



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

# 2016 ANNUAL REPORT

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifty-Fifth 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 Thursday, 8 June 2017 at 2.30 pm for the following purposes:

## Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' Report and Auditors' Report thereon.
2. To declare a Final Single Tier Dividend of 8 sen per ordinary stock for the financial year ended 31 December 2016. Ordinary Resolution 1
3. To re-elect the following Directors who retire in accordance with Article 133 of the Company's Articles of Association:
  - (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 approve the following payments to Directors of the Company:-
  - (a) Fees of RM900,000 for the financial year ended 31 December 2016 Ordinary Resolution 6
  - (b) Fees and Benefits of up to an aggregate amount of RM3,050,000 from 1 January 2017 until the next AGM of the Company. Ordinary Resolution 7
5. To re-appoint Messrs KPMG PLT (converted from a conventional partnership, KPMG on 27 December 2016) as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 8

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

6. **Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** Ordinary Resolution 9  
 "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 28 April 2017 ("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."
7. **Proposed Renewal of Stock Buy-Back** Ordinary Resolution 10  
 "THAT, subject to compliance with Section 127 of the Companies Act, 2016 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities, approval be and is hereby given to the Company to utilise up to RM377.6 million which represents the audited retained profits reserve of the Company as at 31 December 2016, otherwise available for dividend for the time being, to purchase on Bursa Securities its own stocks up to 62,039,363 ordinary stocks representing 10% of the total number of issued stocks of the Company of 620,393,638 ordinary stocks as at 28 March 2017 (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 :

## NOTICE OF ANNUAL GENERAL MEETING

- (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."

8. 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, 28 April 2017

### Notes:

1. A Member entitled to attend and vote at this meeting may appoint a proxy to attend and to vote on his behalf. A proxy may but need not be a Member. A Member may appoint 2 proxies to attend on the same occasion. 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 an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to 2 proxies in respect of each securities account it may holds with ordinary stocks of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which holds ordinary stocks in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

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.

## NOTICE OF ANNUAL GENERAL MEETING

- 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 1 June 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

### **Explanatory Notes on Ordinary Business:**

- Agenda 1 is meant for discussion only as the provision of section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of stockholders of the Company, and hence, Agenda 1 is not put forward for voting.
- The Ordinary Resolutions 2 to 5 are to seek stockholders' approval on the re-election of Dato' Robert Wong Lum Kong, DSSA, JP, Dato' Seri Lim Su Tong, Dato' Ghazi bin Ishak and Puan Sharifah Intan binti S. M. Aidid who had been re-appointed in the previous Annual General Meeting ("AGM") held on 2 June 2016 as Directors under Section 129(6) of the former Companies Act 1965 which was then in force and whose term would expire at the conclusion of this meeting, as Directors of the Company. If passed, the proposed Resolutions 2 to 5 will authorise the continuation of the Directors in office from the date of this AGM onwards.
- The Ordinary Resolution 7, is to seek stockholders' approval on the Directors' Fees and Benefits payable to the Directors which have been reviewed by the Remuneration Committee and the Board of Directors of the Company. This approval shall continue to be in force until the conclusion of the next AGM of the Company. The relevant Fees and Benefits will be paid to the Directors upon completion of service by the said Directors. Please refer Statement on Corporate Governance for the details of the fees and benefits for the Directors.

### **Explanatory Notes on Special Business:**

- 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.
- 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 62,039,363 stocks representing 10% of the total number of issued 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)

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

# DIVIDEND ANNOUNCEMENT

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

- (a) Stocks transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2017 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, if approved, will be paid on 14 July 2017 to depositors registered in the Records of Depositors at the close of business on 30 June 2017.**

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

## 1. INTRODUCTION

At the AGM of the Company held on 2 June 2016, the Directors had obtained stockholders' approval to undertake the Proposed Stock Buy-Back of up to 10% of the total number of issued stocks of Oriental Holdings Berhad ("the Company" or "OHB") through Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company's authority to undertake the Proposed Stock Buy-Back shall, in accordance with Bursa Securities's Guidelines Governing Share Buy-Back, lapse 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 11 April 2017 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 11 April 2017, the issued share capital of the Company is RM620,393,638 comprising of 620,393,638 Stocks (including 31,808 Stocks retained as Treasury Stocks). The Directors seek the authority from the stockholders of the Company to purchase its Stocks up to ten per centum (10%) of the total number of issued stocks of OHB or 62,039,364 Stocks for the time being quoted on the Bursa Securities through its appointed stockbroker, Affin Hwang Investment Bank Berhad previously notified to the Bursa Securities.

The new mandate from stockholders will be effective immediately upon the passing of the Ordinary Resolution for the Proposed Stock Buy-Back up till the conclusion of the next AGM of OHB in the year 2018 unless the authority is further renewed by an Ordinary Resolution passed at the said AGM (either unconditionally or subject to conditions), or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by an Ordinary Resolution of the stockholders of the Company in a general meeting.

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

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

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

## 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 share capital of the Company will be as follows :

	<b>No. of Stocks</b>
Existing as at 11 April 2017	620,393,638
Proposed Stock Buy-Back (10% of the total number of issued stocks, including 31,808 Treasury Stocks)	62,039,363
	<u>558,354,275</u>

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



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

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

### 4.2 Net Assets Per Stock

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

If all the OHB Stocks purchased are to be cancelled, the Proposed Stock Buy-Back will reduce the net assets per stock when the purchase price exceeds the net assets per stock at the relevant point in time. However, the net assets per stock will be increased when the purchase price is less than the net assets per stock at the relevant point in time. The net assets per stock is RM9.46 as per audited financial statements as at 31 December 2016.

### 4.3 Working Capital

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

### 4.4 Earnings Per Stock

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

### 4.5 Dividends

Assuming the Proposed Stock Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Stock Buy-Back will have the effect of increasing the dividend rate of OHB as a result of the reduction in the total number of issued stocks of OHB 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 2016, the Company's retained earnings is RM377.6 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 28 March 2017, the public stockholding spread of the Company is approximately 41.12% of its issued share capital.

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

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

### 6.2 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 2016 ("the Code")

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

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

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

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

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

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

## 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.

### Executive Directors

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

### Non-Executive Directors

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

## EXCO COMMITTEE

### Chairman

- Datuk Loh Kian Chong

### Members

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

## AUDIT COMMITTEE

### Chairman

- Mary Geraldine Phipps

### Members

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

## REMUNERATION COMMITTEE

### Chairman

- Dato' Ghazi bin Ishak

### Members

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

## NOMINATING COMMITTEE

### Chairman

- Mary Geraldine Phipps

### Members

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

## 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
- Datuk Loh Kian Chong

## 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

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

## AUDITORS

KPMG PLT, Penang  
Chartered Accountants

## MAJOR BANKERS

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

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Code : 4006

## WEBSITE

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

# PROFILE OF DIRECTORS/ KEY SENIOR MANAGEMENT

## **Datuk Loh Kian Chong** | *Executive Chairman* | *Key Senior Management*

Datuk Loh Kian Chong, aged 41, Male, a Malaysian, joined the Board as an Executive Director on 15 May 2009 and was appointed as Deputy Chairman on 8 November 2013. He assumed the position of Chairman on 1 January 2015. He is currently co-joint with Dato' Seri Lim Su Tong in charge of the investment and development of properties, trading of building material products and plantation divisions of the Group.

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

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

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

He was appointed as member of Risk Management Committee on 10 April 2017.

He attended all the 5 Board Meetings held in 2016.

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

## **Dato' Robert Wong Lum Kong**, *DSSA, JP* | *Group Managing Director* *Key Senior Management*

Dato' Robert Wong Lum Kong, DSSA, JP, aged 76, Male, 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 and Mitsubishi in Malaysia as well as the automotive 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, (UK).

He has 53 years of 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 five executive directors responsible for the overall business and management operations of the Group. He is also a member of the EXCO Committee and Risk Management Committee.

In addition, he is the Managing Director of the following Oriental Holdings Berhad subsidiaries, namely:

- Kah Motor Company Sdn Bhd – (Malaysian 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.

He also established Teck See Plastic Group as an integrated one-stop center 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 automotive plastic division

## PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

**Dato' Robert Wong Lum Kong, DSSA, JP** | *Group Managing Director*  
| *Key Senior Management (cont'd)*

of the Group locally and abroad. He is highly experienced in the motor industry, and has 45 years of experience encompassing distribution, assembly and marketing in both cars and motorcycles, as well as the manufacturing of components for the automotive (2-wheelers and 4-wheelers), electronics and parts industry both locally and overseas.

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 5th New Honda Circle Asia-Oceania Bloc Committee.

Acknowledging the 11 consecutive years (1990 – 2000) in the No. 1 position for Honda and Kah Motor 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 Presidents and Managing Directors 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, Dato' Wong and his team catapulted Malaysia to be the first country outside of Japan to locally assemble and market Honda's flagship, the CKD Legend 3.2L, which became one of the top selling cars of its class in Malaysia in that time.

Dato' Wong also established a professional and successful network of Honda car dealers as well as Honda CKD 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.

As a fervent defender of investors' interests, Dato' Wong and his team worked hard to ensure his stewardship did not only hit the top of the awards' charts but also in generating profits to shareholders. To this day, Kah Motor's best annual profit that exceeded RM300M and dividend contribution of close to RM400M in a single year to the Oriental Group stands unsurpassed.

In further recognition of his outstanding and exemplary achievements in entrepreneurship, Dato' Wong was awarded no fewer than 11 entrepreneurship awards, among them the Entrepreneur of the Year Award by Enterprise Asia in its Asia Pacific Entrepreneurship Awards 2010 (APEA 2010), the Great Entrepreneur Brand Icon Leadership Award 2011, the Brand Personality Award 2012-2013 from the BrandLaureate Asia Pacific Brands Foundation as well as the Malaysia Business Leadership Awards 2010 – Automotive Award, from the Kuala Lumpur Malay Chamber of Commerce and The Leaders Magazine. In addition, in recognition of his contributions in the field of leadership, 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. In 2016, he received recognition as a Global Lifetime Brands Icon in Automotive Industry Awards.

He is also a director of subsidiaries and associates of Oriental Holdings Berhad involving hotels and resorts, plantation, investment properties and trading of building material products, healthcare, construction machinery, safety driving centers 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 and associate companies. Amongst his other directorships, he is a director of Hicom-Honda Manufacturing Malaysia Sdn Bhd, a joint-venture between DRB-Hicom Berhad, Honda Motor Co. and Boon Siew Sdn Bhd in the manufacture of motorcycle engines and components and Hicom-Teck See Sdn Bhd which specializes in plastic automotive parts manufacturing. He is also a director of Hitachi Construction Machinery (Malaysia) Sdn Bhd and Singapore Safety Driving Centre Ltd.

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

He attended all the 5 Board meetings held in 2016.

He is the 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 Datuk Wira Tan Hui Jing and Tan Kheng Hwee.

## PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

### **Dato' Seri Lim Su Tong** | *Group Managing Director* | *Key Senior Management*

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Dato' Seri Lim, aged 72, Male, a Malaysian, was appointed to the Board on 1 July 1974. He is currently the Group Managing Director in charge of the investment and development of properties, trading of building material products and plantation 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 five Executive Directors responsible for the overall business and management operations of the Group.

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

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

He is a member of Risk Management Committee.

He attended all the 5 Board Meetings held in 2016.

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

### **Tan Kheng Hwee** | *Executive Director* | *Key Senior Management*

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Ms. Tan Kheng Hwee, aged 51, Female, a Singaporean, joined the Board as an Executive Director on 1 January 2015. She was previously an Alternate Director to Dato' Seri Loh Cheng Yean who retired from the Board on 31 December 2014.

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

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

She is a member of Risk Management Committee.

She attended all the 5 Board Meetings held in 2016.

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

## PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

### **Dato' Sri Datuk Wira Tan Hui Jing** | *Executive Director* | *Key Senior Management*

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Dato' Sri Datuk Wira Tan Hui Jing, aged 36, Male, a Malaysian, joined the Board as a Non-Independent Non-Executive Director on 1 February 2014 and was re-designated as an Executive Director on 1 January 2015.

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

He began his career as Sales and Marketing Executive in Boon Siew Sdn. Bhd. in 2004. In 2006, he was appointed as Director of Boon Siew Honda Sdn. Bhd.. He is 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 Oriental Holdings Berhad in Boon Siew Honda Sdn. Bhd., Honda Autoparts Manufacturing (M) Sdn. Bhd., Honda Malaysia Sdn. Bhd. and Hitachi Construction Machinery (Malaysia) Sdn. Bhd..

He attended all the 5 Board Meetings held in 2016.

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*

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Puan Sharifah, aged 82, Female, a Malaysian, is a Non-Independent Non-Executive Director. She joined the Board on 25 July 2002.

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

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

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

She attended all the 5 Board Meetings held in 2016.

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



## PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

### **Mary Geraldine Phipps** | *Independent Non-Executive Director*

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Ms. Mary Geraldine Phipps, aged 68, Female, a Malaysian, was appointed to the Board as an Independent Non-Executive Director of the Company on 14 August 2009. She is the Chairman of the Audit Committee, Risk Management Committee and Nominating Committee. She is also a member of Remuneration Committee.

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

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

She currently sits on the Boards of SLP Resources Berhad and PBA Holdings Bhd. She is the Chairman of the Audit Committee in PBA Holdings Bhd.

She attended all the 5 Board Meetings held in 2016.

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*

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Dato' Ghazi, aged 73, Male, 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, Selangor. He was appointed as Deputy Public Prosecutor Penang in 1975 and for a spell acted as State Legal Adviser, Penang.

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

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

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

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

He attended all the 5 Board Meetings held in 2016.

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

## PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

### Lee Kean Teong | *Independent Non-Executive Director*

Mr. Lee Kean Teong, aged 58, Male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 31 March 2015.

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

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

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

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

He attended all the 5 Board Meetings held in 2016.

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

### Nobuhide Nagata | *Non-Independent Non-Executive Director*

Mr. Nobuhide Nagata, aged 48, Male, a Japanese was appointed to the Board as a Non-Independent Non-Executive Director on 1 April 2016.

Mr. Nobuhide Nagata graduated from Kobe University, Japan in March 1992.

He began his career as Staff Member in Mitsubishi Research Institute, Inc in April 1992. In September 1999, he worked for Honda Motor Co., Ltd. During his service in Honda Motor Co., Ltd, he worked as Staff Member in Future Research Office under Corporate Planning Division in October 1999 and was later appointed as Senior Staff in April 2000. In the following year, he was appointed as Senior Staff in Corporate Planning Office under same division in May 2001. In July 2004, he was appointed as Senior Staff in Motorcycle Department in China Operation Office, Regional Operations (China) in Japan and later as Assistant Manager in October 2004. In January 2005, he was appointed as Manager of Shanghai Office, China. He was later appointed as Manager of Honda Motor (China) Investment Co., Ltd. in March 2005. In October 2008, he worked as Assistant Manager in Business Planning Office, Motorcycle Business Planning Office in charge of motorcycle operations in Honda Motor Co., Ltd, Japan and subsequently appointed as Manager in June 2010. He took the role as President of A.P. Honda Co., Ltd. in Thailand in April 2014.

Mr. Nobuhide Nagata is currently the Chief Executive Officer of Boon Siew Honda Sdn. Bhd. and the representative of Honda Motor Co., Ltd.

He attended 2 out of 4 Board Meetings held since his appointment.

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

## PROFILE OF DIRECTORS/KEY SENIOR MANAGEMENT

### Datin Loh Ean | *Alternate Director*

Datin Loh Ean, aged 75, Female, a Malaysian, was appointed as an Alternate Director to Dato' Robert Wong Lum Kong, DSSA, JP on 9 September 2010. Datin Loh Ean obtained higher education in England.

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

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

### Wong Tet Look (Adrian) | *Group Chief Financial Officer* | *Key Senior Management*

Wong Tet Look (Adrian), aged 67, Male, a Malaysian, is currently the Group Chief Financial Officer since he assumed the role in 2012 and has since been a part of the Key Senior Management team. He was formerly serving as Corporate Controller for the Group. He is also on the Board of Directors of numerous joint venture companies, several subsidiaries within the Group and Kwong Wah Yit Poh Press Berhad.

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

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

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

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

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

#### Notes:-

- (a) Conflict of Interest  
None of the Directors/Key Senior Management has any conflict of interest with the Group.
- (b) Convictions of Offences  
None of the Directors/Key Senior Management has been convicted of any offences within the past 5 years. There were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## NAME OF SUBSIDIARIES AND ASSOCIATES

<b>Automotive and Related Products</b>	<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 (Commenced member's voluntary winding up on 6 February 2017)
	<b>AR</b>	: Armstrong Realty Sdn. Bhd.
	<b>ATS</b>	: Armstrong Trading & Supplies Sdn. Bhd.
	<b>BSB</b>	: Boon Siew (Borneo) Sendirian Berhad
	<b>HM</b>	: Happy Motoring Co. Sdn. Bhd.
	<b>Kah M</b>	: Kah Motor Company Sdn. Berhad
	<b>KBA</b>	: Kah Bintang Auto Sdn. Bhd.
	<b>KC</b>	: Kah Classic Auto Sdn. Bhd.
	<b>KMA</b>	: KM Agency Sdn. Bhd.
	<b>KP</b>	: Kah Power Products Pte. Ltd.
	<b>OA</b>	: Oriental Assemblers Sdn. Bhd. (to finalise the disposal by the second quarter of 2017)
<b>Plastic Products</b>	<b>AI</b>	: Armstrong Industries Sdn. Bhd.
	<b>CC</b>	: Compounding & Colouring Sdn. Bhd.
	<b>DF</b>	: Dragon Frontier Sdn. Bhd.
	<b>KTSM</b>	: Kasai Teck See (Malaysia) Sdn. Bhd.
	<b>LMold</b>	: Lipro Mold Engineering Sdn. Bhd.
	<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>OSI</b>	: Oriental San Industries Sdn. Bhd.
	<b>TSP</b>	: Teck See Plastic Sdn. Bhd.
<b>Hotels and Resorts</b>	<b>30Ben</b>	: 30 Bencoolen Pte. Ltd.
	<b>KNZ</b>	: KAH New Zealand Limited
	<b>KAust</b>	: KAH Australia Pty Limited
	<b>Bint</b>	: Bayview International Sdn. Bhd.
	<b>KPCL</b>	: Kingdom Properties Co. Limited
	<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>PSH</b>	: Park Suanplu Holdings Co., Ltd.
<b>Plantation</b>	<b>ORPO</b>	: Oriental Rubber & Palm Oil Sdn. Berhad
	<b>PT BSSP</b>	: PT Bumi Sawit Sukses Pratama
	<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 PPA</b>	: PT Pratama Palm Abadi
	<b>PT SAP</b>	: PT Surya Agro Persada
	<b>PT SSL</b>	: PT Sumatera Sawit Lestari

## NAME OF SUBSIDIARIES AND ASSOCIATES

<b>Investment Holding and Financial Services</b>	<b>Juta</b>	: Jutajati Sdn. Bhd.
	<b>KWE</b>	: Kwong Wah Enterprise Sdn. Bhd.
	<b>NMEO</b>	: North Malaya Engineers Overseas Sdn. Bhd.
	<b>OAM</b>	: Oriental Asia (Mauritius) Pte. Ltd.
	<b>OAMS</b>	: OAM Asia (Singapore) Pte. Ltd.
	<b>OBSM</b>	: Oriental Boon Siew (Mauritius) Pte. Ltd.
	<b>OBSS</b>	: OBS (Singapore) Pte. Ltd.
	<b>OC</b>	: Syarikat Oriental Credit Berhad
	<b>OIM</b>	: Oriental International (Mauritius) Pte. Ltd.
	<b>SP</b>	: Selasih Permata Sdn. Bhd.
<b>Investment Properties and Trading of Building Material Products</b>	<b>Ken</b>	: Kenanga Mekar Sdn. Bhd.
	<b>KU</b>	: Konkrit Utara Sdn. Bhd. (Commenced member's voluntary winding up on 1 September 2016)
	<b>LT</b>	: Lipro Trading Sdn. Bhd.
	<b>NME</b>	: North Malaya Engineers Trading Company Sdn. Bhd.
	<b>NMX</b>	: North Malaya (Xiamen) Steel Co., Ltd.
	<b>OAA</b>	: Oriental Asia (Aust.) Pty. Ltd.
	<b>OAMA</b>	: OAM (Aust) Pty. Ltd.
	<b>OBS(M)</b>	: Oriental Boon Siew (M) Sdn. Bhd.
	<b>OR</b>	: Oriental Realty Sdn. Bhd.
	<b>SU</b>	: Simen Utara 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>Healthcare</b>	<b>LBSE</b>	: Loh Boon Siew Education Sdn. Bhd.
	<b>MSM</b>	: Melaka Straits Medical Centre Sdn. Bhd.
	<b>NILAM</b>	: Nilam Healthcare Education Centre Sdn. Bhd.
<b>Associates</b>	<b>BBDS</b>	: Bukit Batok Driving Centre Ltd.
	<b>BSH</b>	: Boon Siew Honda Sdn. Bhd.
	<b>BSKah</b>	: B. S. Kah Pte. Ltd.
	<b>ChDev</b>	: Chainferry Development Sdn. Berhad
	<b>HAP</b>	: Honda Autoparts Manufacturing (M) Sdn. Bhd.
	<b>HCM</b>	: Hitachi Construction Machinery (Malaysia) Sdn. Bhd.
	<b>HTSM</b>	: Hicom Teck See Manufacturing Malaysia Sdn. Bhd.
	<b>KST</b>	: Kasai Teck See Co., Ltd.
	<b>PgA</b>	: Penang Amusements Company Sdn. Berhad
	<b>PT KTS</b>	: PT Kasai Teck See Indonesia
	<b>PWR</b>	: Penang Wellesley Realty Sdn. Berhad
	<b>SPP</b>	: Southern Perak Plantations Sdn. Berhad
	<b>SOth</b>	: Super Othello Sdn. Bhd.
	<b>SSDC</b>	: Singapore Safety Driving Centre Ltd.

# GROUP STRUCTURE

AS AT 31 DECEMBER 2016

## ORIENTAL HOLDINGS BERHAD

Automotive & Related Products		Plastic Products		Hotels & Resorts		Plantation		Investment Holding & Financial Services		Investment Properties & Trading of Building Material Products		Healthcare		Associates	
AAP	ACP	AI	CC	Kah M		ORPO	PT BSSP	Juta	KWE	Ken	KU*	MSM	LBSE	BBDS	BSH
ACPV*	AR	DF	KTSM	- Bayview Hotel Melaka - 30 Bencoolen		PT DAM	PT GBina	NMEO	OAM	LT	NME	NILAM		BSKah	ChDev
ATS	BSB	LMold	OIW	KAust		PT GML	PT GSSL	OAMS	OBSM	NMX	OAA			HAP	HCM
HM	Kah M	OKI	ONDE	- Bayview Geographe Resort, WA - Bayview Eden, Melbourne - The Sydney Boulevard Hotel - Bayview on the Park, Melbourne - 100 William Street		PT PPA	PT SAP	OBSS	OC	OAMA	OBS (M)			HTSM	KST
KBA	KC	OSI	TSP			PT SSL		OIM	SP	OR	SU			PgA	PT KTS
KMA	KP									UG	UMix			PWR	SOth
OA*										UniMix	UP			SPP	SSDC
				KNZ											
				- Bayview Chateau Tongariro - Bayview Wairakei Resort											
				30Ben	Bint										
				KPCL	SBHL										
				SBO	SBIOM										
				SBL	PSH										

■ SUBSIDIARIES ■ ASSOCIATES

\* Under member's voluntary winding up & disposal proceeding.

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report together with the Audited Financial Statements of Oriental Holdings Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2016.

## FINANCIAL PERFORMANCE

For the financial year ended 31 December 2016, the Group recorded a revenue of RM5.5 billion with a profit before tax of RM387.1 million as compared to a revenue of RM4.4 billion and a profit before tax of RM359.1 million for the preceding year corresponding period. Automotive, plantation and other segments contributed 73%, 9% and 18% to the Group's revenue respectively.

The net tangible assets per stock of the Group increased from RM9.10 to RM9.46, primarily due to the strengthening of stockholders' funds.

A more detailed review of the performance and results of the Group's major segments will be set forth in the management discussion and analysis section.

## RETURN TO STOCKHOLDERS AND VALUE CREATION (DIVIDEND)

Consistent with our approach of rewarding stockholders and taking into due consideration the FY2016 performance, the Board is pleased to recommend the payment of a final single tier dividend of 8 sen per stock.

Combined with the first and second interim dividend of 6 sen per stock each paid on 11 November 2016 and 7 April 2017 respectively, this brings dividend for FY2016 to 20 sen per stock. The Board regularly reviews the distribution to stockholders vis-à-vis the overarching Group business strategy, to strike a balance between the interests of stockholders and business growth. The total dividend payout to-date represents 44.39% of the profit after tax after non-controlling interest. In FY2015, we paid 20 sen per stock.

An annual analysis demonstrated that a holding of 1,000 stocks in Oriental at its initial public listing in 1964 would translate into 48,306 Oriental stocks worth RM328,481, based on the stock price of RM6.80 at end of FY2016. In addition, the stocks would have earned a total gross dividend of RM190,156.22. The gross dividends received and appreciation in value is equivalent to an impressive average rate of return of 12.52% for each of the 53 years.

## OUTLOOK & FUTURE STRATEGIES

Moving forward, the Group will continue its focus on developing major business segments in automotive and plantation, while diversifying into investment properties abroad to provide a long-term income stream in future.

While the overall market climate is one of cautious optimism, the Board is confident that a disciplined focus on its core industries and a strategic foray into promising markets will enable the Group to overcome its challenges and pursue new growth ahead.

## ACKNOWLEDGEMENT AND APPRECIATION

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

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

Lastly, I hereby express my immense gratitude to my Board members for your invaluable support and service throughout 2016, and look forward to your continued guidance.

**Datuk Loh Kian Chong**  
**Executive Chairman**  
10 April 2017



# MANAGEMENT DISCUSSION AND ANALYSIS

## - AUTOMOTIVE DIVISION

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

The main business activity of the Group's Automotive division is the distribution and retailing of Honda cars, and subsequent diversification into non-Honda brand, Mitsubishi cars, at the end of 2014. We are the exclusive distributor of Honda Cars in both Singapore and Brunei Darussalam. Kah Motor Malaysia currently operates 8 out of 88 Honda dealerships in Malaysia and another dealership in Sabah, while Kah Classic Auto Sdn Bhd is currently a dealer of Mitsubishi Motors Malaysia Sdn Bhd, providing sales and services of Mitsubishi branded vehicles through 3 key outlets.

