 1 January 2014	620,394	1,099	1,073	486,384	85,477	68	474	(249)	3,512,414	40,248	4,747,382
Foreign currencies translation differences for foreign operations	-	-	-	59,508	-	-	-	-	-	-	59,508
Fair value of available-for-sale financial assets	-	-	-	-	17,661	-	-	-	-	-	17,661
Share of other comprehensive expense of equity accounted associates	-	-	-	-	(4,953)	-	-	-	-	-	(4,953)
Total other comprehensive income for the year	-	-	-	59,508	12,708	-	-	-	-	-	72,216
Profit for the year	-	-	-	-	-	-	-	-	331,083	-	331,083
Total comprehensive income for the year	-	-	-	59,508	12,708	-	-	-	331,083	-	72,216
	-	-	-	59,508	12,708	-	-	-	331,083	-	77,643
Dividends paid to stockholders	-	-	-	-	-	-	-	-	(43,425)	-	(43,425)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,411)
Distribution on liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	(4,021)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	24,500
Total distribution to owners	-	-	-	-	-	-	-	-	(43,425)	-	(43,425)
At 31 December 2014	620,394	1,099	1,073	545,892	98,185	68	474	(249)	3,800,072	40,248	5,107,256
											849,048
											5,956,304

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Non-distributable			Distributable		Total equity
		Share capital	Capital redemption reserve	Treasury stocks	Retained earnings	Capital reserve	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Company</b>							
<b>At 1 January 2013</b>		620,394	68	(249)	290,944	29,992	941,149
Profit for the year representing total comprehensive income		-	-	-	87,570	-	87,570
Dividends to stockholders	<b>29</b>	-	-	-	(49,628)	-	(49,628)
<b>At 31 December 2013/ 1 January 2014</b>		620,394	68	(249)	328,886	29,992	979,091
Profit for the year representing total comprehensive income		-	-	-	<b>74,918</b>	-	<b>74,918</b>
Dividends to stockholders	<b>29</b>	-	-	-	<b>(43,425)</b>	-	<b>(43,425)</b>
<b>At 31 December 2014</b>		<b>620,394</b>	<b>68</b>	<b>(249)</b>	<b>360,379</b>	<b>29,992</b>	<b>1,010,584</b>

The notes on pages 73 to 176 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
	Note	(Restated)			
Cash flows from operating activities					
Profit before tax from continuing operations		486,453	264,260	76,667	103,439
Adjustments for:					
Amortisation of:					
- biological assets	5	11,209	11,022	-	-
- prepaid land lease payments	7	3,311	242	-	-
- development cost	4	528	685	-	-
Depreciation of:					
- property, plant and equipment	3	79,585	85,713	172	105
- investment properties	8	4,726	3,644	4	2
Dividend income (gross)	24	(62,265)	(19,604)	(110,800)	(91,277)
Interest expense		8,538	8,071	668	670
Interest income	24	(78,356)	(60,338)	(7,742)	(6,300)
(Gain)/Loss on disposal of:					
- property, plant and equipment	24	(3,075)	(11,692)	-	-
- a subsidiary	24	-	(25,454)	-	-
- other investments	24	614	(1,018)	-	-
Asset written off					
- property, plant and equipment	24	4	202	-	-
- biological assets	24	26	2	-	-
Share of profits of equity-accounted associates, net of tax		(84,117)	(57,509)	-	-
Unrealised gain on foreign exchange on borrowings		(64,104)	(6,238)	-	(1,184)
Impairment loss/(Reversal of impairment loss) on:					
- plant and equipment, net	3	7,527	(1,000)	-	-
- other investments	24	590	(11)	-	-
- investment in subsidiaries	24	-	-	35,000	-
(Surplus)/Deficit on liquidation of a subsidiary	24	(2,254)	2	-	-
Provision for retirement benefits	22	1,926	-	-	-
Operating profit/(loss) before changes in working capital		310,866	190,979	(6,031)	5,455

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014  
(CONT'D)

	Note	Group		Company	
		2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Changes in working capital:					
Property development costs		(96)	(118)	-	-
Inventories		918	36,302	-	-
Trade and other receivables		(136,898)	(2,743)	(46,007)	4,956
Trade and other payables		(33,943)	46,575	(258)	342
		(170,019)	80,016	(46,265)	5,298
Cash generated from/(used in) operations		140,847	270,995	(52,296)	10,753
Dividends received (net)		-	-	110,800	76,378
Interest received		-	15	-	-
Interest paid		(8,673)	(8,721)	(668)	(670)
Tax paid		(38,766)	(63,437)	(1,031)	(1,509)
Retirement benefits paid	22	(105)	-	-	-
<b>Net cash from operating activities</b>		<b>93,303</b>	<b>198,852</b>	<b>56,805</b>	<b>84,952</b>
<b>Cash flows from investing activities</b>					
Additions of:					
- intangible assets	4	(460)	(271)	-	-
- land held for property development	6	(71)	(117)	-	-
- property, plant and equipment	A	(243,838)	(131,208)	(238)	(227)
- investment properties	8	(13,109)	(59,077)	-	-
- biological assets	5	(74,033)	(65,848)	-	-
- investment in subsidiaries		-	(1,069)	(31,500)	(68,000)
- other investments		(27,818)	(22,377)	-	-
Dividends received		79,832	37,875	-	-
Interest received		75,194	60,644	7,742	6,300
Net cash outflow on winding up of a subsidiary	36	(1,767)	(26)	-	-
Proceeds from disposal of:					
- other investments		38,728	24,404	-	-
- a subsidiary		-	60,650	-	-
- property, plant and equipment		8,093	34,135	-	-
(Placement)/Withdrawal of short term investment, net		(149,380)	24,871	-	-
<b>Net cash used in investing activities</b>		<b>(308,629)</b>	<b>(37,414)</b>	<b>(23,996)</b>	<b>(61,927)</b>

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014  
(CONT'D)

	Note	Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
(Restated)					
<b>Cash flows from financing activities</b>					
Dividends paid to:					
- non-controlling interests		(8,411)	(11,896)	-	-
- stockholders of the Company		(43,425)	(49,628)	(43,425)	(49,628)
Placement of fixed deposits pledged for banking facilities		(168,679)	(128,132)	-	-
Repayment of lease obligations		(2,795)	(2,045)	-	-
Other bank borrowings, net		196,937	67,595	(46,733)	(22,606)
Proceeds from issue of shares to non-controlling interests		24,500	49,000	-	-
<b>Net cash used in financing activities</b>		<b>(1,873)</b>	<b>(75,106)</b>	<b>(90,158)</b>	<b>(72,234)</b>
Net (decrease)/increase in cash and cash equivalents		<b>(217,199)</b>	86,332	<b>(57,349)</b>	(49,209)
Cash and cash equivalents at 1 January		<b>2,278,286</b>	2,238,773	<b>169,914</b>	219,123
Effect of exchange rate fluctuations on cash held		<b>56,712</b>	(46,819)	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>B</b>	<b>2,117,799</b>	2,278,286	<b>112,565</b>	169,914

Notes

*A. Additions of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of **RM246,845,000** (2013: RM134,071,000) of which **RM3,007,000** (2013: RM2,863,000) was acquired by hire purchase/lease arrangements.



## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014  
(CONT'D)

B. *Cash and cash equivalents*

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

	Note	Group		Company	
		2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Cash and bank balances	17	854,237	748,813	2,420	3,386
Fixed deposits	17	1,498,071	1,620,742	52,763	131,668
Bank overdrafts	19	(622)	-	-	-
Unit trust money market funds	17	62,924	36,863	57,382	34,860
		<b>2,414,610</b>	2,406,418	<b>112,565</b>	169,914
Less : Deposits pledged	17.1	(296,811)	(128,132)	-	-
		<b>2,117,799</b>	2,278,286	<b>112,565</b>	169,914

The notes on pages 73 to 176 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

Suite 16-1 (Penthouse Upper)  
Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah  
10050 Penang

## Principal place of business

1st Floor, 25B Lebuhr Farquhar  
10200 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 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 39 and 10 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 16 April 2015.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (FRSs) and the requirements of the Companies Act, 1965 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 the Company:

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 1. Basis of preparation (cont'd)

#### (a) Statement of compliance (cont'd)

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016***

- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations* (Annual Improvements 2012-2014 Cycle)
- Amendments to FRS 7, *Financial Instruments: Disclosures* (Annual Improvements 2012-2014 Cycle)
- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits* (Annual Improvements 2012-2014 Cycle)
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting* (Annual Improvements 2012-2014 Cycle)

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- FRS 9, *Financial Instruments* (2014)

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

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014 as applicable.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016 as applicable.

The Group's and the Company's financial statements for annual period beginning on 1 January 2017 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs).

The initial application of the accounting standards, amendments or 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.

The Company falls within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*/MFRS 141, *Agriculture*. Therefore, the Company is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

#### (b) Basis of measurement

These financial statements have been prepared on the historical cost basis unless otherwise stated.

#### (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

## (CONT'D)

### 1. Basis of preparation (cont'd)

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with Financial Reporting Standards ("FRS") 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 4 - assessment on impairment of goodwill

Note 9 - impairment loss of investment in subsidiaries

### 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 the Group entities.

#### (a) Basis of consolidation

##### (i) Subsidiaries

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

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

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

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 2. Significant accounting policies (cont'd)

#### (a) Basis of consolidation (cont'd)

##### (ii) Business combinations (cont'd)

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

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

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

##### (iii) Acquisitions of non-controlling interests

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

##### (iv) Acquisitions from entities under common controls

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

##### (v) Loss of control

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

##### (vi) Associates

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

## **2. Significant accounting policies (cont'd)**

### **(a) Basis of consolidation (cont'd)**

#### **(vi) Associates (cont'd)**

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 re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

#### **(vii) Non-controlling interests**

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

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

#### **(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 are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

## **2. Significant accounting policies (cont'd)**

### **(b) Foreign currency (cont'd)**

#### **(i) Foreign currency transactions (cont'd)**

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

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such 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 reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture 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) Initial recognition and measurement**

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as 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.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 2. Significant accounting policies (cont'd)

#### (c) Financial instruments (cont'd)

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

The Group and the Company categorise financial instruments as follows:

##### ***Financial assets***

##### ***(a) Financial assets at fair value through profit or loss***

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

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

##### ***(b) Held-to-maturity investments***

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

##### ***(c) Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

##### ***(d) Available-for-sale financial assets***

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(p)(i)).



## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

#### **2. Significant accounting policies (cont'd)**

##### **(c) Financial instruments (cont'd)**

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

###### ***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost other than those categorised as 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) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

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

##### **(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.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

##### **(iv) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

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

##### **(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 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 and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

#### **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. 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.

##### **(d) Property, plant and equipment**

###### **(i) Recognition and measurement**

Freehold land and capital work-in-progress are measured at cost/valuation less any accumulated impairment losses. All other property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group has availed itself to the transitional provision when MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain properties were revalued in 1976 and 1978 and no later valuation has been recorded for these property, plant and equipment.

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.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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. When revalued assets are sold, the amounts included in the asset revaluation reserve are transferred to retained earnings.

###### **(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

## (CONT'D)

### 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 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) Leased assets

##### (i) Finance lease

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 2. Significant accounting policies (cont'd)

#### (e) Leased assets (cont'd)

##### (ii) Operating leases

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

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

#### (f) Intangible assets

##### (i) Goodwill

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

##### (ii) Research and development

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

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

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

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

##### (iii) Other intangible assets

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

##### (iv) Subsequent expenditure

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**(CONT'D)**

### **2. Significant accounting policies (cont'd)**

#### **(f) Intangible assets (cont'd)**

##### **(v) Amortisation**

Amortisation is based on the cost of an asset less its residual value.

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 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**

New planting expenditure incurred on land clearing to the point of harvesting is capitalised at cost as biological assets.

Expenditure on new planting and replanting and upkeep of immature areas are amortised over the estimated economic useful lives of the trees. Amortisation is deferred until the planted areas attain maturity and the rate used is 5% per annum.

#### **(h) 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 and is stated at cost less any accumulated impairment losses, if any.

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.

#### **(i) Investment properties**

##### **Investment properties carried at cost**

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

#### **2. Significant accounting policies (cont'd)**

##### **(i) Investment properties (cont'd)**

###### **Investment properties carried at cost (cont'd)**

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

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

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

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

##### **(j) 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.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

##### **(k) Inventories**

###### **(i) Completed development properties**

Completed development properties are stated at the lower of cost and net realisable value. Cost 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.

###### **(ii) Other inventories**

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

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.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 2. Significant accounting policies (cont'd)

#### (l) Cash and cash equivalents

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

#### (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

(CONT'D)

### 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) Impairment

##### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 2. Significant accounting policies (cont'd)

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

##### (ii) Other assets

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

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

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (q) 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

#### **2. Significant accounting policies (cont'd)**

##### **(q) Employee benefits (cont'd)**

###### **(ii) State plans**

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

###### **(iii) Defined benefits plans**

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

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

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

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.

##### **(r) Deferred income**

###### **(i) Extended warranty package income**

Extended warranty package income received and receivable are taken to the deferred income account and are recognised as revenue when services are provided. Upon the expiry of the extended warranty package, any unutilised value of the extended warranty package is taken to profit or loss.

###### **(ii) Service package income**

Service package income received and receivable are taken to the deferred income account and are recognised as revenue when services are provided. Upon the expiry of the service package, any unutilised value of the service package is taken to profit or loss.

## **NOTES TO THE FINANCIAL STATEMENTS**

**(CONT'D)**

### **2. Significant accounting policies (cont'd)**

#### **(s) Revenue and other income**

##### **(i) Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

##### **(ii) Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

##### **(iii) Property development**

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated property development costs.

Where the financial outcome of a property development activities cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in profit or loss.

##### **(iv) Developed properties**

Revenue relating to sale of developed properties is recognised net of discounts when risks and rewards have been transferred.

