



**GUH HOLDINGS BERHAD**

1196101000062 (4104-WJ)

## Annual Report 2019



# VISION

To be a profitable and well-established conglomerate that maximizes the interest for its

**SHAREHOLDERS**

**EMPLOYEES**

**SUPPLIERS/VENDORS**

**CUSTOMERS**

**COMMUNITY**

and to achieve sustainability throughout the supply chain

# MISSION

## **FOR ITS SHAREHOLDERS**

- Practise good corporate governance to enhance transparency
- Identify correct ventures and business development to maximize shareholders' value
- Provide good dividend payment

## **FOR ITS EMPLOYEES**

- Provide a conducive working environment
- Provide proper training, development and opportunities for career advancement
- Recognize and reward excellent employees

## **FOR ITS SUPPLIERS/VENDORS**

- Impartiality in the approval of suppliers/vendors
- Effective communication to facilitate suppliers'/vendors' timeliness and quality

## **FOR ITS CUSTOMERS**

- Respond efficiently to the changing demands of the customers
- Improve product quality and technical innovation to fulfill customers' needs and satisfaction in the market place

## **FOR ITS COMMUNITY**

- Integrate environmental protection into our business and to minimize environmental impact
- Uphold its corporate responsibilities for the benefits of the community

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## **CORPORATE PROFILE**

GUH Holdings Berhad is a Malaysian-based corporation  
with key businesses in  
electronic, property development and utilities

As a proud and home-grown company  
with diversified portfolio,  
GUH is committed to building  
a sustainable future and bringing positive benefits  
to all its stakeholders

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

## CORPORATE INFORMATION

### Board of Directors

Tan Sri Dato' Seri H'ng Bok San  
*Executive Chairman*

Datuk Seri Kenneth H'ng Bak Tee  
*Chief Executive Officer/Group Managing Director*

Dato' Harry H'ng Bak Seah  
*Non-Executive Director*

Datin Jessica H'ng Hsieh Ling  
*Non-Executive Director*

Mr. Chew Hock Lin  
*Independent Non-Executive Director*

Dato' Ismail Bin Hamzah  
*Independent Non-Executive Director*

Dato' Lai Chang Hun  
*Independent Non-Executive Director*

En. W Ismail Bin W Nik  
*Independent Non-Executive Director*

Dato' Dr. Gan Kong Meng  
*Independent Non-Executive Director*

### Company Secretaries

Datuk Seri Kenneth H'ng Bak Tee  
(LS 0008988) (SSM PC No.: 201908001173)  
Kee Gim Tee  
(MAICSA 7014866) (SSM PC No.: 201908002255)

### Share Registrar

Mega Corporate Services Sdn. Bhd.  
(198901010682(187984-H))  
Level 15-2 Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-26924271  
Fax: 03-27325388  
Website: [www.megacorp.com.my](http://www.megacorp.com.my)

### Registered Office

Part of Plot 1240 & 1241  
Bayan Lepas Free Industrial Zone  
Phase 3, Bayan Lepas, 11900 Penang  
Tel: 04-6166333  
Fax: 04-6166366  
Website: [www.guh.com.my](http://www.guh.com.my)

### Independent Auditors

Crowe Malaysia PLT  
(201906000005(LLP0018817-LCA) & AF 1018)  
Chartered Accountants  
Level 6, Wisma Penang Garden  
42 Jalan Sultan Ahmad Shah  
10050 Penang  
Tel: 04-2277061  
Fax: 04-2278011  
Website: [www.crowe.my](http://www.crowe.my)

### Principal Bankers

United Overseas Bank (Malaysia) Bhd  
CIMB Bank Berhad  
Malayan Banking Berhad  
Public Bank Berhad

### Stock Exchange Listing

Listed on the Main Market of  
Bursa Malaysia Securities Berhad  
under Industrial Products Sector

Stock Code: 3247  
Stock Name: GUH

## PROFILE OF DIRECTORS

### **Tan Sri Dato' Seri H'ng Bok San, JP**

*PSM, DPPN, DGPN, DSPN, PKT, PJK*

Executive Chairman

80 years old, Malaysian

Tan Sri Dato' Seri H'ng Bok San is the founder of GUH Circuit Industry (PG) Sdn. Bhd., the Executive Chairman of GUH Holdings Berhad ("GUH") Group and a substantial shareholder of GUH. He was appointed to the Board of GUH on 6 January 1994. Tan Sri Dato' Seri H'ng also sits on the Board of Sarawak Cable Berhad, a public listed company. He holds directorships in several other private limited companies.