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

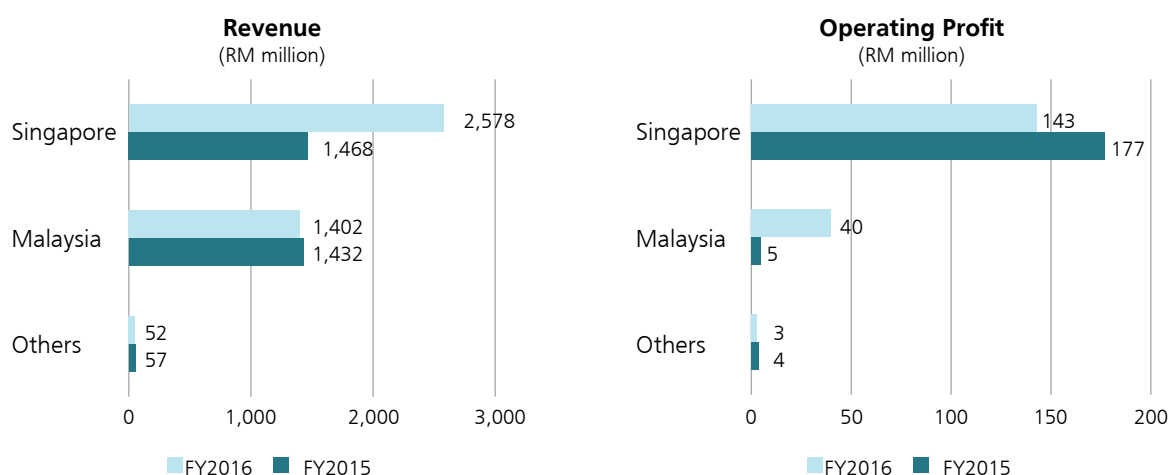
### DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS & CONDITIONS

Total revenue from the Automotive division was recorded at RM4.0 billion in FY2016 as compared to RM3.0 billion in FY2015. The key revenue driver was retail operations in Singapore, which stood at 63.9% of total revenue, while the remaining 36.1% came from our Malaysian and Brunei Operations.

For retail operations in Singapore, revenue grew significantly by a healthy 75.6% mainly due to a 98.2% increase in the number of cars sold (FY2016: 7,067 units; FY2015: 3,565 units), primarily from newly launched Civic model and re-launch of Japan-made HRV in Q3 FY16, as well as a continuing strong demand for models launched last year, namely Jazz and Odyssey, following successful market share gains from the division's innovative marketing strategies.

For the retail operations in Malaysia, sales units decreased by 12.8% (FY2016: 10,649 units; FY2015: 12,217 units) mainly due to rising of new car prices since January 2016 and a slowdown in overall market conditions resulting in cautious consumer spending.

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



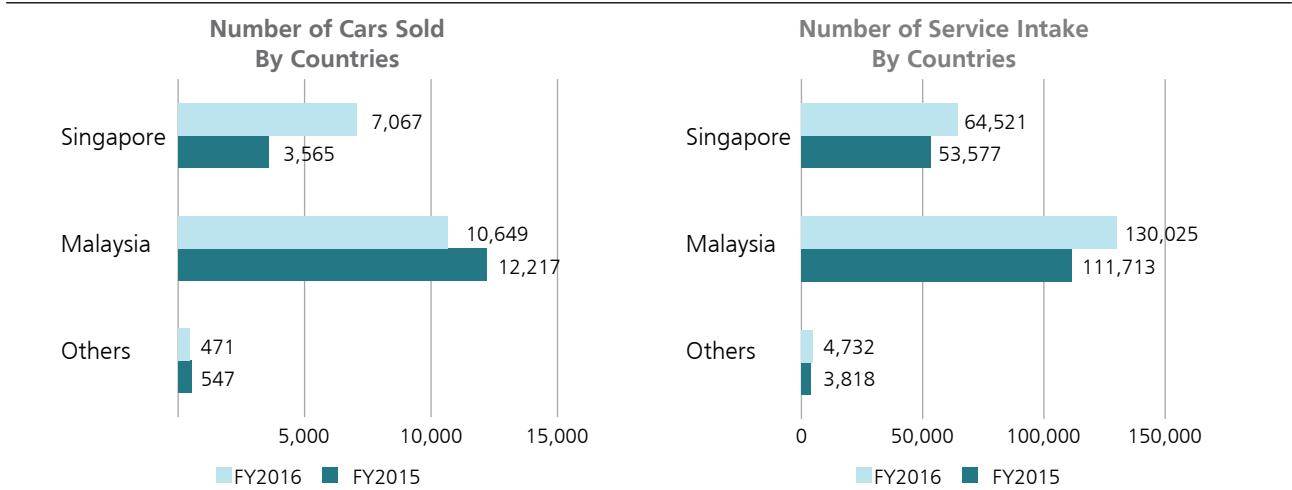
# MANAGEMENT DISCUSSION AND ANALYSIS

## - AUTOMOTIVE DIVISION

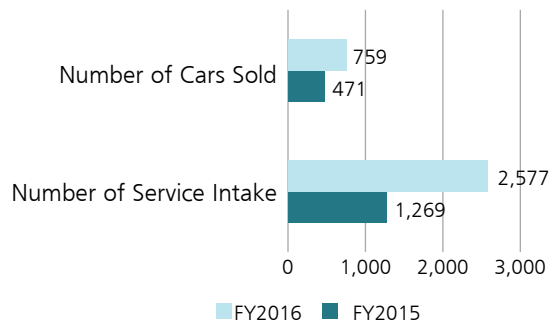
### DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS & CONDITIONS (cont'd)

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

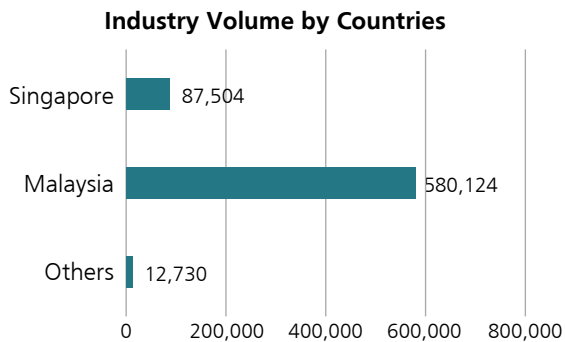
#### Honda Brand



#### Mitsubishi Brand (Malaysia)



The market share analysis for Financial Year 2016 are as follows:



#### Honda Market Share

Singapore: 22.1%  
 Malaysia: 15.8%  
 Brunei: 3.7%

#### Mitsubishi Market Share

Malaysia: 1.6%

# MANAGEMENT DISCUSSION AND ANALYSIS

## - AUTOMOTIVE DIVISION

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

#### **OHB Group Market Share over Honda Market Share**

Singapore: 36.5%  
Malaysia: 11.6%  
Brunei: 100%

#### **OHB Group Market Share over Mitsubishi Market Share**

Malaysia: 8.1%

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

We envisage less than inspiring market conditions ahead, with the automotive division likely to face very competitive market conditions, due to external factors such as rising costs of living and volatility of the Ringgit. Nonetheless, the divisional strategy is to leverage on its existing market reputation to expand and upgrade its showrooms and service centres, including boosting its presence in East Malaysia. Our outlet in Johor Bahru, which has the largest 4S centre in the country, has commenced operations since November 2016.

A new 2S centre with body and paint facilities is also slated to open in Cheng Melaka during the second half of the year 2017.

In terms of capital expenditure, the division spent a total of RM 34.4 million in FY2016 as compared to RM 82.1 million in the previous financial year. The capital expenditure was primarily incurred on expansion and upgrades to its showrooms and service centres.

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

The current situation of a weakening Ringgit against major currencies is likely to result in higher vehicle costs, thus impacting an already compressed gross profit margin.

### FORWARD-LOOKING STATEMENT

2016 has proven to be a challenging year, with the imposition of stricter monetary policies with measures to curb rising levels of household debt via credit tightening and lending having an adverse effect on consumers' purchasing power.

In addition, product and pricing are beyond our control as these are determined by our business principals. Therefore, our strategy is align efforts on strengthening productivity and efficiency to ensure that the division remains lean and competitive, in the hope of spurring growth.

To further enhance our positioning and attractiveness to customers, the management will also focus on expanding the reach of its sales and after-sales service networks and improving overall service quality provided so as to support the increasing demand.

Setting our sights ahead, we shall continue to pursue customer satisfaction as a key priority, fulfilling a vision of building long-term partnerships with our customers through the pursuit of efficient and effective operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

## - PLANTATION DIVISION

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

In 1965, OHB Group acquired its first plantation company from Jardine, renaming it Oriental Rubber and Palm Oil Sdn Berhad. In 1994, the Group further diversified into Indonesian plantations, with the acquisition of 20,000 hectares of concession plantation land in Bangka Island, thus marking its plantation division's first foray into the overseas market.

Over the years, the Group gradually expanded its land bank and to date, its land bank concession stands close to 93,377 hectares, of which 38,503 hectares have been planted with oil palm trees. About 33,663 hectares are in Indonesia (Pulau Bangka and South Sumatera) and the remaining 4,840 hectares in Malaysia (in Pahang and Negeri Sembilan). With the acquisitions made in recent years, we believe there is vast potential for a significantly higher FFB and CPO production in the years ahead.

### DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS & CONDITIONS

For FY2016, the Group's plantation division recorded an operating profit of RM78.4 million, a 16% rise from the preceding year's RM67.7 million. This improvement in performance was contributed by the unrealised foreign exchange gain mitigated by lower FFB production as well as higher costs attributed to weather-related factors and impact of El Nino phenomenon.

The Group's estates produced a total of 533,777 MT of FFB, a reduction of about 15.7% compared to the preceding year. This is mainly due to a lower yield - FFB yield per hectare stands at 17.26 MT/Ha in FY2016 versus 21.87 MT/Ha in FY2015. During the year under review, the plantation's unrealised foreign exchange gain of RM11.2 million was 135% higher compared with unrealised foreign exchange loss of RM32.2 million in the preceding year. This is in tandem with a weakened Japanese Yen which affected its yen-denominated borrowings for its Indonesian Operations. The rationale of using Japanese currency is to support the plantation business with low costs of funding, thus financing the development of its concession into plantations until it becomes profitable - a gestation period that takes about eight years after maturity.

For capital expenditure, the division spent a total of RM139.9 million in FY2016 compared to RM164.6 million in the preceding year. The capital expenditure was primarily incurred on new planting and replanting of oil palm, construction of staff quarters, and acquisition of agricultural equipment and vehicles. In FY2017, total capital expenditure to be incurred for new planting, construction of office and staff quarters as well as a palm oil mill is expected to be around RM157 million.

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

OHB Group currently operates 3 mills in Pulau Bangka, Indonesia, with a combined operating capacity of 240 metric tonnes per hour. In FY2016, total FFB processed was 739,491 tonnes, a decrease of 13% compared with 851,328 tonnes in the preceding year. Lower FFB processed was due to lower FFB production from its own estates.

The Group plans to set-up a fourth CPO mill - the first in South Sumatra of Indonesia - targeted to be commissioned by end FY2018, with a capacity of 60 metric tonnes per hour.

## MANAGEMENT DISCUSSION AND ANALYSIS

### - PLANTATION DIVISION

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

Table 1: The Group's production records of 3 mills for 2 years

<b>FFB throughput (mt)</b>	<b>FY2016</b>	<b>FY2015</b>	<b>Change (%)</b>
Own Estates	469,568	556,402	-15.6%
External	269,924	294,926	-8.5%
<b>Total</b>	<b>739,492</b>	<b>851,328</b>	<b>-13.1%</b>
<b>Extraction rates (%)</b>			
CPO	19.36	19.74	-1.9%
Palm Kernel	5.06	5.21	-2.9%
<b>Production (mt)</b>			
CPO	143,196	168,063	-14.8%
Palm Kernel	37,452	44,355	-15.6%

For FY2016, we have replanted 1,432 hectares of oil palms with our own high-yielding materials which include clonal palms for Malaysian plantations. Moving forward, our strategy for the year 2017 is to replant 400 hectares. As for new planting activities in Indonesia, we have planted 8,878 hectares to date and target to plant about 2,000 hectares each year in the next three years. Infield mechanisation for harvesting, manuring and upkeep have been incorporated to minimise manpower dependency and help increase productivity.

Table 2: Distribution by Country and Level of Maturity of the Group's Planted Areas (hectares)

	<b>Malaysian Operation</b>	<b>Indonesian Operations</b>	<b>Total</b>
	<b>Ha</b>	<b>Ha</b>	<b>Ha</b>
Matured	3,587	27,340	30,927
Immature	1,252	6,323	7,575
<b>Total Planted</b>	<b>4,840</b>	<b>33,663</b>	<b>38,503</b>
Plantable	-	53,693	53,693
Buildings, roads, etc.	125	1,056	1,181
<b>Total land bank</b>	<b>4,965</b>	<b>88,412</b>	<b>93,377</b>

Table 3: Distribution by Age Profile of the Group's Oil Palms:

	<b>Malaysian Operation</b>		<b>Indonesian Operations</b>		<b>Group Total</b>	
	<b>Ha</b>	<b>%</b>	<b>Ha</b>	<b>%</b>	<b>Ha</b>	<b>%</b>
4 to 7 years	504	14%	6,443	24%	6,947	23%
8 to 18 years	556	16%	6,608	24%	7,164	23%
More than 18 years	2,527	70%	14,289	52%	16,816	54%
<b>Total Planted</b>	<b>3,587</b>	<b>100%</b>	<b>27,340</b>	<b>100%</b>	<b>30,927</b>	<b>100%</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## - PLANTATION DIVISION

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

The Group is committed to maintaining its philosophy of a healthy balance sheet and strong cash flow. Additionally, our Group also has the capabilities to invest strategically and prudently, both to grow the business as well as to take advantage of opportunities as they arise, regardless of market conditions.

The plantation division faced numerous challenges during FY2016. Besides unfavourable weather conditions caused by the haze and El-Nino, other factors include a depreciating Ringgit coupled with price volatility of commodities, intensified competition from substitutes, rising operational costs, notably that of fuel, fertilisers and chemicals. Sociopolitical factors such as external political disruptions, social disorder, cross border and country risks as well as labour shortages in estates also affected the division.

As the Group remains mindful that its plantation division operates under challenging weather conditions, controllable actions were taken to ensure continued delivery. Such cost control measures include reorganising harvesting operations, optimising usage of vehicles and quality control for field works. As a commodity operator, we abide by good management practices and cost controls which have served the Group well thus far, and believe such a strategy will continue to be beneficial in our industry.

### **STRATEGY**

The Group strives to further consolidate plantation operations in Indonesia with a critical review of its current land bank, and strengthen our focus on expansion of planted hectares via acquiring planted areas and plantation companies which fit our technical specifications and affordability requirements.

### **FORWARD-LOOKING STATEMENT**

Volatility of commodity prices aside, while adverse weather conditions experienced over the past years are likely to continue to have a bearing on crop yields, our Group remains optimistic that the Group's FFB production will remain intact in 2017. This sentiment is on the back of more sizeable areas that would come into maturity over the course of the year, coupled with the ongoing progress of existing mature areas into higher yielding brackets.

The long-term outlook for palm oil is promising as it remains a vital source in meeting much of the world's dietary and energy requirements. Besides its nutritional value, palm oil also holds vast potential as a renewable energy source. Therefore, global demand for palm products is expected to continue rising.

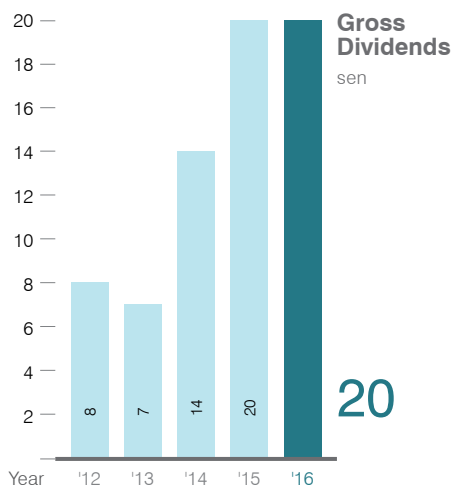
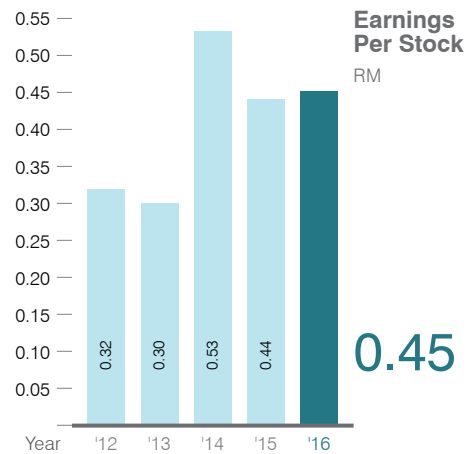
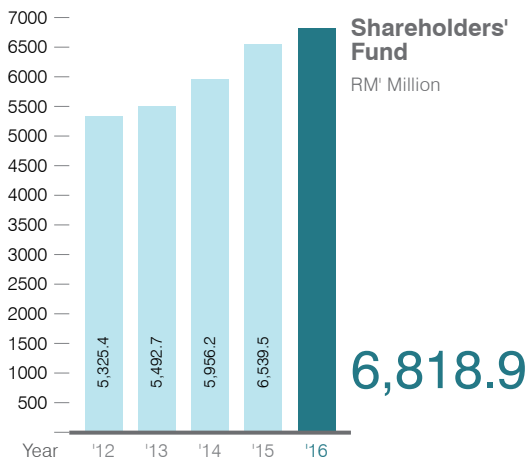
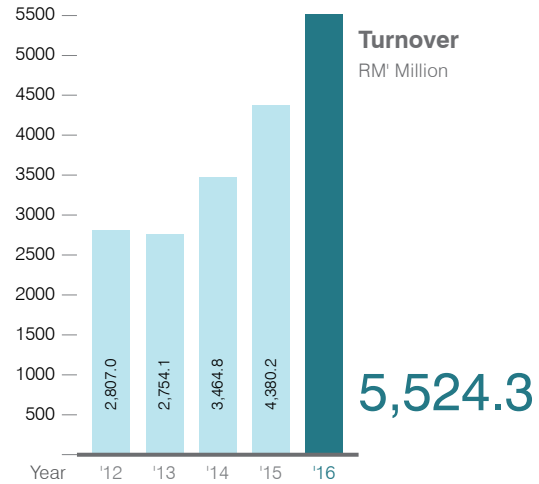
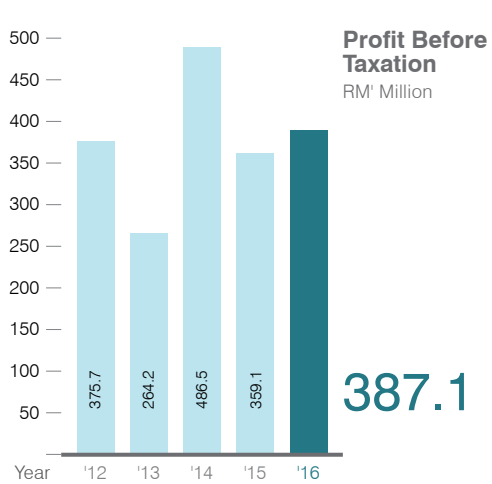
# FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM' Million)

	2016	2015	2014	2013	2012
<b>FINANCIAL POSITION ANALYSIS</b>					
Share capital	620.4	620.4	620.4	620.4	620.4
Reserves	5,247.7	5,025.5	4,487.0	4,127.2	3,976.9
Treasury stocks	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Total equity attributable to stockholders of the Company</b>	<b>5,867.9</b>	5,645.7	5,107.2	4,747.4	4,597.1
Minority interest	951.0	893.8	849.0	745.3	728.3
<b>TOTAL EQUITY</b>	<b>6,818.9</b>	6,539.5	5,956.2	5,492.7	5,325.4
Property, plant and equipment	1,554.7	1,595.1	1,487.7	1,324.4	1,338.3
Intangible assets	34.0	49.8	49.6	49.7	52.0
Biological assets	690.1	553.7	310.5	235.6	214.1
Investment properties	892.1	818.2	569.0	555.0	492.5
Land held for property development	36.1	36.1	36.0	35.9	35.8
Prepaid land lease payments	63.9	66.2	30.7	33.9	40.0
Investments	935.8	873.3	781.5	705.3	647.4
Current assets	4,662.7	4,155.3	3,684.1	3,403.8	3,309.7
Deferred tax assets	39.2	31.2	10.4	11.5	8.0
<b>TOTAL ASSETS</b>	<b>8,908.6</b>	8,178.9	6,959.5	6,355.1	6,137.8
<b>TOTAL LIABILITIES</b>	<b>(2,089.7)</b>	(1,639.4)	(1,003.3)	(862.4)	(812.4)
	<b>6,818.9</b>	6,539.5	5,956.2	5,492.7	5,325.4
<b>OTHER DATA</b>					
Profit before taxation	387.1	359.1	486.5	264.2	375.7
Taxation	(88.9)	(75.9)	(77.7)	(65.0)	(73.2)
<b>PROFIT FOR THE YEAR</b>	<b>298.2</b>	283.2	408.8	199.2	302.5
Non-controlling interests	(18.7)	(10.8)	(77.7)	(13.8)	(101.9)
<b>NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY</b>	<b>279.5</b>	272.4	331.1	185.4	200.6
<b>DIVIDEND</b>					
Net	124.1	124.1	86.9	43.4	49.6
Sen	20	20	14	7	8



# FINANCIAL HIGHLIGHTS OF THE GROUP



# FINANCIAL CALENDAR

<b>FINANCIAL YEAR END</b>	31 December 2016
<b>ANNOUNCEMENT OF RESULTS</b>	
Quarter ended 31 March 2016	26 May 2016
Quarter ended 30 June 2016	23 August 2016
Quarter ended 30 September 2016	17 November 2016
Quarter ended 31 December 2016	27 February 2017
<b>DIVIDENDS</b>	
Payment of 2nd Interim Dividend of 6 sen per ordinary stock for Year 2015	15 April 2016
Payment of Final and Special Dividend of 6 sen and 2 sen per ordinary stock respectively for Year 2015	1 July 2016
Payment of 1st Interim Dividend of 6 sen per ordinary stock for Year 2016	11 November 2016
Payment of 2nd Interim Dividend of 6 sen per ordinary stock for Year 2016	7 April 2017
<b>POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS</b>	28 April 2017
<b>ANNUAL GENERAL MEETING</b>	8 June 2017

# 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 stockholders' 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 recognises the vital role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term stockholders' 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 stockholder 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.

In early 2016, Executive Committee deliberated on the strategic plan and annual budget of each business segment presented by respective Executive Directors and Senior Management personnel, before they were consolidated into Group budget for the Board's further review and approval. On a quarterly basis, the actual performances were analysed by the Executive Committee and presented to the Board. Where required, the Senior Management personnel were invited to brief the Board on the implementation of the strategic plan.

### ***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 that 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, 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.

# STATEMENT ON CORPORATE GOVERNANCE

## **PRINCIPLE 1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (cont'd)**

### ***Board Charter (cont'd)***

In early 2013, the Board revised its Board Charter to take into account the Recommendations promulgated by the MCGG 2012 and changes to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"). The Board Charter was further updated in 2015 and is reviewed periodically and updated in accordance with the needs of the Company and the updated Board Charter is published on the corporate website.

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

The Board has also formalised, 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.

The Board recognises the importance on adherence to the Code of Ethics by all personnel in the Group and short briefings were conducted to key management personnel further to the updates made to Code of Ethics in 2015. The Code of Ethics has also been translated into Bahasa Malaysia language which will further improve the communication and effective dissemination to all levels of staff.

The summary of the Code of Ethics and Whistle Blowing Policy are published 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 summary activities on Sustainability Statement for the year under review, they are disclosed on pages 54 to 55 of this Annual Report. Full disclosure of OHB's sustainability initiatives can be found in OHB's Sustainability Report 2016, which is available on corporate website.

### ***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 prior to the Board and Board Committees meetings, in order to allow timely disseminate of information and to deal with matters arising from such meetings. Senior Management of the Group and external advisors are invited to attend Board and Board Committees 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 also serve notices to the Directors and Principal Officers on the closed periods for trading in Oriental Holdings Berhad shares, in accordance with the prescribed requirement pursuant to Chapter 14 of the Bursa Malaysia Main Market Listing Requirements.

# STATEMENT ON CORPORATE GOVERNANCE

## **PRINCIPLE 1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (cont'd)**

### ***Supply of and Access to Information (cont'd)***

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. The Company Secretaries work closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

## **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 under Profile of Directors/Key Senior Management in 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*
- Lee Kean Teong – *appointed on 26 May 2015*  
*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 the Board, committees as well as individual 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 the criteria for use in the recruitment 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.

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in related industries and finance, legal as well as accounting professions. The Nominating Committee, where necessary, meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board.

Following the appointment of new Directors to the Board, the Committee, along with the Chairman, Group Managing Directors and other Executive Directors 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.

## STATEMENT ON CORPORATE GOVERNANCE

### **PRINCIPLE 2 STRENGTHEN COMPOSITION OF THE BOARD (cont'd)**

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

The Board strongly advocates board diversity as a truly diversified Board has the prospects of achieving greater effectiveness, creativity and capacity to thrive in a challenging and uncertain business environment. Hence, the Board takes into consideration and aims to make good use of the differences in the skills, regional and industry experience, background, race, gender and other qualities of its Directors. 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.

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 and contribution of the Board as a whole, the Board Committees and each individual Director. The effectiveness of the Board is assessed in the areas of Board size, mix and composition, conduct of Board meeting, Boardroom activities and Directors' skill set matrix. The effectiveness of the Board Committees is assessed in terms of composition, skills and competencies, meeting administration and conduct as well as roles and responsibilities. For individual Director, the assessment involves a self and peer review where Directors assess their own and also their fellow Directors' performance on their contribution and competencies such as ability to give constructive input, demonstration of objectivity and a high level of professionalism and integrity in the decision making process, offer practical and realistic advice to the Board and/or Committee discussions at the meetings.

The annual performance evaluation process is outsourced to consultant. The overall outcome from the assessment and comments by all Directors are summarised and reported at a Board Meeting via the outsourced consultant for continuous improvements of the Board, Board Committees and Directors.

The Board does not have a specific policy on setting targets for the number of women directors as the Board comprises three (3) women directors out of ten (10) 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 on the boards of public listed companies by 2016.