##### **(v) 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.

##### **(vi) 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.

##### **(vii) 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

#### **2. Significant accounting policies (cont'd)**

##### **(s) Revenue and other income (cont'd)**

###### **(viii) 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.

##### **(t) Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

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

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

##### **(u) Income tax**

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

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

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

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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

#### **2. Significant accounting policies (cont'd)**

##### **(u) Income tax (cont'd)**

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 shares outstanding during the period, adjusted for own shares 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 Managing Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

##### **(x) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

##### **(y) Fair value measurement**

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

#### **2. Significant accounting policies (cont'd)**

##### **(y) Fair value measurement (cont'd)**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are 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.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 3. Property, plant and equipment

	At 31 December			
	Cost/ Valuation	Accumulated depreciation	Accumulated impairment loss	Net book value
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>2014</b>				
Freehold land:				
At valuation				
- 1978	3,732	-	-	3,732
At cost	261,086	-	-	261,086
Short term leasehold land:				
At valuation				
- 1976	1,187	866	-	321
- 1978	255	152	-	103
At cost	99,199	47,311	-	51,888
Long term leasehold land:				
At valuation				
- 1978	2,054	921	-	1,133
At cost	22,988	3,715	-	19,273
Buildings:				
At valuation				
- 1976	2,037	2,037	-	-
- 1978	260	149	-	111
At cost	1,310,887	413,179	-	897,708
Other assets at cost:				
Plant and machinery	668,533	560,910	5,671	101,952
Furniture, fixtures, fittings, equipment and vehicles	291,626	221,324	892	69,410
Capital work-in-progress	86,992	-	5,964	81,028
	<b>2,750,836</b>	<b>1,250,564</b>	<b>12,527</b>	<b>1,487,745</b>
	<b>Note 3.1</b>	<b>Note 3.2</b>	<b>Note 3.2</b>	

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

	At 31 December			
	Cost/ Valuation	Accumulated depreciation	Accumulated impairment loss	Net book value
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>2013</b>				
Freehold land:				
At valuation				
- 1978	3,732	-	-	3,732
At cost	206,577	-	-	206,577
Short term leasehold land:				
At valuation				
- 1976	1,187	832	-	355
- 1978	255	145	-	110
At cost	97,222	44,328	-	52,894
Long term leasehold land:				
At valuation				
- 1978	2,054	908	-	1,146
At cost	24,048	3,203	-	20,845
Buildings:				
At valuation				
- 1976	2,037	2,037	-	-
- 1978	260	103	-	157
At cost	1,131,423	383,107	-	748,316
Other assets at cost:				
Plant and machinery	653,713	544,331	-	109,382
Furniture, fixtures, fittings, equipment and vehicles	269,817	211,449	-	58,368
Capital work-in-progress	127,564	-	5,000	122,564
	2,519,889	1,190,443	5,000	1,324,446
	Note 3.1	Note 3.2	Note 3.2	



## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

	At 31 December		
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>Company</b>			
<b>2014</b>			
Freehold land:			
At cost	289	-	289
<i>Other assets at cost:</i>			
Furniture, fixtures, fittings, equipment and vehicles	1,245	777	468
	<b>1,534</b>	<b>777</b>	<b>757</b>
<b>2013</b>			
Freehold land:			
At cost	289	-	289
<i>Other assets at cost:</i>			
Furniture, fixtures, fittings, equipment and vehicles	1,011	609	402
	<b>1,300</b>	<b>609</b>	<b>691</b>

Please refer Notes 3.1 and 3.2 for detailed movement of cost/valuation and accumulated depreciation of property, plant and equipment of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

### 3.1 Detailed movements in cost/valuation of the Group are as follows:-

Group	At 1 January 2014 RM'000	Additions RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer to investment properties RM'000	Exchange differences RM'000	At 31 December 2014 RM'000
At valuation 1978:							
Freehold land	3,732	-	-	-	-	-	3,732
Short term leasehold land	255	-	-	-	-	-	255
Long term leasehold land	2,054	-	-	-	-	-	2,054
Buildings	260	-	-	-	-	-	260
At valuation 1976:							
Buildings	2,037	-	-	-	-	-	2,037
Short term leasehold land	1,187	-	-	-	-	-	1,187
At cost:							
Freehold land	206,577	50,858	-	-	(4)	3,655	261,086
Short term leasehold land	97,222	-	-	-	-	1,977	99,199
Long term leasehold land	24,048	-	-	-	(1,060)	-	22,988
Buildings	1,131,423	1,740	(1,070)	174,504	(6,565)	10,855	1,310,887
Plant and machinery	653,713	27,191	(17,628)	3,074	-	2,183	668,533
Furniture, fixtures, fittings, equipment and vehicles	269,817	29,068	(13,312)	3,266	-	2,787	291,626
Capital work-in-progress	127,564	137,988	(3)	(180,844)	-	2,287	86,992
	2,519,889	246,845	(32,013)	-	(7,629)	23,744	2,750,836

Note 3

Note 8

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

### 3.1 Detailed movements in cost/valuation of the Group are as follows:- (cont'd)

Group	At 1 January 2013	At 1 January 2013	Disposal/ Write-off	Reclassification	Transfer to investment properties	Deletion through disposal of subsidiary	Transfer to biological assets	Exchange differences	At 31 December 2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At valuation 1978:									
Freehold land	3,732	-	-	-	-	-	-	-	3,732
Short term leasehold land	255	-	-	-	-	-	-	-	255
Long term leasehold land	2,054	-	-	-	-	-	-	-	2,054
Buildings	260	-	-	-	-	-	-	-	260
At valuation 1976:									
Buildings	2,037	-	-	-	-	-	-	-	2,037
Short term leasehold land	1,187	-	-	-	-	-	-	-	1,187
At cost:									
Freehold land	231,700	-	(19,597)	-	(3,834)	-	-	(1,692)	206,577
Short term leasehold land	95,224	-	-	-	(964)	-	-	2,962	97,222
Long term leasehold land	13,075	-	-	10,973	-	-	-	-	24,048
Buildings	1,170,453	3,415	(737)	13,829	(12,770)	(48,800)	-	6,033	1,131,423
Plant and machinery	667,043	12,281	(12,535)	17,842	-	(17,052)	-	(13,866)	653,713
Furniture, fixtures, fittings, equipment and vehicles	260,414	18,382	(7,166)	2,126	-	(873)	(820)	(2,246)	269,817
Capital work-in-progress	72,595	99,993	(239)	(44,770)	-	-	-	(15)	127,564
	2,520,029	134,071	(40,274)	-	(17,568)	(66,725)	(820)	(8,824)	2,519,889
					Note 8		Note 5		Note 3

Note 3

Note 5

Note 8

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

### 3.1 Detailed movements in cost/valuation of the Company are as follows:-

	At 1 January 2014 RM'000	Additions RM'000	Disposal/ Write-off RM'000	At 31 December 2014 RM'000
<b>Company</b>				
At cost:				
Freehold land	289	-	-	289
Furniture, fixtures, fittings, equipment and vehicles	1,011	238	(4)	1,245
	<b>1,300</b>	<b>238</b>	<b>(4)</b>	<b>1,534</b>
	At 1 January 2013 RM'000	Additions RM'000	Disposal/ Write-off RM'000	At 31 December 2013 RM'000
<b>Company</b>				
At cost:				
Freehold land	289	-	-	289
Furniture, fixtures, fittings, equipment and vehicles	784	227	-	1,011
	<b>1,073</b>	<b>227</b>	<b>-</b>	<b>1,300</b>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

### 3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows:-

Group	At 1 January 2014 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer to investment properties RM'000	Exchange differences RM'000	At 31 December 2014 RM'000
<b>Accumulated depreciation</b>							
At valuation 1978:							
Buildings	103	3	-	43	-	-	149
Short term leasehold land	145	7	-	-	-	-	152
Long term leasehold land	908	13	-	-	-	-	921
At valuation 1976:							
Buildings	2,037	-	-	-	-	-	2,037
Short term leasehold land	832	34	-	-	-	-	866
At cost:							
Short term leasehold land	44,328	2,065	-	-	-	918	47,311
Long term leasehold land	3,203	626	-	-	(114)	-	3,715
Buildings	383,107	28,178	(465)	(43)	(497)	2,899	413,179
Plant and machinery	544,331	29,218	(14,064)	-	-	1,425	560,910
Furniture, fixtures, fittings, equipment and vehicles	211,449	19,441	(12,463)	-	-	2,897	221,324
	<b>1,190,443</b>	<b>79,585</b>	<b>(26,992)</b>	<b>-</b>	<b>(611)</b>	<b>8,139</b>	<b>1,250,564</b>
		Note 24			Note 8		Note 3

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows:- (cont'd)

Group	At 1 January 2013 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer to investment properties RM'000	Deletion through disposal of subsidiary RM'000	Exchange differences RM'000	At 31 December 2013 RM'000
<b>Accumulated depreciation</b>								
At valuation 1978:								
Buildings	103	-	-	-	-	-	-	103
Short term leasehold land	145	-	-	-	-	-	-	145
Long term leasehold land	895	13	-	-	-	-	-	908
At valuation 1976:								
Buildings	2,037	-	-	-	-	-	-	2,037
Short term leasehold land	819	13	-	-	-	-	-	832
At cost:								
Short term leasehold land	41,321	2,250	-	-	(519)	-	1,276	44,328
Long term leasehold land	2,984	219	-	-	-	-	-	3,203
Buildings	381,765	28,946	(232)	27	(2,714)	(19,932)	(4,753)	383,107
Plant and machinery	546,228	34,477	(11,062)	-	-	(12,776)	(12,536)	544,331
Furniture, fixtures, fittings, equipment and vehicles	199,419	19,795	(6,335)	(27)	-	(857)	(546)	211,449
	1,175,716	85,713	(17,629)	-	(3,233)	(33,565)	(16,559)	1,190,443

Note 24

Note 8

Note 3

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

### 3.2 Detailed movements in accumulated depreciation and accumulated impairment losses of the Group are as follows:- (cont'd)

	At 1 January 2014 RM'000	Impairment loss for the year RM'000	At 31 December 2014 RM'000
Group			
Accumulated impairment losses			
Plant and machinery	-	5,671	5,671
Furniture, fixtures, fittings, equipment and vehicles	-	892	892
Capital work-in-progress	5,000	964	5,964
	5,000	7,527	12,527
		Note 24	Note 3

	At 1 January 2013 RM'000	Impairment loss for the year RM'000	Reversal of impairment loss RM'000	At 31 December 2013 RM'000
Group				
Accumulated impairment losses				
Plant and machinery	5,940	-	(5,940)	-
Furniture, fixtures, fittings, equipment and vehicles	60	-	(60)	-
Capital work-in-progress	-	5,000	-	5,000
	6,000	5,000	(6,000)	5,000
		Note 24	Note 24	Note 3

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

### 3.2 Detailed movements in accumulated depreciation of the Company are as follows:-

	At 1 January 2014 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	At 31 December 2014 RM'000
<b>Company</b>				
<b>Accumulated depreciation</b>				
At cost :				
Furniture, fixtures, fittings, equipment and vehicles	609	172	(4)	777
	<b>609</b>	<b>172</b>	<b>(4)</b>	<b>777</b>
	Note 24			

	At 1 January 2013 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	At 31 December 2013 RM'000
<b>Company</b>				
<b>Accumulated depreciation</b>				
At cost :				
Furniture, fixtures, fittings, equipment and vehicles	504	105	-	609
	<b>504</b>	<b>105</b>	<b>-</b>	<b>609</b>
	Note 24			

The property, plant and equipment are shown at Directors' valuation in the years indicated based on the following valuation exercises carried out:

In 1976 - By a firm of professional valuers on a 'replacement cost' basis.

In 1978 - By Government Valuers on an 'open market value' basis.

Subsequent acquisitions are shown at cost while deletions are at valuation or cost as appropriate.

### 3.3 Assets under hire purchase and leasing arrangements

Included in the net book value of property, plant and equipment of the Group is an amount of **RM7,471,000** (2013: RM6,415,000) representing assets financed under leasing instalment plans.



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

### 3.4 Carrying amounts of revalued property, plant and equipment

The carrying amounts of the revalued assets (under property, plant and equipment) had they been stated at cost less accumulated depreciation are as follows:

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>2014</b>			
<b>At Valuation 1976:</b>			
<i>Held by the subsidiaries of the Group</i>			
Short term leasehold land	187	152	35
Buildings	1,713	1,445	268
	<b>1,900</b>	<b>1,597</b>	<b>303</b>
<b>At Valuation 1978:</b>			
<i>Held by the subsidiaries of the Group</i>			
Freehold land	1,022	-	1,022
Short term leasehold land	23	22	1
Long term leasehold land	1,400	667	733
Buildings	285	149	136
	<b>2,730</b>	<b>838</b>	<b>1,892</b>
	<b>4,630</b>	<b>2,435</b>	<b>2,195</b>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

### 3.4 Carrying amounts of revalued property, plant and equipment (cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
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#### 2013

##### At Valuation 1976:

*Held by the subsidiaries of the Group*

Short term leasehold land  
Buildings

187	148	39
1,713	1,420	293
1,900	1,568	332

##### At Valuation 1978:

*Held by the subsidiaries of the Group*

Freehold land  
Short term leasehold land  
Long term leasehold land  
Buildings

1,022	-	1,022
23	21	2
1,400	662	738
285	146	139
2,730	829	1,901
4,630	2,397	2,233

## 4. Intangible assets - Group

	Goodwill RM'000	Development cost RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2013	50,674	2,793	53,467
Additions during the year	-	271	271
Deletion through disposal of subsidiary	(1,951)	-	(1,951)
At 31 December 2013/1 January 2014	48,723	3,064	51,787
Additions during the year	-	460	460
<b>At 31 December 2014</b>	<b>48,723</b>	<b>3,524</b>	<b>52,247</b>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 4. Intangible assets - Group (cont'd)

	Note	Goodwill RM'000	Development cost RM'000	Total RM'000
<b>Amortisation</b>				
At 1 January 2013		-	1,444	1,444
Amortisation during the year	24	-	685	685
At 31 December 2013/1 January 2014		-	2,129	2,129
Amortisation during the year	24	-	528	528
<b>At 31 December 2014</b>		<b>-</b>	<b>2,657</b>	<b>2,657</b>
<b>Carrying amounts</b>				
At 31 December 2013		48,723	935	49,658
<b>At 31 December 2014</b>		<b>48,723</b>	<b>867</b>	<b>49,590</b>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the following business segments as independent CGUs:

	Group	
	2014 RM'000	2013 RM'000
Automotive and related products	1,172	1,172
Plastic products	2,117	2,117
Plantation	42,303	42,303
Hotel and resorts	1,004	1,004
Multiple units without significant goodwill	2,127	2,127
	<b>48,723</b>	<b>48,723</b>

### (a) Key sources of estimation uncertainty

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2014 was approximately **RM48,723,000** (2013: RM48,723,000).

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 4. Intangible assets - Group (cont'd)

#### (b) Recoverable amount based on value in use

The recoverable amount of a CGU is determined based on the value in use calculations with the following key assumptions applied:

- (i) Cash flows are projected based on the financial budgets approved by the Directors.
- (ii) Discount rates used for cash flows discounting purposes are the management's estimate of average cost of capital required in the respective segments. The discount rates applied for cash flow projections range from **5% to 10%** (2013: 5% to 10%).
- (iii) Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields, oil extractions rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performance of the segments.
- (iv) Profit margins are projected based on the industry trends and historical profit margin achieved.

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

### 5. Biological assets - Group

	2014 RM'000	2013 RM'000
<b>Cost</b>		
Balance at 1 January	351,549	336,662
Additions during the year	74,033	65,848
Effect of movement in exchange rate	16,771	(50,117)
Transfer from property, plant and equipment (Note 3)	-	820
Written off	(1,859)	(1,664)
Balance at 31 December	440,494	351,549
<b>Accumulated amortisation</b>		
Balance at 1 January	115,916	122,520
Amortisation charge for the year (Note 24)	11,209	11,022
Effect of movement in exchange rate	4,672	(15,964)
Written off	(1,833)	(1,662)
Balance at 31 December	129,964	115,916
Carrying amount – Balance at 31 December	310,530	235,633

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 5. Biological assets - Group (cont'd)

Additions to biological assets during the year include :

	2014 RM'000	2013 RM'000
- Interest expense	2,781	1,716

Interest is capitalised under biological assets at an average rate of 0.96% to 2.52% (2013 : 0.58% to 2.16%) per annum.

### 6. Land held for property development - Group

	Note	2014 RM'000	2013 RM'000
Balance at 1 January		35,940	35,823
Additions during the year		71	117
Balance at 31 December		36,011	35,940

Represented by:

At valuation (1978)

Freehold land	6.1	467	467
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At cost

Freehold land	33,683	33,637
Other outgoings	1,861	1,836

Balance at 31 December	36,011	35,940
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#### 6.1 Land held for property development under the revaluation model

The freehold land is shown at Directors' valuation based on a valuation exercise carried out by Government Valuers on an 'open market value' basis in 1978.

The carrying amount of the revalued land had it been stated at cost is **RM194,000** (2013 : RM194,000).