An experienced and well-known entrepreneur who completed high school examination in the early years with a Certificate in Business Administration and Accounting obtained in Singapore, Tan Sri Dato' Seri H'ng began his career in various fields from marketing management, business administration to the setting up of businesses and manufacturing. Tan Sri Dato' Seri H'ng founded Leader Cable Industry Berhad back in 1976 and implemented a restructuring and merger exercise between Leader Cable Industry Berhad and Universal Cable (M) Berhad and established Leader Universal Holdings Berhad as the holding company, which was formerly listed on Bursa Malaysia Securities Berhad. Throughout his career, Tan Sri Dato' Seri H'ng has been very much involved in the business entrepreneurship and he has gained extensive operational experience in the manufacturing as well as the corporate restructuring and merger exercise and many other fields and industry sectors. He has accumulated in-depth knowledge and recognition over the years.

Tan Sri Dato' Seri H'ng's daughter, Datin Jessica H'ng Hsieh Ling and his two brothers, Dato' Harry H'ng Bak Seah and Datuk Seri Kenneth H'ng Bak Tee are also the Directors of GUH. Tan Sri Dato' Seri H'ng is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 56th Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries as disclosed on page 115 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which he has personal interests.

Tan Sri Dato' Seri H'ng attended all of the 4 Board meetings which were held in the financial year ended 31 December 2019.

## PROFILE OF DIRECTORS

### **Datuk Seri Kenneth H'ng Bak Tee**

*DGSM, DPNS, DSPN, PKT, PJM*

Chief Executive Officer/Group Managing Director

60 years old, Malaysian

Datuk Seri Kenneth H'ng Bak Tee has been appointed to the Board as the Chief Executive Officer/Group Managing Director of GUH since 1 September 2004. He also serves as the Director of all subsidiaries of the Group and several other private limited companies. He is a Board member of Straits International Education Group Sdn. Bhd.

He started his career with International Business Machines (IBM) in Kuala Lumpur and IBM in Asia South Pacific Area (ASPA) HQ in Hong Kong. He was also with Leader Universal Holdings Berhad ("Leader") for 16 years.

Datuk Seri Kenneth graduated with a Bachelor of Mathematics (Double Honours) in Computers Science and Combinatoric & Optimization and also holds a Master of Applied Science (Management Science) in University of Waterloo, Canada. He is currently a Fellow Member of the Institute of Approved Company Secretaries, an Affiliate Member of the Malaysian Institute of Chartered Secretaries and Administrators and a Member of the Registered Financial Planner.

Datuk Seri Kenneth is the brother of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San and the Non-Executive Director, Dato' Harry H'ng Bak Seah. His niece, Datin Jessica H'ng Hsieh Ling is also a Non-Executive Director of GUH. Datuk Seri Kenneth is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 56th Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries as disclosed on page 115 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which he has personal interests.

Datuk Seri Kenneth attended all of the 4 Board meetings which were held in the financial year ended 31 December 2019.

## PROFILE OF DIRECTORS

### **Dato' Harry H'ng Bak Seah**

*DSPN, PJK*

Non-Executive Director

70 years old, Malaysian

Dato' Harry H'ng Bak Seah was appointed to the Board as a Non-Executive Director of GUH on 13 January 1994. He also holds directorships in several other local and overseas private limited companies.

Upon completing his high school education, he began his career in the operations and manufacturing of pewter and magnet wire. Subsequently, he ventured into the telecommunications and power cable business. He has held various positions from the Group Managing Director of Leader Universal Holdings Berhad since 1993 until the appointment as the Executive Vice Chairman from 1997 to 2005. Throughout his career, Dato' Harry gained extensive experience which enhanced his knowledge in the manufacturing operations and diversified business environment over the years.

Dato' Harry is the brother of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San and the Chief Executive Officer/Group Managing Director, Datuk Seri Kenneth H'ng Bak Tee. His niece, Datin Jessica H'ng Hsieh Ling is also a Non-Executive Director of GUH. Dato' Harry is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 56th Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries as disclosed on page 115 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which he has personal interests.