#### ***Re-election 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.

The Board is satisfied with its current composition which comprises a balanced mix of skills, knowledge and experience in the business and management fields which are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.

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

The Remuneration Committee, established by the Board, is responsible for setting a formal and transparent remuneration framework for Executive Directors and recommending the same to the Board so as to ensure that the Group is able to attract, motivate and retain its Executive Directors needed to run the Group successfully and deliver sustainable returns to shareholders. The remuneration package comprised fixed and performance linked elements with the latter structured so as to link rewards to financial performance of the Group for that relevant financial year. 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.

# STATEMENT ON CORPORATE GOVERNANCE

## PRINCIPLE 2 STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

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

The Remuneration Committee comprises wholly Non-Executive Directors, with a majority being independent. As at the date of this Statement, the composition is 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*
- Lee Kean Teong – *appointed on 26 May 2015*  
*Independent Non-Executive Director*

During the year under review, the Remuneration Committee met three times and the activities undertaken were as follows:

- Discussed and recommended to the Board for approval, the remuneration package for the Executive Directors; and
- Discussed on issues related to human resource practices.

#### Remuneration Package for Executive Directors

The remuneration of Executive Directors is structured to ensure the rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors with those of shareholders. The Committee also considered the extent of responsibilities undertaken by the individual Executive Director and their respective contribution to the effective functioning of the Board in arriving at their level of remuneration. None of the Executive Directors participated in any way in determining their individual remuneration.

#### Remuneration Package for Non-Executive Directors

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

#### Fees and Allowances

All Directors are paid an annual director fees of RM90,000 each for serving as members of the Board. All Directors are also paid meeting allowance for each meeting attended. In recognition of the additional time and commitment required, the Directors also received annual allowances arising from their participation on various board committees.

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

<b>Meeting Allowances</b>	<b>RM</b>	
Board meeting allowance	2,000	
Audit Committee meeting allowance	1,000	
Remuneration, Nominating and Risk Management Committees meeting allowance	500	
	<b>Chairman</b>	<b>Members</b>
<b>Chairman and Board Committee Allowance</b>	<b>RM</b>	<b>RM</b>
Chairman of the Board	200,000	-
Audit Committee	40,000	15,000
Remuneration, Nominating and Risk Management Committees	15,000	8,000

## STATEMENT ON CORPORATE GOVERNANCE

### PRINCIPLE 2 STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

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

During the financial year under review, the Remuneration Committee reviewed and recommended to the Board, the remuneration for all Executive Directors of the Company. 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 and allowances as afore described for stockholders' approval at the forthcoming Annual General Meeting.

Details of Directors' remuneration for the financial year ended 31 December 2016 are as follows:

<b>Received from the Company</b>	<b>Executive RM'000</b>	<b>Non-Executive RM'000</b>	<b>Total RM'000</b>
Directors' Fees	450	450	900
Other emoluments <sup>#</sup>	277	228	505
<b>Total</b>	<b>727</b>	<b>678</b>	<b>1,405</b>

<b>Received from the Group</b>	<b>Executive RM'000</b>	<b>Non-Executive RM'000</b>	<b>Total RM'000</b>
Directors' Fees	933	450	1,383
Salaries	12,593	-	12,593
Other emoluments <sup>#</sup>	332	228	560
<b>Total</b>	<b>13,858</b>	<b>678</b>	<b>14,536</b>

# Other emoluments included allowances as afore-described.

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

<b>Received from the Company</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
RM 0 - RM 50,000	-	2*
RM 50,001 - RM 100,000	1	1
RM 100,001- RM 150,000	3	3
RM 150,001- RM 200,000	-	1
RM 250,001- RM 300,000	1	-
<b>Total</b>	<b>5</b>	<b>7</b>

<b>Received from the Group</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
RM 0 - RM 50,000	-	2*
RM 50,001 - RM 100,000	-	1
RM 100,001- RM 150,000	-	3
RM 150,001- RM 200,000	-	1
RM 1,800,001 - RM 1,850,000	1	-
RM 2,200,001 - RM 2,250,000	1	-
RM 2,850,001 - RM 2,900,000	1	-
RM 3,100,001 - RM 3,150,000	1	-
RM 3,800,001 - RM 3,850,000	1	-
<b>Total</b>	<b>5</b>	<b>7</b>

\* Included herein is a former Non-Executive Director who received remuneration in the band of RM0 – RM50,000 and an Alternate Director who did not receive any remuneration.



# STATEMENT ON CORPORATE GOVERNANCE

## **PRINCIPLE 3 REINFORCE INDEPENDENCE OF THE BOARD**

### ***Directors' Independence***

There is a clear division of responsibilities amongst the Executive Chairman, Group Managing Directors and Executive 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.

Recommendation 3.5 of the MCCG 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 have 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 judgement 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 2016, 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. In addition, each Independent Non-Executive Director will submit an annual declaration for the independent criteria under the peer review.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company and bringing independent and professional judgement during deliberations at Board meetings.

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 stockholders' approval at general meeting. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

## **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

### 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 five (5) occasions. Details of Directors' attendance for Board and Board Committees meetings are as follows:

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

<b>Directors</b>	<b>BOD</b>	<b>EXCO</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>	<b>RMC</b>
Datuk Loh Kian Chong <i>Executive Chairman</i>	5/5	5/5				
Dato' Robert Wong Lum Kong, DSSA, JP <i>Group Managing Director</i>	5/5	5/5				2/2
Dato' Seri Lim Su Tong <i>Group Managing Director</i>	5/5	5/5				2/2
Tan Kheng Hwee <i>Executive Director</i>	5/5	5/5				2/2
Dato' Sri Datuk Wira Tan Hui Jing <i>Executive Director</i>	5/5	5/5				
Sharifah Intan binti S.M. Aidid <i>Non-Independent Non-Executive Director</i>	5/5		5/5	1/1	3/3	
Mary Geraldine Phipps <i>Independent Non-Executive Director</i>	5/5		5/5	1/1	3/3	2/2
Dato' Ghazi bin Ishak <i>Independent Non-Executive Director</i>	5/5		5/5	1/1	3/3	
Lee Kean Teong <i>Independent Non-Executive Director</i>	5/5		5/5	1/1	3/3	
Nobuhide Nagata <i>Non-Independent Non-Executive Director</i> (Appointed on 1 April 2016)	2/4					
Koji Onishi <i>Non-Independent Non-Executive Director</i> (Resigned on 31 March 2016)	1/1					

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

## PRINCIPLE 4 FOSTER COMMITMENT OF DIRECTORS (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 ("MAP"). During the financial year under review, all Directors attended development and training programmes as well as conferences in areas of finance, corporate governance and regulatory developments.

All Directors attended the following training during the year except for Ms Tan Kheng Hwee:

- Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad & Updates on Company Bill 2015
- MFRS 136 Impairment of Assets

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

<b>Directors</b>	<b>Details of Programme</b>
Datuk Loh Kian Chong <i>Executive Chairman</i>	<ul style="list-style-type: none"> <li>• Sustainability Reporting Workshop</li> </ul>
Dato' Robert Wong Lum Kong, DSSA, JP <i>Group Managing Director</i>	
Dato' Seri Lim Su Tong <i>Group Managing Director</i>	
Ms Tan Kheng Hwee <i>Executive Director</i>	
Mary Geraldine Phipps <i>Independent Non-Executive Director</i>	
Datin Loh Ean <i>Alternate Director to Dato' Robert Wong Lum Kong, DSSA, JP</i>	
Nobuhide Nagata <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.

## STATEMENT ON CORPORATE GOVERNANCE

### 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 2016. The composition of the Committee is set out under Audit Committee Report in this Annual Report whereas its roles and responsibilities are set out under the Terms of Reference of the Audit Committee which is published on the corporate website.

#### ***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, had, in early 2013, formalised 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.

The Board, via the Audit Committee, undertook an assessment of suitability and independence of the external auditors through a performance and independence checklist. The checklist included inter-alia, the external auditors' quality processes/ performance, independence and objectivity, audit scope and planning and audit communications. The external auditors have confirmed, via written declaration, to the Board that they are, and have been independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements.

### 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, DSSA, JP – *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*  
*Executive Director*
- Wong Tet Look – *appointed on 20 May 2002*  
*Group Chief Financial Officer*
- Datuk Lok Kian Chong – *appointed on 10 April 2017*  
*Executive Chairman*

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

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

In line with the MCGG 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 Risk Management and Internal Control respectively in this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE

### 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, stockholders 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 Securities, but also setting out the persons authorised and responsible to approve and disclose material information to stockholders 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 stockholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, stockholders 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 stockholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days prior to the date of the meeting to enable stockholders to go through the Annual Report and papers supporting the resolutions proposed. Stockholders 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 54th AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa Securities on the same meeting day. In line with the recent amendments to the Main Market Listing Requirements of Bursa Securities, the Company will implement poll voting for all the resolutions set out in the Notice of AGM. In addition, the Company will appoint one (1) scrutineer to validate the votes cast at the AGM.

During the last AGM, the Executive Chairman provided stockholders with a brief review of the Group's operations for the financial year while the Group Chief Financial Officer also shared with stockholders 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, AGM and through the Group's website at [www.ohb.com.my](http://www.ohb.com.my) where stockholders 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 stockholder or stockholder's group.

#### *Investor relations*

The Board has formalised its policy on communication with stockholders in early 2013 to enable the Company to communicate effectively with its stockholders, 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 dedicated an electronic mail, i.e. [ir@ohb.com.my](mailto:ir@ohb.com.my) to which stakeholders can direct their queries.

This Statement is issued in accordance with a resolution of the Board dated 10 April 2017.

# OTHER INFORMATION AND DISCLOSURE

## I. NON-AUDIT FEES

Non-audit fees amounting to RM 392,000 for the Group and RM 128,000 for the Company were paid to the External Auditors of the Company for the financial year ended 31 December 2016 mainly for the services in connection with the Group risk compilation and annual tax compliances.

## II. LOAN CONTRACTS INVOLVING INTEREST OF RELATED PARTY

- (a) Loan contract of USD 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. ("OBSS") and PT Bumi Sawit Sukses Pratama ("BSSP");
- (c) Total RM 89 million loan contract of RM 38 million, RM 20 million, RM 21 million and RM 10 million dated January 11, 2013, March 19, 2014, September 3, 2014 and July 1, 2015 respectively between OHB and Armstrong Auto Parts Sdn. Berhad ("AAP"); and
- (d) Total RM 92 million loan contract of RM 25 million, RM 25 million, RM 10 million, RM 5 million, RM 3 million, RM 6 million, RM 6 million, RM 6 million and RM 6 million dated September 15, 2014, January 6, 2015, July 1, 2015, September 15, 2015, December 15, 2015, March 1, 2016, June 1, 2016, September 9, 2016 and December 1, 2016 respectively between OHB and Melaka Straits Medical Centre Sdn Bhd ("MSMC").

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

Meanwhile, the sub-subsidiaries, namely BSSP in Indonesia are 90% owned by OBSS, which in turn is 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 OBSS 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

## OTHER INFORMATION AND DISCLOSURE

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

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

### III. MATERIAL CONTRACTS

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

### IV. RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 2 June 2016, the Company obtained a Stockholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note 12 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2016 pursuant to the Stockholders' Mandate are disclosed as follows:-

- (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>
New cars, spare parts and car services	336
Quarry products and red earth	625
Office rental expenses	948
Land rental	141
Plant rental	35
Rental of premises	241
Provision of sales, corporate advertising and marketing of hotel	674
Management, technical and advisory services	10,370
Building materials	7
Finance lease	2,005
Nursing course sponsorship	154
Medical fee	24

## OTHER INFORMATION AND DISCLOSURE

### IV. RECURRENT RELATED PARTY TRANSACTIONS (cont'd)

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

	<b>RM' 000</b>
Motorcycle spokes, nipples, control cables and motorcycle parts	1,121

- (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	1,140
Shock absorbers for motor vehicles, lock, switches automotive control cables & power window regulator	195,808
Motorcycle spokes, nipples, control cables, shock absorbers, raw materials and motorcycle parts	3,242
Plastic components for motorcycles	14,312
Land rental	720

- (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>
Sale of new cars, parts and services	10,132
Purchase of cars, spare parts, accessories and services	1,667,066
New moulds and moulds repairs	1,224

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

	<b>RM' 000</b>
Fresh fruit bunches	7,345
Contractor for land clearing	7,827
Seedling	27

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

	<b>RM' 000</b>
Mixed concrete and quarry product	114
Mixer truck hiring services, plant & truck maintenance services	235

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

	<b>RM' 000</b>
Cements	11,147



## OTHER INFORMATION AND DISCLOSURE

### IV. RECURRENT RELATED PARTY TRANSACTIONS (cont'd)

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

	<b>RM' 000</b>
Building materials	107

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

	<b>RM' 000</b>
Prototype of plastic parts, jigs	776
Plastic parts	9,969

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

	<b>RM' 000</b>
New molds, mold repairs	3,677
Plastic parts	15,471

# AUDIT COMMITTEE REPORT

## MEMBERSHIP

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

<b>Name of member</b>	<b>Position</b>
Mary Geraldine Phipps	Chairman, Independent Non-Executive Director
Dato' Ghazi bin Ishak	Independent Non-Executive Director
Lee Kean Teong	Independent Non-Executive Director
Sharifah Intan binti S.M. Aidid	Non-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 which is published on the corporate website.

## MEETINGS

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

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

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

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

## TRAINING AND CONTINUOUS ENGAGEMENT

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

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

# AUDIT COMMITTEE REPORT

## SUMMARY OF WORKS 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 works undertaken by the Committee to ensure that they are able to discharge their responsibilities during the year were as follows:

- Reviewed the External Auditors' scope of work and audit plan for the year. Prior to the audit, representatives of the External Auditors presented their audit strategy and plan for the Audit Committee's deliberations. The Audit Committee sought further clarification on the scope, selected risk areas as well as the planned audit approach and coverage by the External Auditors before giving their approval. Sometimes, the Audit Committee would also give their input to the External Auditors on other areas which they are concerned about;
- Reviewed with the External Auditors the results of the audit, their evaluation of the system of internal controls, the audit report and the management letter. The Audit Committee would seek further confirmation on the results of the audit and ask the External Auditors on additional areas of concern, if any;
- Reviewed the independence, suitability and objectivity of the External Auditors and their services, including professional fees, so as to ensure a proper balance between objectivity and value for money;
- Met with the External Auditors twice (2) on 7 April 2016 and 17 November 2016 without the presence of any Executive Board members and Senior Management, to discuss problems and reservations arising from the interim and final audits, if any, or any other matter the External Auditors may wish to discuss;
- Considered and recommended to the Board on the re-appointment of the External Auditors and the audit fees payable to the External Auditors for the Board's submission to shareholders for approval at the Annual General Meeting;
- Reviewed the Internal Audit Department's audit plan for the financial year under review to ensure adequate scope and comprehensive coverage of the activities of the Group. This includes a review of the planned audit assignments, scope of review and the risk areas selected for review. Active discussions were held together with the head of Internal Audit department as well as the Group's Chief Financial Officer on the extent and scope of review to ensure that all the top Group risks are included in the internal audit plan;
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of Internal Audit Department against the international practices framework for internal auditing;
- Reviewed the Internal Audit reports, which highlighted the audit issues and Management's response. Where relevant, the Committee directed Management to present its status report on the management action plans to the Committee directly. In certain meetings, Management was asked to be physically present to answer queries that were posed directly by the Committee. Where issues of significance arises, the Committee would bring it up to the full Board Meeting for clarification and resolution;
- Reviewed the audited financial statements of the Group and of the Company, before submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards adopted by the Malaysian Accounting Standards Board. The External Auditors would clarify issues that required the Committee's attention as well as areas of concern which the Committee should be aware of before the financial statements were approved. This includes financial reporting issues, key audit areas, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
- Reviewed the Company's compliance, 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. This includes enquiries on material fluctuations noted in the financial results as well as any major changes in the financial position of the Group; and

# AUDIT COMMITTEE REPORT

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

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

## INTERNAL AUDIT FUNCTION

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

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

The total costs incurred for the Internal Audit function of the Company and the Group for 2016 are as follows:

	<b>RM '000</b>
Company	1,453
Group	1,569

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

- Performed a risk assessment of the business activities and functions for the whole Group at the beginning of the year;
- Aligned the risk assessments with the risks identified by the Group's risk assessment exercise to develop the audit universe and current year's audit risk map;
- Evaluated and assigned weightage to the risks identified and prioritized the risks according to significance and importance;
- Developed current year's audit plan in consideration of resources available to the Internal Audit department;
- Presented the audit plan to the Audit Committee for their consideration and approval;
- Carried out review of areas as outlined in annual audit plan to evaluate the adequacy and effectiveness of internal control system, including management information system;
- Presented the internal audit reports to the Audit Committee for deliberations during quarterly meetings, including the management action plans;

## AUDIT COMMITTEE REPORT

### INTERNAL AUDIT FUNCTION (cont'd)

- Performed follow up reviews and updated the Audit Committee on the status of action plans by management to ensure that they are completed within the agreed timeframe;
- Performed reviews of recurrent related party transaction and other related party transactions entered into by the Group;
- Assisted the Audit Committee to investigate complaints of fraud and improprieties as reported via the Group's Whistleblowing channel; and
- Perform any other investigations or reviews as instructed by the Audit Committee from time to time.

During the year, the Internal Auditor carried out a total of 18 reviews. The internal audit team visited the Group's four oil palm estates in Palembang, Indonesia to conduct internal auditing on the financial and operating aspects of the operations with particular emphasis on operational controls involving cash management, stocks and planting development progress.

A review of the operations of the Group's medical division in Melaka was also undertaken even though it is still in its infancy stage and has yet to achieve profitability. The review was more focused on the management's activities in ensuring the achievement of its financial and operational targets, e.g. cash management, capital expenditure, activities to increase patient load and insurance panels.

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

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

# RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

## 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 Risk Management and 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 a statement about the state of risk management and internal control pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities.

## BOARD'S RESPONSIBILITY

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

The Audit Committee and Risk Management Committee are to assist the Board to oversee the management of all identified material risks including review of the adequacy and effectiveness of the Group's risk management and internal control system to ensure that appropriate measures are carried out by Management to obtain the level of assurance required by the Board. For the purpose of this Statement, the associated companies in the Group are excluded.

## 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 overall responsible for ensuring that the day-to-day management of the Group's activities is consistent with the risk strategy, including the risk appetite and policies approved by the Board. The key responsibilities of the Management in respect of risk management is to identify, evaluate, monitor and report the risks and internal control as well as provide assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function, which operates across the Group.

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

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

# RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

## RISK MANAGEMENT (cont'd)

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

## SUMMARY OF RISK MANAGEMENT ACTIVITIES DURING THE FINANCIAL YEAR

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

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

- the Risk Management Committee, with the assistance from a firm of independent consultants and Management, continues to drive the risk management activities across all business segments of the Group on risk identification, evaluation, control, monitoring and reporting;
- management of each company within the Group's business segments, i.e. Automotive and related products, Hotels and resorts, Plantation, Plastic products, Investment holding and financial services, Healthcare and investment properties and trading of building material products, identified the risks affecting their business by assessing the existing as well as emerging risks under the strategic, financial, operational and compliance categories. The management reported the Company's top five risks to their segment's risk coordinator for review;
- risk coordinators, in turn, assessed the overall risks faced by their business segments with the financial controller and the head of respective business segment/units, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans taken to manage those risks to the desired level;
- 3 briefing sessions were held in Penang, Kuala Lumpur, and Melaka (included teleconference for oversea entities), with the Senior Managements on the regulatory requirements on Risk Management, Risk Organisation Structure and Risk Management Methodology, improvement opportunities and efforts required in managing emerging risks. The main objective is to engender continuous and proactive risk management activities within the Group;
- the top five (5) principal risks for each business segment, based on the significance of evaluated risks to the segment's results, were reported to the Risk Management Committee. Nonetheless, Management of each segment/company in the Group continues to monitor and manage all risks at their level, as appropriate;
- compilation of the Group risk profile, considering the materiality of the business segment in relation to the Group risk parameters, with the top risks from each business segment selected by Senior Management and feedback from Executive Directors on strategic risks, was carried out with assistance from consultants;
- two (2) Risk Management Committee meetings were conducted during the year on 24 February 2016 and 16 November 2016 where the significant risks of the Group and management action plans were presented for deliberations and approval. On 16 November 2016, the outcome from the interim review of 2016 risk profile was presented and the Risk Management Committee has provided feedback on the significant risks and action plans for Management's further considerations and actions. The management is required to update the top risks and management action plans in the subsequent meeting;
- the risk mitigating measures taken and/or to be taken by Management were reported and reviewed at the Risk Management Committee meetings. For each of the risks identified, the divisional head has been assigned to ensure appropriate action plans are carried out in a timely manner; and
- the Enterprise Risk Management ("ERM") Policy and Procedures has been updated and approved with the latest risk reporting framework, e.g. risk organisation structure, frequency and risk reporting documents for the Group.

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

# RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

## 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 reports directly to Audit Committee on the state of risk management and internal control of the various business units audited during the financial year.

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

## INTERNAL CONTROL

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

- *limits of authority and responsibility*

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

- *planning, monitoring, reporting and safeguarding*

- established budgeting process requiring all business segments within the Group to prepare the annual budget, taking into consideration the strategic plans, capital and operating expenditure for the upcoming financial year for discussion and approval by the Executive Committee;
- Performance Coordinating Team ("PCT") comprising 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.



# RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2016, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

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

RPG 5 (Revised 2015) does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

## REVIEW BY THE BOARD

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

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

This statement is issued in accordance with a resolution of the Directors dated 10 April 2017.

# SUSTAINABILITY STATEMENT

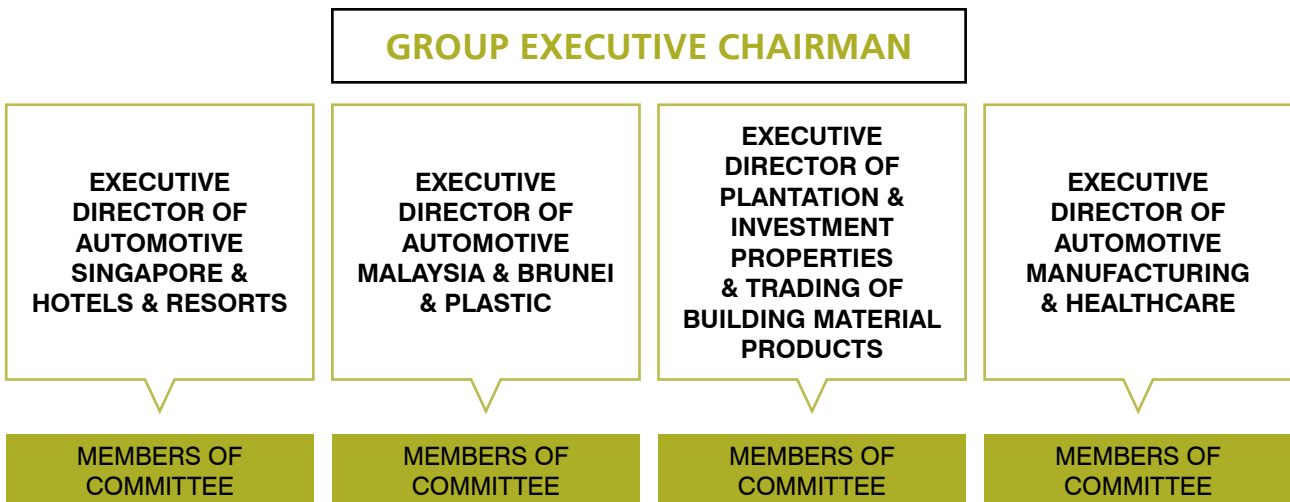
## ABOUT THE SUSTAINABILITY STATEMENT

Our sustainability statement enunciates what sustainability means to our Group with details of managing those significant areas of sustainability. Our mission in promoting sustainability continues to guide our business values through the integration of social, economic and environmental considerations in the way we plan, execute and monitor working environment and business processes. We are committed to be accountable and transparent in our sustainability performance.

This is our inaugural sustainability statement, prepared in reference to the Global Reporting Initiatives (GRI) G4 Sustainability Reporting Guidelines.

## GOVERNANCE STRUCTURE

The sustainability management is governed by the Board, which oversees the Members of Committees. The structure ensures efficiency and effectiveness in identifying, managing and implementing our sustainability matters.



## SCOPE

Our sustainability statement focuses on key divisions (i.e. Automotive and Plantation) and does not include outsourced activities, joint ventures and suppliers for the financial year ended December 2016.

## MATERIAL SUSTAINABILITY MATTERS

The four material sustainability matters are as follows:-

- 1. Corporate Governance**  
 We believe that good governance is more than just a pursuit towards complying with all the prescripts but that it translates into better business performance and creates a more sustainable value for the Group.
- 2. Workplace**  
 We strongly believe that engaged and motivated employees are directly linked to our growth and realisation of goals. We have evolved strategically in improving various approaches and investments, nurturing our pool of talent. We strongly believe in recognising our people and engaging our workforce. We have come out with different approaches to answer the needs of the employees.

# SUSTAINABILITY STATEMENT

## MATERIAL SUSTAINABILITY MATTERS (cont'd)

### 3. Environment

Our stakeholders are increasingly aware of the global environmental risks and expect us to respond accordingly. Our environmental footprint is the indirect impact of our investment decisions where we operate. As we continue to grow regionally, our direct impact to the environment may also expand. Therefore, we look forward in bettering our processes and facilities to minimise the impact of our business to the environment.

### 4. Community

As we expand regionally, we are committed to improving the lives of communities across places where our businesses operate, particularly in developing effective and affordable solutions to the issues of financial and social exclusion. We are committed to deepening our understanding of social issues and our responsibility to the locals.

For more detailed disclosures on our sustainability efforts, please refer to our inaugural OHB Sustainability Report 2016, available on our corporate website at [www.ohb.com.my](http://www.ohb.com.my).

## FORWARD-LOOKING STATEMENT

We hope to establish better tracking points and strategies to evaluate and consider future changes that need to be addressed. We believe more target based approaches will be done within the coming years supported by strategic monitoring factors in ensuring that sustainability continues to be a major part of our business growth.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016.

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

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

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 and Note 38 to the financial statements.

### RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year attributable to :		
Owners of the Company	279,484	174,523
Non-controlling interests	18,729	-
	298,213	174,523

### RESERVES AND PROVISIONS

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

### DIVIDENDS

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

- i) In respect of the financial year ended 31 December 2015 as reported in the Directors' Report of that year :
  - a single tier second interim dividend of 6 sen per ordinary stock totalling RM37,221,710 declared on 29 February 2016 and paid on 15 April 2016;
  - a single tier final dividend of 6 sen per ordinary stock and single tier special dividend of 2 sen per ordinary stock totalling RM49,628,946 declared on 7 April 2016 and paid on 1 July 2016; and

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### DIVIDENDS (cont'd)

ii) In respect of the financial year ended 31 December 2016 :

- a single tier first interim dividend of 6 sen per ordinary stock totalling RM37,221,710 declared on 23 August 2016 and paid on 11 November 2016; and

A single tier second interim dividend of 6 sen per ordinary stock totalling RM37,221,710 in respect of the year ended 31 December 2016 was declared by the Directors on 22 February 2017 and paid on 7 April 2017.

A single tier final dividend of 8 sen per ordinary stock totalling RM49,628,946 have been recommended by the Directors in respect of the year ended 31 December 2016, subject to approval of the stockholders at the forthcoming Annual General Meeting.

#### DIRECTORS OF THE COMPANY

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

Datuk Loh Kian Chong, DMSM  
 Dato' Robert Wong Lum Kong, DSSA, JP  
 Dato' Seri Lim Su Tong, DGPN, DSPN  
 Tan Kheng Hwee  
 Dato' Sri Datuk Wira Tan Hui Jing, SSAP, DCSM, PKT, PJK  
 Sharifah Intan Binti S. M. Aidid  
 Mary Geraldine Phipps  
 Dato' Ghazi Bin Ishak, DSSA  
 Lee Kean Teong  
 Datin Loh Ean  
 (alternate to Dato' Robert Wong Lum Kong, DSSA, JP)  
 Nobuhide Nagata (Appointed on 1 April 2016)  
 Koji Onishi (Resigned on 31 March 2016)

#### DIRECTORS' INTERESTS IN SHARES

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

	Balance at 1.1.2016	Bought	(Sold)	Balance at 31.12.2016
<b>Interest in the Company</b>				
<b>Number of Ordinary Stocks</b>				
<b>Dato' Robert Wong Lum Kong, DSSA, JP</b>				
<b><i>Direct interest</i></b>				
- own	181,149	-	-	181,149
<b>Dato' Seri Lim Su Tong, DGPN, DSPN</b>				
<b><i>Direct interest</i></b>				
- own	2,966,906	-	-	2,966,906
<b><i>Indirect interest</i></b>				
- others *	3,302,626	440,000	-	3,742,626

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### DIRECTORS' INTERESTS IN SHARES (cont'd)

	Balance at 1.1.2016	Bought	(Sold)	Balance at 31.12.2016
<b>Interest in the Company</b>		<b>Number of Ordinary Stocks</b>		
<b>Datuk Loh Kian Chong, DMSM</b>				
<i>Direct interest</i>				
- own	101,200	218,800	-	320,000
<i>Indirect interest</i>				
- own	353,964,026	2,188,400	-	356,152,426
<b>Tan Kheng Hwee</b>				
<i>Direct interest</i>				
- own	172,032	-	-	172,032
<b>Mary Geraldine Phipps</b>				
<i>Indirect interest</i>				
- own	5,161	-	-	5,161
<b>Sharifah Intan Binti S. M. Aidid</b>				
<i>Direct interest</i>				
- own	18,000	-	-	18,000
<b>Datin Loh Ean</b>				
<i>Direct interest</i>				
- own	161,872	-	-	161,872
	Balance at 1.1.2016	Bought	(Sold)	Balance at 31.12.2016
<b>Interest in subsidiaries</b>		<b>Number of Ordinary Shares</b>		
<b>Dato' Sri Datuk Wira Tan Hui Jing, SSAP, DCSM, PKT, PJK</b>				
<i>Indirect interest - own</i>				
- Melaka Straits Medical Centre Sdn. Bhd.	58,000,000	-	-	58,000,000
<b>Sharifah Intan Binti S.M. Aidid</b>				
<i>Direct interest - own</i>				
- Armstrong Auto Parts Sdn. Berhad	227,318	-	-	227,318
- Teck See Plastic Sdn. Bhd.	100,000	-	-	100,000

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

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

None of the other Directors holding office at 31 December 2016 had any interest in the shares of the Company and of its related corporations during the financial year.

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than :-

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

#### INDEMNITY AND INSURANCE COST

During the year, the total amount of insurance cost effected for Directors or officers of the Company is RM136,900.

There was no indemnity given to Directors or officers of the Company during the year.

#### OTHER STATUTORY INFORMATION

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

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

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### **OTHER STATUTORY INFORMATION (cont'd)**

At the date of this report, the Directors are not aware of any circumstances: (cont'd)

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

#### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

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

#### **SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END**

Details of the significant event subsequent to the financial year end are as disclosed in Note 37 to the financial statements.

#### **AUDITORS**

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 25 to the financial statements.

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

**Datuk Loh Kian Chong, DMSM**  
Director

**Dato' Seri Lim Su Tong, DGPN, DSPN**  
Director

Penang

Date : 10 April 2017



# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
Property, plant and equipment	3	1,554,711	1,595,092	969	1,219
Intangible assets	4	33,957	49,829	-	-
Biological assets	5	690,041	553,741	-	-
Land held for property development	6	36,131	36,065	-	-
Prepaid land lease payments	7	63,929	66,164	-	-
Investment properties	8	892,135	818,178	15,061	15,064
Interests in subsidiaries	9	-	-	876,932	645,800
Investments in associates	10	590,982	562,121	34,006	34,006
Other investments	11	344,806	311,213	32,341	32,341
Deferred tax assets	12	39,184	31,201	-	-
<b>Total non-current assets</b>		<b>4,245,876</b>	<b>4,023,604</b>	<b>959,309</b>	<b>728,430</b>
Property development costs	13	3,113	2,948	-	-
Inventories	14	490,772	265,491	-	-
Trade and other receivables	15	586,896	455,137	45,933	231,940
Other investments	11	8,350	9,942	-	-
Current tax assets		35,311	10,657	197	291
Short term investments	16	716,536	524,315	-	-
Cash and cash equivalents	17	2,821,752	2,886,826	157,769	124,868
<b>Total current assets</b>		<b>4,662,730</b>	<b>4,155,316</b>	<b>203,899</b>	<b>357,099</b>
<b>Total assets</b>		<b>8,908,606</b>	<b>8,178,920</b>	<b>1,163,208</b>	<b>1,085,529</b>

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Equity</b>					
Share capital		<b>620,394</b>	620,394	<b>620,394</b>	620,394
Reserves		<b>5,247,719</b>	5,025,577	<b>407,700</b>	357,249
		<b>5,868,113</b>	5,645,971	<b>1,028,094</b>	977,643
<b>Treasury stocks</b>		<b>(249)</b>	(249)	<b>(249)</b>	(249)
<b>Total equity attributable to stockholders of the Company</b>	<b>18</b>	<b>5,867,864</b>	5,645,722	<b>1,027,845</b>	977,394
<b>Non-controlling interests</b>		<b>951,046</b>	893,798	-	-
<b>Total equity</b>		<b>6,818,910</b>	6,539,520	<b>1,027,845</b>	977,394
<b>Liabilities</b>					
Deferred tax liabilities	<b>12</b>	<b>31,617</b>	18,035	-	-
Borrowings	<b>19</b>	<b>74,590</b>	70,056	-	-
Provisions	<b>20</b>	<b>73,422</b>	30,679	-	-
Deferred income	<b>21</b>	<b>4,890</b>	8,088	-	-
Retirement benefits	<b>22</b>	<b>18,357</b>	13,616	-	-
<b>Total non-current liabilities</b>		<b>202,876</b>	140,474	-	-
Trade and other payables	<b>23</b>	<b>469,611</b>	370,078	<b>1,271</b>	1,131
Borrowings	<b>19</b>	<b>1,367,826</b>	1,085,023	<b>134,092</b>	107,004
Current tax liabilities		<b>49,383</b>	43,825	-	-
<b>Total current liabilities</b>		<b>1,886,820</b>	1,498,926	<b>135,363</b>	108,135
<b>Total liabilities</b>		<b>2,089,696</b>	1,639,400	<b>135,363</b>	108,135
<b>Total equity and liabilities</b>		<b>8,908,606</b>	8,178,920	<b>1,163,208</b>	1,085,529

The notes on pages 73 to 180 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Continuing operations</b>					
Revenue	24	5,524,258	4,380,163	188,293	139,376
Cost of sales		(4,609,672)	(3,610,182)	-	-
<b>Gross profit</b>		<b>914,586</b>	769,981	<b>188,293</b>	139,376
Distribution expenses		(113,377)	(71,187)	-	-
Administrative expenses		(251,343)	(235,197)	(5,908)	(5,158)
Other operating expenses		(204,628)	(240,171)	(5,502)	(44,496)
Other operating income		24,948	93,470	1,964	4,016
		<b>(544,400)</b>	(453,085)	<b>(9,446)</b>	(45,638)
<b>Results from operating activities</b>		<b>370,186</b>	316,896	<b>178,847</b>	93,738
Interest expense		(16,362)	(12,637)	(1,397)	(489)
<b>Operating profit</b>	25	<b>353,824</b>	304,259	<b>177,450</b>	93,249
Share of profit after tax of equity accounted associates	10	33,308	54,867	-	-
<b>Profit before tax</b>		<b>387,132</b>	359,126	<b>177,450</b>	93,249
Income tax expense	27	(88,919)	(75,858)	(2,927)	(2,367)
<b>Profit for the year</b>		<b>298,213</b>	283,268	<b>174,523</b>	90,882
<b>Other comprehensive income/ (expense), net of tax</b>					
Remeasurement of defined benefit liability		87	(614)	-	-
Foreign currency translation differences for foreign operations		79,492	445,044	-	-
Fair value of available-for-sale financial assets		12,727	(22,985)	-	-
Share of other comprehensive expense of equity accounted associates	10	(533)	(397)	-	-
<b>Total other comprehensive income for the year</b>		<b>91,773</b>	421,048	-	-
<b>Total comprehensive income for the year</b>		<b>389,986</b>	704,316	<b>174,523</b>	90,882

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Profit attributable to :</b>					
Owners of the Company		<b>279,484</b>	272,478	<b>174,523</b>	90,882
Non-controlling interests		<b>18,729</b>	10,790	-	-
<b>Profit for the year</b>		<b><u>298,213</u></b>	<u>283,268</u>	<b><u>174,523</u></b>	<u>90,882</u>
<b>Total comprehensive income attributable to :</b>					
Owners of the Company		<b>346,214</b>	662,538	<b>174,523</b>	90,882
Non-controlling interests		<b>43,772</b>	41,778	-	-
<b>Total comprehensive income for the year</b>		<b><u>389,986</u></b>	<u>704,316</u>	<b><u>174,523</u></b>	<u>90,882</u>
<b>Basic earnings per ordinary stock (sen)</b>	<b>28</b>	<b><u>45.05</u></b>	<u>43.92</u>		

The notes on pages 73 to 180 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Group	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	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2015	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
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	(292)	-	(292)	(322)	(614)
Foreign currency translation differences for foreign operations	-	-	-	412,257	-	-	-	-	-	-	412,257	32,787	445,044
Fair value of available-for-sale financial assets	-	-	-	-	(21,508)	-	-	-	-	-	(21,508)	(1,477)	(22,985)
Share of other comprehensive expense of equity accounted associates	-	-	-	-	(397)	-	-	-	-	-	(397)	-	(397)
Total other comprehensive income/(expense) for the year	-	-	-	412,257	(21,905)	-	-	-	(292)	-	390,060	30,988	421,048
Profit for the year	-	-	-	-	-	-	-	-	272,478	-	272,478	10,790	283,268
<b>Total comprehensive income/(expense) for the year</b>	-	-	-	412,257	(21,905)	-	-	-	272,186	-	662,538	41,778	704,316
Dividends paid to stockholders	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	-	(124,072)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(11,114)	(11,114)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(21,879)	(21,879)
Distribution on liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(4,013)	(4,013)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	39,978	39,978
<b>Total distribution to owners</b>	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	2,972	(121,100)
At 31 December 2015	620,394	1,099	1,073	958,149	76,280	68	474	(249)	3,948,186	40,248	5,645,722	893,798	6,539,520

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	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	Non-controlling interests RM'000	Total equity RM'000
<b>Group</b>													
<b>At 1 January 2016</b>	620,394	1,099	1,073	958,149	76,280	68	474	(249)	3,948,186	40,248	5,645,722	893,798	6,539,520
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	40	-	40	47	87
Foreign currency translation differences for foreign operations	-	-	-	57,935	-	-	-	-	-	-	57,935	21,557	79,492
Fair value of available-for-sale financial assets	-	-	-	-	9,288	-	-	-	-	-	9,288	3,439	12,727
Share of other comprehensive expense of equity accounted associates	-	-	-	-	(533)	-	-	-	-	-	(533)	-	(533)
<b>Total other comprehensive income for the year</b>	-	-	-	57,935	8,755	-	-	-	40	-	66,730	25,043	91,773
Profit for the year	-	-	-	-	-	-	-	-	279,484	-	279,484	18,729	298,213
<b>Total comprehensive income for the year</b>	-	-	-	57,935	8,755	-	-	-	279,524	-	346,214	43,772	389,986
Dividends paid to stockholders	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	-	(124,072)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,304)	(12,304)
Shares issued to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	25,780	25,780
<b>Total distribution to owners</b>	-	-	-	-	-	-	-	-	(124,072)	-	(124,072)	13,476	(110,596)
<b>At 31 December 2016</b>	620,394	1,099	1,073	1,016,084	85,035	68	474	(249)	4,103,638	40,248	5,867,864	951,046	6,818,910

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Non-distributable			Distributable		Total equity RM'000
		Share capital RM'000	Capital redemption reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	
<b>Company</b>							
<b>At 1 January 2015</b>		620,394	68	(249)	360,379	29,992	1,010,584
Profit for the year representing total comprehensive income		-	-	-	90,882	-	90,882
Dividends to stockholders	29	-	-	-	(124,072)	-	(124,072)
<b>At 31 December 2015/ 1 January 2016</b>		<b>620,394</b>	<b>68</b>	<b>(249)</b>	<b>327,189</b>	<b>29,992</b>	<b>977,394</b>
Profit for the year representing total comprehensive income		-	-	-	174,523	-	174,523
Dividends to stockholders	29	-	-	-	(124,072)	-	(124,072)
<b>At 31 December 2016</b>		<b>620,394</b>	<b>68</b>	<b>(249)</b>	<b>377,640</b>	<b>29,992</b>	<b>1,027,845</b>

The notes on pages 73 to 180 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax from continuing operations		<b>387,132</b>	359,126	<b>177,450</b>	93,249
Adjustments for :					
Amortisation of :					
- biological assets	5	<b>21,364</b>	16,920	-	-
- prepaid land lease payments	7	<b>2,858</b>	925	-	-
- development cost	4	<b>744</b>	585	-	-
Depreciation of :					
- property, plant and equipment	3	<b>104,072</b>	97,642	<b>255</b>	227
- investment properties	8	<b>4,262</b>	4,859	<b>3</b>	3
Dividend income	24	<b>(85,592)</b>	(37,558)	<b>(173,768)</b>	(128,449)
Interest expense		<b>16,362</b>	12,637	<b>1,397</b>	489
Interest income	24	<b>(83,390)</b>	(81,812)	<b>(13,114)</b>	(9,646)
Assets written off :					
- property, plant and equipment	25	<b>2,550</b>	21	-	-
- biological assets	25	<b>270</b>	2	-	-
- intangible assets	4	<b>12,701</b>	18,771	-	-
- investment properties	25	<b>73</b>	-	-	-
Impairment loss/(Reversal of impairment loss) on :					
- other investments	25	<b>1,077</b>	849	-	-
- property, plant and equipment	3	<b>128</b>	(5,671)	-	-
- biological assets	5	<b>12,147</b>	-	-	-
- investment in subsidiaries	25	-	-	-	36,010
Loss/(Gain) on disposal of :					
- property, plant and equipment	25	<b>15,837</b>	(88)	-	-
- other investments	25	<b>683</b>	(12,108)	-	(3,482)
- a subsidiary	25	-	-	-	379
Loss on liquidation of a subsidiary	25	<b>3</b>	118	-	-
Provision for retirement benefits	22	<b>3,867</b>	3,179	-	-
Share of profits of equity-accounted associates, net of tax	10	<b>(33,308)</b>	(54,867)	-	-
Unrealised (gain)/loss on foreign exchange on borrowings		<b>(4,654)</b>	29,297	<b>6,908</b>	14,894
Operating profit/(loss) before changes in working capital		<b>379,186</b>	352,827	<b>(869)</b>	3,674



## STATEMENTS OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Changes in working capital :					
Property development costs		(165)	(66)	-	-
Inventories		(216,836)	(14,459)	-	-
Trade and other receivables		(112,008)	(39,442)	(24,125)	(60,059)
Trade and other payables		131,503	104,521	140	(56)
		<b>(197,506)</b>	50,554	<b>(23,985)</b>	(60,115)
Cash generated from/(used in) operations		<b>181,680</b>	403,381	<b>(24,854)</b>	(56,441)
Dividends received (net)		<b>93,381</b>	43,444	<b>173,768</b>	128,449
Interest paid		(16,179)	(12,500)	(1,397)	(489)
Tax paid		(97,411)	(73,416)	(2,833)	(2,500)
Retirement benefits paid	22	(110)	(509)	-	-
<b>Net cash from operating activities</b>		<b>161,361</b>	360,400	<b>144,684</b>	69,019
<b>Cash flows from investing activities</b>					
Additions of :					
- property, plant and equipment	A	(92,731)	(207,504)	(5)	(689)
- intangible assets	4	(744)	(824)	-	-
- biological assets	5	(125,712)	(142,526)	-	-
- land held for property development	6	(66)	(77)	-	-
- prepaid lease payment	7	-	(35,866)	-	-
- investment properties	8	(66,554)	(111,896)	-	-
- interests in subsidiaries		-	-	(21,000)	(36,350)
- investment in associates		-	-	-	(5,715)
- other investments		(83,657)	(29,259)	-	-
Interest received		<b>84,262</b>	81,986	<b>13,114</b>	9,646
Net cash outflow on liquidation/winding up of a subsidiary		-	(4,048)	-	-
Net cash outflow on acquisition of a subsidiary	B	-	(5,287)	-	-
Proceeds from liquidation/disposal of :					
- other investments		<b>71,550</b>	49,903	-	4,254
- a subsidiary		-	-	-	4,100
- property, plant and equipment		<b>4,071</b>	13,978	-	-
- land held for property development		-	23	-	-
Increase in short term investment, net		(192,221)	(19,775)	-	-
<b>Net cash used in investing activities</b>		<b>(401,802)</b>	(411,172)	<b>(7,891)</b>	(24,754)

## STATEMENTS OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from financing activities</b>					
Dividends paid to :					
- stockholders of the Company		<b>(124,072)</b>	(124,072)	<b>(124,072)</b>	(124,072)
- non-controlling interests		<b>(12,304)</b>	(11,114)	-	-
Placement of fixed deposits pledged for banking facilities		<b>(128,014)</b>	(202,670)	-	-
Repayment of lease obligations		<b>(4,901)</b>	(4,168)	-	-
Other bank borrowings, net		<b>200,503</b>	329,389	<b>20,180</b>	92,110
Proceeds from issue of shares to non-controlling interests		<b>25,780</b>	39,978	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(43,008)</b>	27,343	<b>(103,892)</b>	(31,962)
Net (decrease)/increase in cash and cash equivalents		<b>(283,449)</b>	(23,429)	<b>32,901</b>	12,303
Cash and cash equivalents at 1 January		<b>2,387,114</b>	2,117,799	<b>124,868</b>	112,565
Effect of exchange rate fluctuations on cash held		<b>89,272</b>	292,744	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>C</b>	<b>2,192,937</b>	2,387,114	<b>157,769</b>	124,868

Notes to statements of cash flows

A. *Additions of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of **RM97,260,000** (2015 : RM221,675,000) of which **RM4,529,000** (2015 : RM14,171,000) was acquired by hire purchase/lease arrangements.

## STATEMENTS OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2016

B. *Net cash outflow on acquisition of a subsidiary*

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	<b>2015</b> <b>RM'000</b>
<b>Fair value of consideration transferred</b>	
Cash	5,861
<b>Identifiable assets acquired and liabilities assumed</b>	
Property, plant and equipment	727
Biological assets (Note 5)	72,795
Inventories	7
Trade and other receivables	2,825
Cash and cash equivalents	574
Deferred tax assets	96
Trade and other payables	(111,813)
Total identifiable net liabilities	(34,789)
<b>Net cash outflow arising from acquisition of subsidiary</b>	
Purchase consideration settled in cash	(5,861)
Cash and cash equivalents acquired	574
	(5,287)
<b>Goodwill</b>	
Goodwill was recognised as a result of the acquisition as follows:	
Total consideration transferred	5,861
Fair value of identifiable net liabilities	34,789
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of the acquiree	(21,879)
	18,771

## STATEMENTS OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2016

C. *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	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed deposits	17	1,844,741	1,799,897	149,988	109,515
Cash and bank balances	17	969,280	1,070,494	2,673	2,016
Unit trust money market funds	17	7,731	16,435	5,108	13,337
		<b>2,821,752</b>	2,886,826	<b>157,769</b>	124,868
Less :					
Deposits pledged	17.1	(627,495)	(499,481)	-	-
Bank overdrafts	19	(1,320)	(231)	-	-
		<b>2,192,937</b>	2,387,114	<b>157,769</b>	124,868

The notes on pages 73 to 180 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

1<sup>st</sup> Floor, 25B Lebuhr Farquhar  
10200 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 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 38 and 10 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 10 April 2017.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and of 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 by the Company:

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- Amendments to FRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2018**

- FRS 9, *Financial Instruments (2014)*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

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

- 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*

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

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017 as applicable.

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”.

The Group’s and the Company’s financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs).

The Group is currently assessing financial impacts on the initial application of the accounting standards, amendments or interpretations.

#### (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

### 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

### 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.



## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not 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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### (i) Initial recognition and measurement (cont'd)

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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

###### *Financial assets (cont'd)*

###### (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)).

###### *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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### (i) Recognition and measurement (cont'd)

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.

##### (iii) Depreciation

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### (iii) Depreciation (cont'd)

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

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

#### (e) Leased assets

##### (i) Finance lease

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

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

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

##### (ii) Operating leases

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

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

#### (f) Intangible assets

##### (i) Goodwill

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### (ii) Research and development

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

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

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

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

##### (iii) Other intangible assets

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

##### (iv) Subsequent expenditure

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

##### (v) Amortisation

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.



## NOTES TO THE FINANCIAL STATEMENTS

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

#### (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).

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.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (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.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (m) Equity instruments

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

##### (i) Issue expenses

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

##### (ii) Ordinary Stocks

Ordinary stocks are classified as equity.

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

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

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

#### (n) Provisions

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

##### (i) Warranties

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

##### (ii) Onerous contracts

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

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (o) Contingencies

##### (i) Contingent liabilities

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

##### (ii) Contingent assets

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

#### (p) 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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### (i) Financial assets (cont'd)

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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (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.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### (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.