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 7. Prepaid land lease payments - Group

	Note	2014 RM'000	2013 RM'000
At 1 January		33,895	39,983
Amortisation for the year	24	(3,311)	(242)
Exchange differences		129	770
Deletion through disposal of a subsidiary		-	(6,616)
At 31 December		<u>30,713</u>	<u>33,895</u>
Represented by:			
Long term leasehold land		28,432	31,642
Short term leasehold land		2,281	2,253
At 31 December		<u>30,713</u>	<u>33,895</u>

## 8. Investment properties

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cost</b>				
At 1 January	612,676	544,503	15,137	15,137
Additions	13,109	59,077	-	-
Transfer from property, plant and equipment (Note 3)	7,629	17,568	-	-
Exchange differences	(1,585)	(8,472)	-	-
At 31 December	<u>631,829</u>	<u>612,676</u>	<u>15,137</u>	<u>15,137</u>
<b>Accumulated depreciation</b>				
At 1 January	57,682	52,013	66	64
Depreciation for the year (Note 24)	4,726	3,644	4	2
Transfer from property, plant and equipment (Note 3)	611	3,233	-	-
Exchange differences	(142)	(1,208)	-	-
At 31 December	<u>62,877</u>	<u>57,682</u>	<u>70</u>	<u>66</u>
<b>Carrying amount</b>				
At 31 December	<u>568,952</u>	<u>554,994</u>	<u>15,067</u>	<u>15,071</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 8. Investment properties (cont'd)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Included in the above are:				
Freehold land	<b>144,413</b>	144,933	<b>14,962</b>	14,962
Buildings	<b>112,948</b>	111,203	<b>105</b>	109
Long term leasehold land	<b>311,568</b>	298,834	-	-
Assembly plant	<b>23</b>	24	-	-
	<b>568,952</b>	554,994	<b>15,067</b>	15,071

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

### 8.1 Fair value information

Fair value of investment properties are categorised as follows:

	2014			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Freehold land	-	-	<b>1,001,363</b>	<b>1,001,363</b>
Long term leasehold land	-	-	<b>728,185</b>	<b>728,185</b>
Buildings	-	-	<b>311,032</b>	<b>311,032</b>
Assembly plant	-	-	<b>23</b>	<b>23</b>
	-	-	<b>2,040,603</b>	<b>2,040,603</b>
<b>Company</b>				
Freehold land	-	-	<b>303,800</b>	<b>303,800</b>
Buildings	-	-	<b>400</b>	<b>400</b>
	-	-	<b>304,200</b>	<b>304,200</b>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 8. Investment properties (cont'd)

### 8.1 Fair value information (cont'd)

Fair value of investment properties are categorised as follows: (cont'd)

	2013			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>Group</b>				
Freehold land	-	-	990,764	990,764
Long term leasehold land	-	-	701,870	701,870
Buildings	-	-	294,862	294,862
Assembly plant	-	-	24	24
	-	-	1,987,520	1,987,520
<b>Company</b>				
Freehold land	-	-	303,800	303,800
Buildings	-	-	400	400
	-	-	304,200	304,200

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

	Group RM'000	Company RM'000
<b>2014</b>		
At 1 January	1,987,520	304,200
Additions	33,621	-
Transfer from property, plant and equipment	19,462	-
At 31 December	2,040,603	304,200
	Group RM'000	Company RM'000
<b>2013</b>		
At 1 January	1,640,894	304,200
Additions	300,981	-
Transfer from property, plant and equipment	45,645	-
At 31 December	1,987,520	304,200



# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 8. Investment properties (cont'd)

#### 8.1 Fair value information (cont'd)

##### 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 (RM126 – RM45,333)	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%  Risk adjusted discount rate is 8%	The estimated fair value would increase (decrease) if: expected market rental growth were higher (lower); or risk-adjusted discount rate were lower (higher).

##### Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is based on the estimates of market value by Directors, taking into account some of the valuation in 2011 by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property. Investment properties for a carrying amount of **RM179,599,000** (2013 : RM183,452,000) and with the fair values of **RM858,870,000** (2013 : RM821,363,000) are determined solely based on Directors' estimates using either discounted cash flow or recent transaction prices around the vicinity.

##### Highest and best use

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 9. Investments in subsidiaries

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost		<b>24,307</b>	24,307	<b>721,024</b>	689,524
Less:					
Impairment losses		-	-	<b>(71,085)</b>	(36,085)
Share of post-acquisition reserves		<b>(47,174)</b>	(47,174)	-	-
	<b>9.1</b>	<b>(22,867)</b>	(22,867)	<b>649,939</b>	653,439

Details of the subsidiaries are listed under Note 39.

### 9.1 Investment in a non-consolidated subsidiary - Group

The Group's interest in a non-consolidated subsidiary represents the interests of the Group's investment in PT Oriental Kyowa Industries ("PT OKI"). PT OKI is a 45% and 55% owned subsidiary held through Jutajati Sdn. Bhd. and Selasih Permata Sdn. Bhd. respectively.

On 23 February 2009, the shareholders of PT OKI commenced liquidation proceedings on PT OKI. Accordingly, the financial statements of PT OKI have been de-consolidated in the Group's financial statements thereafter. In November 2010, the shareholders of PT OKI had applied for cancellation of liquidation proceedings for which the approval was still pending from the local authority at year end.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 9. Investments in subsidiaries (cont'd)

### Non-controlling interests in subsidiaries

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

	2014					
	PT Gunung Maras Lestari	Gunungsawit Binalestari	PT Selasih Permata Sdn. Bhd.	Medical Centre Sdn. Bhd.	Boon Siew (M) Sdn. Bhd.	Teck See Plastic Sdn. Bhd. Sdn. Berhad
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NCI percentage of ownership interest and voting interest	53.29%	53.29%	49.50%	49.00%	49.00%	39.74%
Carrying amount of NCI	204,363	150,939	65,404	96,145	89,328	164,640
Profit/(Loss) allocated to NCI	41,657	29,190	3,419	(2,016)	(439)	749
						(15,849)

### Summarized financial information before intra-group elimination

#### As at 31 December

Non-current assets	64,770	41,103	32,534	225,933	180,197	119,545	17,774
Current assets	402,501	266,518	99,622	25,941	2,109	167,751	121,870
Non-current liabilities	(5,631)	(2,517)	-	(250)	-	(1,945)	-
Current liabilities	(81,046)	(6,617)	(28)	(55,646)	(4)	(22,761)	(147,305)
Net assets	380,594	298,487	132,128	195,978	182,302	262,590	(7,661)

#### Year ended 31 December

Revenue	227,328	160,002	1,035	1,046	60	147,900	230,579
Profit/(Loss) for the year	78,170	54,776	6,908	(4,350)	(897)	1,872	(34,828)
Total comprehensive income/(expense) for the year	94,262	66,989	6,908	(4,350)	(897)	1,872	(34,828)
Cash flows from operating activities	57,135	56,356	3,370	26,173	(252)	22,285	10,567
Cash flows from investing activities	19,149	13,665	1,083	(128,702)	14	2,149	(11,004)
Cash flows from financing activities	(1,075)	-	(11,873)	49,709	-	(4,001)	1,871
Net increase/(decrease) in cash and cash equivalents	75,209	70,021	(7,420)	(52,820)	(238)	20,433	1,434
Dividend paid to NCI	-	-	5,877	-	-	1,600	-

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 9. Investments in subsidiaries (cont'd)

### Non-controlling interests in subsidiaries (cont'd)

	2013					
	PT Gunung Maras Lestari	PT Gunungsawit Binalestari	PT Selasih Permata Sdn. Bhd.	Melaka Straits Medical Centre Sdn. Bhd.	Oriental Boon Siew (M) Sdn. Bhd.	Teck See Plastic Sdn. Bhd. Sdn. Berhad
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NCI percentage of ownership interest and voting interest	53.29%	53.29%	49.50%	49.00%	49.00%	40.00%
Carrying amount of NCI	154,133	115,242	59,469	73,661	89,768	152,541
Profit/(Loss) allocated to NCI	17,840	11,947	9,881	16	(403)	2,941
						(19,154)
	67,378	42,975	32,534	96,774	180,854	130,612
	312,430	203,453	104,584	70,978	2,350	161,964
	(4,519)	(1,996)	-	-	-	(1,892)
	(88,956)	(12,933)	(24)	(17,424)	(5)	(25,965)
						(132,766)
	286,333	231,499	137,094	150,328	183,199	264,719
						27,167
	184,741	84,924	8,399	1,021	132	135,181
	33,482	22,419	53,517	34	(822)	4,591
	(18,224)	(16,317)	53,517	34	(822)	4,591
						(59,699)
	28,110	666	2,604	3,329	(6,724)	1,441
	11,499	6,832	44,570	(76,297)	83	21,218
	(6,996)	(3,294)	(16,609)	100,000	-	(4,003)
						(40,679)
	32,613	4,204	30,565	27,032	(6,641)	18,656
						14,146
	436	247	8,221	-	-	1,601
						-

### Summarized financial information before intra-group elimination

#### As at 31 December

Non-current assets  
Current assets  
Non-current liabilities  
Current liabilities

Net assets

#### Year ended 31 December

Revenue  
Profit/(Loss) for the year  
Total comprehensive income/(expense) for the year

Cash flows from operating activities  
Cash flows from investing activities  
Cash flows from financing activities

Net increase/(decrease) in cash and cash equivalents

Dividend paid to NCI

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 10. Investments in associates

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	<b>81,630</b>	81,535	<b>28,291</b>	28,291
Share of post-acquisition reserves	<b>415,341</b>	353,599	-	-
	<b>496,971</b>	435,134	<b>28,291</b>	28,291

Represented by:

Share of net assets	<b>492,592</b>	430,755
Goodwill	<b>4,379</b>	4,379
	<b>496,971</b>	435,134

### Details of associates:

	Group's effective interest		Principal activities
	2014	2013	
	%	%	
Incorporated in Malaysia:			
Honda Autoparts Manufacturing (M) Sdn. Bhd.	<b>49.0</b>	49.0	Manufacture and sale of motor vehicle parts
Southern Perak Plantations Sdn. Berhad	<b>39.5</b>	39.5	Production and sale of oil palm fruits, palm oil and kernel
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	<b>30.0</b>	30.0	Sale of construction machinery, attachments and spare parts and renting of machinery
Boon Siew Honda Sdn. Bhd.	<b>49.0</b>	49.0	Manufacture, assembly and sale of motorcycles
Super Othello Sdn. Bhd. (formerly known as Southern Oriental Sdn. Bhd.)	<b>50.0</b>	50.0	Investment holding
Chainferry Development Sdn. Berhad	<b>33.4</b>	33.4	Property development
Penang Wellesley Realty Sdn. Berhad	<b>39.8</b>	39.8	Property development
Penang Amusements Co. Sdn. Bhd.	<b>25.0</b>	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	<b>29.4</b>	29.4	Manufacture of thermo plastic and thermo setting products
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# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 10. Investments in associates (cont'd)

#### Details of associates: (cont'd)

	Group's effective interest		Principal activities
	2014	2013	
	%	%	
Incorporated in Singapore:			
<i>Held through a subsidiary of the Company, Kah Motor Company Sdn Berhad</i>			
Singapore Safety Driving Centre Ltd	<b>27.5</b>	27.5	Operation of a driving school
B.S. Kah Pte. Ltd	<b>40.0</b>	40.0	Property management
Bukit Batok Driving Centre Ltd	<b>21.9</b>	21.9	Operation of a driving school
Incorporated in Thailand:			
<i>Held through a subsidiary of the Company, Teck See Plastic Sdn Bhd</i>			
Kasai Teck See Co. Ltd.	<b>15.0</b>	15.0	Manufacture and sale of parts, mould and automotive equipment including automotive interior parts
Incorporated in the Republic of Indonesia:			
<i>Held through subsidiaries of the Company, Teck See Plastic Sdn Bhd and Oriental International (Mauritius) Pte Ltd</i>			
P.T. Kasai Teck See Indonesia (formerly known as P.T. Oriental Manufacturing Indonesia)	<b>38.9</b>	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.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 10. 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.

Group	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
2014					
<b>Summarised financial information</b>					
<b>As at 31 December</b>					
Non-current assets	129,464	64,893	108,023	18,877	208,916
Current assets	212,297	307,222	54,059	217,321	244,061
Non-current liabilities	(17,967)	-	(11,928)	-	-
Current liabilities	(179,941)	(170,736)	(2,392)	(86,134)	(253,473)
Net assets	143,853	201,379	147,762	150,064	199,504
Year ended 31 December					
Profit from continuing operations	10,820	118,606	552	14,083	2,218
Other comprehensive loss	-	-	(11,904)	-	-
Total comprehensive income	10,820	118,606	(11,352)	14,083	2,218
Included in the total comprehensive income is:					
Revenue	390,854	1,139,185	48,599	295,807	460,635

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 10. 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.	Other individually immaterial associates	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2014</b>							
<b>Reconciliation of net assets to carrying amount</b>							
<b>As at 31 December</b>							
Group's share of net assets	42,293	98,676	58,366	45,019	97,757	150,481	492,592
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	42,293	98,676	61,621	45,019	97,757	151,605	496,971
<b>Group's share of results</b>							
<b>Year ended 31 December</b>							
Group's share of profit from continuing operations	3,181	58,117	218	4,225	1,087	17,289	84,117
Group's share of other comprehensive expense	-	-	(4,702)	-	-	(251)	(4,953)
Group's share of total comprehensive income/(expense)	3,181	58,117	(4,484)	4,225	1,087	17,038	79,164



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 10. Investments in associates (cont'd)

Group	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
<b>2013</b>					
<b>Summarised financial information</b>					
<b>As at 31 December</b>					
Non-current assets	121,827	52,724	114,944	18,377	230,885
Current assets	151,460	158,248	67,946	228,161	320,579
Non-current liabilities	(29,125)	-	(11,928)	-	-
Current liabilities	(105,287)	(128,198)	(3,752)	(91,995)	(354,180)
Net assets	138,875	82,774	167,210	154,543	197,284
Year ended 31 December					
Profit from continuing operations	9,245	17,363	13,722	23,943	25,853
Other comprehensive expense	-	-	(1,680)	-	-
Total comprehensive income	9,245	17,363	12,042	23,943	25,853
<i>Included in the total comprehensive income is:</i>					
Revenue	369,209	355,117	48,110	364,440	887,108

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 10. 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.	Other individually immaterial associates	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
<b>2013</b>							
<b>Reconciliation of net assets to carrying amount</b>							
<b>As at 31 December</b>							
Group's share of net assets	40,829	40,559	66,048	46,363	96,669	140,287	430,755
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	40,829	40,559	69,303	46,363	96,669	141,411	435,134
<b>Group's share of results</b>							
<b>Year ended 31 December</b>							
Group's share of profit from continuing operations	2,718	8,508	5,420	7,183	12,668	21,012	57,509
Group's share of other comprehensive (expense)/income	-	-	(664)	-	-	363	(301)
Group's share of total comprehensive income	2,718	8,508	4,756	7,183	12,668	21,375	57,208

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. Other investments							
	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Quoted shares outside Malaysia RM'000	Quoted bonds outside Malaysia RM'000	Quoted unit trusts and REITs RM'000	Others RM'000	Total RM'000
<b>Group</b>							
<b>2014</b>							
<b>Non-current</b>							
<b>Available-for-sale financial assets</b>							
Less: Impairment loss	28,187 (402)	659 -	207,988 (25,946)	83,258 -	12,523 -	1,109 (22)	333,724 (26,370)
	<u>27,785</u>	<u>659</u>	<u>182,042</u>	<u>83,258</u>	<u>12,523</u>	<u>1,087</u>	<u>307,354</u>
Representing items:							
At cost	27,785	-	-	-	-	1,087	28,872
At fair value	-	659	182,042	83,258	12,523	-	278,482
	<u>27,785</u>	<u>659</u>	<u>182,042</u>	<u>83,258</u>	<u>12,523</u>	<u>1,087</u>	<u>307,354</u>
Market value of quoted investments	-	659	182,042	83,258	12,523	-	278,482
<b>Company</b>							
<b>2014</b>							
At cost	<u>33,113</u>	-	-	-	-	-	<u>33,113</u>
Representing items:							
At cost	<u>33,113</u>	-	-	-	-	-	<u>33,113</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 11. Other investments (cont'd)