Dato' Harry attended all of the 4 Board meetings which were held in the financial year ended 31 December 2019.

### **Datin Jessica H'ng Hsieh Ling**

Non-Executive Director

54 years old, Malaysian

Datin Jessica H'ng Hsieh Ling was appointed to the Board as a Non-Executive Director on 20 February 2001. She is a member of the Risk Management & Sustainability Committee and the Remuneration Committee appointed by the Board. She holds directorships in several other private limited companies.

Datin Jessica graduated from Southern Illinois University at Carbondale, USA with a Bachelor of Science Degree, majoring in Accounting and she also obtained a Master of Science Degree, majoring in Taxation from Drexel University, Philadelphia, USA. Upon completing her tertiary education, Datin Jessica started her career by holding various major key positions in multinational companies and gained extensive knowledge and experience in corporate finance and business management prior to joining Leader Universal Holdings Berhad.

Datin Jessica is the daughter of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San. Both her uncles, Dato' Harry is the Non-Executive Director and Datuk Seri Kenneth is the Chief Executive Officer/Group Managing Director of GUH. Datin Jessica is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 56th Annual General Meeting. She is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries as disclosed on page 115 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which she has personal interests.

Datin Jessica attended all of the 4 Board meetings which were held in the financial year ended 31 December 2019.



## PROFILE OF DIRECTORS

### **Mr. Chew Hock Lin**

Independent Non-Executive Director  
76 years old, Malaysian

Mr. Chew Hock Lin was appointed to the Board as an Independent Non-Executive Director of GUH on 20 February 2001. He serves as Chairman of Audit Committee and the Risk Management & Sustainability Committee. He is also a member of the Nomination Committee and the Remuneration Committee of the Board. He has been appointed as the Senior Independent Director of GUH to whom all concerns may be conveyed. Mr. Chew also sits on the Board of Master Pack Group Berhad, a public listed company.

Mr. Chew graduated with a Bachelor of Commerce Degree from the University of Western Australia. He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He is also a Fellow of Chartered Tax Institute of Malaysia. Mr. Chew is a former partner of an international audit firm. He has more than 40 years of working experience in various areas covering auditing, accounting, finance and tax. He gained extensive experience and knowledge during his tenure as a partner and long years of service in the accountancy profession. Based on his experience sitting on the Board of a few public listed companies, Mr. Chew is able to play his role in formulating and reviewing the Company's strategies and to strike a balance and make the Board more effective and be accountable to shareholders.

Save as aforesaid disclosed, Mr. Chew does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company.

Mr. Chew attended all of the 4 Board meetings which were held in the financial year ended 31 December 2019.

### **Dato' Ismail Bin Hamzah**

*AMN, KMN, DIMP*

Independent Non-Executive Director  
73 years old, Malaysian

Dato' Ismail Bin Hamzah was appointed to the Board as an Independent Non-Executive Director on 19 December 2001. He serves as Chairman of the Nomination Committee and the Remuneration Committee of the Board. He is also a member of the Audit Committee and the Risk Management & Sustainability Committee. Dato' Ismail sits on the Boards of a few public listed companies, namely SCC Holdings Berhad, JKG Land Berhad and Jasa Kita Berhad. Apart from serving as a Director of public listed companies, Dato' Ismail also serves as a Director of several other private limited companies.

Dato' Ismail graduated from the University of Malaya in 1970 with a Bachelor of Economics (Hons) in Analytical Economics. Upon completing his tertiary education, he started his career by holding many key positions in the governmental agencies and organizations. He gained extensive knowledge and experience from economics to finance acquired, throughout his career and tenure of service in the governmental authorities for more than 30 years. Sitting on the Board of a few public listed companies, Dato' Ismail is very experienced and capable to provide independent and objective judgment to the Board and he is able to attend all the Board meetings with sufficient time devoted to reading and formulating solutions to issues presented at the Board meeting.

Save as aforesaid disclosed, Dato' Ismail does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company.

Dato' Ismail attended all of the 4 Board meetings which were held in the financial year ended 31 December 2019.

## PROFILE OF DIRECTORS

### **Dato' Lai Chang Hun**

*DSPN, DJN, PKT*

Independent Non-Executive Director

82 years old, Malaysian

Dato' Lai Chang Hun has been appointed to the Board since 13 January 1994. Dato' Lai is a member of the Nomination Committee appointed by the Board. He also holds directorships of several other private limited companies.