##### (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.



## NOTES TO THE FINANCIAL STATEMENTS

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

#### (u) Income tax

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

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

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

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

#### (v) Earnings per ordinary stock

The Group presents basic earnings per stock data for its ordinary stocks ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary stockholders of the Company by the weighted average number of ordinary 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 Executive Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### (x) Discontinued operations

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

#### (y) Fair value measurement

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

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

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

### 3. PROPERTY, PLANT AND EQUIPMENT

	At 31 December			
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
<b>Group</b>				
<b>2016</b>				
Freehold land :				
At valuation				
- 1978	5,019	-	-	5,019
At cost	232,651	-	-	232,651
Short term leasehold land :				
At valuation				
- 1976	1,187	914	-	273
- 1978	255	152	-	103
At cost	114,764	59,557	-	55,207
Long term leasehold land :				
At valuation				
- 1978	2,054	947	-	1,107
At cost	35,039	3,833	-	31,206
Buildings :				
At valuation				
- 1976	2,037	2,037	-	-
- 1978	260	152	-	108
At cost	1,473,957	509,739	-	964,218
<i>Other assets at cost :</i>				
Assembly plant	4,830	4,809	-	21
Plant and machinery	665,932	521,996	-	143,936
Furniture, fixtures, fittings, equipment and vehicles	364,100	254,115	1,020	108,965
Capital work-in-progress	11,897	-	-	11,897
	<b>2,913,982</b>	<b>1,358,251</b>	<b>1,020</b>	<b>1,554,711</b>
	Note 3.1	Note 3.2	Note 3.2	

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At 31 December			
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
<b>Group</b>				
<b>2015</b>				
Freehold land :				
At valuation				
- 1978	5,019	-	-	5,019
At cost	226,845	-	-	226,845
Short term leasehold land :				
At valuation				
- 1976	1,187	890	-	297
- 1978	255	152	-	103
At cost	112,667	56,039	-	56,628
Long term leasehold land :				
At valuation				
- 1978	2,054	934	-	1,120
At cost	36,151	3,911	-	32,240
Buildings :				
At valuation				
- 1976	2,037	2,037	-	-
- 1978	260	152	-	108
At cost	1,458,306	481,016	-	977,290
<i>Other assets at cost :</i>				
Assembly plant	4,830	4,808	-	22
Plant and machinery	621,595	501,513	-	120,082
Furniture, fixtures, fittings, equipment and vehicles	348,706	249,032	892	98,782
Capital work-in-progress	82,520	-	5,964	76,556
	<u>2,902,432</u>	<u>1,300,484</u>	<u>6,856</u>	<u>1,595,092</u>
	Note 3.1	Note 3.2	Note 3.2	

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At 31 December		
	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>Company</b>			
<b>2016</b>			
Freehold land	289	-	289
Furniture, fixtures, fittings, equipment and vehicles	1,939	1,259	680
	<b>2,228</b>	<b>1,259</b>	<b>969</b>
	Note 3.1	Note 3.2	
<b>2015</b>			
Freehold land	289	-	289
Furniture, fixtures, fittings, equipment and vehicles	1,435	1,004	431
Capital work-in-progress	499	-	499
	<b>2,223</b>	<b>1,004</b>	<b>1,219</b>
	Note 3.1	Note 3.2	

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

Group	At 1 January 2016 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 2016 RM'000
At valuation 1978 :							
Freehold land	5,019	-	-	-	-	-	5,019
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	226,845	-	-	720	(401)	5,487	232,651
Short term leasehold land	112,667	-	-	-	-	2,097	114,764
Long term leasehold land	36,151	-	-	-	(1,112)	-	35,039
Buildings	1,458,306	13,348	(33,685)	49,198	(7,111)	(6,099)	1,473,957
Assembly plant	4,830	-	-	-	-	-	4,830
Plant and machinery	621,595	19,084	(27,385)	40,034	-	12,604	665,932
Furniture, fixtures, fittings, equipment and vehicles	348,706	25,767	(25,063)	8,719	-	5,971	364,100
Capital work-in-progress	82,520	39,061	(12,016)	(98,671)	-	1,003	11,897
	<b>2,902,432</b>	<b>97,260</b>	<b>(98,149)</b>	<b>-</b>	<b>(8,624)</b>	<b>21,063</b>	<b>2,913,982</b>

Note 8

Note 3

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

Group	At	Additions through acquisition of a subsidiary		Disposal/Write-off	Reclassification	Transfer from/(to) investment properties	Transfer to Biological assets	Exchange differences	At 31
	1 January	Additions	of a subsidiary						RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	2015
									RM'000
At valuation 1978 :									
Freehold land	3,732	-	-	-	-	1,287	-	-	5,019
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	261,086	86,636	-	(439)	-	(143,275)	-	22,837	226,845
Short term leasehold land	99,199	-	-	-	-	-	-	13,468	112,667
Long term leasehold land	22,988	-	-	-	-	13,163	-	-	36,151
Buildings	1,310,887	7,785	7	(4,310)	35,159	(6,153)	-	114,931	1,458,306
Assembly plant	-	-	-	-	-	4,830	-	-	4,830
Plant and machinery	668,533	23,504	-	(120,011)	27,811	-	-	21,758	621,595
Furniture, fixtures, fittings, equipment and vehicles	291,626	48,784	887	(16,962)	4,611	-	(379)	20,139	348,706
Capital work-in-progress	86,992	54,966	9	-	(67,581)	-	-	8,134	82,520
	<b>2,750,836</b>	<b>221,675</b>	<b>903</b>	<b>(141,722)</b>	<b>-</b>	<b>(130,148)</b>	<b>(379)</b>	<b>201,267</b>	<b>2,902,432</b>

Note 3

Note 5

Note 8

Note 5

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	At 1 January 2016 RM'000	Additions RM'000	Reclassification RM'000	At 31 December 2016 RM'000
<b>Company</b>				
At cost :				
Freehold land	289	-	-	289
Furniture, fixtures, fittings, equipment and vehicles	1,435	5	499	1,939
Capital work-in-progress	499	-	(499)	-
	<u>2,223</u>	<u>5</u>	<u>-</u>	<u>2,228</u>
				Note 3

	At 1 January 2015 RM'000	Additions RM'000	At 31 December 2015 RM'000
<b>Company</b>			
At cost :			
Freehold land	289	-	289
Furniture, fixtures, fittings, equipment and vehicles	1,245	190	1,435
Capital work-in-progress	-	499	499
	<u>1,534</u>	<u>689</u>	<u>2,223</u>
			Note 3



## NOTES TO THE FINANCIAL STATEMENTS

### 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 2016 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 2016 RM'000
<b>Accumulated depreciation</b>							
At valuation 1978 :							
Buildings	152	-	-	-	-	-	152
Short term leasehold land	152	-	-	-	-	-	152
Long term leasehold land	934	13	-	-	-	-	947
At valuation 1976 :							
Buildings	2,037	-	-	-	-	-	2,037
Short term leasehold land	890	24	-	-	-	-	914
At cost :							
Short term leasehold land	56,039	2,407	-	-	-	1,111	59,557
Long term leasehold land	3,911	440	-	-	(518)	-	3,833
Buildings	481,016	35,998	(15,437)	12	(4,236)	12,386	509,739
Assembly plant	4,808	1	-	-	-	-	4,809
Plant and machinery	501,513	37,478	(25,383)	(13)	-	8,401	521,996
Furniture, fixtures, fittings, equipment and vehicles	249,032	27,711	(27,607)	1	-	4,978	254,115
	<b>1,300,484</b>	<b>104,072</b>	<b>(68,427)</b>	<b>-</b>	<b>(4,754)</b>	<b>26,876</b>	<b>1,358,251</b>
		Note 25			Note 8		Note 3

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2015		Additions through acquisition of a subsidiary		Disposal/Write-off		Reclassification		Transfer (to)/from investment properties		Exchange differences		At 31 December 2015	
	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>Accumulated depreciation</b>														
At valuation 1978 :														
Buildings	149	3	-	-	-	-	-	-	-	-	-	-	-	152
Short term leasehold land	152	-	-	-	-	-	-	-	-	-	-	-	-	152
Long term leasehold land	921	13	-	-	-	-	-	-	-	-	-	-	-	934
At valuation 1976 :														
Buildings	2,037	-	-	-	-	-	-	-	-	-	-	-	-	2,037
Short term leasehold land	866	24	-	-	-	-	-	-	-	-	-	-	-	890
At cost :														
Short term leasehold land	47,311	2,326	-	-	-	-	-	-	-	-	-	6,402	-	56,039
Long term leasehold land	3,715	502	-	-	-	-	-	-	(306)	-	-	-	-	3,911
Buildings	413,179	33,670	-	(722)	17	(3,415)	38,287	481,016	-	-	-	-	-	4,808
Assembly plant	-	1	-	-	-	4,807	-	-	-	-	-	-	-	4,808
Plant and machinery	560,910	34,241	-	(110,829)	(31)	-	17,222	501,513	-	-	-	-	-	501,513
Furniture, fixtures, fittings, equipment and vehicles	221,324	26,862	176	(16,256)	14	-	16,912	249,032	-	-	-	-	-	249,032
	<b>1,250,564</b>	<b>97,642</b>	<b>176</b>	<b>(127,807)</b>	<b>-</b>	<b>1,086</b>	<b>78,823</b>	<b>1,300,484</b>	<b>-</b>	<b>1,086</b>	<b>78,823</b>	<b>1,300,484</b>	<b>-</b>	<b>1,300,484</b>

Note 25

Note 8

Note 3

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2016 RM'000	Impairment loss for the year RM'000	Write-off RM'000	Exchange differences RM'000	At 31 December 2016 RM'000
<b>Group</b>					
<b>Accumulated impairment losses</b>					
Furniture, fixtures, fittings, equipment and vehicles	892	128	-	-	1,020
Capital work in progress	5,964	-	(7,264)	1,300	-
	<b>6,856</b>	<b>128</b>	<b>(7,264)</b>	<b>1,300</b>	<b>1,020</b>
		<b>Note 25</b>			<b>Note 3</b>

	At 1 January 2015 RM'000	Reversal of impairment loss for the year RM'000	At 31 December 2015 RM'000
<b>Group</b>			
<b>Accumulated impairment losses</b>			
Plant and machinery	5,671	(5,671)	-
Furniture, fixtures, fittings, equipment and vehicles	892	-	892
Capital work in progress	5,964	-	5,964
	<b>12,527</b>	<b>(5,671)</b>	<b>6,856</b>
		<b>Note 25</b>	<b>Note 3</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### 3.2 Detailed movements in accumulated depreciation of the Company are as follows :- (cont'd)

	At 1 January 2016 RM'000	Depreciation for the year RM'000	At 31 December 2016 RM'000
<b>Company</b>			
<b>Accumulated depreciation</b>			
At cost :			
Furniture, fixtures, fittings, equipment and vehicles	1,004	255	1,259
	<b>1,004</b>	<b>255</b>	<b>1,259</b>
		Note 25	Note 3
	At 1 January 2015 RM'000	Depreciation for the year RM'000	At 31 December 2015 RM'000
<b>Company</b>			
<b>Accumulated depreciation</b>			
At cost :			
Furniture, fixtures, fittings, equipment and vehicles	777	227	1,004
	<b>777</b>	<b>227</b>	<b>1,004</b>
		Note 25	Note 3

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 **RM15,190,000** (2015 : RM16,795,000) representing assets financed under leasing instalment plans.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### 3.4 Security

Freehold land and building of the Group with carrying amount of **RM137,700,000** (2015 : RM125,624,000) are pledged to the bank as securities for the secured term loans of the Group (see Note 19).

#### 3.5 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>2016</b>			
<b>At Valuation 1976 :</b>			
<i>Held by subsidiaries of the Group</i>			
Short term leasehold land	187	160	27
Buildings	1,713	1,495	218
	<b>1,900</b>	<b>1,655</b>	<b>245</b>
<b>At Valuation 1978 :</b>			
<i>Held by subsidiaries of the Group</i>			
Freehold land	1,022	-	1,022
Short term leasehold land	23	23	-
Long term leasehold land	1,400	677	723
Buildings	285	155	130
	<b>2,730</b>	<b>855</b>	<b>1,875</b>
	<b>4,630</b>	<b>2,510</b>	<b>2,120</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>2015</b>			
<b>At Valuation 1976 :</b>			
<i>Held by subsidiaries of the Group</i>			
Short term leasehold land	187	156	31
Buildings	1,713	1,470	243
	1,900	1,626	274
<b>At Valuation 1978 :</b>			
<i>Held by subsidiaries of the Group</i>			
Freehold land	1,022	-	1,022
Short term leasehold land	23	23	-
Long term leasehold land	1,400	672	728
Buildings	285	152	133
	2,730	847	1,883
	4,630	2,473	2,157

## NOTES TO THE FINANCIAL STATEMENTS

### 4. INTANGIBLE ASSETS - GROUP

	Note	Goodwill RM'000	Development cost RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2015		48,723	3,524	52,247
Additions through business combinations		18,771	-	18,771
Additions		-	824	824
Written off	25	(18,771)	(1,675)	(20,446)
At 31 December 2015/1 January 2016		<b>48,723</b>	<b>2,673</b>	<b>51,396</b>
Additions		-	<b>744</b>	<b>744</b>
Written off	25	<b>(12,701)</b>	-	<b>(12,701)</b>
Exchange differences		<b>(3,171)</b>	-	<b>(3,171)</b>
<b>At 31 December 2016</b>		<b>32,851</b>	<b>3,417</b>	<b>36,268</b>
<b>Amortisation</b>				
At 1 January 2015		-	2,657	2,657
Amortisation for the year	25	-	585	585
Written off		-	(1,675)	(1,675)
At 31 December 2015/1 January 2016		-	<b>1,567</b>	<b>1,567</b>
Amortisation for the year	25	-	<b>744</b>	<b>744</b>
<b>At 31 December 2016</b>		-	<b>2,311</b>	<b>2,311</b>
<b>Carrying amounts</b>				
At 31 December 2015		48,723	1,106	49,829
<b>At 31 December 2016</b>		<b>32,851</b>	<b>1,106</b>	<b>33,957</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 4. INTANGIBLE ASSETS - GROUP (cont'd)

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

	Group	
	2016	2015
	RM'000	RM'000
Automotive and related products	1,172	1,172
Plastic products	2,117	2,117
Plantation	26,431	42,303
Hotels and resorts	1,004	1,004
Multiple units without significant goodwill	2,127	2,127
	32,851	48,723

#### (a) Key sources of estimation uncertainty

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount based on the higher of fair value less costs of disposal and the value in use of the cash-generating units to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2016 was approximately **RM32,851,000** (2015 : RM48,723,000).

#### (b) Goodwill allocated to plantations in Indonesia

For the purpose of impairment testing, goodwill is allocated to the Group's individual plantation which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Each subsidiary in the plantation segment with its assets which consists of goodwill, biological assets, property, plant and equipment and working capital, is regarded as one cash generating unit by the Group.

The carrying amounts of two cash generating units in plantations amounting to RM107,986,000 and RM159,997,000 were determined to be higher than their recoverable amount of RM82,606,000 and RM142,119,000 respectively. Slow development on these newer plantations of the Group has led to the goodwill attributable to owners of the Company of RM12,701,000 being identified as impaired and written off during the financial year while an amount of RM12,147,000 of biological asset as disclosed in Note 5 was similarly impaired. The write-off of goodwill and the impairment of biological assets were charged to the income statement and are included in other operating expense of the Group.

The recoverable amount of each cash generating unit was assessed using either the fair value less cost of disposal method based on the valuation carried out by an independent firm of valuers or the value in use method based on discounted cash flows by the management. The discount rate applied by the valuers in the valuation is at a post-tax rate of 9.65% while the cash flows prepared by the management on value in use method is discounted at a post-tax rate of 10%.

Meanwhile, in the previous financial year, a cash generating unit amounting to RM106,786,000 was determined to be higher than its recoverable amount of RM82,436,000. Total goodwill attributable to owners of the Company of RM18,771,000 was impaired and written off, and was included in other operating expense of the Group.



## NOTES TO THE FINANCIAL STATEMENTS

### 4. INTANGIBLE ASSETS - GROUP (cont'd)

#### (b) Goodwill allocated to plantations in Indonesia (cont'd)

The above estimates are particularly sensitive in the following areas :-

- An increase of 1 percentage point in the discount rate used would have increased the impairment loss by RM23,700,000.
- A 1% decline in selling price would have increased the impairment loss by RM17,800,000.

#### (c) Recoverable amount based on the higher of fair value less costs of disposal and value in use

The recoverable amount of a CGU is determined based on a combination of the fair value of the business units determined by external, independent valuers, and value in use calculations. The recoverable amount is determined with the following key assumptions applied :

- (i) Cash flows are projected based on the financial budgets approved by the Directors.
- (ii) Discount rates used for cash flows discounting purposes are the management's estimate of weighted average cost of capital required in the respective segments. The discount rates applied for cash flow projections of plantations is at a post-tax rate of **9.65% and 10%** (2015 : 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. BIOLOGICAL ASSETS - GROUP

	Note	2016 RM'000	2015 RM'000
<b>Cost</b>			
At 1 January		711,467	440,494
Additions during the year		125,712	142,526
Transfer from property, plant and equipment	3	-	379
Written off		(2,304)	(801)
Addition through acquisition of a subsidiary		-	72,795
Exchange differences		55,083	56,074
At 31 December		889,958	711,467
<b>Accumulated amortisation</b>			
At 1 January		157,726	129,964
Amortisation charge for the year	25	21,364	16,920
Written off		(2,034)	(799)
Impairment loss	25	12,147	-
Exchange differences		10,714	11,641
At 31 December		199,917	157,726
<b>Carrying amount</b>			
At 31 December		690,041	553,741
Additions to biological assets during the year include :			
		2016 RM'000	2015 RM'000
- Interest expense		5,830	7,638

Interest is capitalised under biological assets at an average rate of **1.06% to 5.26%** (2015 : 1.55% to 7.55%) per annum.

#### Impairment loss

As a consequence of the impairment assessment of goodwill on consolidation for those cash generating units containing goodwill, an amount of RM12,147,000 of biological assets in relation to a cash generating unit was similarly impaired during the financial year and was included in other operating expense of the Group. The carrying amount of the cash generating unit of RM107,986,000 was determined to be higher than its recoverable amount of RM82,606,000.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. BIOLOGICAL ASSETS - GROUP (cont'd)

#### Impairment loss (cont'd)

The recoverable amount of the cash generating unit of RM82,606,000 was assessed using fair value less cost of disposal method, based on a valuation carried out by an independent firm of valuers. The discount rate applied by the valuers in the valuation is at a post-tax rate of 9.65%.

The above estimates are particularly sensitive in the following areas :-

- An increase of 1 percentage point in the discount rate used would have increased the impairment loss by RM23,700,000
- A 1% decline in selling price would have increased the impairment loss by RM17,800,000.

Other details of impairment loss assessment are as set out in Note 4 to the financial statements.

### 6. LAND HELD FOR PROPERTY DEVELOPMENT - GROUP

	Note	2016 RM'000	2015 RM'000
At 1 January		36,065	36,011
Additions during the year		66	77
Disposal		-	(23)
At 31 December		36,131	36,065
Represented by :			
At valuation (1978)			
Freehold land	6.1	467	467
At cost			
Freehold land		33,805	33,743
Other outgoings		1,859	1,855
At 31 December		36,131	36,065

#### 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** (2015 : RM194,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 7. PREPAID LAND LEASE PAYMENTS - GROUP

	Note	2016 RM'000	2015 RM'000
At 1 January		66,164	30,713
Additions		-	35,866
Amortisation for the year	25	(2,858)	(925)
Exchange differences		623	510
At 31 December		<u>63,929</u>	<u>66,164</u>
Represented by :			
Long term leasehold land		27,741	28,100
Short term leasehold land		36,188	38,064
At 31 December		<u>63,929</u>	<u>66,164</u>

### 8. INVESTMENT PROPERTIES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cost</b>					
At 1 January		889,027	631,829	15,137	15,137
Additions		66,554	111,896	-	-
Disposal/Write-off		(89)	-	-	-
Transfer from property, plant and equipment	3	8,624	130,148	-	-
Exchange differences		9,114	15,154	-	-
At 31 December		<u>973,230</u>	<u>889,027</u>	<u>15,137</u>	<u>15,137</u>
<b>Accumulated depreciation</b>					
At 1 January		70,849	62,877	73	70
Disposal/Write-off		(16)	-	-	-
Depreciation for the year	25	4,262	4,859	3	3
Transfer from/(to) property, plant and equipment	3	4,754	(1,086)	-	-
Exchange differences		1,246	4,199	-	-
At 31 December		<u>81,095</u>	<u>70,849</u>	<u>76</u>	<u>73</u>
<b>Carrying amount</b>					
At 31 December		<u>892,135</u>	<u>818,178</u>	<u>15,061</u>	<u>15,064</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 8. INVESTMENT PROPERTIES (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Included in the above are :				
Freehold land	<b>292,883</b>	289,828	<b>14,962</b>	14,962
Buildings	<b>130,958</b>	122,889	<b>99</b>	102
Long term leasehold land	<b>468,294</b>	405,461	-	-
	<b>892,135</b>	818,178	<b>15,061</b>	15,064

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:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2016</b>				
<b>Group</b>				
Freehold land	-	-	<b>1,208,829</b>	<b>1,208,829</b>
Long term leasehold land	-	-	<b>864,101</b>	<b>864,101</b>
Buildings	-	-	<b>366,602</b>	<b>366,602</b>
	-	-	<b>2,439,532</b>	<b>2,439,532</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

### 8. INVESTMENT PROPERTIES (cont'd)

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2015</b>				
<b>Group</b>				
Freehold land	-	-	1,164,780	1,164,780
Long term leasehold land	-	-	795,838	795,838
Buildings	-	-	330,615	330,615
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	2,291,233	2,291,233
<b>Company</b>				
Freehold land	-	-	303,800	303,800
Buildings	-	-	400	400
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	304,200	304,200

## NOTES TO THE FINANCIAL STATEMENTS

### 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 (RM14 – RM60,962)	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 of the Group for a carrying amount of **RM354,375,000** (2015 : RM339,339,000) and with the fair values of **RM1,139,696,000** (2015 : RM1,029,436,000) 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

### 9. INTERESTS IN SUBSIDIARIES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost		-	-	<b>773,215</b>	752,215
Amount due from subsidiaries	<b>9.1</b>	-	-	<b>210,132</b>	-
<i>Less :</i>					
Impairment losses		-	-	<b>(106,415)</b>	(106,415)
		<u>-</u>	<u>-</u>	<u><b>876,932</b></u>	<u>645,800</u>

Details of the subsidiaries are listed under Note 38.

#### 9.1 Amount due from subsidiaries

During the financial year, the Company reclassified the amount due from subsidiaries of RM210,132,000 from other receivables disclosed in Note 15.2 as interests in subsidiaries. This amount reclassified is regarded as quasi investments by the Company and the Company does not expect repayment by the subsidiaries within the next twelve months.

The amount due from subsidiaries is subject to interest at the rates ranging from **1.11% to 3.61%** per annum.



## NOTES TO THE FINANCIAL STATEMENTS

### 9. INTERESTS IN SUBSIDIARIES (cont'd)

#### Non-controlling interests in subsidiaries

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

	2016						
	PT Gunung Maras Lestari	PT Gunungsawit Binallestari	PT Selasih Permata Sdn. Bhd.	Melaka Straits Medical Centre Sdn. Bhd.	Oriental Boon Siew (M) Sdn. Bhd.	Teck See Plastic Sdn. Bhd.	PT Surya Agro Persada
	RM'000	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%	54.55%
Carrying amount of NCI	298,504	220,594	76,443	70,909	154,043	166,325	(49,577)
Profit/(Loss) allocated to NCI	29,956	20,971	5,400	(11,487)	165	1,591	(12,378)

#### Summarized financial information before intra-group elimination

As at 31 December	561,261	429,203	154,431	141,921	314,373	253,381	(85,661)
Non-current assets	67,503	38,363	67,698	240,940	308,147	97,239	101,974
Current assets	615,200	400,596	86,778	21,613	34,555	169,350	13,850
Non-current liabilities	(16,458)	(4,192)	-	(8,030)	-	-	(553)
Current liabilities	(104,984)	(5,564)	(45)	(112,602)	(28,329)	(13,208)	(200,932)
Net assets/(liabilities)	561,261	429,203	154,431	141,921	314,373	253,381	(85,661)
<b>Year ended 31 December</b>							
Revenue	204,179	133,729	7,541	30,463	1,326	75,931	4,704
Profit/(Loss) for the year	56,214	39,355	10,910	(23,720)	336	3,977	(22,960)
Total comprehensive income/(expense) for the year	91,937	65,690	10,910	(23,720)	336	3,977	(29,277)
Cash flows from operating activities	15,763	16,688	1,157	16,043	(15,621)	(23,705)	(14,047)
Cash flows from investing activities	17,816	16,280	7,543	(1,029)	(50,552)	12,480	(14,901)
Cash flows from financing activities	34,085	(3,110)	(12,050)	(6,079)	52,000	(10,001)	33,080
Net increase/(decrease) in cash and cash equivalents	67,664	29,858	(3,350)	8,935	(14,173)	(21,226)	4,132
Dividend paid to NCI	363	233	5,965	-	-	4,001	-

## NOTES TO THE FINANCIAL STATEMENTS

### 9. INTERESTS IN SUBSIDIARIES (cont'd)

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

	2015						
	PT Gunung Maras Lestari RM'000	PT Gunungsawit Binallestari RM'000	Selasih Permata Sdn. Bhd. RM'000	Melaka Straits Medical Centre Sdn. Bhd. RM'000	Oriental Boon Siew (M) Sdn. Bhd. RM'000	Teck See Plastic Sdn. Bhd. RM'000	PT Surya Agro Persada RM'000
NCI percentage of ownership interest and voting interest	53.29%	53.29%	49.50%	49.00%	49.00%	40.00%	54.55%
Carrying amount of NCI	250,964	187,296	77,008	82,396	128,398	167,005	(33,688)
Profit/(Loss) allocated to NCI	29,039	23,373	18,139	(13,749)	(130)	(326)	(9,742)

#### Summarized financial information before intra-group elimination

As at 31 December							
Non-current assets	67,103	40,389	67,698	251,876	256,971	103,230	83,809
Current assets	469,125	333,739	87,918	9,546	48,729	175,566	7,208
Non-current liabilities	(8,751)	(3,140)	-	(8,949)	-	-	(316)
Current liabilities	(59,427)	(4,272)	(45)	(86,832)	(43,663)	(19,391)	(147,236)
Net assets/(liabilities)	468,050	366,716	155,571	165,641	262,037	259,405	(56,535)
<b>Year ended 31 December</b>							
Revenue	223,502	157,861	15,116	13,580	739,396	71,709	1,311
Profit/(Loss) for the year	54,495	43,862	36,645	(30,337)	(265)	(815)	(17,859)
Total comprehensive income/(expense) for the year	97,407	76,100	36,645	(30,337)	(265)	(815)	(21,648)
Cash flows from operating activities	51,707	30,697	12,459	15,188	43,356	3,982	(2,018)
Cash flows from investing activities	19,956	16,374	(20,050)	(14,429)	(76,738)	13,365	(79,283)
Cash flows from financing activities	(42,274)	(7,971)	(13,202)	(4,169)	80,000	(4,001)	133,569
Net increase/(decrease) in cash and cash equivalents	29,389	39,100	(20,793)	(3,410)	46,618	13,346	52,268
Dividend paid to NCI	659	598	6,535	-	-	1,600	-

## NOTES TO THE FINANCIAL STATEMENTS

### 10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost	<b>82,383</b>	82,282	<b>34,006</b>	34,006
Share of post-acquisition reserves	<b>508,599</b>	479,839	-	-
	<b>590,982</b>	562,121	<b>34,006</b>	34,006

#### Details of associates :

	Group's effective interest		Principal activities
	2016 %	2015 %	
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.	<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 Company Sdn. Berhad	<b>25.0</b>	25.0	Operation of a bowling alley
<i>Held through a subsidiary of the Company, Teck See Plastic Sdn Bhd</i>			
Hicom-Teck See Manufacturing Malaysia Sdn Bhd	<b>29.4</b>	29.4	Manufacture of thermo plastic and thermo setting products

## NOTES TO THE FINANCIAL STATEMENTS

### 10. INVESTMENTS IN ASSOCIATES (cont'd)

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

	Group's effective interest		Principal activities
	2016	2015	
	%	%	
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	<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

### 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
<b>2016</b>					
<b>Summarised financial information</b>					
<b>As at 31 December</b>					
Non-current assets	140,158	28,193	102,901	17,561	178,698
Current assets	163,392	361,729	77,691	212,384	232,445
Non-current liabilities	(28,960)	-	(10,313)	-	-
Current liabilities	(144,394)	(50,321)	(3,169)	(73,608)	(266,558)
Net assets	130,196	339,601	167,110	156,337	144,585
<b>Year ended 31 December</b>					
(Loss)/Profit from continuing operations	(16,527)	50,976	14,175	5,110	(25,861)
Other comprehensive expense	-	-	(1,350)	-	-
Total comprehensive (expense)/income	(16,527)	50,976	12,825	5,110	(25,861)
<i>Included in the total comprehensive income is :</i>					
Revenue	298,896	569,820	43,044	290,823	518,277