Group	Unquoted shares RM'000	Quoted shares in Malaysia RM'000	Quoted shares outside Malaysia RM'000	Quoted bonds outside Malaysia RM'000	Quoted unit trusts and REITs RM'000	Others RM'000	Total RM'000
<b>2013</b>							
<b>Non-current</b>							
<b>Available-for-sale financial assets</b>							
Less: Impairment loss	28,187 (402)	591	160,350	88,579	14,622	1,099 (22)	293,428 (424)
	27,785	591	160,350	88,579	14,622	1,077	293,004
Representing items:							
At cost	27,785	-	-	-	-	1,077	28,862
At fair value	-	591	160,350	88,579	14,622	-	264,142
	27,785	591	160,350	88,579	14,622	1,077	293,004
Market value of quoted investments	-	591	160,350	88,579	14,622	-	264,142
<b>Company</b>							
<b>2013</b>							
At cost	33,113	-	-	-	-	-	33,113
Representing items:							
At cost	33,113	-	-	-	-	-	33,113

## NOTES TO THE FINANCIAL STATEMENTS

### (CONT'D)

#### 12. 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	
	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment						
- capital allowances	<b>1,130</b>	692	<b>(13,158)</b>	(14,647)	<b>(12,028)</b>	(13,955)
- revaluation	-	-	<b>(284)</b>	(286)	<b>(284)</b>	(286)
Prepaid land lease payments						
- fair value adjustment	-	-	<b>(7,214)</b>	(7,214)	<b>(7,214)</b>	(7,214)
Biological assets - capital allowances	-	-	<b>(5,905)</b>	(4,253)	<b>(5,905)</b>	(4,253)
Provisions	<b>3,254</b>	3,515	<b>1,571</b>	1,044	<b>4,825</b>	4,559
Capital allowances carry-forwards	<b>86</b>	1,329	<b>3,472</b>	3,130	<b>3,558</b>	4,459
Tax losses carry-forwards	<b>5,957</b>	5,285	-	-	<b>5,957</b>	5,285
Unutilised reinvestment allowances	-	-	<b>3,344</b>	3,839	<b>3,344</b>	3,839
Other investments	-	-	<b>(2,128)</b>	(2,486)	<b>(2,128)</b>	(2,486)
Others	-	738	<b>1,072</b>	1,837	<b>1,072</b>	2,575
	<b>10,427</b>	11,559	<b>(19,230)</b>	(19,036)	<b>(8,803)</b>	(7,477)

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

	2014	2013
	RM'000	RM'000
Deductible temporary differences	<b>5,071</b>	899
Capital allowances carry-forwards	<b>12,038</b>	3,728
Tax losses carry-forwards	<b>114,937</b>	58,014
Unutilised reinvestment allowances	<b>6,779</b>	6,779
Provisions	<b>54,184</b>	69,036
Others	<b>110</b>	48
	<b>193,119</b>	138,504

The capital allowances carry-forwards, tax losses carry-forwards and unutilised reinvestment allowances do not expire under the respective countries' tax legislations. 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.

The comparative figures for deferred tax assets not recognised have been restated to reflect the revised taxable temporary difference, capital allowances carry-forwards, tax losses carry-forwards and unutilised reinvestment allowances available to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 12. Deferred tax assets and (liabilities) - Group (continued)

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

	At 1 January 2013	Effect of movement in exchange rate	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2013	Effect of movement in exchange rate	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax assets</b>									
Property, plant and equipment									
- capital allowances	1,062	(14)	(356)	-	692	(16)	454	-	1,130
Other items	6,932	(686)	4,621	-	10,867	338	(1,908)	-	9,297
	7,994	(700)	4,265	-	11,559	322	(1,454)	-	10,427
<b>Deferred tax liabilities</b>									
Property, plant and equipment									
- capital allowances	(14,951)	(37)	341	-	(14,647)	(15)	1,504	-	(13,158)
- revaluation	(289)	-	3	-	(286)	-	2	-	(284)
Prepaid land lease payments									
- fair value adjustment	(7,214)	-	-	-	(7,214)	-	-	-	(7,214)
Biological assets									
- capital allowances	(3,537)	-	(716)	-	(4,253)	-	(1,652)	-	(5,905)
Unutilised reinvestment allowances	5,179	-	(1,340)	-	3,839	-	(495)	-	3,344
Other items	(4,509)	(211)	206	8,039	3,525	(86)	136	412	3,987
	(25,321)	(248)	(1,506)	8,039	(19,036)	(101)	(505)	412	(19,230)
	(17,327)	(948)	2,759	8,039	(7,477)	221	(1,959)	412	(8,803)

Note 27

Note 27

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 13. Property development costs - Group

	2014 RM'000	2013 RM'000
Balance at 1 January	2,786	2,668
Development costs incurred during the year	96	118
Balance at 31 December	<u>2,882</u>	<u>2,786</u>
Represented by:		
Development costs	<u>2,882</u>	<u>2,786</u>

## 14. Inventories - Group

	2014 RM'000	2013 RM'000
Completed development properties	12,279	16,099
Finished products		
Manufactured goods	49,686	48,292
Trading inventories	72,468	67,342
	<b>122,154</b>	115,634
Work-in-progress	8,642	12,003
Raw materials	43,658	43,412
Consumable stores and spares	43,061	40,436
Hotel stocks	2,718	2,648
	<u><b>232,512</b></u>	<u>230,232</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 15. Trade and other receivables

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade</b>					
Trade receivables		261,580	245,907	-	-
Unearned income		-	(14)	-	-
		<b>261,580</b>	245,893	-	-
Amount due from associates	15.1	<b>7,693</b>	35,609	-	-
		<b>269,273</b>	281,502	-	-
<b>Non-trade</b>					
Amount due from subsidiaries	15.2	-	-	<b>171,490</b>	125,540
Other receivables	15.3	<b>217,893</b>	67,857	<b>310</b>	-
Deposits		<b>10,252</b>	10,356	<b>20</b>	20
Prepayments		<b>20,504</b>	13,076	<b>61</b>	314
		<b>248,649</b>	91,289	<b>171,881</b>	125,874
		<b>517,922</b>	372,791	<b>171,881</b>	125,874

### 15.1 Amount due from associates

The trade receivables due from associates are subject to normal trade terms.

### 15.2 Amount due from subsidiaries

The amount due from subsidiaries for an amount of **RM171,432,000** (2013: RM125,531,000) is subject to interest at the rates ranging from **0.73% to 3.45%** (2013: 0.75% to 3.35%) per annum.

### 15.3 Other receivables

Included in other receivables is:

- an amount of **RM109,316,000** in respect of advances made to PT Surya Agro Persada ("PT SAP") to clear off the indebtedness to all its creditors as part of the procedures to acquire PT SAP. The advances made to PT SAP is unsecured, payable on demand, and interest-bearing at Indonesian Prime Lending Rate plus 1.5%.

The acquisition of PT Surya Agro Persada was completed on 2 March 2015 (Note 37 (ii)).

- an amount of **RM22,489,000** (2013: RM3,934,000) representing advance payments made for the acquisition of plantation assets, machineries and land.



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 16. Short term investment - Group

		31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)
	Note			
Fixed deposits:				
With licensed banks	16.1	329,858	206,586	261,911
With licensed finance companies		85,779	72,072	46,678
		<b>415,637</b>	278,658	308,589
Unit trust money market funds		88,903	76,502	71,442
		<b>504,540</b>	355,160	380,031

### 16.1 Fixed deposits placed with licensed banks

Included in the fixed deposits placed with licensed banks of the Group is an amount of **RM78,078,000** (2013: RM45,420,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 19).

## 17. Cash and cash equivalents

		31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)
	Note			
<b>Group</b>				
Fixed deposits:				
With licensed banks		1,497,650	1,603,027	1,531,455
With licensed finance companies		421	17,715	17,051
	17.1	<b>1,498,071</b>	1,620,742	1,548,506
Cash and bank balances	17.2	854,237	748,813	597,717
Unit trust money market funds		62,924	36,863	97,762
		<b>2,415,232</b>	2,406,418	2,243,985
			<b>31.12.2014 RM'000</b>	<b>31.12.2013 RM'000</b>
<b>Company</b>				
Fixed deposits with licensed banks			52,763	131,668
Cash and bank balances			2,420	3,386
Unit trust money market funds			57,382	34,860
			<b>112,565</b>	169,914

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 17. Cash and cash equivalents (cont'd)

### 17.1 Deposits placed with licensed banks pledged for banking/financing facilities

Included in fixed deposits with licensed banks of the Group is an amount of **RM296,811,000** (2013: RM128,132,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 19).

### 17.2 Cash and bank balances

Included in cash and bank balances of the Group is an amount of **RM610,000** (2013: RM599,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

## 18. Capital and reserves

### 18.1 Share capital

	Group/Company	
	2014	2013
	RM'000	RM'000
<b>Authorised:</b>		
1,000,000,000 stocks of RM1 each	<b>1,000,000</b>	1,000,000
<b>Issued and fully paid:</b>		
620,393,638 stocks of RM1 each	<b>620,394</b>	620,394

### 18.2 Reserves

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable:					
Share premium		<b>1,099</b>	1,099	-	-
Capital reserves		<b>1,073</b>	1,073	-	-
Foreign currency translation reserves	<b>18.4</b>	<b>545,892</b>	486,384	-	-
Capital redemption reserve		<b>68</b>	68	<b>68</b>	68
Asset revaluation reserve	<b>18.5</b>	<b>474</b>	474	-	-
Fair value reserve	<b>18.6</b>	<b>98,185</b>	85,477	-	-
Treasury stocks	<b>18.7</b>	<b>(249)</b>	(249)	<b>(249)</b>	(249)
		<b>646,542</b>	574,326	<b>(181)</b>	(181)

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 18. Capital and reserves (cont'd)

### 18.2 Reserves (cont'd)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Distributable:					
Retained earnings		<b>3,800,072</b>	3,512,414	<b>360,379</b>	328,886
Capital reserve	<b>18.3</b>	<b>40,248</b>	40,248	<b>29,992</b>	29,992
		<b>3,840,320</b>	3,552,662	<b>390,371</b>	358,878
		<b>4,486,862</b>	4,126,988	<b>390,190</b>	358,697
<b>Total equity attributable to stockholders of the Company</b>		<b>5,107,256</b>	4,747,382	<b>1,010,584</b>	979,091

### 18.3 Capital reserve

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

### 18.4 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.

### 18.5 Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of property, plant and equipment.

### 18.6 Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

### 18.7 Treasury stocks

In year 2000, the Company purchased 100,000 of its issued stocks from the open market. The average price paid for the stocks purchased was RM7.84 per stock. The repurchased stocks are held as treasury stocks and carried at cost.

On 2 March 2001, 68,192 of the treasury stocks were cancelled and an amount equivalent to their nominal value was transferred to capital redemption reserve. Treasury stocks have no rights to voting, dividends and participation in other distribution.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 19. Borrowings

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current</b>					
Secured:					
Revolving credit		345,993	142,677	-	-
Unsecured:					
Bank overdrafts		622	-	-	-
Revolving credit		278,436	266,257	-	-
Bankers' acceptances		25,416	33,731	-	-
Trust receipts		5,605	3,177	-	-
Term loans		-	46,733	-	46,733
		310,079	349,898	-	46,733
Lease obligations	19.1	3,103	2,387	-	-
		659,175	494,962	-	46,733
<b>Non-current</b>					
Lease obligations	19.1	2,219	2,723	-	-
		2,219	2,723	-	-
		661,394	497,685	-	46,733

### 19.1 Lease obligations

Lease obligations are payable as follows:

	2014			2013		
	Future minimum lease payment RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payment RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than 1 year	3,311	208	3,103	2,576	189	2,387
Between 1 and 5 years	2,314	95	2,219	2,814	91	2,723
	5,625	303	5,322	5,390	280	5,110

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 19. Borrowings (cont'd)

#### 19.2 Security

The secured bank borrowings are secured by way of the Group's fixed deposit (see Note 16 and Note 17).

### 20. Provision - Group

	Free servicing RM'000	Extended warranties RM'000	Total RM'000
<b>Non-current</b>			
At 1 January 2013	623	3,366	3,989
Provision made	91	896	987
Provision used	(210)	(140)	(350)
Provision reversed	(21)	(225)	(246)
Exchange differences	33	116	149
At 31 December 2013/1 January 2014	516	4,013	4,529
Provision made	<b>2,711</b>	<b>935</b>	<b>3,646</b>
Provision used	<b>(221)</b>	<b>(280)</b>	<b>(501)</b>
Provision reversed	<b>(95)</b>	<b>(58)</b>	<b>(153)</b>
Exchange differences	<b>12</b>	<b>89</b>	<b>101</b>
At 31 December 2014	<b>2,923</b>	<b>4,699</b>	<b>7,622</b>

#### **Free servicing**

The provision for free servicing relates mainly to motor vehicles sold. The provision is based on estimates from past experience and future expectations, and an assessment of the probability of an outflow for the warranty obligations as a whole. The Group expects to incur the liability over the next 3 years.

#### **Extended warranties**

The provision for extended warranties relates mainly to motor vehicles sold. The provision is based on estimates from past experience and future expectations, and an assessment of the probability of an outflow for the warranty obligations as a whole. The Group expects to incur the liability over the next 2 years.

### 21. Deferred income - Group

	2014 RM'000	2013 RM'000
Extended warranty income	-	1,556
Service package income	<b>6,981</b>	12,583
	<b>6,981</b>	14,139

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 22. Retirements 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.