Dato' Lai was the Chairman of Penang Electrical Merchant Association and he is presently holding the position as one of the Trustees in the Association. He is presently a Director of Han Chiang High School and University/College and also holding the position as a Director in a number of social societies. Dato' Lai completed his high school education and obtained a diploma in the electrical and electronic in the early year. He started his career in the electrical engineering business. Over the years, he has gained extensive knowledge and business experience in the manufacturing and marketing of electronics and electrical products and appliances. Apart from that, he had been serving on the Board of other public listed company and is knowledgeable, competent and able to give objective judgment to the Board and to facilitate a more fair, balanced and effective governance of the Board and the Company.

Save as aforesaid disclosed, Dato' Lai does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company.

Dato' Lai attended all of the 4 Board meetings which were held in the financial year ended 31 December 2019.

### **En. W Ismail Bin W Nik**

Independent Non-Executive Director

73 years old, Malaysian

En. W Ismail Bin W Nik has been appointed to the Board since 26 January 1994. En. W Ismail is also a director of several other private limited companies.

En. W Ismail graduated from the University of Malaya in 1971 with a Bachelor of Economics Degree. He also completed the examinations of the Institute of Chartered Secretaries and Administrators, United Kingdom in 1970 and the Securities Institute of Australia in 1972. Throughout his career which is involved in various industries, he has gained extensive knowledge and diversified business experience including commercial banking, investment, property development, manufacturing and trading. He previously served as a Director in a few public listed companies and he is knowledgeable, competent and able to give independent judgment to the Board and to facilitate a more fair, balanced and effective governance of the Board and the Company.

Save as aforesaid disclosed, En. W Ismail does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company.

En. W Ismail attended all of the 4 Board meetings which were held in the financial year ended 31 December 2019.

## PROFILE OF DIRECTORS

**Dato' Dr. Gan Kong Meng**

*DSDK, PSPP, SDK, DJN, BCN, SMP, AMK, KMN, PPA, PhD*

Independent Non-Executive Director

65 years old, Malaysian

Dato' Dr. Gan Kong Meng was appointed as an Independent Non-Executive Director on 1 June 2015. He is a member of the Audit Committee appointed by the Board. He was previously the Senior Vice President for corporate integrity/surveillance & security and Chairman for credit review and risk assessment/investor relations of a private limited company until 15 March 2020. Key responsibilities include implementing internal controls, working with relevant authorities and adopting important rules such as those relating to business relations and those relating to the prevention of money laundering and terrorist financing.

Dato' Dr. Gan graduated from the University Science Malaysia with a Bachelor of Science Degree in Physics & Mathematics, a Master of Social Science Degree in Anthropology/Sociology and he also obtained a PhD in Drug Research.

Dato' Dr. Gan served in the Royal Malaysia Police for more than 30 over years before retiring in early January 2015. He was the OCPD of Georgetown, Penang, OCCI of Kuala Lumpur City and he also held various positions in special branch, management as well as public order. Dato' Dr. Gan's vast experience will benefit the Group in reinforcing the security and risk management issues.

Save as aforesaid disclosed, Dato' Dr. Gan does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company.

Dato' Dr. Gan attended 3 out of the 4 Board meetings which were held in the financial year ended 31 December 2019.

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None of the Directors of GUH have committed any offences within the past 5 years other than traffic offences nor been imposed with public sanction or penalty by the relevant bodies during the financial year.

## PROFILE OF MANAGEMENT TEAM

### MR. LEWIS H'NG CHUN LI

*Chief Operating Officer – Corporate Office*  
Aged 32, Malaysian

**Qualifications:**

- Bachelor Degree in Economics, Monash University, Australia

**Working experiences:**

- Gained extensive knowledge and experience in business management from Citigroup and Kiyamas Group of Companies
- 2 years working experience as Deputy General Manager in GUH Circuit Industry (Suzhou) Co. Ltd.
- Personal Assistant to CEO/Group Managing Director of GUH Holdings Berhad
- General Manager of Corporate Division of GUH Holdings Berhad
- Chief Operating Officer of Corporate Division of GUH Holdings Berhad

**Appointment to the current position:**

- 1 October 2017

Mr. Lewis H'ng Chun Li is the son of Datuk Seri Kenneth H'ng Bak Tee, CEO/Group Managing Director. He is also the nephew of Tan Sri Dato' Seri H'ng Bok San and Dato' Harry H'ng Bak Seah and the cousin of Datin Jessica H'ng Hsieh Ling.