## NOTES TO THE FINANCIAL STATEMENTS

### 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	Other individually immaterial associates RM'000	Total RM'000
<b>2016</b>							
<b>Reconciliation of net assets to carrying amount</b>							
<b>As at 31 December</b>							
Group's share of net assets	38,278	166,404	66,009	46,901	70,847	198,164	586,603
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	<b>38,278</b>	<b>166,404</b>	<b>69,264</b>	<b>46,901</b>	<b>70,847</b>	<b>199,288</b>	<b>590,982</b>
<b>Group's share of results</b>							
<b>Year ended 31 December</b>							
Group's share of (loss)/profit from continuing operations	(4,859)	24,978	5,599	1,533	(12,672)	18,729	33,308
Group's share of other comprehensive expense	-	-	(533)	-	-	-	(533)
Group's share of total comprehensive (expense)/income	<b>(4,859)</b>	<b>24,978</b>	<b>5,066</b>	<b>1,533</b>	<b>(12,672)</b>	<b>18,729</b>	<b>32,775</b>
<b>Other information</b>							
Dividend received by the Group	529	-	1,975	392	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 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>2015</b>					
<b>Summarised financial information</b>					
<b>As at 31 December</b>					
Non-current assets	134,909	52,914	104,255	24,274	193,888
Current assets	157,634	349,212	67,866	183,045	225,152
Non-current liabilities	(7,225)	-	(11,224)	-	-
Current liabilities	(144,360)	(113,501)	(2,963)	(55,862)	(248,595)
Net assets	140,958	288,625	157,934	151,457	170,445
<b>Year ended 31 December</b>					
(Loss)/Profit from continuing operations	(7,385)	87,245	10,175	11,067	(29,059)
Other comprehensive expense	-	-	(1,260)	-	-
Total comprehensive (expense)/income	(7,385)	87,245	8,915	11,067	(29,059)
<i>Included in the total comprehensive income is :</i>					
Revenue	341,670	966,619	41,606	274,576	389,104

## NOTES TO THE FINANCIAL STATEMENTS

### 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	Other individually immaterial associates RM'000	Total RM'000
<b>2015</b>							
<b>Reconciliation of net assets to carrying amount</b>							
<b>As at 31 December</b>							
Group's share of net assets	41,442	141,426	62,384	45,437	83,518	183,535	557,742
Goodwill	-	-	3,255	-	-	1,124	4,379
Carrying amount in the statement of financial position	41,442	141,426	65,639	45,437	83,518	184,659	562,121
<b>Group's share of results</b>							
<b>Year ended 31 December</b>							
Group's share of (loss)/profit from continuing operations	(2,171)	42,750	4,019	3,320	(14,239)	21,188	54,867
Group's share of other comprehensive (expense)/income	-	-	(498)	-	-	101	(397)
Group's share of total comprehensive (expense)/income	(2,171)	42,750	3,521	3,320	(14,239)	21,289	54,470
<b>Other information</b>							
Dividend received by the Group	1,257	-	-	2,902	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS

### 11. OTHER INVESTMENTS

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	Structured deposits RM'000	Others RM'000	Total RM'000
<b>2016</b>								
<b>Non-current</b>								
<b>Available-for-sale financial assets</b>	27,521	1,660	219,629	118,470	8,480	-	1,189	376,949
Less : Impairment loss	(313)	-	(31,808)	-	-	-	(22)	(32,143)
	<b>27,208</b>	<b>1,660</b>	<b>187,821</b>	<b>118,470</b>	<b>8,480</b>	<b>-</b>	<b>1,167</b>	<b>344,806</b>
<b>Current</b>								
<b>Available-for-sale financial assets</b>	-	-	-	6,180	-	-	-	6,180
<b>Financial assets at fair value through profit or loss</b>	-	-	-	-	-	2,170	-	2,170
	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,180</b>	<b>-</b>	<b>2,170</b>	<b>-</b>	<b>8,350</b>
Representing items :								
At cost	27,208	-	-	-	-	-	1,167	28,375
At fair value	-	1,660	187,821	124,650	8,480	2,170	-	324,781
	<b>27,208</b>	<b>1,660</b>	<b>187,821</b>	<b>124,650</b>	<b>8,480</b>	<b>2,170</b>	<b>1,167</b>	<b>353,156</b>
Market value of quoted investments	-	1,660	187,821	124,650	8,480	2,170	-	324,781
<b>Company</b>								
<b>2016</b>								
<b>Non-current</b>								
At cost	32,341	-	-	-	-	-	-	32,341
Representing items :								
At cost	32,341	-	-	-	-	-	-	32,341

## NOTES TO THE FINANCIAL STATEMENTS

### 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>2015</b>							
<b>Non-current</b>							
<b>Available-for-sale financial assets</b>	27,414	1,060	202,602	96,208	12,585	1,176	341,045
Less : Impairment loss	(430)	-	(29,380)	-	-	(22)	(29,832)
<b>Current</b>	26,984	1,060	173,222	96,208	12,585	1,154	311,213
<b>Available-for-sale financial assets</b>							
Representing items :							
At cost	26,984	-	-	-	-	1,154	28,138
At fair value	-	1,060	173,222	106,150	12,585	-	293,017
Market value of quoted investments	26,984	1,060	173,222	106,150	12,585	1,154	321,155
	-	1,060	173,222	106,150	12,585	-	293,017
<b>Company</b>							
<b>2015</b>							
<b>Non-current</b>							
At cost	32,341	-	-	-	-	-	32,341
Representing items :							
At cost	32,341	-	-	-	-	-	32,341

## NOTES TO THE FINANCIAL STATEMENTS

### 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment						
- capital allowances	<b>(3,864)</b>	188	<b>(16,946)</b>	(7,551)	<b>(20,810)</b>	(7,363)
- revaluation	-	-	<b>(279)</b>	(281)	<b>(279)</b>	(281)
Prepaid land lease payments						
- fair value adjustment	-	-	<b>(6,011)</b>	(6,132)	<b>(6,011)</b>	(6,132)
Biological assets - capital allowances	-	-	<b>(9,117)</b>	(5,686)	<b>(9,117)</b>	(5,686)
Provisions	<b>17,963</b>	10,356	<b>588</b>	43	<b>18,551</b>	10,399
Capital allowances carry-forwards	<b>3,547</b>	2,870	-	1,572	<b>3,547</b>	4,442
Tax losses carry-forwards	<b>13,951</b>	13,030	<b>147</b>	-	<b>14,098</b>	13,030
Unutilised reinvestment allowances	<b>3,002</b>	3,344	-	-	<b>3,002</b>	3,344
Other investments	-	1,110	-	-	-	1,110
Others	<b>4,585</b>	303	<b>1</b>	-	<b>4,586</b>	303
	<b>39,184</b>	31,201	<b>(31,617)</b>	(18,035)	<b>7,567</b>	13,166

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

	2016 RM'000	2015 RM'000 (Restated)
Deductible temporary differences	<b>3,905</b>	3,586
Capital allowances carry-forwards	<b>14,738</b>	1,960
Tax losses carry-forwards	<b>337,061</b>	242,729
Unutilised reinvestment allowances	<b>6,779</b>	6,779
Provisions	<b>12,995</b>	18,009
Others	<b>200</b>	200
	<b>375,678</b>	273,263

Included in the above tax losses carry-forwards is an amount of **RM177,534,000** (2015: RM91,292,000) which can only be utilised against the taxable income for a period of 5 years subsequent to the year when the tax loss was incurred under the Indonesian tax legislation. The balance of **RM159,527,000** (2015 : RM151,437,000) does not expire under the respective countries' tax legislations.

The capital allowances 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 deductible temporary difference, capital allowances carry-forwards, tax losses carry-forwards and unutilised reinvestment allowances available to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. DEFERRED TAX ASSETS AND (LIABILITIES) - GROUP (cont'd)

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

	At 1 January 2015	Exchange differences	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2015/ 1 January 2016	Exchange differences	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment									
- capital allowances	(12,028)	(152)	4,817	-	(7,363)	529	(13,976)	-	(20,810)
- revaluation	(284)	-	3	-	(281)	-	2	-	(279)
Prepaid land lease payments									
- fair value adjustment	(7,214)	-	1,082	-	(6,132)	-	121	-	(6,011)
Biological assets									
- capital allowances	(5,905)	-	219	-	(5,686)	-	(3,431)	-	(9,117)
Unutilised reinvestment allowances	3,344	-	-	-	3,344	-	(342)	-	3,002
Provisions	4,825	304	5,462	(192)	10,399	426	7,745	(19)	18,551
Tax losses carry-forwards	5,957	613	6,460	-	13,030	921	147	-	14,098
Capital allowances carried-forwards	3,558	-	884	-	4,442	-	(895)	-	3,547
Other investments	(2,128)	316	478	2,444	1,110	23	(1,133)	-	-
Others	1,072	-	(769)	-	303	-	4,283	-	4,586
	(8,803)	1,081	18,636	2,252	13,166	1,899	(7,479)	(19)	7,567

Note 27

Note 27

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY DEVELOPMENT COSTS - GROUP

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>2,948</b>	2,882
Development costs incurred during the year	<b>165</b>	189
Cost charged to profit or loss	-	(123)
At 31 December	<b>3,113</b>	2,948
Represented by :		
Development costs	<b>3,113</b>	2,948

### 14. INVENTORIES - GROUP

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Completed development properties	<b>6,236</b>	9,047
Finished products		
Manufactured goods	<b>87,662</b>	49,159
Trading inventories	<b>280,952</b>	99,216
	<b>368,614</b>	148,375
Work-in-progress	<b>7,035</b>	8,034
Raw materials	<b>54,851</b>	57,145
Consumable stores and spares	<b>51,313</b>	39,828
Hotel stocks	<b>2,723</b>	3,062
	<b>490,772</b>	265,491

## NOTES TO THE FINANCIAL STATEMENTS

### 15. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables		372,915	289,564	-	-
Amount due from associates	15.1	5,893	7,108	-	-
		<b>378,808</b>	296,672	-	-
<b>Non-trade</b>					
Amount due from subsidiaries	15.2	-	-	45,797	231,730
Other receivables	15.3	183,381	138,167	-	-
Deposits		6,655	8,220	21	20
Prepayments		18,052	12,078	115	190
		<b>208,088</b>	158,465	<b>45,933</b>	231,940
		<b>586,896</b>	455,137	<b>45,933</b>	231,940

#### 15.1 Amount due from associates

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

#### 15.2 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand except for an amount of **RM45,760,000** (2015 : RM230,712,000) is subject to interest at the rates ranging from **2.00% to 4.07%** (2015 : 0.76% to 4.07%) per annum.

During the financial year, the Company reclassified the amount due from subsidiaries of RM210,132,000 as interests in subsidiaries. This amount which is not expected to be repaid by the subsidiaries within the next twelve months is regarded as quasi investments by the Company and disclosed under Note 9.1 to the financial statements.

#### 15.3 Other receivables

Included in other receivables are as follows :

- an amount of **RM14,667,000** (2015: RM6,457,000) representing advance payments made for the acquisition of plantation assets, machineries and land.
- an amount of **RM32,246,000** (2015 : RM14,468,000) representing deposits for Certificates of Entitlement for purchase of vehicles in a foreign jurisdiction.

## NOTES TO THE FINANCIAL STATEMENTS

### 16. SHORT TERM INVESTMENTS - GROUP

	Note	2016 RM'000	2015 RM'000
Fixed deposits :			
With licensed banks	16.1	619,856	407,329
With licensed finance companies		74,055	73,199
		<u>693,911</u>	<u>480,528</u>
Unit trust money market funds		22,625	43,787
		<u>716,536</u>	<u>524,315</u>

#### 16.1 Fixed deposits placed with licensed banks

Included in the fixed deposits placed with licensed banks of the Group is an amount of **RM118,769,000** (2015 : RM110,113,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 19).

### 17. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed deposits with licensed banks	17.1	1,844,741	1,799,897	149,988	109,515
Cash and bank balances	17.2	969,280	1,070,494	2,673	2,016
Unit trust money market funds		7,731	16,435	5,108	13,337
		<u>2,821,752</u>	<u>2,886,826</u>	<u>157,769</u>	<u>124,868</u>

#### 17.1 Fixed deposits with licensed banks

Included in fixed deposits with licensed banks of the Group is an amount of **RM627,495,000** (2015 : RM499,481,000) 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 **RM633,000** (2015 : RM621,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. CAPITAL AND RESERVES

#### 18.1 Share capital

	Group/Company	
	2016 RM'000	2015 RM'000
<b>Authorised :</b>		
1,000,000,000 stocks of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid :</b>		
620,393,638 stocks of RM1 each	<u>620,394</u>	<u>620,394</u>

#### 18.2 Reserves

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable:					
Share premium		1,099	1,099	-	-
Capital reserves		1,073	1,073	-	-
Foreign currency translation reserves	18.3	1,016,084	958,149	-	-
Capital redemption reserve		68	68	68	68
Asset revaluation reserve	18.4	474	474	-	-
Fair value reserve	18.5	85,035	76,280	-	-
Treasury stocks	18.6	(249)	(249)	(249)	(249)
		<u>1,103,584</u>	1,036,894	<u>(181)</u>	(181)
Distributable:					
Retained earnings		4,103,638	3,948,186	377,640	327,189
Capital reserve	18.7	40,248	40,248	29,992	29,992
		<u>4,143,886</u>	3,988,434	<u>407,632</u>	357,181
		<u>5,247,470</u>	5,025,328	<u>407,451</u>	357,000
<b>Total equity attributable to stockholders of the Company</b>		<u>5,867,864</u>	5,645,722	<u>1,027,845</u>	977,394



## NOTES TO THE FINANCIAL STATEMENTS

### 18. CAPITAL AND RESERVES (cont'd)

#### 18.3 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.

#### 18.4 Asset revaluation reserve

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

#### 18.5 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.

#### 18.6 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.

#### 18.7 Capital reserve

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

### 19. BORROWINGS

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>					
Secured :					
Term loans		<b>64,592</b>	59,318	-	-
Lease obligations	<b>19.1</b>	<b>9,998</b>	10,738	-	-
		<b>74,590</b>	70,056	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 19. BORROWINGS (cont'd)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
Secured :					
Revolving credit		651,200	513,857	-	-
Term loans		1,703	2,735	-	-
Unsecured :					
Bank overdrafts		1,320	231	-	-
Revolving credit		674,037	512,555	134,092	107,004
Bankers' acceptances		34,610	44,720	-	-
Trust receipts		-	6,326	-	-
		<b>709,967</b>	563,832	<b>134,092</b>	107,004
Lease obligations	19.1	4,956	4,599	-	-
		<b>1,367,826</b>	1,085,023	<b>134,092</b>	107,004
		<b>1,442,416</b>	1,155,079	<b>134,092</b>	107,004

#### 19.1 Lease obligations

Lease obligations are payable as follows :

	2016			2015		
	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	5,581	625	4,956	5,255	656	4,599
Between 1 and 5 years	10,612	614	9,998	11,568	830	10,738
	<b>16,193</b>	<b>1,239</b>	<b>14,954</b>	16,823	1,486	15,337

## NOTES TO THE FINANCIAL STATEMENTS

### 19. BORROWINGS (cont'd)

#### 19.2 Security

The secured bank borrowings are secured by way of the Group's fixed deposits (see Note 16 and Note 17) and freehold land and building (see Note 3) of a subsidiary with a carrying amount of **RM137,700,000** (2015 : RM125,624,000).

### 20. PROVISIONS - GROUP

	<b>Free servicing RM'000</b>	<b>Extended warranties RM'000</b>	<b>Total RM'000</b>
<b>Non-current</b>			
At 1 January 2015	2,923	4,699	7,622
Provision made	20,138	5,229	25,367
Provision used	(2,234)	(501)	(2,735)
Provision reversed	(224)	(481)	(705)
Exchange differences	433	697	1,130
At 31 December 2015/1 January 2016	<b>21,036</b>	<b>9,643</b>	<b>30,679</b>
Provision made	<b>42,908</b>	<b>10,756</b>	<b>53,664</b>
Provision used	<b>(9,178)</b>	<b>(224)</b>	<b>(9,402)</b>
Provision reversed	<b>(1,758)</b>	<b>(377)</b>	<b>(2,135)</b>
Exchange differences	<b>423</b>	<b>193</b>	<b>616</b>
At 31 December 2016	<b>53,431</b>	<b>19,991</b>	<b>73,422</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 (2015 : 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 (2015 : 2 years).

## NOTES TO THE FINANCIAL STATEMENTS

### 21. DEFERRED INCOME - GROUP

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Service package income	<b>4,890</b>	8,088
	<b>4,890</b>	8,088

### 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 :

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value and recognised liability of unfunded obligation	<b>18,357</b>	13,616

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

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>RM'000</b>	<b>RM'000</b>
Balance at 1 January		<b>13,616</b>	9,465

#### Included in profit or loss

Current service cost	<b>2,490</b>	2,262
Interest cost	<b>1,312</b>	961
Past service cost	-	(44)
Others	<b>65</b>	-
	<b>25</b>	<b>3,867</b>
		3,179

#### Included in other comprehensive income

Remeasurement loss		
- Actuarial loss arising from change in financial assumptions	<b>(106)</b>	423
Benefits paid	<b>(110)</b>	(509)
Exchange differences	<b>1,090</b>	1,058
Balance at 31 December	<b>18,357</b>	13,616

## NOTES TO THE FINANCIAL STATEMENTS

### 22. RETIREMENTS BENEFITS - GROUP (cont'd)

#### 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 :

	2016	2015
Discount rate	8.50% - 8.75% per annum	9.00% per annum
Future salary incremental rate	10.00% per annum	10.00% per annum

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

	2016 Increase RM'000	2016 Decrease RM'000	2015 Increase RM'000	2015 Decrease RM'000
Discount rate (1% movement)	(1,879)	2,186	(1,447)	1,689
Future salary incremental rate (1% movement)	2,234	(1,952)	1,726	(1,503)

### 23. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Trade</b>					
Trade payables		175,020	136,770	-	-
<b>Non-trade</b>					
Amount due to associates	23.1	4,650	3,224	-	-
Other payables	23.2	146,748	137,204	126	101
Advances from customers		95,933	53,453	-	-
Accrued expenses		47,260	39,427	1,145	1,030
		<b>294,591</b>	233,308	<b>1,271</b>	1,131
		<b>469,611</b>	370,078	<b>1,271</b>	1,131

#### 23.1 Amount due to associates

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

## NOTES TO THE FINANCIAL STATEMENTS

### 23. TRADE AND OTHER PAYABLES (cont'd)

#### 23.2 Other payables

Included in other payables of the Group is an amount of **RM28,318,000** (2015 : RM43,638,000) in respect of amount payable for land reclamation work of 275 acres (Phase 2A,3A and 3B) in Malacca.

### 24. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue				
- Sale of goods and services	<b>5,291,740</b>	4,214,256	<b>261</b>	435
- Interest income	<b>83,390</b>	81,812	<b>13,114</b>	9,646
- Dividend income	<b>85,592</b>	37,558	<b>173,768</b>	128,449
- Rental income	<b>63,536</b>	46,537	<b>1,150</b>	846
	<b>5,524,258</b>	4,380,163	<b>188,293</b>	139,376

### 25. OPERATING PROFIT

Operating profit is arrived at :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
After charging :				
Auditors' remuneration				
Audit fees				
- KPMG Malaysia				
- current year	<b>750</b>	707	<b>180</b>	180
- prior year	<b>83</b>	-	<b>20</b>	-
- Overseas affiliates of KPMG Malaysia	<b>682</b>	631	-	-
- Other auditors	<b>1,411</b>	1,333	-	-
Non-audit fees				
- KPMG Malaysia	<b>20</b>	95	<b>20</b>	35
- Local affiliates of KPMG Malaysia	<b>263</b>	289	<b>108</b>	113
- Overseas affiliates of KPMG Malaysia	<b>109</b>	172	-	-
- Other auditors	<b>110</b>	123	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 25. OPERATING PROFIT (cont'd)

Operating profit is arrived at : (cont'd)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amortisation of :					
- biological assets	5	21,364	16,920	-	-
- prepaid land lease payments	7	2,858	925	-	-
- development cost	4	744	585	-	-
Depreciation :					
- property, plant and equipment	3	104,072	97,642	255	227
- investment properties	8	4,262	4,859	3	3
Direct operating expenses of investment properties :					
- Non-income generating		1,053	987	257	271
- Income generating		18,113	16,567	33	83
Directors' remunerations					
Directors of the Company :					
- Fees					
- current year		1,361	1,338	900	878
- prior year		4	16	-	-
- Remuneration					
- current year		13,130	11,139	505	451
- prior year		2,246	74	-	-
- Benefits-in-kind		21	15	-	-
Past Directors of the Company :					
- Fees					
- current year		22	-	22	-
- Others		2	-	2	-
Interest expense on bank borrowings		16,362	12,637	1,397	489
Assets written off					
- Property, plant and equipment		2,550	21	-	-
- Biological assets		270	2	-	-
- Intangible assets	4	12,701	18,771	-	-
- Investment properties		73	-	-	-
Write down of inventories (net)		15,075	1,840	-	-
Bad debts written off		-	952	-	-
Rental expense:					
- land and buildings		14,508	7,340	32	32
- equipment		754	680	4	4

## NOTES TO THE FINANCIAL STATEMENTS

### 25. OPERATING PROFIT (cont'd)

Operating profit is arrived at : (cont'd)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss on foreign exchange (net)					
- Unrealised		<b>10,506</b>	31,660	<b>5,357</b>	8,456
- Realised		-	20,694	-	-
Impairment loss on :					
- receivables		<b>313</b>	564	-	-
- other investments		<b>1,077</b>	849	-	-
- property, plant and equipment	<b>3</b>	<b>128</b>	-	-	-
- biological assets	<b>5</b>	<b>12,147</b>	-	-	-
- investment in subsidiaries		-	-	-	36,010
Loss on disposal of :					
- Property, plant and equipment		<b>15,837</b>	-	-	-
- Other investments		<b>683</b>	-	-	-
- Subsidiary		-	-	-	379
Loss on liquidation of a subsidiary		<b>3</b>	118	-	-
Provision for retirement benefits	<b>22</b>	<b>3,867</b>	3,179	-	-
and crediting :					
Dividends (gross) received from :					
- Unquoted investments		<b>79,484</b>	31,400	<b>78,313</b>	28,717
- Unquoted subsidiaries		-	-	<b>93,641</b>	95,019
- Unquoted associates		-	-	<b>482</b>	2,992
- Unit trust		<b>1,462</b>	1,811	<b>1,332</b>	1,721
- Investments quoted outside Malaysia		<b>4,646</b>	4,347	-	-
Gain on disposal of :					
- property, plant and equipment		-	88	-	-
- other investments		-	12,108	-	3,482
Reversal of impairment loss on:					
- receivables		<b>22</b>	390	-	-
- amount due from a subsidiary		-	-	-	350
- property, plant and equipment	<b>3</b>	-	5,671	-	-
Interest received from subsidiaries		-	-	<b>7,913</b>	7,051
Other interest income		<b>83,390</b>	81,812	<b>5,201</b>	2,595
Rental income from property		<b>63,536</b>	46,537	<b>1,150</b>	846
Gain on foreign exchange (net)					
- Realised		<b>2,090</b>	-	<b>1,960</b>	392
Bad debts recovered (net)		<b>511</b>	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS

### 26. EMPLOYEE INFORMATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Staff costs	<b>411,066</b>	364,404	<b>2,364</b>	2,088

Included in staff costs of the Group and of the Company is an amount of **RM24,226,000** (2015 : RM22,616,000) and **RM324,000** (2015 : RM287,000) respectively representing contributions made to the Employees' Provident Fund.

### 27. INCOME TAX EXPENSE

#### Recognised in profit or loss

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax expense on continuing operations	<b>88,919</b>	75,858	<b>2,927</b>	2,367
Share of tax of equity accounted associates	<b>13,996</b>	16,602	-	-
Total income tax expense	<b>102,915</b>	92,460	<b>2,927</b>	2,367

Major components of tax expense include :

	Group		Company		
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	
<b>Current tax expense</b>					
Malaysian	- current year	17,749	24,141	2,925	2,375
	- prior years	(2,794)	909	2	(8)
		<b>14,955</b>	25,050	<b>2,927</b>	2,367
Overseas	- current year	64,988	69,276	-	-
	- prior years	1,497	168	-	-
		<b>66,485</b>	69,444	-	-
Total current tax	<b>81,440</b>	94,494	<b>2,927</b>	2,367	

## NOTES TO THE FINANCIAL STATEMENTS

### 27. INCOME TAX EXPENSE (cont'd)

Major components of tax expense include : (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(5,477)	(14,857)	-	-
Prior year	12,956	(3,779)	-	-
Total deferred tax	7,479	(18,636)	-	-
Share of tax of equity accounted associates	13,996	16,602	-	-
Total tax expense	<b>102,915</b>	92,460	<b>2,927</b>	2,367
<b>Reconciliation of tax expense</b>				
	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the year	298,213	283,268	174,523	90,882
Total tax expense	102,915	92,460	2,927	2,367
Profit excluding tax	<b>401,128</b>	375,728	<b>177,450</b>	93,249
Income tax at Malaysian tax rate of 24% (2015 : 25%)*	96,271	93,932	42,588	23,312
Effect of tax rates in foreign jurisdictions **	(9,974)	(13,402)	-	-
Non-deductible expenses	23,642	17,958	1,288	10,033
Income not subject to tax	(41,260)	(36,765)	(40,950)	(30,969)
Deferred tax assets not recognised	24,580	28,385	-	-
Others	(2,003)	5,054	(1)	(1)
Under/(Over) provision in prior years	11,659	(2,702)	2	(8)
	<b>102,915</b>	92,460	<b>2,927</b>	2,367

\* The Malaysia Budget 2014 announced the reduction of corporate tax to 24% with effect from year of assessment 2016. Consequently, the tax liabilities are measured using the tax rate of 24%.

\*\* 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

### 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** (2015 : 620,361,830), after deducting the treasury stocks of **31,808** (2015 : 31,808).

### 29. DIVIDENDS

Dividends recognised by the Group and the Company are :

	<b>Sen per share</b>	<b>Total amount RM'000</b>	<b>Date of payment</b>
<b>2016</b>			
In respect of financial year 2016:			
- Single tier first interim dividend	<b>6</b>	<b>37,221</b>	<b>11 November 2016</b>
In respect of financial year 2015 :			
- Single tier interim dividend	<b>6</b>	<b>37,222</b>	<b>15 April 2016</b>
- Single tier final dividend and single tier special dividend	<b>8</b>	<b>49,629</b>	<b>1 July 2016</b>
		<u><b>124,072</b></u>	
<b>2015</b>			
In respect of financial year 2015:			
- Single tier first interim dividend	6	37,221	17 November 2015
In respect of financial year 2014 :			
- Single tier interim dividend	6	37,222	26 March 2015
- Single tier final dividend and single tier special dividend	8	49,629	15 July 2015
		<u>124,072</u>	

A single tier second interim dividend of 6 sen per ordinary stock totalling RM37,221,710 in respect of the year ended 31 December 2016 was declared by the Directors on 22 February 2017 and paid on 7 April 2017.