The amounts recognised on the statement of financial position are as follows:

	2014 RM'000	2013 RM'000
Present value and recognised liability of unfunded obligation	<u>9,465</u>	<u>-</u>

### Movements in the present value of the defined benefit obligations

	2014 RM'000	2013 RM'000
Balance at 1 January	-	-
<b>Included in profit or loss</b>		
Current service cost	1,223	-
Interest cost	699	-
Past service cost	4	-
	<u>1,926</u>	<u>-</u>
Benefits paid	(105)	-
Reclassification	7,644	-
Balance at 31 December	<u>9,465</u>	<u>-</u>

### 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:

	2014	2013
Discount rate	8.00% per annum	-
Future salary incremental rate	<u>10.00% per annum</u>	<u>-</u>

### 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:

	Increase RM'000	Decrease RM'000
<b>2014</b>		
Discount rate (1% movement)	(1,222)	1,437
Future salary incremental rate (1% movement)	<u>1,441</u>	<u>(1,248)</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. Trade and other payables

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade</b>					
Trade payables		<b>116,098</b>	117,658	-	-
<b>Non-trade</b>					
Amount due to associates	<b>23.1</b>	<b>1,340</b>	641	-	-
Other payables		<b>122,799</b>	178,115	<b>50</b>	35
Accrued expenses		<b>36,041</b>	18,968	<b>1,137</b>	1,410
		<b>160,180</b>	197,724	<b>1,187</b>	1,445
		<b>276,278</b>	315,382	<b>1,187</b>	1,445

### 23.1 Amount due to associates

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

## 24. Operating profit

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue				
- Sale of goods and services	<b>3,284,490</b>	2,639,741	<b>158</b>	102
- Interest income	<b>78,356</b>	60,338	<b>7,742</b>	6,300
- Rental income	<b>39,720</b>	34,411	<b>418</b>	538
- Dividend income	<b>62,265</b>	19,604	<b>110,800</b>	91,277
	<b>3,464,831</b>	2,754,094	<b>119,118</b>	98,217

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 24. Operating profit (cont'd)

Operating profit is arrived at:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
Audit fees				
- KPMG Malaysia	528	519	60	60
- Overseas affiliates of KPMG Malaysia	495	436	-	-
- Other auditors	1,055	932	-	-
Non-audit fees				
- KPMG Malaysia	220	16	220	16
- Local affiliates of KPMG Malaysia	246	383	90	155
- Overseas affiliates of KPMG Malaysia	33	36	-	-
- Other auditors	48	88	-	40
Amortisation of:			-	-
- biological assets (Note 5)	11,209	11,022	-	-
- prepaid land lease payments (Note 7)	3,311	242	-	-
- development cost (Note 4)	528	685	-	-
Depreciation:				
- property, plant and equipment (Note 3)	79,585	85,713	172	105
- investment properties (Note 8)	4,726	3,644	4	2
Direct operating expenses of investment properties:				
- Non-income generating	1,157	2,010	267	267
- Income generating	15,716	14,723	52	52
Directors' emoluments				
Directors of the Company:				
- Fees				
- current year	1,317	1,369	773	800
- prior year	(21)	6	-	-
- Remuneration				
- current year	14,405	8,979	380	467
- prior year	(112)	(78)	-	-
- Benefits-in-kind	30	25	-	-
Past Directors of the Company:				
- Fees				
- current year	30	-	27	-
- Others	2	-	2	-
Hire of equipment	802	733	3	-
Interest expense on bank borrowings	8,538	8,071	668	670



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 24. Operating profit (cont'd)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
After charging:				
Asset written off				
- Property, plant and equipment	4	202	-	-
- Biological assets	26	2	-	-
Write down of inventories (net)	8,339	11,182	-	-
Bad debts written off	-	305	-	-
Rental of land and buildings	8,437	8,635	31	31
Realised loss on foreign exchange (net)	-	12,271	-	-
Impairment loss on :				
- Receivables	640	363	-	-
- Amount due from a subsidiary	-	-	10,000	-
- Other investments	590	-	-	-
- property, plant and equipment (Note 3)	7,527	5,000	-	-
- investment in subsidiaries	-	-	35,000	-
Loss on disposal of other investments	614	-	-	-
Deficit on liquidation of a subsidiary	-	2	-	-
Provision for retirement benefits (Note 22)	1,926	-	-	-
and crediting :				
Dividends (gross) received from :				
- Unquoted investments	56,608	13,298	57,480	13,339
- Unquoted subsidiaries	-	-	46,136	67,774
- Unquoted associates	-	-	5,658	8,333
- Unit trust	1,590	1,924	1,526	1,831
- Investments quoted outside Malaysia	4,067	4,382	-	-
Gain on disposal of :				
- property, plant and equipment	3,075	11,692	-	-
- subsidiaries	-	25,454	-	-
- other investments	-	1,018	-	-
Reversal of impairment loss on:				
- property, plant and equipment (Note 3)	-	6,000	-	-
- other investment	-	11	-	-
Interest received from subsidiaries	-	-	4,502	3,526
Other interest income	78,356	60,338	3,240	2,774
Rental income	39,720	34,411	418	538
Gain on foreign exchange (net)				
- Realised	2,323	-	6,422	6,881
- Unrealised	60,562	10,674	1,540	3,727
Surplus on liquidation of a subsidiary	2,254	-	-	-
Bad debts recovered	250	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 25. Employee information

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Staff costs	<b>302,628</b>	298,440	<b>1,740</b>	1,936

Included in staff costs of the Group and of the Company is an amount of **RM20,789,000** (2013: RM21,211,000) and **RM239,000** (2013: RM266,000) respectively representing contributions made to the Employees' Provident Fund.

## 26. Key management personnel compensation

Key management personnel include all the Executive Directors of the Group and their compensations are as disclosed in Note 24.

## 27. Income tax expense

### Recognised in profit or loss

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income tax expense on continuing operations	<b>77,727</b>	65,009	<b>1,749</b>	15,869
Share of tax of equity accounted associates	<b>29,598</b>	15,162	-	-
Total income tax expense	<b>107,325</b>	80,171	<b>1,749</b>	15,869

Major components of tax expense include:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense</b>				
Malaysian - current year	<b>16,938</b>	17,439	<b>1,762</b>	15,856
- prior years	<b>(1,967)</b>	1,697	<b>(13)</b>	13
	<b>14,971</b>	19,136	<b>1,749</b>	15,869
Overseas - current year	<b>61,888</b>	35,556	-	-
- prior years	<b>(1,091)</b>	13,076	-	-
	<b>60,797</b>	48,632	-	-
Total current tax	<b>75,768</b>	67,768	<b>1,749</b>	15,869

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 27. Income tax expense (cont'd)

### Recognised in profit or loss (cont'd)

Major components of tax expense include:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	258	(4,183)	-	-
Prior year	1,701	1,424	-	-
Total deferred tax	1,959	(2,759)	-	-
Share of tax of equity accounted associates	29,598	15,162	-	-
Total tax expense	107,325	80,171	1,749	15,869

### Reconciliation of tax expense

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the year	408,726	199,251	74,918	87,570
Total tax expense	107,325	80,171	1,749	15,869
Profit excluding tax	516,051	279,422	76,667	103,439
Income tax at Malaysian tax rate of 25%	129,013	69,856	19,167	25,860
Effect of tax rates in foreign jurisdictions *	(10,146)	(2,274)	-	-
Non-deductible expenses	16,009	15,086	12,349	756
Income not subject to tax	(39,560)	(37,052)	(29,752)	(10,723)
Deferred tax assets not recognised	13,654	17,681	-	-
Others	(288)	677	(2)	(37)
(Over)/Under provision in prior years	(1,357)	16,197	(13)	13
	107,325	80,171	1,749	15,869

\* 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.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 28. Basic earnings per ordinary stock

The basic earnings per ordinary stock have been calculated based on the profit attributable to the owners of the Company and the number of stocks in issue of **620,361,830** (2013 : 620,361,830), after deducting the treasury stocks of **31,808** (2013 : 31,808).

### 29. Dividends

Dividends recognised by the Group and the Company are:

	<b>Group/Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of financial year 2013:		
- Single tier interim dividend	<b>21,712</b>	-
- Single tier final dividend	<b>21,713</b>	-
	<b>43,425</b>	-
In respect of financial year 2012:		
- Single tier interim dividend	-	24,814
- Single tier final dividend	-	24,814
	-	49,628
Gross dividend per ordinary stock (sen)	<b>14.0</b>	7.0

A single tier interim dividend of 6% totalling RM37,221,710 in respect of the year ended 31 December 2014 was declared by the Directors on 17 February 2015 and paid on 26 March 2015.

The Directors proposed a single tier final dividend of 6% and single tier special dividend of 2% totalling RM49,628,946 in respect of the year ended 31 December 2014, subject to approval of the stockholders at the forthcoming Annual General Meeting.

The financial statements do not reflect these single tier interim, final and special dividends in relation to the financial year ended 31 December 2014, which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2015.

The gross dividends per ordinary stock as disclosed above take into account the total interim and final dividend declared for the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 30. Commitments

	Group	
	2014	2013
	RM'000	RM'000
<hr/>		
(i) Non-cancellable operating lease commitments		
Within 1 year	3,042	2,280
Between 1 to 5 years	3,915	3,878
Above 5 years	1,649	1,648
	<hr/>	<hr/>
	8,606	7,806
<hr/>		
(ii) Operating lease income commitments		
Receivables: Within 1 year	4,545	4,462
Between 1 to 5 years	3,592	3,685
	<hr/>	<hr/>
	8,137	8,147
<hr/>		

## NOTES TO THE FINANCIAL STATEMENTS

### (CONT'D)

#### 31. 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:

<i>Automotive and related products</i>	Retailer, assembly 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
<i>Plastic products</i>	Manufacture, assembly and distribution of plastic component parts; manufacture of plastic technical and industrial goods and equipment
<i>Hotels and resorts</i>	Hotelier
<i>Investment holding and financial services</i>	Investment in shares and bonds, letting of properties and leasing companies
<i>Plantation</i>	Cultivation of oil palm
<i>Others including investment properties and building materials products</i>	<ul style="list-style-type: none"> <li>a) Property development;</li> <li>b) manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials;</li> <li>c) distributor of cement and manufacturer and dealer of concrete products; and</li> <li>d) medical centre and nursing college</li> </ul>

Except as indicated above, no operating segments 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

(CONT'D)

## 31. Operating segments (cont'd)

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Others including investment properties and building materials products RM'000	Total of all segments RM'000	Reconciliation/ Elimination RM'000	Notes	Total per consolidated financial statements RM'000
<b>2014</b>										
Revenue from external customers	1,958,549	264,053	249,019	431,660	65,940	495,610	3,464,831	-		3,464,831
Inter-segment revenue	1,096	7,156	870	-	4,135	10,345	23,602	(23,602)	A	-
<b>Total revenue</b>	<b>1,959,645</b>	<b>271,209</b>	<b>249,889</b>	<b>431,660</b>	<b>70,075</b>	<b>505,955</b>	<b>3,488,433</b>	<b>(23,602)</b>		<b>3,464,831</b>
<b>Results</b>										
Interest income	16,239	6,982	1,084	42,359	9,229	2,463	78,356	-		78,356
Dividend income	3,814	-	-	2,160	56,269	22	62,265	-		62,265
Depreciation and amortisation	22,292	20,027	27,415	23,647	245	5,733	99,359	-		99,359
Share of results of associates	7,845	11,458	-	182	64,559	73	84,117	-		84,117
Other non-cash expenses	16,382	109	462	1,538	271	928	19,690	-	B	19,690
Segment profit	67,972	1,092	37,633	206,988	94,051	3,138	410,874	75,579	C	486,453
<b>Assets</b>										
Investment in associates	78,323	91,889	-	22,589	281,214	22,956	496,971	-		496,971
Additions to non-current assets	19,395	8,496	33,776	115,440	249	157,162	334,518	-	D	334,518
Segment assets	2,456,121	420,469	894,016	1,407,794	448,416	837,167	6,463,983	495,575	E	6,959,558

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 31. Operating segments (cont'd)

	Automotive and related products		Plastic products		Hotels and resorts		Plantation		Investment holding and financial services		Others including investment properties and building materials products		Total of all segments		Reconciliation/ Elimination		Notes		Total per consolidated financial statements	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000	RM'000
<b>2013</b>																				
Revenue from external customers	1,395,381	254,821	224,482	289,908	114,710	474,792	2,754,094	-	-	-	-	-	2,754,094							
Inter-segment revenue	372	11,870	771	-	5,932	12,050	30,995	(30,995)	A				-							
<b>Total revenue</b>	<b>1,395,753</b>	<b>266,691</b>	<b>225,253</b>	<b>289,908</b>	<b>120,642</b>	<b>486,842</b>	<b>2,785,089</b>	<b>(30,995)</b>					<b>2,754,094</b>							
<b>Results</b>																				
Interest income	15,764	6,451	943	31,963	3,392	1,825	60,338	-	-	-	-	-	60,338							
Dividend income	4,151	-	-	1,470	13,959	24	19,604	-	-	-	-	-	19,604							
Depreciation and amortisation	22,887	24,593	27,575	21,143	111	4,997	101,306	-	-	-	-	-	101,306							
Share of results of associates	7,411	14,957	-	1,933	31,345	1,863	57,509	-	-	-	-	-	57,509							
Other non-cash expenses	25,253	5	909	7,872	25	618	34,682	-	B	-	-	-	34,682							
Segment (loss)/profit	(19,036)	(911)	32,501	64,807	135,695	1,766	214,822	49,438	C				264,260							
<b>Assets</b>																				
Investment in associates	72,545	84,468	-	24,932	224,231	28,958	435,134	-	-	-	-	-	435,134							
Additions to non-current assets	14,399	9,349	27,718	85,688	227	122,003	259,384	-	D	-	-	-	259,384							
Segment assets	2,299,207	435,234	906,368	1,144,599	384,364	725,185	5,894,957	460,197	E				6,355,154							



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 31. 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

		2014	2013
	Note	RM'000	RM'000
Unrealised loss on foreign exchange, gross		2,766	8,594
Write-down of inventories, gross		8,387	19,985
Bad and doubtful debts, gross		980	899
Property, plant and equipment written off	24	4	202
Biological assets written off	24	26	2
Impairment loss plant and equipment	24	7,527	5,000
		<b>19,690</b>	<b>34,682</b>

- 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

		2014	2013
		RM'000	RM'000
Share of results of associates		84,117	57,509
Interest expense		(8,538)	(8,071)
		<b>75,579</b>	<b>49,438</b>

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

		2014	2013
	Note	RM'000	RM'000
Property, plant and equipment	3	246,845	134,071
Biological assets	5	74,033	65,848
Intangible assets	4	460	271
Land held for property development	6	71	117
Investment properties	8	13,109	59,077
		<b>334,518</b>	<b>259,384</b>

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 31. Operating segments (cont'd)

- E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000
Investment in associates	496,971	435,134
Current tax assets	11,044	36,371
Deferred tax assets	10,427	11,559
Investment in a non-consolidated subsidiary	(22,867)	(22,867)
	495,575	460,197

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 31. Operating segments (cont'd)

### Geographical information

Revenue and non-current assets information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include investments in subsidiaries, investments in associates, other investments and deferred tax assets.

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Australia RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
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### 2014

Revenue from  
external customers  
by location of  
customers

	<b>2,223,934</b>	<b>611,673</b>	<b>388,889</b>	<b>127,885</b>	<b>112,450</b>	-	<b>3,464,831</b>
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Non-current assets by  
location of assets

	<b>1,048,004</b>	<b>203,825</b>	<b>460,832</b>	<b>310,497</b>	<b>460,383</b>	-	<b>2,483,541</b>
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### 2013

Revenue from  
external customers  
by location of  
customers

	1,944,351	300,329	273,757	125,258	110,399	-	2,754,094
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Non-current assets by  
location of assets

	943,765	207,266	360,391	271,255	451,889	-	2,234,566
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### Major customers

There are no customers with revenue equal or more than 10% of the group's total revenue.

## 32. Contingent liabilities, unsecured - Company

- The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of **RM274.2 million** (2013 : RM286.8 million) of which **RM204.7 million** (2013: RM208.8 million) of credit facilities was utilised as at the end of the reporting date.
- The Company has also issued corporate guarantees to certain non-financial institutions for the supply of goods and services provided to certain subsidiaries up to a limit of **RM82.5 million** (2013 : RM62.5 million) of which **RM14.5 million** (2013 : RM10.4 million) of liabilities were incurred as at the end of the reporting date.
- The Company also undertakes to provide financial support for certain subsidiaries to enable them to continue as a going concern.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 33. Related parties

33.1 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;
- b) The Company also has a related party relationship with :
  - i) the substantial shareholder, Boon Siew Sdn Berhad which holds a 43% interest in the Company and presumed to exercise significant influence over the Company;
  - ii) the subsidiaries of Boon Siew Sdn Berhad and the direct and indirect associates of Boon Siew Sdn Berhad

(hereinafter referred as "Boon Siew Group of Companies"); and

- iii) The key Directors and key management personnel of the Group

- Dato' Seri Loh Cheng Yean, DGPN, DSPN
- Dato' Robert Wong Lum Kong, DSSA, JP
- Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN
- Datuk Loh Kian Chong, DMSM

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.

33.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

- a) With subsidiaries

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Rental receivables	<b>360</b>	367
ii) Interest income	<b>4,502</b>	3,526

- b) With associates of the Group

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Sale of goods	<b>83,052</b>	228,688
ii) Rental receivable (net)	<b>36</b>	496
iii) Management fee and commission payable	<b>292</b>	285
iv) Purchase of goods	<b>2,387</b>	2,334

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 33. Related parties (cont'd)

33.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows: (cont'd)

b) With associates of the Group (cont'd)

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Rental receivable	-	145

c) With Boon Siew Group of Companies

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Commission receivable in respect of advertising, marketing and hotel reservation services	1,429	1,565
ii) Sale of goods	2,055	5,173
iii) Purchase of goods	113	268
iv) Rental charges payables (net)	(118)	(4)
v) Management fees received	13	15

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Rental payables	31	31

d) There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 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.