Mr. Lewis H'ng sits on the board of majority of subsidiaries of GUH. He is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 56th Annual General Meeting.

### MS. YEOH SAW GAIK

*General Manager – Corporate Office*  
Aged 50, Malaysian

**Qualifications:**

- Bachelor Degree in Accounting, University of Malaya
- Chartered Accountant with The Malaysian Institute of Certified Public Accountants
- Member of Malaysian Institute of Accountants

**Working experiences:**

- More than 22 years of experience in the field of accounting, costing, taxation, finance, auditing and risk management
- Began her career with Arthur Andersen & Co

**Appointment to the current position:**

- 1 October 2017

### DR. BRIAN KOK SIEW FOONG

*General Manager – Electronic Division*  
Aged 63, Malaysian

**Qualifications:**

- Diploma in Electronics Engineering, ICS Schools, UK
- Master in Business Administration
- Doctorate of Philosophy in Business Administration, Bulacan State University of Philippines
- Member of The Institution of Engineering and Technology UK (MIET)

**Working experiences:**

- Test Equipment Engineer with Sanyo Electric
- Senior Design Engineer/R&D Project Manager with Grundig R&D
- Production Manager with Asian Driveshaft
- Application Engineering & Commercial Manager with GKN Driveline
- Personal Assistant to Group Executive Director with GUH Electrical Appliances Sdn. Bhd.
- Personal Assistant to General Manager with GUH Circuit Industry (PG) Sdn. Bhd.
- General Manager of GUH Circuit Industry (PG) Sdn. Bhd.

**Appointment to the current position:**

- 8 January 2014

## PROFILE OF MANAGEMENT TEAM

### MR. LIM CHIN WANG

*Senior General Manager – Utilities Division  
Aged 41, Malaysian*

**Qualifications:**

- Bachelor Degree in Chemical Engineering, University of Technology Malaysia
- Registered Engineer of Board of Engineer Malaysia

**Working experiences:**

- More than 18 years of experience in planning and implementation of large scale water and wastewater projects, having worked in among others, Biwater, Hyflux and MMC
- Identification and acquisition of water and wastewater treatment plants

**Appointment to the current position:**

- 1 January 2018

### MR. SUNNY LIM HIONG CHAI

*Deputy General Manager – Properties Division  
Aged 58, Malaysian*

**Qualifications:**

- Bachelor of Engineering (Civil), University of Tasmania, Australia

**Working experiences:**

- More than 32 years of experience and knowledge in the building construction and property development industry

**Appointment to the current position:**

- 1 January 2018

### MR. LEOW CHEE JIAN

*Deputy General Manager – Properties Division  
Aged 54, Malaysian*

**Qualifications:**

- Certificate in Architecture
- Diploma in Civil and Structure Engineering

**Working experiences:**

- More than 30 years of experience in construction and property development inclusive of design, planning, implementation, marketing and sale administration

**Appointment to the current position:**

- 1 January 2018

#### Additional notes on the above Management Team

Save as aforesaid disclosed, none of the Management Team has:

1. Directorship in public companies and listed issuers;
2. Family relationship with any director or/and major shareholder of the Company;
3. Conflict of interests with the Company; and
4. Committed any offences within the past 5 years other than traffic offences nor been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

## EXECUTIVE CHAIRMAN'S STATEMENT

On behalf the Board of Directors of GUH Holdings Berhad ("GUH" or "the Company"), I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019.

### Performance Overview

For financial year ended 31 December 2019, the revenue for GUH Group was RM336.0 million, RM13.1 million lower than the revenue for year 2018 of RM349.1 million. Nevertheless, the Group recorded a profit before tax of RM7.1 million, RM6.3 million higher than the profit before tax of RM0.8 million for the preceding year. The increase in profit before tax mainly attributable to the higher profit before tax of RM13.3 million recorded by Electronic Division for year 2019 compared to the preceding year mainly boosted by improved contribution from GUH Circuit Industry (PG) Sdn. Bhd. but partly offset by the shortfall from GUH Circuit Industry (Suzhou) Co., Ltd. and GUH International (HK) Private Limited respectively.