A single tier final dividend of 8 sen per ordinary stock totalling RM49,628,946 have been recommended by the Directors in respect of the year ended 31 December 2016, subject to approval of the stockholders at the forthcoming Annual General Meeting.

The financial statements do not reflect these single tier second interim and final dividends in relation to the financial year ended 31 December 2016, which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2017.

## NOTES TO THE FINANCIAL STATEMENTS

### 30. COMMITMENTS

	Group			
	2016 RM'000	2015 RM'000		
(i) Non-cancellable operating lease commitments				
Within 1 year	2,637	2,357		
Between 1 to 5 years	5,940	7,046		
Above 5 years	48	897		
	<b>8,625</b>	10,300		
(ii) Operating lease income commitments				
Receivables :				
Within 1 year	5,321	5,654		
Between 1 to 5 years	5,227	1,775		
	<b>10,548</b>	7,429		
			Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(iii) Capital expenditure				
- approved but not contracted for	319,259	115,207	-	-
- contracted but not provided for	135,836	209,156	55	55
	<b>455,095</b>	324,363	<b>55</b>	55

## NOTES TO THE FINANCIAL STATEMENTS

### 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>Investment properties and trading of building material 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> </ul>
<i>Healthcare</i>	Medical centre and nursing college

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

## NOTES TO THE FINANCIAL STATEMENTS

### 31. OPERATING SEGMENTS (cont'd)

	2016		Investment holding and financial services		Investment properties and trading of building material products		Hotels and resorts		Plastic products		Automotive and related products		Healthcare segments		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	RM'000	RM'000	RM'000	RM'000	
Revenue from external customers	4,031,999	218,860	282,235	498,145	86,084	375,178	31,757	5,524,258	-	-	-	-	-	-	-	-	-	-	-	-	-	5,524,258	
Inter-segment revenue	678	98	22	-	21,748	303	-	22,849	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total revenue</b>	<b>4,032,677</b>	<b>218,958</b>	<b>282,257</b>	<b>498,145</b>	<b>107,832</b>	<b>375,481</b>	<b>31,757</b>	<b>5,547,107</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>(22,849)</b>	<b>5,524,258</b>	
<b>Results</b>																							
Interest income	20,884	8,604	1,571	42,773	6,090	3,360	108	83,390	-	-	-	-	-	-	-	-	-	-	-	-	-	83,390	
Dividend income	4,085	-	-	1,946	79,521	40	-	85,592	-	-	-	-	-	-	-	-	-	-	-	-	-	85,592	
Depreciation and amortisation	24,967	18,283	31,060	38,206	756	6,003	14,025	133,300	-	-	-	-	-	-	-	-	-	-	-	-	-	133,300	
Share of results of associates	7,786	6,334	-	1,869	15,395	1,924	-	33,308	-	-	-	-	-	-	-	-	-	-	-	-	-	33,308	
Other non-cash expenses	21,043	-	18,485	30,095	8,591	867	18	79,099	-	-	-	-	-	-	-	-	-	-	-	-	-	79,099	
Segment profit/(loss)	186,355	4,489	31,844	78,390	72,863	16,800	(20,555)	370,186	16,946	16,946	16,946	16,946	16,946	16,946	16,946	16,946	16,946	16,946	16,946	16,946	16,946	387,132	
<b>Assets</b>																							
Investment in associates	105,579	105,557	-	24,851	327,477	27,518	-	590,982	-	-	-	-	-	-	-	-	-	-	-	-	-	590,982	
Additions to non-current assets	34,413	17,722	25,585	139,872	571	68,585	3,588	290,336	-	-	-	-	-	-	-	-	-	-	-	-	-	290,336	
Segment assets	3,199,465	420,319	1,006,242	2,115,845	347,526	915,299	238,433	8,243,129	665,477	665,477	665,477	665,477	665,477	665,477	665,477	665,477	665,477	665,477	665,477	665,477	665,477	665,477	8,908,606

## NOTES TO THE FINANCIAL STATEMENTS

### 31. OPERATING SEGMENTS (cont'd)

	Automotive and related products		Plastic products		Hotels and resorts		Plantation		Investment holding and financial services		Investment properties holding and trading of building material products		Healthcare segments		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	RM'000	RM'000	RM'000	RM'000		
2015																								
Revenue from external customers	2,956,905	215,185	266,478	450,807	35,106	441,495	14,187	4,380,163	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,380,163	
Inter-segment revenue	688	87	201	-	9,364	9,604	-	19,944	(19,944)	A													-	
<b>Total revenue</b>	<b>2,957,593</b>	<b>215,272</b>	<b>266,679</b>	<b>450,807</b>	<b>44,470</b>	<b>451,099</b>	<b>14,187</b>	<b>4,400,107</b>	<b>(19,944)</b>														<b>4,380,163</b>	
<b>Results</b>																								
Interest income	20,460	8,783	1,204	45,436	3,708	1,986	235	81,812	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81,812	
Dividend income	3,926	-	-	2,753	30,855	24	-	37,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,558	
Depreciation and amortisation	23,215	19,660	30,028	29,591	725	5,300	12,412	120,931	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,931	
Share of results of associates	8,828	10,033	-	1,241	33,384	1,381	-	54,867	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54,867	
Other non-cash expenses	7,235	5	3,436	62,690	15,102	1,763	-	90,231	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,231	
Segment profit/ (loss)	185,937	11,960	34,592	67,693	33,923	9,186	(26,395)	316,896	42,230	C													359,126	
<b>Assets</b>																								
Investment in associates	97,165	102,307	-	23,693	312,457	26,499	-	562,121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	562,121
Additions to non-current assets	82,051	9,270	36,217	164,560	695	191,555	28,516	512,864	-	-	-	-	-	-	-	-	-	-	-	-	-	-	512,864	
Segment assets	2,921,906	432,500	1,017,909	1,785,629	304,126	875,927	236,944	7,574,941	603,979	E													8,178,920	

## NOTES TO THE FINANCIAL STATEMENTS

### 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 :

	Note	2016 RM'000	2015 RM'000
Property, plant and equipment written off	25	2,550	21
Biological assets written off	25	270	2
Intangible assets written off	25	12,701	18,771
Write-down of inventories, gross		16,211	1,842
Bad and doubtful debts, gross		747	1,825
Unrealised loss on foreign exchange, gross		11,091	56,481
Impairment loss on other investments	25	1,077	849
Impairment loss on biological assets	25	12,147	-
Loss on disposal of property, plant and equipment, gross		17,755	7,261
Loss on disposal of other investments	25	683	-
Provision for retirement benefits	25	3,867	3,179
		<b>79,099</b>	<b>90,231</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 :

	2016 RM'000	2015 RM'000
Share of results of associates	33,308	54,867
Interest expense	(16,362)	(12,637)
	<b>16,946</b>	<b>42,230</b>

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

	Note	2016 RM'000	2015 RM'000
Property, plant and equipment	3	97,260	221,675
Intangible assets	4	744	824
Biological assets	5	125,712	142,526
Land held for property development	6	66	77
Prepaid land lease payment	7	-	35,866
Investment properties	8	66,554	111,896
		<b>290,336</b>	<b>512,864</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 31. OPERATING SEGMENTS (cont'd)

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

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment in associates	<b>590,982</b>	562,121
Current tax assets	<b>35,311</b>	10,657
Deferred tax assets	<b>39,184</b>	31,201
	<b>665,477</b>	603,979

## NOTES TO THE FINANCIAL STATEMENTS

### 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
<b>2016</b>							
Revenue from external customers by location of customers	2,197,585	2,592,494	465,030	152,643	116,506	-	5,524,258
Non-current assets by location of assets	1,249,124	252,172	846,084	442,527	480,997	-	3,270,904
<b>2015</b>							
Revenue from external customers by location of customers	2,231,046	1,487,498	416,613	132,913	112,093	-	4,380,163
Non-current assets by location of assets	1,180,624	260,154	725,459	430,293	522,539	-	3,119,069

#### Major customers

There are no customers with revenue equal to or more than 10% of the Group's total revenue.

## NOTES TO THE FINANCIAL STATEMENTS

### 32. CONTINGENT LIABILITIES, UNSECURED - COMPANY

- 32.1 The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of **RM348.1 million** (2015 : RM326.6 million) of which **RM280.0 million** (2015 : RM261.3 million) of credit facilities was utilised as at the end of the reporting date.
- 32.2 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** (2015 : RM82.5 million) of which **RM10.7 million** (2015 : RM10.1 million) of liabilities were incurred as at the end of the reporting date.
- 32.3 The Company also undertakes to provide financial support for certain subsidiaries to enable them to continue as going concerns.

### 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

- Datuk Loh Kian Chong, DMSM
- Dato' Robert Wong Lum Kong, DSSA, JP
- Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN
- Tan Kheng Hwee
- Dato' Sri Datuk Wira Tan Hui Jing, SSAP, DCSM, PKT, PJK

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

## NOTES TO THE FINANCIAL STATEMENTS

### 33. RELATED PARTIES (cont'd)

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>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Rental receivables	<b>1,080</b>	780
ii) Interest income	<b>7,913</b>	7,051

b) With associates of the Group

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Sale of goods	<b>33,273</b>	54,871
ii) Rental receivable (net)	<b>5</b>	6
iii) Management fee and commission payable	<b>3</b>	197
iv) Purchase of goods	<b>15,471</b>	12,701

c) With Boon Siew Group of Companies

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Commission receivable in respect of advertising, marketing and hotel reservation services	<b>674</b>	672
ii) Sale of goods	<b>494</b>	2,006
iii) Purchase of goods	<b>(639)</b>	(1,302)
iv) Rental charges receivables/(payables) (net)	<b>188</b>	183

	<b>Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
i) Rental payables	<b>(32)</b>	(32)

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 25.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. RELATED PARTIES (cont'd)

#### 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").

	Carrying amount RM'000	L&R RM'000	AFS RM'000
<b>2016</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	353,156	-	353,156
Trade and other receivables (excluding deposits and prepayments)	562,189	562,189	-
Short term investments	716,536	716,536	-
Cash and cash equivalents	2,821,752	2,821,752	-
	<u>4,453,633</u>	<u>4,100,477</u>	<u>353,156</u>
<b>Company</b>			
Other investments	32,341	-	32,341
Trade and other receivables (excluding deposits and prepayments)	45,797	45,797	-
Cash and cash equivalents	157,769	157,769	-
	<u>235,907</u>	<u>203,566</u>	<u>32,341</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### 34.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	FL RM'000
<b>2016</b>		
<b>Financial Liabilities</b>		
<b>Group</b>		
Borrowings	1,442,416	1,442,416
Trade and other payables	469,611	469,611
	<u>1,912,027</u>	<u>1,912,027</u>
<b>Company</b>		
Borrowings	134,092	134,092
Trade and other payables	1,271	1,271
	<u>135,363</u>	<u>135,363</u>
	<b>Carrying amount RM'000</b>	<b>L&amp;R RM'000</b>
		<b>AFS RM'000</b>
<b>2015</b>		
<b>Financial assets</b>		
<b>Group</b>		
Other investments	321,155	-
Trade and other receivables (excluding deposits and prepayments)	434,839	434,839
Short term investments	524,315	524,315
Cash and cash equivalents	2,886,826	2,886,826
	<u>4,167,135</u>	<u>3,845,980</u>
		<u>321,155</u>
<b>Company</b>		
Other investments	32,341	-
Trade and other receivables (excluding deposits and prepayments)	231,730	231,730
Cash and cash equivalents	124,868	124,868
	<u>388,939</u>	<u>356,598</u>
		<u>32,341</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### 34.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	FL RM'000
<b>2015</b>		
<b>Financial Liabilities</b>		
<b>Group</b>		
Borrowings	1,155,079	1,155,079
Trade and other payables	370,078	370,078
	<u>1,525,157</u>	<u>1,525,157</u>
<b>Company</b>		
Borrowings	107,004	107,004
Trade and other payables	1,131	1,131
	<u>108,135</u>	<u>108,135</u>

#### 34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Available-for-sale financial assets				
- recognised in other comprehensive income	<b>12,727</b>	(22,985)	-	-
- recognised in profit or loss	<b>83,832</b>	48,817	<b>173,768</b>	131,931
Loans and receivables	<b>68,007</b>	96,004	<b>14,693</b>	16,826
Financial liabilities measured at amortised cost	<b>(9,175)</b>	(80,309)	<b>(6,373)</b>	(15,383)
	<u><b>155,391</b></u>	<u>41,527</u>	<u><b>182,088</b></u>	<u>133,374</u>

#### 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

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### 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.

*Impairment losses*

The ageing of trade receivables as at the end of the reporting period was :

	<b>Gross RM'000</b>	<b>Individual impairment RM'000</b>	<b>Collective impairment RM'000</b>	<b>Net RM'000</b>
<b>Group</b>				
<b>2016</b>				
Not past due	<b>288,257</b>	-	-	<b>288,257</b>
Past due < 3 months	<b>79,977</b>	<b>115</b>	-	<b>79,862</b>
Past due 3-6 months	<b>8,452</b>	<b>91</b>	-	<b>8,361</b>
Past due 6-12 months	<b>2,102</b>	<b>108</b>	-	<b>1,994</b>
Past due more than 1 year	<b>3,778</b>	<b>3,436</b>	<b>8</b>	<b>334</b>
	<b>382,566</b>	<b>3,750</b>	<b>8</b>	<b>378,808</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### 34.4 Credit risk (cont'd)

##### Receivables (cont'd)

*Impairment losses (cont'd)*

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>Group</b>				
<b>2015</b>				
Not past due	259,778	17	-	259,761
Past due < 3 months	29,634	9	8	29,617
Past due 3-6 months	5,802	166	-	5,636
Past due 6-12 months	1,464	299	-	1,165
Past due more than 1 year	6,030	5,537	-	493
	302,708	6,028	8	296,672

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

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>6,036</b>	5,888
Exchange differences	<b>(1)</b>	1
Impairment loss recognised	<b>313</b>	564
Impairment loss reversed	<b>(22)</b>	(390)
Impairment loss written off	<b>(2,568)</b>	(27)
At 31 December	<b>3,758</b>	6,036

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### 34.4 Credit risk (cont'd)

##### Investments and other financial assets (cont'd)

*Exposure to credit risk, credit quality and collateral (cont'd)*

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.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to **RM430.6 million** (2015 : RM409.1 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

### 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 :

	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>2016</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loans	66,295	2.16 - 5.30	68,974	3,621	12,718	52,579	56
Secured revolving credit	651,200	0.85 - 1.30	652,026	652,026	-	-	-
Finance lease liabilities	14,954	2.47 - 6.70	16,193	5,582	4,681	5,930	-
Unsecured revolving credit	674,037	0.90 - 1.45	713,676	713,676	-	-	-
Unsecured bankers' acceptances	34,610	3.90 - 4.44	34,610	34,610	-	-	-
Bank overdrafts	1,320	8.00 - 8.30	1,320	1,320	-	-	-
Trade and other payables	469,611	-	469,611	469,611	-	-	-
	<b>1,912,027</b>		<b>1,956,410</b>	<b>1,880,446</b>	<b>17,399</b>	<b>58,509</b>	<b>56</b>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,271	-	1,271	1,271	-	-	-
Unsecured revolving credit	134,092	0.90	134,214	134,214	-	-	-
Corporate guarantees	-	-	290,700	290,700	-	-	-
	<b>135,363</b>		<b>426,185</b>	<b>426,185</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### 34.5 Liquidity risk (cont'd)

*Maturity analysis (cont'd)*

2015	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 term loans	62,053	1.25 - 2.56	62,053	2,735	3,212	56,106	-
Secured revolving credit	513,857	0.90 - 1.01	514,668	514,668	-	-	-
Finance lease liabilities	15,337	2.47 - 6.70	16,823	5,254	4,293	7,276	-
Unsecured revolving credit	512,555	0.94 - 4.36	513,684	513,684	-	-	-
Unsecured bankers' acceptances	44,720	3.38 - 5.02	44,720	44,720	-	-	-
Unsecured trust receipts	6,326	4.73 - 5.43	6,326	6,326	-	-	-
Bank overdrafts	231	8.00 - 8.30	231	231	-	-	-
Trade and other payables	370,078	-	370,078	370,078	-	-	-
	<u>1,525,157</u>		<u>1,528,583</u>	<u>1,457,696</u>	<u>7,505</u>	<u>63,382</u>	<u>-</u>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,131	-	1,131	1,131	-	-	-
Unsecured revolving credit	107,004	0.94	107,004	107,004	-	-	-
Corporate guarantees	-	-	271,400	271,400	-	-	-
	<u>108,135</u>		<u>379,535</u>	<u>379,535</u>	<u>-</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 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, Australian Dollar, New Zealand Dollar, Japanese Yen, Thai Baht, Great Britain Pound and Indonesian Rupiah.

##### *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:

2016 Group	US Dollar	Japanese Yen	Australian Dollar	Thai Baht	Great Britain Pound	Indonesian Rupiah	New Zealand Dollar
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade and other receivables	2,613	1,359	321	-	-	-	83
Borrowings	(71,422)	(1,321,572)	-	-	-	-	-
Trade and other payables	(12,801)	(12,771)	-	(12,420)	-	-	-
Cash and bank balances	543,496	69,717	180,488	-	34,737	2,187	43,225
<b>Exposure in the statement of financial position</b>	<b>461,886</b>	<b>(1,263,267)</b>	<b>180,809</b>	<b>(12,420)</b>	<b>34,737</b>	<b>2,187</b>	<b>43,308</b>
<b>Company</b>							
Cash and bank balances	127	7	-	-	-	-	-
Intra-group balances	35,888	-	-	-	-	-	-
Borrowings	-	(134,092)	-	-	-	-	-
<b>Exposure in the statement of financial position</b>	<b>36,015</b>	<b>(134,085)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### 34.6 Market risk (cont'd)

##### 34.6.1 Currency risk (cont'd)

*Exposure to foreign currency risk (cont'd)*

2015 Group	US	Japanese	Australian	Thai	Great Britain	Indonesian	New Zealand
	Dollar RM'000	Yen RM'000	Dollar RM'000	Baht RM'000	Pound RM'000	Rupiah RM'000	Dollar RM'000
Trade and other receivables	3,623	861	108	-	6	-	41
Borrowings	-	(1,022,067)	-	-	-	-	-
Trade and other payables	(13,698)	(8,760)	-	(13,407)	-	-	-
Cash and bank balances	225,299	14,825	173,217	-	32,763	1,907	39,820
<b>Exposure in the statement of financial position</b>	<b>215,224</b>	<b>(1,015,141)</b>	<b>173,325</b>	<b>(13,407)</b>	<b>32,769</b>	<b>1,907</b>	<b>39,861</b>
<b>Company</b>							
Cash and bank balances	144	180	-	-	-	-	-
Intra-group balances	34,348	-	-	-	-	-	-
Borrowings	-	(107,004)	-	-	-	-	-
<b>Exposure in the statement of financial position</b>	<b>34,492</b>	<b>(106,824)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### 34.6 Market risk (cont'd)

##### 34.6.1 Currency risk (cont'd)

###### *Currency risk sensitivity analysis*

A 5% (2015 : 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	
	2016 RM'000	2015 RM'000
<b>Group</b>		
US Dollar	(17,552)	(8,071)
Japanese Yen	48,004	38,068
Australian Dollar	(6,870)	(6,500)
Thai Baht	472	503
Great Britain Pound	(1,320)	(1,229)
Indonesian Rupiah	(83)	(72)
New Zealand Dollar	(1,646)	(1,495)
	<hr/>	<hr/>
<b>Company</b>		
US Dollar	(1,369)	(1,293)
Japanese Yen	5,095	4,006
	<hr/>	<hr/>

A 5% (2015 : 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

### 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Fixed rate instruments</b>				
Financial assets				
- Quoted bonds	<b>124,650</b>	106,150	-	-
- Fixed deposits	<b>1,852,472</b>	1,816,332	<b>155,096</b>	122,852
- Short term investments	<b>716,536</b>	524,315	-	-
- Trade and other receivables	-	-	<b>6,000</b>	8,110
	<b>2,693,658</b>	2,446,797	<b>161,096</b>	130,962
Financial liabilities				
- Lease obligations	<b>14,954</b>	15,337	-	-
- Other borrowings	<b>34,610</b>	56,546	-	-
	<b>49,564</b>	71,883	-	-
<b>Floating rate instruments</b>				
Financial assets				
- Trade and other receivables	-	-	<b>39,760</b>	222,602
Financial liabilities				
- Bank overdrafts	<b>1,320</b>	231	-	-
- Other borrowings	<b>1,391,532</b>	1,082,965	<b>134,092</b>	107,004
	<b>1,392,852</b>	1,083,196	<b>134,092</b>	107,004

###### *Interest rate risk sensitivity analysis*

###### (a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

### 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*

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.

	<b>Profit or loss</b>	
	<b>50bp increase</b>	<b>50bp decrease</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>2016</b>		
<b>Group</b>		
Floating rate instruments		
- Bank overdraft	(5)	5
- Other borrowings	<u>(5,288)</u>	<u>5,288</u>
<b>Company</b>		
Floating rate instruments		
- Trade and other receivables	151	(151)
- Other borrowings	<u>(510)</u>	<u>510</u>
<b>2015</b>		
<b>Group</b>		
Floating rate instruments		
- Bank overdraft	(1)	1
- Other borrowings	<u>(4,061)</u>	<u>4,061</u>
<b>Company</b>		
Floating rate instruments		
- Trade and other receivables	835	(835)
- Other borrowings	<u>(401)</u>	<u>401</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### 34.6 Market risk (cont'd)

##### 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.

*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 **RM32,478,000** (2015 : RM29,302,000). 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

### 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.

2016	Group	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>Financial assets</b>											
	Quoted shares	186,360	3,121	-	189,481	-	-	-	-	-	189,481	189,481
	Quoted bonds	124,650	-	-	124,650	-	-	-	-	-	124,650	124,650
	Quoted unit trusts & REITs	5,490	2,990	-	8,480	-	-	-	-	-	8,480	8,480
	Structured deposits	-	2,170	-	2,170	-	-	-	-	-	2,170	2,170
		<b>316,500</b>	<b>8,281</b>	<b>-</b>	<b>324,781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>324,781</b>	<b>324,781</b>
	<b>Financial liabilities</b>											
	Term loans	-	-	-	-	-	-	66,295	66,295	66,295	66,295	66,295
	Lease obligations	-	-	-	-	13,377	13,377	-	13,377	13,377	13,377	14,954
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,377</b>	<b>13,377</b>	<b>66,295</b>	<b>79,672</b>	<b>79,672</b>	<b>79,672</b>	<b>81,249</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS (cont'd)

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

2015	Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000	
		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>Financial assets</b>											
	Quoted shares	171,231	3,051	-	174,282	-	-	-	-	174,282	174,282	
	Quoted bonds	106,150	-	-	106,150	-	-	-	-	106,150	106,150	
	Quoted unit trusts & REITs	5,201	7,384	-	12,585	-	-	-	-	12,585	12,585	
		<b>282,582</b>	<b>10,435</b>	<b>-</b>	<b>293,017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293,017</b>	<b>293,017</b>	
	<b>Financial liabilities</b>											
	Term loans	-	-	-	-	-	-	62,053	62,053	62,053	62,053	
	Lease obligations	-	-	-	-	-	13,729	-	13,729	13,729	13,729	
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,729</b>	<b>62,053</b>	<b>75,782</b>	<b>75,782</b>	<b>75,782</b>	<b>77,390</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 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 Level 2 fair values during the financial year.

##### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

### 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 are determined 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

### 35. CAPITAL MANAGEMENT (cont'd)

	Group	
	2016	2015
	RM'000	RM'000
Total borrowings (Note 19)	1,442,416	1,155,079
Less : Short term investments (Note 16)	716,536	524,315
Less : Cash and cash equivalents (Note 17)	2,821,752	2,886,826
Net cash	2,095,872	2,256,062
Total equity	6,818,910	6,539,520
Debt-to-equity ratios	#	#

# 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 DURING THE FINANCIAL YEAR

- 36.1 Unique Mix (Singapore) Pte. Ltd. ("UMS"), a wholly-owned subsidiary of OAM which in turn is a wholly-owned subsidiary of Selasih Permata Sdn. Bhd. ("SP") and a 50.5% owned subsidiary of the Company, had on 14 December 2015 submitted an application to the Accounting and Corporate Regulatory Authority ("ACRA") to strike its name off from the Register. On 4 January 2016, UMS received a striking-off notice from ACRA dated 18 December 2015. The struck-off was completed on 17 March 2016.
- 36.2 The Company through its indirect 50.5% owned subsidiary, OBS (Singapore) Pte. Ltd. ("OBSS") had on 10 February 2016, received approval dated 2 February 2016 from the Ministry of Law and Human Rights of the Republic of Indonesia ("MOLHR") for the acquisition of 90% equity interest in PT Sumatera Sawit Lestari ("SSL"). The acquisition was settled via a cash subscription (equivalent to about RM2.84 million) pursuant to a Shares Subscription Agreement entered with PT Tradisi Bina Usaha and Saksona Boenjamin. Upon completion of the said acquisition, SSL became the 90% owned subsidiary of OBSS. SSL was incorporated on 29 November 2012 with its present authorised and issued share capital of IDR10,000,000,000 (equivalent to about RM3.2 million) divided into 10,000 shares with nominal value of IDR1,000,000 each. The principal activities of SSL are cultivation of oil palm plantation and its related activities.
- 36.3 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 had ceased operations and remained dormant since then. LEM convened the Final General Meeting on 7 April 2016 and concluded the winding up proceedings.