33.3 Significant non-trade related party balances

The significant non-trade balances with related parties at end of reporting period are as disclosed in Note 15 and Note 23 to the financial statements.

### 34. Financial instruments

#### 34.1 Categories of financial instruments

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

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS"); and
- (c) Financial liabilities measured at amortised cost ("FL").

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 34. Financial instruments (cont'd)

### 34.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
<b>2014</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	307,354	-	307,354
Trade and other receivables (excluding deposits and prepayments)	487,166	487,166	-
Short term investment	504,540	504,540	-
Cash and cash equivalents	2,415,232	2,415,232	-
	<u>3,714,292</u>	<u>3,406,938</u>	<u>307,354</u>
<b>Company</b>			
Other investments	33,113	-	33,113
Trade and other receivables (excluding deposits and prepayments)	171,800	171,800	-
Cash and cash equivalents	112,565	112,565	-
	<u>317,478</u>	<u>284,365</u>	<u>33,113</u>
		Carrying amount RM'000	FL RM'000
<b>2014</b>			
<b>Financial Liabilities</b>			
<b>Group</b>			
Borrowings		661,394	661,394
Trade and other payables		276,278	276,278
		<u>937,672</u>	<u>937,672</u>
<b>Company</b>			
Trade and other payables		<u>1,187</u>	<u>1,187</u>
		<u>1,187</u>	<u>1,187</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 34. Financial instruments (cont'd)

### 34.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
<b>2013</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	293,004	-	293,004
Trade and other receivables (excluding deposits and prepayments)	349,359	349,359	-
Short term investment	355,160	355,160	-
Cash and cash equivalents	2,406,418	2,406,418	-
	<u>3,403,941</u>	<u>3,110,937</u>	<u>293,004</u>
<b>Company</b>			
Other investments	33,113	-	33,113
Trade and other receivables (excluding deposits and prepayments)	125,540	125,540	-
Cash and cash equivalents	169,914	169,914	-
	<u>328,567</u>	<u>295,454</u>	<u>33,113</u>
		Carrying amount RM'000	FL RM'000
<b>2013</b>			
<b>Financial Liabilities</b>			
<b>Group</b>			
Borrowings		497,685	497,685
Trade and other payables		315,382	315,382
		<u>813,067</u>	<u>813,067</u>
<b>Company</b>			
Borrowings		46,733	46,733
Trade and other payables		1,445	1,445
		<u>48,178</u>	<u>48,178</u>

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 34. Financial instruments (cont'd)

#### 34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Available-for-sale financial assets				
- recognised in other comprehensive income	18,462	14,909	-	-
- recognised in profit or loss	61,061	20,632	110,800	91,277
Loans and receivables	76,231	63,840	(761)	11,301
Financial liabilities measured at amortised cost	56,082	(13,838)	5,797	4,936
	<b>211,836</b>	<b>85,543</b>	<b>115,836</b>	<b>107,514</b>

#### 34.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 34.4 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.

##### 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.



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 34. Financial instruments (cont'd)

### 34.4 Credit risk (cont'd)

#### Receivables (cont'd)

##### *Impairment losses*

The ageing of receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>Group</b>				
<b>2014</b>				
Not past due	442,150	2	-	442,148
Past due < 3 months	32,322	48	11	32,263
Past due 3-6 months	4,542	243	-	4,299
Past due 6-12 months	6,003	24	-	5,979
Past due more than 1 year	8,037	5,560	-	2,477
	<u>493,054</u>	<u>5,877</u>	<u>11</u>	<u>487,166</u>
<b>2013</b>				
Not past due	311,481	-	-	311,481
Past due < 3 months	26,809	-	11	26,798
Past due 3-6 months	3,159	230	-	2,929
Past due 6-12 months	3,381	222	-	3,159
Past due more than 1 year	11,397	6,405	-	4,992
	<u>356,227</u>	<u>6,857</u>	<u>11</u>	<u>349,359</u>
<b>Company</b>				
<b>2014</b>				
Not past due	<u>181,800</u>	<u>10,000</u>	<u>-</u>	<u>171,800</u>
<b>2013</b>				
Not past due	<u>125,540</u>	<u>-</u>	<u>-</u>	<u>125,540</u>

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 34. Financial instruments (cont'd)

#### 34.4 Credit risk (cont'd)

##### Receivables (cont'd)

##### *Impairment losses (cont'd)*

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

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	<b>6,868</b>	11,767	-	-
Effect of movement in exchange rate	<b>(2)</b>	(3)	-	-
Impairment loss recognised	<b>1,080</b>	439	<b>10,000</b>	-
Impairment loss reversed	<b>(440)</b>	(76)	-	-
Impairment loss written off	<b>(1,618)</b>	(5,259)	-	-
At 31 December	<b>5,888</b>	6,868	<b>10,000</b>	-

Although some of the receivables are secured by third party financial guarantees, it is impracticable to estimate the fair values of the guarantees obtained.

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.

##### Investments and other financial assets

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

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Group has invested in domestic and overseas securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

##### 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 also provides guarantees to certain non-financial institutions for the supply of goods and services to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 34. Financial instruments (cont'd)

#### 34.4 Credit risk (cont'd)

##### **Financial guarantees (cont'd)**

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM356.7 million (2013 : RM349.3 million) representing the outstanding banking facilities and guarantees granted to certain non-financial institution for the supply of goods and services to certain subsidiaries as at the end of the reporting period.

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

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

##### **Inter company balances**

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

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

*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.

*Impairment losses*

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the current advances to the subsidiaries. Nevertheless, these advances are not considered to be overdue and are repayable on demand.

#### 34.5 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.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 34. Financial instruments (cont'd)

### 34.5 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:

	2014	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
<b>Group</b>								
<i>Non-derivative financial liabilities</i>								
Secured revolving credit		345,993	0.90 - 1.45	347,663	347,663	-	-	-
Finance lease liabilities		5,322	2.50 - 7.20	5,625	3,519	1,609	497	-
Unsecured revolving credit		278,436	0.90 - 1.45	281,588	281,588	-	-	-
Unsecured bankers' acceptances		25,416	3.62 - 5.02	25,416	25,416	-	-	-
Unsecured trust receipts		5,605	5.43	5,605	5,605	-	-	-
Bank overdraft		622	8.00 - 8.30	622	622	-	-	-
Trade and other payables		276,278	-	276,278	276,278	-	-	-
		<b>937,672</b>		<b>942,797</b>	<b>940,691</b>	<b>1,609</b>	<b>497</b>	<b>-</b>
<b>Company</b>								
<i>Non-derivative financial liabilities</i>								
Trade and other payables		1,187	-	1,187	1,187	-	-	-
Corporate guarantee		-	-	356,700	356,700	-	-	-
		<b>1,187</b>		<b>357,887</b>	<b>357,887</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 34. Financial instruments (cont'd)

### 34.5 Liquidity risk (cont'd)

*Maturity analysis (cont'd)*

2013	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
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured revolving credit	142,677	0.90 - 4.60	142,677	142,677	-	-	-
Finance lease liabilities	5,110	2.80 - 7.20	5,390	2,576	2,277	537	-
Unsecured revolving credit	266,257	1.00 - 11.00	266,257	266,257	-	-	-
Unsecured bankers' acceptances	33,731	3.58 - 4.65	33,731	33,731	-	-	-
Unsecured trust receipts	3,177	4.71 - 4.78	3,177	3,177	-	-	-
Unsecured term loans	46,733	1.11	46,733	46,733	-	-	-
Trade and other payables	315,382	-	315,382	315,382	-	-	-
	<u>813,067</u>		<u>813,347</u>	<u>810,533</u>	<u>2,277</u>	<u>537</u>	<u>-</u>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Term loans	46,733	1.11	46,733	46,733	-	-	-
Trade and other payables	1,445	-	1,445	1,445	-	-	-
Corporate guarantee	-	-	349,300	349,300	-	-	-
	<u>48,178</u>		<u>397,478</u>	<u>397,478</u>	<u>-</u>	<u>-</u>	<u>-</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

**(CONT'D)**

### **34. Financial instruments (cont'd)**

#### **34.6 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.

##### **34.6.1 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, Singapore Dollar, Australian Dollar, New Zealand Dollar, Japanese Yen, Thai Baht, Great Britain Pound, and Indonesian Rupiah.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 34. Financial instruments (cont'd)

### 34.6 Market risk (cont'd)

#### 34.6.1 Currency risk (cont'd)

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	Singapore Dollar RM'000	Indonesian Rupiah RM'000	New Zealand Dollar RM'000
<b>2014</b>								
<b>Group</b>								
Trade and other receivables	5,991	181	274	-	16	29	109,316	95
Borrowings	-	(622,194)	-	-	-	-	-	-
Trade and other payables	(7,968)	(2,520)	-	(8,706)	-	(82)	-	-
Cash and cash equivalents	241,299	759	146,569	-	21,672	188	1,286	36,308
<b>Exposure in the statement of financial position</b>	<b>239,322</b>	<b>(623,774)</b>	<b>146,843</b>	<b>(8,706)</b>	<b>21,688</b>	<b>135</b>	<b>110,602</b>	<b>36,403</b>
<b>Company</b>								
Cash and cash equivalents	268	218	-	-	-	-	-	-
Intra-group balances	27,972	-	-	-	-	-	-	-
<b>Exposure in the statement of financial position</b>	<b>28,240</b>	<b>218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 34. Financial instruments (cont'd)

### 34.6 Market risk (cont'd)

#### 34.6.1 Currency risk (cont'd)

Exposure to foreign currency risk

	US Dollar RM'000	Japanese Yen RM'000	Australian Dollar RM'000	Thai Baht RM'000	Great Britain Pound RM'000	Singapore Dollar RM'000	New Zealand Dollar RM'000
<b>2013</b>							
<b>Group</b>							
Trade and other receivables	8,044	437	218	-	-	-	45
Borrowings	-	(448,009)	-	-	-	-	-
Trade and other payables	(8,945)	(1,912)	-	(925)	-	(38)	-
Cash and cash equivalents	160,374	1,990	131,151	-	15,241	71	35,083
<b>Exposure in the statement of financial position</b>	<b>159,473</b>	<b>(447,494)</b>	<b>131,369</b>	<b>(925)</b>	<b>15,241</b>	<b>33</b>	<b>35,128</b>
<b>Company</b>							
Cash and cash equivalents	1,516	316	-	-	-	71	-
Borrowings	-	(46,733)	-	-	-	-	-
Intra-group balances	36,031	-	-	-	-	-	-
<b>Exposure in the statement of financial position</b>	<b>37,547</b>	<b>(46,417)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 34. Financial instruments (cont'd)

#### 34.6 Market risk (cont'd)

##### 34.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A 5% (2013: 5%) strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased/(decreased) the post-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	
	2014 RM'000	2013 RM'000
<b>Group</b>		
US dollar	(8,975)	(5,980)
Japanese yen	23,392	16,781
Australian dollar	(5,507)	(4,926)
Thai baht	326	35
Great Britain pound	(813)	(572)
Singapore dollar	(5)	(1)
New Zealand dollar	(1,365)	(1,317)
Indonesian Rupiah	(4,148)	-
<b>Company</b>		
US dollar	(1,059)	(1,408)
Japanese yen	(8)	1,741
Singapore dollar	-	(3)

A 5% (2013: 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.

##### 34.6.2 Interest rate risk

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 34. Financial instruments (cont'd)

#### 34.6 Market risk (cont'd)

##### 34.6.2 Interest rate risk (cont'd)

###### *Exposure to interest rate risk*

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

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Financial assets				
- Quoted bonds	<b>83,258</b>	88,579	-	-
- Fixed deposits	<b>1,560,995</b>	1,657,605	<b>110,145</b>	166,528
- Short term investments	<b>504,540</b>	355,160	-	-
	<b>2,148,793</b>	2,101,344	<b>110,145</b>	166,528
Financial liabilities				
- Lease obligations	<b>5,322</b>	5,110	-	-
- Other borrowings	<b>89,556</b>	69,930	-	-
	<b>94,878</b>	75,040	-	-
<b>Floating rate instruments</b>				
Financial assets				
- Trade and other receivables	<b>109,316</b>	-	<b>171,432</b>	125,531
Financial liabilities				
- Bank overdrafts	<b>622</b>	-	-	-
- Other borrowings	<b>565,894</b>	422,645	-	46,733
	<b>566,516</b>	422,645	-	46,733

###### *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.

###### (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) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 34. Financial instruments (cont'd)

#### 34.6 Market risk (cont'd)

##### 34.6.2 Interest rate risk (cont'd)

*Interest rate risk sensitivity analysis (cont'd)*

(b) *Cash flow sensitivity analysis for variable rate instruments (cont'd)*

	Profit or loss	
	50bp increase	50bp decrease
	RM'000	RM'000
<b>2014</b>		
<b>Group</b>		
Floating rate instruments		
- Trade and other receivables	410	(410)
- Bank overdraft	(2)	2
- Other borrowings	<u>(2,122)</u>	<u>2,122</u>
<b>Company</b>		
Floating rate instruments		
- Trade and other receivables	<u>643</u>	<u>(643)</u>
<b>2013</b>		
<b>Group</b>		
Floating rate instruments		
- Other borrowings	<u>(1,585)</u>	<u>1,585</u>
<b>Company</b>		
Floating rate instruments		
- Trade and other receivables	470	(470)
- Other borrowings	<u>(175)</u>	<u>175</u>

##### 34.6.3 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

#### **34. Financial instruments (cont'd)**

##### **34.6 Market risk (cont'd)**

###### **34.6.3 Other price risk (cont'd)**

###### *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 **RM27,848,000** (2013 : RM26,410,000). A 10% weakening in the stock exchange index would have had equal but opposite effect on equity respectively.

##### **34.7 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.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted price in an active market and the fair value cannot be reliably measured.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 34. Financial instruments (cont'd)

### 34.7 Fair value information (cont'd)

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					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	
2014													
Group													
Financial assets													
Quoted shares	180,049	2,652	-	182,701		-	-	-	-		182,701	182,701	
Quoted bonds	83,258	-	-	83,258		-	-	-	-		83,258	83,258	
Quoted unit trusts & REITS	6,420	6,103	-	12,523		-	-	-	-		12,523	12,523	
	269,727	8,755	-	278,482		-	-	-	-		278,482	278,482	
Financial liabilities													
Lease obligations	-	-	-	-		-	4,826	-	4,826		4,826	5,322	
Company													
Financial assets													
Loans to subsidiaries	-	-	-	-		-	-	171,490	171,490		171,490	171,490	

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 34. Financial instruments (cont'd)

### 34.7 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		
<b>2013</b>										
<b>Group</b>										
<b>Financial assets</b>										
Quoted shares	158,374	2,567	-	160,941	-	-	-	-	160,941	160,941
Quoted bonds	88,579	-	-	88,579	-	-	-	-	88,579	88,579
Quoted unit trusts & REITS	9,103	5,519	-	14,622	-	-	-	-	14,622	14,622
	256,056	8,086	-	264,142	-	-	-	-	264,142	264,142
<b>Financial liabilities</b>										
Lease obligations	-	-	-	-	-	4,629	-	4,629	4,629	5,110
<b>Company</b>										
<b>Financial assets</b>										
Loans to subsidiaries	-	-	-	-	-	125,540	-	125,540	125,540	125,540

## **NOTES TO THE FINANCIAL STATEMENTS**

### **(CONT'D)**

#### **34. Financial instruments (cont'd)**

##### **34.7 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 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.