### Significant Event

Further to the incorporation of a new subsidiary company in Yancheng, Province of Jiangsu, People's Republic of China, known as GUH Electronic (Yancheng) Co. Ltd. ("GUH Yancheng") which was part of the Group's business plan to further expand its investment in the manufacturing and sale of printed circuit boards, the Board of Directors ("the Board"), after due consideration announced that the Group did not pursue with the investment in GUH Yancheng and had struck off the company in March 2020. The decision to abort the investment in GUH Yancheng was made following a business review amidst the current subdued economic outlook, uncertain market conditions and recent changes in the business environment in China.

The decision will not have any direct impact on any of its operations and neither any material effect on the gearing,

earning per share and net assets of the Group for the financial year ending 31 December 2020.

### Sustainability of Business

The Board of GUH acknowledges that maintaining a good business is not only about achieving the desired financial bottom line but also being ethical and sustainable. Therefore, GUH Group will continue to embrace sustainability in carrying out its business conduct and operations with particular emphasis on safeguarding the environment and contributing to society.

More information on GUH's initiatives is disclosed in the Sustainability Statement of the Company's Annual Report 2019.

### Corporate Governance

In line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance, the Board firmly believes that good governance enables the Group to hold the trust of its stakeholders. The Board is therefore always mindful of its duties and will continue to uphold and foster a strong culture on corporate governance as the Board believes that is the platform to safeguard the best interest of the Company and its shareholders while ensuring that the interests of other stakeholders are not compromised.

More information in relation to corporate governance can be found in the Corporate Governance Overview Statement of the Company's Annual Report 2019.

## EXECUTIVE CHAIRMAN'S STATEMENT

### Dividend

The Company has consistently paid dividends while allocating funds for business growth and investment. The Board had resolved to declare a distribution of 1 treasury share for every 80 existing ordinary shares held (share dividend) to its shareholders with a total of 3,427,207 treasury shares being distributed and credited into the Depositors' Securities Accounts to all entitled shareholders on 16 January 2019.

### Related Party Transactions

The related party transactions of the Group are disclosed in Note 32 of the Notes to the Financial Statements which also set out the recurrent related party transactions conducted during the year in accordance with the mandate obtained from the shareholders at GUH's Annual General Meeting held on 23 May 2019. Except as aforesaid disclosed, there is no other material contract involving the interest of the Directors and major shareholders during the year.

### Outlook and Prospects

Businesses globally are facing the world's largest economic crisis in history as most industries are being shattered following the outbreak of COVID-19 which has been declared and characterized by the World Health Organisation (WHO) as a pandemic. This is not just a public health crisis, it is a crisis that every sector and each individual must be involved to overcome this troubled times.

This is further aggravated by the Malaysian Government's implementation of the Movement Control Order ("MCO") effective 18 March 2020 with further extension until 9 June 2020 throughout Malaysia as a preventive measure towards the COVID-19 pandemic. At the time of this reporting, MCO applies to closure of all government and private premises except those involved in essential services with gradual easing for other businesses.

Despite the continuous volatile challenges and uncertainties in market condition forecast for the year 2020, GUH Group will strive through the adverse situation by adopting a cautious approach. The Electronic Division anticipates a stable demand for printed circuit boards in the near future whereas the Properties Division foresees soft property market conditions and weak consumer sentiment to continue in year 2020. The Utilities Division expects market environment to remain tough in year 2020 amidst stiff competition on open market tendering. Overall, the Group foresees a challenging operating environment in the year ahead.

### Appreciation

The Board and I would like to take this opportunity to express our sincere thanks and appreciation to the Management and staff for their continuous valuable contribution, loyalty and dedication to the Group. We also wish to record our heartfelt gratitude to our shareholders, customers, partners, bankers, business associates and all the respected government authorities for their invaluable support and assistance, continuous trust and understanding during the year.

**Tan Sri Dato' Seri H'ng Bok San, JP**

*PSM, DPPN, DGPN, DSPN, PKT, PJK*

Executive Chairman

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the financial year ended 31 December 2019, GUH Group recorded a lower revenue of RM336.0 million compared to RM349.1 million for year 2018.