## NOTES TO THE FINANCIAL STATEMENTS

### 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

- 36.4 Oriental Assemblers Sdn Bhd ("OA"), a 91.9% owned subsidiary by the Company and 6.1% owned by wholly-owned subsidiary of Oriental Rubber & Palm Oil Sdn. Berhad ("ORPO") with other minority shareholders, had on 21 June 2016, entered into a Share Purchase Agreement ("SPA") to dispose the collective 100% equity interest in OA to Aroma Kiara Sdn Bhd ("AKSB") for total cash consideration of RM32.5 million. OA was incorporated as Capital Motor-Assembly Corporation Sendirian Berhad in Malaysia under the Companies Act, 1965 on 1 May 1967. OA is involved in vehicle assembly and the manufacturing and sale of engines and transmissions with operations based in Johor Bahru, Johor Darul Takzim. Its present issued and fully paid-up share capital is RM36,000,000.00 comprising 36,000,000 ordinary shares of RM1.00 each. On 29 December 2016, the Company received approval from the Ministry of International Trade and Industry for the disposal, and hence, the SPA is now unconditional. The vendors and purchaser have mutually agreed to complete and finalise the disposal pursuant to the said SPA by the second quarter of 2017. Upon the completion of the disposal, OA shall cease to be a subsidiary of the Company.
- 36.5 Konkrit Utara Sdn. Bhd. ("KU") is a wholly-owned subsidiary of Unique Mix (Penang) Sdn. Bhd. which in turn is a 70% owned subsidiary of Simen Utara Sdn. Bhd. ("SU"). SU is a 91% owned sub-subsidiaries of the Company. KU had on 1 September 2016 been placed under member's voluntary winding up proceeding. KU was incorporated in Malaysia on 20 October 1993 with an authorised share capital of RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each whilst its issued and paid up share capital of RM300,000.00 comprised 300,000 ordinary shares of RM1.00 each. KU had ceased operations and remained dormant currently.
- 36.6 Kah Motor Company Sdn Berhad, a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary company known as 30 Bencoolen Pte. Ltd. ("30 Bencoolen") in Singapore on 15 November 2016. The initial issued and paid up share capital of 30 Bencoolen is SGD1 (Singapore Dollar One) only represented by One Ordinary Share of SGD1. The issued and paid up capital of 30 Bencoolen will be increased as and when necessary. The intended principal activity of 30 Bencoolen is management of hotel operations.

### 37. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

- 37.1 Armstrong Component Parts (Vietnam) Co., Ltd ("ACPV"), a wholly-owned subsidiary of Armstrong Auto Parts Sdn Berhad which in turn is 60.26% owned by the Company had on 6 February 2017 submitted the notice of voluntary dissolution and termination of activities to the Vietnamese tax authority. ACPV was involved in the manufacturing of automotive parts before cessation of its business operations in November 2014. The process will take approximately 6 to 12 months to complete.

## NOTES TO THE FINANCIAL STATEMENTS

### 38. DETAILS OF SUBSIDIARIES

Name of subsidiaries and principal activities	Group's effective interest	
	2016 %	2015 %
<b>Oriental Realty Sdn. Berhad</b> <i>Property development and investment holding</i>	100.0	100.0
Subsidiary company of Oriental Realty Sdn. Berhad		
<b>- Kenanga Mekar Sdn. Bhd.</b> <i>Property development</i>	100.0	100.0
<b>Syarikat Oriental Credit Berhad</b> <i>Money lending and leasing</i>	100.0	100.0
<b>Dragon Frontier Sdn. Bhd.</b> <i>Manufacture of plastic moulded parts for electrical, electronics and automotive industries</i>	100.0	100.0
<b>Bayview International Sdn. Bhd.</b> <i>Provision of advertising, marketing and central reservation services</i>	100.0	100.0
<b>Oriental Rubber &amp; Palm Oil Sdn. Berhad</b> <i>Cultivation of oil palm, investment holding and letting of parking lots</i>	100.0	100.0
Subsidiary of Oriental Rubber & Palm Oil Sdn. Berhad		
<b>- Oriental Boon Siew (M) Sdn. Bhd.</b> <i>Land reclamation and investment holding</i>	51.0	51.0
<b>Compounding &amp; Colouring Sdn. Bhd.</b> <i>Manufacture and sale of polypropylene compounds</i>	70.0	70.0
<b>Oriental Assemblers Sdn. Bhd.</b> <i>Assembly of motor vehicles and manufacture and sale of engines and transmissions</i>	97.9	97.9
<b>Oriental Nichinan Design Engineering Sdn. Bhd.</b> <i>Design, manufacture and sale of prototype plastic models</i>	88.0	88.0
<b>Oriental San Industries Sdn. Bhd.</b> <i>Letting of properties and manufacturing and trading of plastic articles and products</i>	100.0	100.0
<b>Armstrong Cycle Parts (Sdn.) Berhad *</b> <i>Property investment holding company</i>	57.1	57.1



## NOTES TO THE FINANCIAL STATEMENTS

### 38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest	
	2016 %	2015 %
<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 and provision of after sales services</i>	100.0	100.0
Subsidiary of Kah Bintang Auto Sdn. Bhd.		
<b>- Kah Classic Auto Sdn. Bhd.</b> <i>Retailer of motor vehicles and trader of spare parts, accessories and related component parts and provision of after sales services</i>	100.0	100.0
<b>Oriental Boon Siew (Mauritius) Pte. Ltd. #</b> <i>Investment holding and granting of loans</i>	50.5	50.5
Subsidiaries of Oriental Boon Siew (Mauritius) Pte. Ltd.		
<b>- OAM Asia (Singapore) Pte. Ltd. #</b> <i>Investment holding</i>	50.5	50.5
Subsidiaries of OAM Asia (Singapore) Pte. Ltd.		
<b>- OAM (Aust) Pty Ltd #</b> <i>Property investment holding</i>	50.5	50.5
<b>- PT Surya Agro Persada *</b> <i>Oil palm plantation</i>	45.5	45.5
<b>- OBS (Singapore) Pte. Ltd. #</b> <i>Investment holding and granting of loans</i>	50.5	50.5
Subsidiaries of OBS (Singapore) Pte. Ltd.		
<b>- PT Bumi Sawit Sukses Pratama *</b> <i>Oil palm plantation</i>	45.5	45.5
<b>- PT Gunung Sawit Selatan Lestari *</b> <i>Oil palm plantation</i>	45.5	45.5
<b>- PT Pratama Palm Abadi *</b> <i>Oil palm plantation</i>	45.5	45.5
<b>- PT Dapo Agro Makmur *</b> <i>Oil palm plantation</i>	45.5	45.5
<b>- PT Sumatera Sawit Lestari *</b> <i>Cultivation of oil palm plantation</i>	45.5	-

## NOTES TO THE FINANCIAL STATEMENTS

### 38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest	
	2016 %	2015 %
<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
- <b>Lipro Mold Engineering Sdn. Bhd.</b> <i>Manufacture and repair of moulds, jigs and fixtures</i>	<b>48.0</b>	48.0
- <b>Armstrong Industries Sdn. Bhd.</b> <i>Investment holding</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
- <b>Oriental Industries (Wuxi) Co., Ltd. *</b> <i>Letting of property</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 related spare parts</i>	<b>99.0</b>	99.0
- <b>Ultra Green Sdn. Bhd.</b> <i>Land reclamation and investment holding</i>	<b>100.0</b>	100.0
- <b>Happy Motoring Co. Sdn. Bhd. *</b> <i>Motor car dealer and the general repair and servicing of motor cars</i>	<b>51.0</b>	51.0
- <b>Kah New Zealand Limited #</b> <i>Provision of hotel accommodation</i>	<b>100.0</b>	100.0
- <b>Kah Australia Pty Limited *</b> <i>Property investment and hotel operation</i>	<b>100.0</b>	100.0

## NOTES TO THE FINANCIAL STATEMENTS

### 38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest	
	2016 %	2015 %
Subsidiary of Kah Australia Pty Limited <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 hotel</i>	100.0	100.0
<b>- Silver Beech Holdings Limited *</b> <i>Investment holding</i>	100.0	100.0
Subsidiary of Silver Beech Holdings Limited <b>- Silver Beech (IOM) Limited *</b> <i>Property holding</i>	100.0	100.0
<b>- 30 Bencoolen Pte. Ltd. #</b> <i>Management of hotel operations</i>	100.0	-
<b>Armstrong Auto Parts Sdn. Berhad</b> <i>Investment holding company and a manufacturer for motor cycles and motor vehicles</i>	60.3	60.3

## NOTES TO THE FINANCIAL STATEMENTS

### 38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest	
	2016 %	2015 %
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 steel wire, galvanised wire, wire mesh, barbed wire, weld mesh, nails and building materials</i>	<b>100.0</b>	100.0
- <b>Lipro Trading Sdn. Bhd.*</b> <i>Commission agent in trading 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
Subsidiaries of Unique Mix (Penang) Sdn. Bhd.		
- <b>Konkrit Utara Sdn. Bhd. *</b> <i>Ceased operation in January 2015 and commenced Members' Voluntary Winding up on 1 September 2016</i>	<b>63.7</b>	63.7

## NOTES TO THE FINANCIAL STATEMENTS

### 38. DETAILS OF SUBSIDIARIES (cont'd)

Name of subsidiaries and principal activities (cont'd)	Group's effective interest	
	2016 %	2015 %
- <b>Unique Mix Sdn. Bhd. *</b> <i>Sale and distribution of 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>Dormant</i>	<b>72.8</b>	72.8
- <b>Oriental Asia (Mauritius) Pte. Ltd. #</b> <i>Investment holding, provision of consultancy and employment services and granting of loans</i>	<b>50.5</b>	50.5
- <b>Oriental Asia (Aust.) Pty Ltd</b> <i>Investment property</i>	<b>50.5</b>	50.5
<b>Melaka Straits Medical Centre Sdn. Bhd.</b> <i>Operate a medical centre and provision of related healthcare 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

\* not audited by KPMG.

# audited by member firms of KPMG International.

## NOTES TO THE FINANCIAL STATEMENTS

### 38. DETAILS OF SUBSIDIARIES (cont'd)

All the subsidiaries are incorporated in Malaysia except for :

	<u>Country of incorporation</u>
- Geographe Bay Motel Unit Trust	Australia
- Kah Australia Pty. Limited	Australia
- OAM (Aust) Pty. Ltd.	Australia
- Oriental Asia (Aust.) Pty. Ltd.	Australia
- Happy Motoring Co. Sdn. Bhd.	Brunei Darussalam
- North Malaya (Xiamen) Steel Co., Ltd.	China
- Oriental Industries (Wuxi) Co., Ltd.	China
- Oriental Asia (Mauritius) Pte. Ltd.	Mauritius
- Oriental Boon Siew (Mauritius) Pte. Ltd.	Mauritius
- Oriental International (Mauritius) Pte. Ltd.	Mauritius
- Kah New Zealand Limited	New Zealand
- PT Bumi Sawit Sukses Pratama	Republic of Indonesia
- PT Dapo Agro Makmur	Republic of Indonesia
- PT Gunungsawit Binalestari	Republic of Indonesia
- PT Gunung Maras Lestari	Republic of Indonesia
- PT Gunung Sawit Selatan Lestari	Republic of Indonesia
- PT Oriental Kyowa Industries	Republic of Indonesia
- PT Pratama Palm Abadi	Republic of Indonesia
- PT Surya Agro Persada	Republic of Indonesia
- PT Sumatera Sawit Lestari	Republic of Indonesia

## NOTES TO THE FINANCIAL STATEMENTS

### 38. DETAILS OF SUBSIDIARIES (cont'd)

All the subsidiaries are incorporated in Malaysia except for : (cont'd)

	<u>Country of incorporation</u>
- Kah Power Products Pte. Ltd.	Singapore
- OAM Asia (Singapore) Pte. Ltd.	Singapore
- OBS (Singapore) Pte. Ltd.	Singapore
- 30 Bencoolen Pte. Ltd.	Singapore
- Park Suanplu Holdings Co., Ltd.	Thailand
- Suanplu Bhiman Limited	Thailand
- Silver Beech Holdings Limited	United Kingdom
- Silver Beech Operations UK Limited	United Kingdom
- Silver Beech (IOM) Limited	United Kingdom
- Armstrong Component Parts (Vietnam) Co., Ltd	Vietnam

## NOTES TO THE FINANCIAL STATEMENTS

### 39. 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries :				
- realised	<b>5,252,001</b>	4,959,610	<b>382,997</b>	335,645
- unrealised	<b>(80,971)</b>	(56,979)	<b>(5,357)</b>	(8,456)
	<b>5,171,030</b>	4,902,631	<b>377,640</b>	327,189
Total share of retained earnings of associates				
- realised	<b>498,806</b>	469,766	-	-
- unrealised	<b>(2,555)</b>	(4,140)	-	-
	<b>5,667,281</b>	5,368,257	<b>377,640</b>	327,189
Less : Consolidation adjustments	<b>(1,563,643)</b>	(1,420,071)	-	-
Total retained earnings	<b>4,103,638</b>	3,948,186	<b>377,640</b>	327,189

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 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the financial statements set out on pages 61 to 179 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 2016 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 39 on page 180 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, DGPN, DSPN**

Director

Penang

Date : 10 April 2017

## STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, Wong Tet Look, the officer primarily responsible for the financial management of Oriental Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 180 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Wong Tet Look, NRIC: 501015-07-5255, at Georgetown in the State of Penang on 10 April 2017.

.....  
**Wong Tet Look**

Before me :

**Goh Suan Bee (No. P125)**  
**Commissions of Oaths**

# INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF ORIENTAL HOLDINGS BERHAD (Company No. 5286-U) (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Oriental Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 179.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Impairment of Goodwill

Refer to page 75, Note 1(d) (*basis of preparation - use of estimates and judgements*), page 89, Note 2(p)(ii) (*significant accounting policies - Impairment of other assets*) and page 107, Note 4.

The Group's carrying amount of goodwill as at 31 December 2016 of RM32.9 million relates mainly to the plantation companies in Indonesia. The recoverability of the carrying amount of the cash generating units of the affected plantation companies, including goodwill is dependent on their recoverable values, determined using the discounted cash flows forecast/projections. This is one of the areas that our audit focuses on because there are inherent uncertainties and significant management judgement involved in forecasting and discounting future cash flows of the affected cash generating units to arrive at the recoverable values. The inherent uncertainties include among others, the appropriateness of significant assumptions and discount rates.

# INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF ORIENTAL HOLDINGS BERHAD (Company No. 5286-U) (Incorporated in Malaysia)

## Key Audit Matters (cont'd)

### How our audit addressed the key audit matter

Our audit procedures include, amongst others:

- evaluated the impairment test model by comparing it with the requirements of the Financial Reporting Standards;
- assessed the appropriateness of the discount rates used by comparing these with our expectations based on our knowledge of the industry in which the Group operates;
- assessed those significant and highly sensitive assumptions, such as the long term outlook of prices for crude palm oil and palm kernel oil, to determine that these were reasonable and supportable by comparing them with internal and external sources;
- read the report of and interviewed the valuer engaged by the Group in estimating the recoverable values for some of the cash generating units of the affected plantations;
- considered the adequacy of the disclosures on the impairment assessment for the cash generating units of which the assumptions applied were particularly sensitive, uncertain or required significant judgement. As such, these assumptions may have a significant risk which could result in a material adjustment to the carrying amount of the goodwill and other assets within the cash generating units over the next financial year.

## 2. Interests in subsidiaries

Refer to page 75, Note 1(d) (*basis of preparation - use of estimates and judgements*), page 89, Note 2(p)(ii) (*significant accounting policies - Impairment of other assets*) and page 116, Note 9.

As disclosed in Note 9 to the financial statements, the Company's carrying amount of interests in subsidiaries stood at about RM877 million at year end, including an amount of RM210 million due from certain subsidiaries which is not expected to be repaid within the next twelve months and are thus regarded as quasi investments of the Company. There is an indicator of impairment arising from some of the loss-making subsidiaries. This is an area that our audit focuses on as there are inherent uncertainties and significant management judgement involved in forecasting and discounting future cash flows of the affected cash generating units to arrive at the recoverable values versus the carrying amount of the interests in subsidiaries. The inherent uncertainties include among others, the appropriateness of significant assumptions and discount rates.

### How our audit addressed the key audit matter

Our audit procedures include, amongst others:

- evaluated the impairment test model by comparing it with the requirements of the Financial Reporting Standards;
- assessed the appropriateness of the discount rates used by comparing these with our expectations based on our knowledge of the industry in which the subsidiaries operate;
- assessed those significant and highly sensitive assumptions, such as the sales growth rate, sales quantity, selling price and gross profit margin to determine that these were reasonable and supportable by comparing them with internal and external sources;
- assessed the appropriateness of recoverable amount of cash generating unit determined using the fair value less costs of disposal for the subsidiary pending completion of sale to a third party as at year end;
- considered the adequacy of the disclosures on the impairment assessment for the cash generating units of which the assumptions applied were particularly sensitive, uncertain or required significant judgement. As such, these assumptions may have a significant risk which could result in a material adjustment to the carrying amount of the interests in subsidiaries.

# INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF ORIENTAL HOLDINGS BERHAD (Company No. 5286-U) (Incorporated in Malaysia)

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

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, we are required to report that fact. We have nothing to report in this regard.

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

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF ORIENTAL HOLDINGS BERHAD (Company No. 5286-U) (Incorporated in Malaysia)

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

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

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

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

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

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 38 to the financial statements.

# INDEPENDENT AUDITORS' REPORT TO THE STOCKHOLDERS OF ORIENTAL HOLDINGS BERHAD (Company No. 5286-U) (Incorporated in Malaysia)

## Other Reporting Responsibilities

The supplementary information set out in Note 39 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

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

**KPMG PLT**  
LLP0010081-LCA & AF 0758  
Chartered Accountants

**Lee Phaik Im**  
Approval Number : 3177/05/17 (J)  
Chartered Accountant

Date : 10 April 2017

Penang

# TEN LARGEST PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2016

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
The Thistle Bloomsbury Hotel Bloomsbury Way London WC1A 2SD United Kingdom	Hotel	8,027	Freehold	93	13 Feb 2012	214.7
Lot 2051, PN 50435 PHTM : 2361 Pekan Klebang Sek. IV Melaka Tengah Melaka	Land and hospital building	75,740	Leasehold (99 years expiring 2107)	3	16 July 2008	176.9
Phase 1A, 2A, 3A, 3B & 4 Pekan Klebang Sek. IV Melaka Tengah, Melaka	Land held for property development	1,689,522	Leasehold (Pending issuance of title)	-	-	175.0
Phase 3 Pekan Klebang Sek. IV Melaka Tengah, Melaka	Reclaimed land	687,966	Leasehold (Pending issuance of title)	-	-	173.6
Kecamatan Simpang Rimba dan Payung, Kabupaten Bangka Selatan, Pulau Bangka Propinsi Kepulauan Bangka Belitung Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	4,015 (hectares)	Pending Hak Guna Usaha	10	17 Nov 2006	165.2
Kecamatan Karang Dapo Kecamatan Rawas Ilir Kecamatan Mura Lakitan Kecamatan Muara Kelingi Kabupaten Musi Rawas Propinsi Sumatera Selatan Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	2,835 (hectares)	Pending Hak Guna Usaha	-	18 July 2011	153.0
Somerset Park Suanplu No 39 Soi Suanplu South Sathorn Road Bangkok 10120 Thailand	Service apartment	6,555	Freehold	20	15 Sept 2011	137.7
Kecamatan Jaya Loka Kecamatan Tiang Pumpung Kepungut Kecamatan Bulang Tenga Suku Ulu Kabupaten Musi Rawas Propinsi Sumatera Selatan Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	1,913 (hectares)	Pending Hak Guna Usaha	5	31 Jan 2011	133.6



## TEN LARGEST PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2016

Location	Description	Land Area (sq.metres)	Tenure	Age of Building (Years)	Date of Acquisition	Net Book Value (RM million)
Desa Pauh Kecamatan Rawas Ilir Kabupaten Musi Rawas Utara Propinsi Sumatera Selatan Republik of Indonesia	Oil palm plantation with residential quarters and administrative office	2,897 (hectares)	Leasehold (35 years expiring 2045 & 2048 & 2049)	1	3 Mar 2015	100.5
319-323 Swanston Street Melbourne Australia	Commercial property	665	Freehold	21	18 Sept 2015	88.4

# STOCKHOLDING STATISTICS

## STOCKHOLDING STATISTICS AS AT 28 MARCH 2017

ISSUED SHARE CAPITAL	:	RM620,393,638/= comprising 620,393,638 stocks (including 31,808 treasury stocks)
CLASS OF STOCK	:	Ordinary Stocks
VOTING RIGHTS	:	On a poll - One vote for every ordinary stock held

## ANALYSIS OF STOCKHOLDINGS

Size of Stockholding	No. of Stockholders/ Depositors	No. of Stocks	% of Issued Capital
1 - 99	331	11,884	0.00
100 - 1,000	1,139	812,705	0.13
1,001 - 10,000	3,609	14,348,300	2.31
10,001 - 100,000	1,182	34,660,346	5.59
100,001 to less than 5% of issued stocks	200	195,158,248	31.46
5% and above of issued stocks	5	375,402,155	60.51
Total	6,466	620,393,638	100.00

## SUBSTANTIAL STOCKHOLDERS

Name	No. of Stocks Direct	% of Issued Capital	No. of Stocks Indirect	% of Issued Capital
1. Boon Siew Sdn Bhd	266,729,662	43.00	78,604,757 <sup>(a)</sup>	12.67
2. Employees Provident Fund Board	52,202,716	8.41	-	-
3. Penang Yellow Bus Company Bhd	32,848,477	5.30	-	-
4. Datuk Loh Kian Chong	340,000	0.05	356,702,450 <sup>(b)</sup>	57.50
5. Aberdeen Asset Management PLC and its Subsidiaries	-	-	69,758,700 <sup>(c)</sup>	11.24
6. Aberdeen Asset Management Asia Limited	-	-	49,011,000 <sup>(d)</sup>	7.90
7. Aberdeen International Fund Manager Limited	-	-	34,128,600 <sup>(d)</sup>	5.50

<sup>(a)</sup> 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.

<sup>(b)</sup> 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, Southern Perak Plantations Sdn Bhd and Global Investment Limited.

<sup>(c)</sup> Deemed interested via its subsidiaries' interests.

<sup>(d)</sup> Deemed interested via holding voting rights of OHB stocks through various funds managed.

## STOCKHOLDING STATISTICS

### THIRTY LARGEST STOCKHOLDERS AS AT 28 MARCH 2017

No.	Name	No. of Stocks	% of Issued Capital
1.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOON SIEW SDN BERHAD (00-00198-000)	133,365,188	21.50
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BOON SIEW SDN BHD	133,364,474	21.50
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	41,695,416	6.72
4.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	34,128,600	5.50
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.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	10,299,000	1.66
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	10,124,000	1.63
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD (PB)	9,000,000	1.45
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LOH BOON SIEW HOLDINGS SDN BHD	7,568,031	1.22
12.	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)	6,353,600	1.02
14.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	5,925,900	0.96
15.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BOONTONG ESTATES SDN BERHAD (00-00200-000)	4,432,966	0.71
16.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR EDINBURGH DRAGON TRUST PLC	3,600,000	0.58
17.	LOH KAR BEE HOLDINGS SDN BHD	3,600,000	0.58
18.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,580,679	0.58
19.	CHINCHOO INVESTMENT SDN.BERHAD	3,369,960	0.54
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LIM SU TONG	2,966,906	0.48

## STOCKHOLDING STATISTICS

### THIRTY LARGEST STOCKHOLDERS AS AT 28 MARCH 2017 (cont'd)

No.	Name	No. of Stocks	% of Issued Capital
21.	KEY DEVELOPMENT SDN.BERHAD	2,736,000	0.44
22.	GOLDEN FRESH SDN BHD	2,700,000	0.44
23.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR HI-KABL-FONDS	2,140,000	0.34
24.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BOON SIEW DEVELOPMENT SDN BERHAD (PB)	2,035,000	0.33
25.	AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	1,991,000	0.32
26.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (GUERNSEY)	1,973,100	0.32
27.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	1,870,000	0.30
28.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD TONG YEN SDN BHD (00-00203-000)	1,708,278	0.28
29.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC	1,650,000	0.27
30.	FOO LOKE WENG	1,470,024	0.24
<b>TOTAL:</b>		<b>520,464,430</b>	<b>83.89</b>

## STOCKHOLDING STATISTICS

### **DIRECTORS' STOCKHOLDINGS AS AT 28 MARCH 2017**

<b>Name of Directors</b>	<b>Direct Interest</b>	<b>%</b>	<b>Indirect Interest</b>	<b>%</b>
1. Datuk Loh Kian Chong	340,000	0.05	356,702,450 <sup>(a)</sup>	57.50
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	2,966,906	0.48	3,742,626 <sup>(b)</sup>	0.60
4. Tan Kheng Hwee	172,032	0.03	-	-
5. Dato' Sri Datuk Wira 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. Nobuhide Nagata	-	-	-	-
11. Datin Loh Ean ( <i>Alternate Director to Dato' Robert Wong Lum Kong, DSSA, JP</i> )	161,872	0.03	181,149 <sup>(b)</sup>	0.03

<sup>(a)</sup> 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, Southern Perak Plantations Sdn Bhd and Global Investment Limited.

<sup>(b)</sup> These are stocks held in the name of the spouses and children and are regarded as interests of the Directors in accordance with Section 59(11)(c) of the Companies Act, 2016.

<sup>(c)</sup> Deemed interested via Phipps Holdings Sdn. Bhd.

\* She also holds 227,318 shares and 100,000 shares in Armstrong Auto Parts Sdn. Berhad and Teck See Plastic Sdn Bhd respectively.

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# FORM OF PROXY

CDS Account No.:	No. of stocks held:

I/We \_\_\_\_\_  
(Full name in Block Letters and NRIC / Company No.)

of \_\_\_\_\_ and \_\_\_\_\_  
(Address) (Tel. No.)

being a member/ members of Oriental Holdings Berhad hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	No. of Stocks	% of Stockholding

\* and/or (\*delete if not applicable)

Full Name (in Block Letters)	NRIC/Passport No.	No. of Stocks	% of Stockholding

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the FIFTY-FIFTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 8 June 2017 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 on a poll as indicated below with an "X".

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To declare a Final Single Tier Dividend of 8 sen per ordinary stock for financial year ended 31 December 2016		
2.	To re-elect Dato' Robert Wong Lum Kong, DSSA, JP		
3.	To re-elect Dato' Seri Lim Su Tong		
4.	To re-elect Dato' Ghazi bin Ishak		
5.	To re-elect Puan Sharifah Intan binti S. M. Aidid		
6.	To approve the Directors' Fees for financial year ended 31 December 2016		
7.	To approve the Directors' Fees and Benefits from 1 January 2017 until the next AGM of the Company		
8.	To re-appoint Messrs KPMG PLT		
9.	To approve the Proposed New and Renewal of Stockholders' Mandate for Recurrent Related Party Transactions		
10.	To approve the Proposed Renewal of Stock Buy-Back		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
 Signature of Stockholder(s)/Common Seal

## Notes:

- A Member entitled to attend and vote at this meeting may appoint a proxy to attend and to vote on his behalf. A proxy may but need not be a Member. A Member may appoint 2 proxies to attend on the same occasion. 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 an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to 2 proxies in respect of each securities account it may holds with ordinary stocks of the Company standing to the credit of the said securities account.
- Where a Member of the Company is an exempt authorised nominee which holds ordinary stocks in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.  
 An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- 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 1 June 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

## Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

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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*





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