#### **35. 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 Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected strategic investment opportunities. To maintain or adjust capital structure, the Group may adjust the dividend payment to stockholders.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 35. Capital management (cont'd)

	Group	
	2014	2013
	RM'000	RM'000
Total borrowings (Note 19)	<b>661,394</b>	497,685
Less: Short term investment (Note 16)	<b>504,540</b>	355,160
Less: Cash and cash equivalents (Note 17)	<b>2,415,232</b>	2,406,418
Net cash	<b>2,258,378</b>	2,263,893
Total equity	<b>5,956,304</b>	5,492,710
Debt-to-equity ratios	<b>#</b>	<b>#</b>

# Not applicable due to net cash position

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

## 36. Significant events

- (a) Hymold (Suzhou) Co., Ltd. ("Hymold"), an 88.99% owned subsidiary of Oriental International (Mauritius) Pte. Ltd. ("OIM") which in turn, is a 100% owned subsidiary of the Company, had on 1 January 2013 resolved to wind up Hymold voluntarily. Hymold was incorporated in Suzhou New District, China on 17 December 1993 with a registered capital of USD9 million. Hymold had ceased operations and remained dormant since September 2009. Winding up proceedings had concluded with the approval letter dated 9 May 2014 from the Industrial and Commercial Administrative Bureau of Suzhou High Tech New Area (Hu Qiu).

The winding up had the following effect on the Group's assets and liabilities:

	2014
	RM'000
Cash and cash equivalents	<b>14,322</b>
Net identifiable assets	<b>14,322</b>
Surplus on liquidation	<b>2,254</b>
Non controlling interest	<b>(4,021)</b>
Consideration received satisfied in cash	<b>12,555</b>
Less: Cash and cash equivalents disposed	<b>(14,322)</b>
Net cash outflow on winding up	<b>(1,767)</b>

- (b) The Company through its 50.50% indirect subsidiary, OAM Asia (Singapore) Pte. Ltd. ("OAMS") had on 24 September 2014 incorporated a wholly owned subsidiary named as OAM (Aust) Pty. Ltd. ("OAMA") in Australia. The initial issued and paid up capital of OAMA is AUD100 represented by 100 ordinary shares of AUD1 each. The intended principal activity of OAMA is property investment holding.



## NOTES TO THE FINANCIAL STATEMENTS

### (CONT'D)

#### 36. Significant events (cont'd)

- (c) The shareholders of the Company's 51.25% subsidiary, Onward Leasing & Credit Sdn. Bhd. ("OL") had on 27 November 2014 resolved to proceed with the members' voluntary winding-up of OL. OL was incorporated in Malaysia on 18 November 1983 with an issued and paid-up share capital of RM8 million. OL is currently dormant.

#### 37. Subsequent events

- (i) Lipro Electrical Manufacturing Sdn. Bhd. ("LEM"), a wholly-owned subsidiary of Teck See Plastic Sdn. Bhd. which in turn is a 60% owned subsidiary of the Company, had on 9 January 2015 been placed under voluntary winding up proceeding. LEM was incorporated in Malaysia on 8 May 1991 with an issued and paid up share capital of RM1.5 million. LEM had ceased operations and remained dormant currently.
- (ii) The Company through its indirect 50.50% subsidiary, OAM Asia (Singapore) Pte Ltd ("OAMA") had on 2 March 2015, obtained confirmation from the Ministry of Law and Human Rights of the Republic of Indonesia for the acquisition of 90% of the equity interest in PT Surya Agro Persada ("SAP") from PT Kencana Sawit Abadi pursuant to a Conditional Sale and Purchase Agreement.

The purchase consideration for the 90% equity in SAP is Rp362,406 million, equivalent to approximately RM98 million. The issued and paid-up share capital of SAP is IDR16,375 million represented by 16,375 shares with nominal value of IDR1 million each. The principal activities of SAP is the cultivation of oil palm plantation and related activities.

- (iii) The Company through its indirect 50.50% subsidiary, Oriental Asia (Mauritius) Pte. Ltd. had on 20 March 2015 incorporated wholly owned subsidiary named as Oriental Asia (Aust) Pty Ltd in Australia.

#### 38. Comparative figures

In previous financial years, all investments in fixed deposits and unit trust money market fund were classified as cash and cash equivalents.

On 1 January 2014, the Group changed its accounting policy with respect to classification of cash and cash equivalents. Short term investment held for investment purpose or with a maturity period of more than 3 months are classified as short term investments.

This change in accounting policy was applied retrospectively. The following table summarised the restatements made:

Group	31.12.2013		1.1.2013	
	As previously stated RM'000	As restated RM'000	As previously stated RM'000	As restated RM'000
Cash and cash equivalents	2,761,578	2,406,418	2,624,016	2,243,985
Short term investments	-	355,160	-	380,031

The above correction does not have any impact on the earnings for ordinary shares of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 39. Details of subsidiaries

Name of subsidiaries and principal activities	Group's effective interest	
	2014 %	2013 %
<b>Oriental Realty Sdn. Berhad</b> <i>Property development and investment holding</i>	<b>100.0</b>	100.0
Subsidiary company of Oriental Realty Sdn. Berhad		
<b>- Kenanga Mekar Sdn. Bhd.</b> <i>Property development</i>	<b>100.0</b>	100.0
<b>Syarikat Oriental Credit Berhad</b> <i>Money lending</i>	<b>100.0</b>	100.0
<b>Dragon Frontier Sdn. Bhd.</b> <i>Manufacture of plastic moulded parts for electrical, electronics and automotive industries</i>	<b>100.0</b>	100.0
<b>Bayview International Sdn. Bhd.</b> <i>Provision of management, marketing, advertisement and central reservation services</i>	<b>100.0</b>	100.0
<b>Oriental Rubber &amp; Palm Oil Sdn. Berhad</b> <i>Cultivation of oil palm, investment holding and letting of parking lots</i>	<b>100.0</b>	100.0
Subsidiary of Oriental Rubber & Palm Oil Sdn. Berhad		
<b>- Oriental Boon Siew (M) Sdn. Bhd.</b> <i>Investment holding</i>	<b>51.0</b>	51.0
<b>Compounding and Colouring Sdn. Bhd.</b> <i>Manufacture and sale of polypropylene compounds</i>	<b>70.0</b>	70.0
<b>Oriental Assemblers Sdn. Bhd.</b> <i>Assembly of motor vehicles and manufacture and sale of engines and transmissions</i>	<b>97.2</b>	97.2
<b>Oriental Nichinan Design Engineering Sdn. Bhd.</b> <i>Design, manufacture and sale of prototype plastic models</i>	<b>88.0</b>	88.0
<b>Oriental San Industries Sdn. Bhd.</b> <i>Letting of properties and manufacturing and trading of plastic articles and products</i>	<b>100.0</b>	100.0
<b>Armstrong Cycle Parts (Sdn.) Berhad *</b> <i>Property investment holding company</i>	<b>57.1</b>	57.1

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 39. Details of subsidiaries (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2014 %	2013 %
<b>Onward Leasing &amp; Credit Sdn. Bhd.</b> <i>Leasing company. Commenced members' voluntary liquidation on 27 November 2014</i>	<b>51.2</b>	51.2
<b>Kah Bintang Auto Sdn. Bhd.</b> <i>Investment holding company and retailer of motor vehicles and trader of spare parts, accessories and related component parts</i>	<b>100.0</b>	100.0
Subsidiary of Kah Bintang Auto Sdn. Bhd. <b>- Kah Classic Auto Sdn. Bhd.</b> <i>Dormant</i>	<b>100.0</b>	100.0
<b>Oriental Boon Siew (Mauritius) Pte. Ltd. #</b> <i>Investment holding and granting of loans</i>	<b>50.5</b>	50.5
Subsidiaries of Oriental Boon Siew (Mauritius) Pte. Ltd. <b>- OAM Asia (Singapore) Pte. Ltd. #</b> <i>Investment holding</i>	<b>50.5</b>	50.5
Subsidiary of OAM Asia (Singapore) Pte. Ltd. <b>- OAM (Aust) Pty. Ltd. #</b> <i>Property investment holding</i>	<b>50.5</b>	-
<b>- OBS (Singapore) Pte. Ltd. #</b> <i>Investment holding and granting of loans</i>	<b>50.5</b>	50.5
Subsidiaries of OBS (Singapore) Pte. Ltd. <b>- PT. Bumi Sawit Sukses Pratama *</b> <i>Oil palm plantation</i>	<b>45.5</b>	45.5
<b>- PT. Gunung Sawit Selatan Lestari *</b> <i>Oil palm plantation</i>	<b>45.5</b>	45.5
<b>- PT. Pratama Palm Abadi *</b> <i>Oil palm plantation</i>	<b>45.5</b>	45.5
<b>- PT. Dapo Agro Makmur *</b> <i>Oil palm plantation</i>	<b>45.5</b>	45.5

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 39. Details of subsidiaries (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2014 %	2013 %
<b>Teck See Plastic Sdn. Bhd.</b> <i>Investment holding, letting of property, plant and equipment and manufacture and distribution of plastic articles and products</i>	<b>60.0</b>	60.0
Subsidiaries of Teck See Plastic Sdn. Bhd.		
- <b>Lipro Electrical Manufacturing Sdn. Bhd.</b> <i>Manufacture of electrical items</i>	<b>60.0</b>	60.0
- <b>Lipro Mold Engineering Sdn. Bhd.</b> <i>Manufacture and repair of moulds, jigs and fixtures</i>	<b>48.0</b>	48.0
- <b>AT-TS Marketing Sdn. Bhd.</b> <i>Dormant. Commenced members' voluntary liquidation on 18 December 2012</i>	-	60.0
- <b>Armstrong Industries Sdn. Bhd.</b> <i>Investment holding company</i>	<b>60.0</b>	60.0
- <b>Kasai Teck See (Malaysia) Sdn. Bhd.</b> <i>Designing, research and development, manufacturing and sale of plastic and automotive interior parts</i>	<b>45.0</b>	45.0
<b>Oriental International (Mauritius) Pte. Ltd. #</b> <i>Investment holding</i>	<b>100.0</b>	100.0
Subsidiaries of Oriental International (Mauritius) Pte. Ltd.		
- <b>Hymold (Su Zhou) Co., Ltd. *</b> <i>Dormant. Commenced members' voluntary liquidation on 1 January 2013 and ceased to be subsidiary on 9 May 2014</i>	-	89.0
- <b>Oriental Industries (Wuxi) Co. Ltd. *</b> <i>Dormant</i>	<b>95.0</b>	95.0
<b>Kah Motor Company Sdn. Berhad</b> <i>Distribution and retailing of motor vehicles and spare parts, servicing, rental and leasing of motor vehicles, investment holding as well as hotelier</i>	<b>100.0</b>	100.0
Subsidiaries of Kah Motor Company Sdn. Berhad		
- <b>Boon Siew (Borneo) Sendirian Berhad *</b> <i>Distribution of Honda motor cars and the related spare parts</i>	<b>99.0</b>	99.0

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 39. Details of subsidiaries (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2014 %	2013 %
- <b>Ultra Green Sdn. Bhd.</b> <i>Land reclamation and investment holding</i>	100.0	100.0
- <b>Happy Motoring Co. Sdn. Bhd. *</b> <i>Motor car dealer and the general repair and servicing of motor cars</i>	51.0	51.0
- <b>Kah New Zealand Limited #</b> <i>Hotelier (with golf course)</i>	100.0	100.0
- <b>Kah Australia Pty Ltd *</b> <i>Hotelier and investment holding</i>	100.0	100.0
Subsidiary of Kah Australia Pty. Ltd.		
- <b>Geographe Bay Motel Unit Trust *</b> <i>Hotelier</i>	100.0	100.0
- <b>Kah Power Products Pte. Ltd. #</b> <i>Distribution of motor power products</i>	100.0	100.0
- <b>KM Agency Sdn. Bhd.</b> <i>Insurance services for motor vehicles including cars</i>	100.0	100.0
- <b>Kingdom Properties Co. Limited</b> <i>Investment holding</i>	100.0	100.0
Subsidiaries of Kingdom Properties Co. Limited		
- <b>Park Suanplu Holdings Co., Ltd. *</b> <i>Hotelier</i>	89.5	89.5
- <b>Suanplu Bhiman Limited *</b> <i>Investment holding</i>	79.4	79.4
- <b>Silver Beech Operations UK Limited *</b> <i>Managing and operating of hotels</i>	100.0	100.0
- <b>Silver Beech Holdings Limited *</b> <i>Investment holding</i>	100.0	100.0
Subsidiaries of Silver Beech Holdings Limited		
- <b>Silver Beech (IOM) Limited *</b> <i>Investment holding</i>	100.0	100.0

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 39. Details of subsidiaries (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2014 %	2013 %
<b>Armstrong Auto Parts Sdn. Berhad</b> <i>Manufacture of seats, press, diecasts parts, shock absorbers, suspension and electrical components for motor cycles and motor vehicles</i>	<b>60.3</b>	60.3
Subsidiaries of Armstrong Auto Parts Sdn. Berhad		
- <b>Armstrong Realty Sdn. Bhd.</b> <i>Dormant</i>	<b>60.3</b>	60.3
- <b>Armstrong Trading &amp; Supplies Sdn. Bhd.</b> <i>General trading of related automotive parts</i>	<b>60.3</b>	60.3
- <b>Armstrong Component Parts (Vietnam) Co., Ltd *</b> <i>Ceased operation in November 2014</i>	<b>60.3</b>	60.3
<b>Jutajati Sdn. Bhd.</b> <i>Investment holding</i>	<b>100.0</b>	100.0
Subsidiaries of Jutajati Sdn. Bhd.		
- <b>Kwong Wah Enterprise Sdn. Bhd.</b> <i>Investment holding</i>	<b>100.0</b>	100.0
Subsidiaries of Kwong Wah Enterprise Sdn. Bhd.		
- <b>North Malaya Engineers Trading Company Sdn. Berhad*</b> <i>Manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials</i>	<b>100.0</b>	100.0
- <b>Lipro Trading Sdn. Bhd.</b> <i>Distributor of cement</i>	<b>100.0</b>	100.0
- <b>Simen Utara Sdn. Bhd. *</b> <i>Distributor of cement, concrete products and building materials</i>	<b>91.0</b>	91.0
Subsidiaries of Simen Utara Sdn. Bhd.		
- <b>Unique Pave Sdn. Bhd. *</b> <i>Manufacturer and dealer of concrete products</i>	<b>74.9</b>	74.9
- <b>Unique Mix (Penang) Sdn. Bhd. *</b> <i>Manufacturer and dealer of concrete products</i>	<b>63.7</b>	63.7

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 39. Details of subsidiaries (cont'd)

Name of subsidiaries and principal activities	Group's effective interest	
	2014 %	2013 %
Subsidiary of Unique Mix (Penang) Sdn. Bhd. <b>- Konkrit Utara Sdn. Bhd. *</b> <i>Ceased operation in December 2014</i>	<b>63.7</b>	63.7
<b>- Unique Mix Sdn. Bhd. *</b> <i>Sale and distribution at ready-mixed concrete</i>	<b>63.7</b>	63.7
<b>North Malaya Engineers Overseas Sdn. Bhd. *</b> <i>Investment holding</i>	<b>100.0</b>	100.0
Subsidiary of North Malaya Engineers Overseas Sdn. Bhd. <b>- North Malaya (Xiamen) Steel Co. Ltd. *</b> <i>Production of steel wire and its related product, and automobile spare parts</i>	<b>100.0</b>	100.0
<b>Selasih Permata Sdn. Bhd.</b> <i>Investment holding</i>	<b>50.5</b>	50.5
Subsidiaries of Selasih Permata Sdn. Bhd. <b>- PT Gunung Maras Lestari *</b> <i>Oil palm plantation</i>	<b>46.7</b>	46.7
<b>- PT Gunungsawit Binalestari *</b> <i>Oil palm plantation</i>	<b>46.7</b>	46.7
<b>- PT Oriental Kyowa Industries *</b> <i>Manufacture of plastic technical and industrial goods and equipment. Under members' voluntary liquidation.</i>	<b>72.8</b>	72.8
<b>- Oriental Asia (Mauritius) Pte. Ltd. #</b> <i>Investment holding</i>	<b>50.5</b>	50.5
Subsidiary of Oriental Asia (Mauritius) Pte. Ltd. <b>- Unique Mix (Singapore) Pte. Ltd. #</b> <i>Investment holding</i>	<b>50.5</b>	50.5
<b>Melaka Straits Medical Centre Sdn. Bhd.</b> <i>Operate a medical centre and provision of related health care services</i>	<b>51.0</b>	51.0
<b>Loh Boon Siew Education Sdn. Bhd.</b> <i>Investment holding</i>	<b>70.0</b>	70.0
Subsidiary of Loh Boon Siew Education Sdn. Bhd. <b>- Nilam Healthcare Education Centre Sdn. Bhd.</b> <i>Institution in providing nursing program</i>	<b>70.0</b>	70.0

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 39. Details of subsidiaries (cont'd)

\* *not audited by KPMG.*

# *audited by member firms of KPMG International.*

All the subsidiaries are incorporated in Malaysia except for:

	Country of incorporation
- Happy Motoring Co. Sdn. Bhd.	Brunei Darulsalam
- Kah Australia Pty. Limited	Australia
- Geographe Bay Motel Unit Trust	Australia
- Kah New Zealand Limited	New Zealand
- PT Oriental Kyowa Industries	Republic of Indonesia
- PT Gunung Maras Lestari	Republic of Indonesia
- PT Gunungsawit Binalestari	Republic of Indonesia
- PT Bumi Sawit Sukses Pratama	Republic of Indonesia
- North Malaya (Xiamen) Steel Co. Ltd.	China
- Oriental International (Mauritius) Pte. Ltd.	Mauritius
- Oriental Boon Siew (Mauritius) Pte. Ltd.	Mauritius
- Armstrong Component Parts (Vietnam) Co., Ltd	Vietnam
- Oriental Industries (Wuxi) Co. Ltd.	China
- Oriental Asia (Mauritius) Pte. Ltd.	Mauritius
- Kah Power Products Pte. Ltd.	Singapore
- OBS (Singapore) Pte. Ltd.	Singapore
- Unique Mix (Singapore) Pte. Ltd.	Singapore
- OAM Asia (Singapore) Pte. Ltd.	Singapore
- PT Gunung Sawit Selatan Lestari	Republic of Indonesia
- PT Pratama Palm Abadi	Republic of Indonesia
- PT Dapo Agro Makmur	Republic of Indonesia
- 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
- OAM (Aust) Pty. Ltd.	Australia



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 40. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	<b>4,873,340</b>	4,580,715	<b>358,839</b>	325,159
- unrealised	<b>46,579</b>	1,351	<b>1,540</b>	3,727
	<b>4,919,919</b>	4,582,066	<b>360,379</b>	328,886
Total share of retained earnings of associates				
- realised	<b>407,906</b>	336,620	-	-
- unrealised	<b>(4,664)</b>	760	-	-
	<b>5,323,161</b>	4,919,446	<b>360,379</b>	328,886
Less: Consolidation adjustments	<b>(1,523,089)</b>	(1,407,032)	-	-
Total retained earnings	<b>3,800,072</b>	3,512,414	<b>360,379</b>	328,886

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

## **STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

In the opinion of the Directors, the financial statements set out on pages 61 to 175 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of Directors, the information set out in Note 40 on page 176 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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 @ Lim Chee Tong, DGPN, DSPN**

Director

Penang,

Date: 16 April 2015

## **STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

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 61 to 176 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Georgetown in the State of Penang on 16 April 2015.

.....  
**Wong Tet Look**

Before me:

Goh Suan Bee (No. P125)  
Commissioner for Oaths

# **INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF**

**ORIENTAL HOLDING BERHAD**  
(Company No. 5286-U) (Incorporate in Malaysia)

## **Report on the Financial Statements**

We have audited the financial statements of Oriental Holdings Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 175.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

# **INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF**

**ORIENTAL HOLDING BERHAD**  
(Company No. 5286-U) (Incorporate in Malaysia)  
**(CONT'D)**

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 39 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## **Other Reporting Responsibilities**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 40 on page 176 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

## **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG**  
AF 0758  
Chartered Accountants

**Foong Mun Kong**  
2613/12/16 (J)  
Chartered Accountant

Date: 16 April 2015

Penang

## TEN LARGEST PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2014

<b>Location</b>	<b>Description</b>	<b>Land Area (sq.metres)</b>	<b>Tenure</b>	<b>Age of Building (Years)</b>	<b>Date of Acquisition</b>	<b>Net Book Value (RM million)</b>
The Thistle Bloomsbury Hotel Bloomsbury Way London WC1A 2SD United Kingdom	Hotel	8,027	Freehold	91	13 Feb 2012	216.5
Lot 2051, PN 50435 PHTM : 2361 Pekan Klebang Sek. IV Melaka Tengah Melaka	Land and hospital building	75,740	Leasehold (99 years expiring 2107)	1	16 Jul 2008	154.9
Somerset Park Suanplu No 39 Soi Suanplu South Sathorn Road Bangkok 10120 Thailand	Service Apartment	6,555	Freehold	18	15 Sep 2011	117.5
Phase 3 Pekan Klebang Sek. IV Melaka Tengah, Melaka	Reclaimed Land	569,347	Leasehold (pending issuance of title)	-	-	114.9
Kecamatan Karang Dapo Kecamatan Rawas Ilir Kecamatan Mura Lakitan Kecamatan Muara Kelingi Kabupaten Musi Rawas Propinsi Sumatera Selatan Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	3,193 (hectares)	Pending Hak Guna Usaha	-	18 July 2011	77.7
100 William Street Sydney, NSW 2011 Australia	Land and office building	1,300	Freehold	42	20 Sep 1994	77.6
Kecamatan Simpang Rimba dan Payung, Kabupaten Bangka Selatan, Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil palm plantation with residential quarters and administrative office	3,058 (hectares)	Pending Hak Guna Usaha	8	17 Nov 2006	75.8
90, William Street Sydney NSW 2011 Australia	Hotel	1,300	Freehold	42	6 Jun 1993	70.8

## TEN LARGEST PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2014  
(CONT'D)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Kecamatan Bakem Kecamatan Pemali Kecamatan Puding Besar Kabupaten Bangka Induk Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil palm plantation, crude palm oil mill and administrative office	12,704 (hectares)	Hak Guna Usaha (Leasehold 30 years expiring 2028)	19	13 Sep 1994	61.9
Lot No. MK1-2639X 255 Alexandra Road Singapore	Showroom, workshop and office	9,636	Leasehold (99 years Expiring 2051)	15	4 May 1999	56.4

# STOCKHOLDING STATISTICS

## STOCKHOLDING STATISTICS AS AT 16 APRIL 2015

AUTHORISED STOCK CAPITAL	:	RM1,000,000,000/=
ISSUED AND FULLY PAID-UP CAPITAL	:	RM620,393,638/= (including 31,808 treasury stocks)
CLASS OF STOCK	:	Ordinary Stocks of RM1/= each
VOTING RIGHTS	:	On a show of hands - One vote for every stockholder On a poll - One vote for every ordinary stock held

## ANALYSIS OF STOCKHOLDINGS

Size of Stockholding	No of Stockholders/ Depositors	No. of Stocks	% of Issued Capital
1 - 99	334	12,144	0.00
100 - 1,000	1,032	728,346	0.12
1,001 - 10,000	3,424	13,438,933	2.17
10,001 - 100,000	1,133	32,279,321	5.20
100,001 to less than 5% of issued stocks	206	183,965,139	29.65
5% and above of issued stocks	5	389,969,755	62.86
Total	6,134	620,393,638	100.00

## SUBSTANTIAL STOCKHOLDERS

Name	No of stocks Direct	% of Issued Capital	No of stocks Deemed	% of Issued Capital
1. Boon Siew Sdn Bhd	266,729,662	43.00	76,569,757 <sup>(a)</sup>	12.34
2. Employees Provident Fund Board	52,496,816	8.46	-	-
3. Penang Yellow Bus Company Bhd	32,848,477	5.30	-	-
4. Datuk Loh Kian Chong	101,200	0.02	353,964,026 <sup>(b)</sup>	57.06
5. Mitsubishi UFJ Financial Group, Inc.	-	-	75,531,900 <sup>(c)</sup>	12.18
6. Aberdeen Asset Management PLC and its Subsidiaries	-	-	75,517,900 <sup>(d)</sup>	12.17
7. Aberdeen Asset Management Asia Limited	-	-	58,091,600 <sup>(e)</sup>	9.36
8. Aberdeen International Fund Managers Limited	-	-	46,176,700 <sup>(e)</sup>	7.44

(a) Deemed interested via Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Boon Siew Development Sdn Bhd, Boontong Estates Sdn Bhd and Southern Perak Plantations Sdn Bhd.

(b) Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, 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 and Southern Perak Plantations Sdn Bhd..

(c) Deemed interested via Aberdeen Asset Management PLC, a fund management group and Morgan Stanley & Co International PLC.

(d) Deemed interested via its subsidiaries' interests.

(e) Deemed interested via holding voting rights of OHB shares through various funds managed.



# STOCKHOLDING STATISTICS

(CONT'D)

## THIRTY LARGEST STOCKHOLDERS AS AT 16 APRIL 2015

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. HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	46,691,700	7.53
4. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	43,699,916	7.04
5. CITIGROUP NOMINEES (TEMPATAN) SDN BHD PENANG YELLOW BUS COMPANY BHD	32,848,477	5.29
6. CITIGROUP NOMINEES (ASING) SDN BHD HONDA MOTOR COMPANY LTD	25,119,424	4.05
7. CITIGROUP NOMINEES (TEMPATAN) SDN BHD BAYVIEW HOTEL SDN BHD	21,848,407	3.52
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 EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	8,300,000	1.34
10. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	8,026,900	1.29
11. CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH BOON SIEW HOLDINGS SDN BHD	7,568,031	1.22
12. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BOONTONG ESTATES SDN BERHAD (PB)	7,000,000	1.13
13. CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	5,770,000	0.93
14. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOONTONG ESTATES SDN BERHAD (00-00200-000)	4,432,966	0.71
15. DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	4,000,000	0.64
16. CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,649,879	0.59
17. CHINCHOO INVESTMENT SDN.BERHAD	3,369,960	0.54
18. CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH KAR BEE HOLDINGS SDN BHD	3,096,576	0.50
19. CITIGROUP NOMINEES (TEMPATAN) SDN BHD LIM SU TONG	2,966,906	0.48
20. KEY DEVELOPMENT SDN.BERHAD	2,736,000	0.44

## STOCKHOLDING STATISTICS (CONT'D)

### ***THIRTY LARGEST STOCKHOLDERS AS AT 16 APRIL 2015 (cont'd)***

Name	No. of Stocks	% of Issued Capital
21. GOLDEN FRESH SDN BHD	2,500,000	0.40
22. HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR HI-KABL-FONDS	2,140,000	0.34
23. CARTABAN NOMINEES (ASING) SDN BHD RBC INVESTOR SERVICES BANK FOR GLOBAL EMERGING MARKETS SMALLCAP (DANSKE INVEST)	1,942,000	0.31
24. TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	1,870,000	0.30
25. EMPLOYEES PROVIDENT FUND BOARD	1,800,000	0.29
26. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD TONG YEN SDN BHD (00-00203-000)	1,708,278	0.28
27. AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	1,700,000	0.27
28. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (GUERNSEY)	1,663,600	0.27
29. CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW DEVELOPMENT SDN BHD	1,439,907	0.23
30. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE - SGD)	1,365,000	0.22
	524,983,589	84.60

# STOCKHOLDING STATISTICS

(CONT'D)

## DIRECTORS' STOCKHOLDINGS AS AT 16 APRIL 2015

Name of Directors	Direct Interest	%	Indirect Interest	%
1. Datuk Loh Kian Chong	101,200	0.02	353,964,026 <sup>(a)</sup>	57.06
2. Dato' Robert Wong Lum Kong, DSSA, JP	181,149	0.03	161,872 <sup>(b)</sup>	0.03
3. Dato' Seri Lim Su Tong @ Lim Chee Tong	2,966,906	0.48	3,302,626 <sup>(b)</sup>	0.53
4. Tan Kheng Hwee	172,032	0.03	-	-
5. Dato' Sri Tan Hui Jing	-	-	-	-
6. Dato' Ghazi Bin Ishak	-	-	-	-
7. Mary Geraldine Phipps	-	-	5,161 <sup>(c)</sup>	0.00
8. Lee Kean Teong	-	-	-	-
9. Sharifah Intan Binti S. M. Aidid (*)	18,000	0.00	-	-
10. Koji Onishi	-	-	-	-
11. Datin Loh Ean (alternate director to Dato' Robert Wong Lum Kong, DSSA, JP)	161,872	0.03	181,149 <sup>(b)</sup>	0.03

(a) Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, 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 and Southern Perak Plantations Sdn Bhd.

(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 134(12)(c) of the Companies Act, 1965.

(c) Deemed interest via Phipps Holdings Sdn. Bhd.

\* She also holds 227,318 shares and 100,000 shares in Armstrong Auto Parts Sdn Bhd and Teck See Plastic Sdn Bhd respectively.

# FORM OF PROXY

CDS Account No.:	No. of stocks held:

I/We, \_\_\_\_\_  
 NRIC No \_\_\_\_\_  
 of \_\_\_\_\_  
 being a stockholder/stockholders of Oriental Holdings Berhad hereby appoint \_\_\_\_\_  
 of \_\_\_\_\_  
 or failing him/her \_\_\_\_\_  
 of \_\_\_\_\_

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-THIRD ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 09 June 2015 at 2.30 p.m. 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 either on a show of hands or on a poll as indicated below with an "X".**

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To declare a Final Single Tier Dividend of 6% and a Special Single Tier Dividend of 2%		
2.	To re-appoint Dato' Robert Wong Lum Kong, DSSA, JP		
3.	To re-appoint Dato' Seri Lim Su Tong		
4.	To re-appoint Dato' Ghazi Bin Ishak		
5.	To re-appoint Puan Sharifah Intan Binti S M Aidid		
6.	To re-elect Datuk Loh Kian Chong		
7.	To re-elect Ms Tan Kheng Hwee		
8.	To re-elect Mr Lee Kean Teong		
9.	To approve the Directors' Fees		
10.	To re-appoint Messrs KPMG		
11.	To approve the Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions		
12.	To approve the Proposed Renewal of Stock Buy-Back		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
Signature of Shareholder(s)/ Common Seal

## Notes:

- A Member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A Member may appoint 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his stockholdings to be represented by each proxy.
- Where a Member of the Company is authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it may holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a Member of the Company is an exempt authorised nominee which hold ordinary stocks in the Company for multiple beneficial owner 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 authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- If the appointer is a corporation, the Form of Proxy must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
- For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.
- In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 2 June 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.

## Personal Data Privacy

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.


*Fold Along this line*

Affix  
Postage  
Stamp

The Company Secretaries  
**Oriental Holdings Berhad** (5286-U)

Suite 16-1 (Penthouse Upper)  
Menara Penang Garden  
42A Jalan Sultan Ahmad Shah  
10050 Penang

*Fold Along this line*



1st Floor, 25B Lebuhr Farquhar, 10200 Penang, Malaysia.  
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