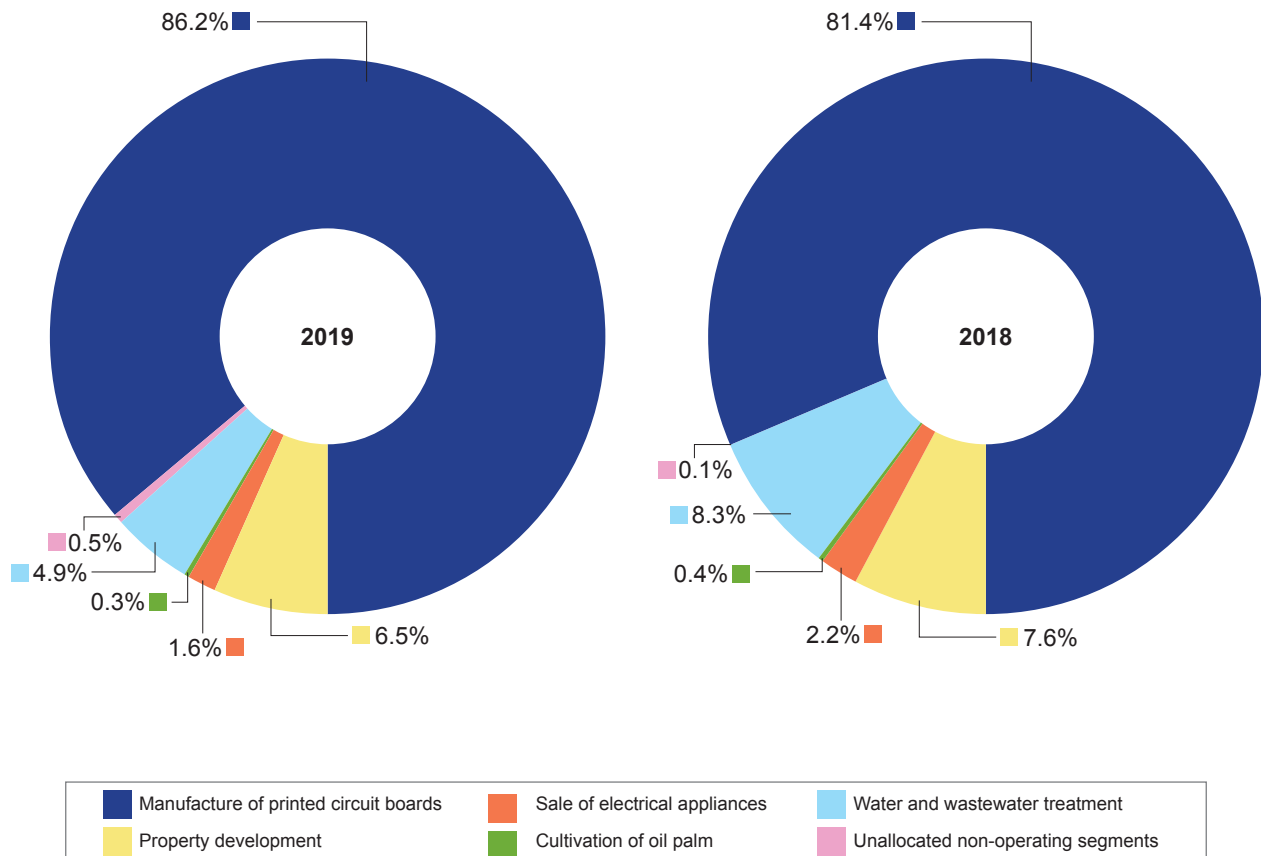
The decrease in revenue was mainly due to the drop from Utilities Division to RM16.4 million or 4.9% of Group revenue (year 2018: RM29.0 million or 8.3%) in line with slower construction progress for water projects.

Properties Division generated a lower revenue of RM21.9 million or 6.5% of Group revenue (year 2018: RM26.7 million or 7.6%) in tandem with the drop in sale of residential property units.

In addition, the Electrical and Plantation Divisions revenue had dropped slightly to RM5.5 million and RM0.8 million or 1.6% or 0.3% of Group revenue respectively (year 2018: RM7.6 million and RM1.3 million or 2.2% and 0.4% respectively).

On a positive note, Electronic Division improved its contribution to RM289.6 million or 86.2% of Group revenue (year 2018: RM284.0 million or 81.4%) whilst Investment Division achieved a higher revenue of RM1.8 million or 0.5% of Group revenue (year 2018: RM0.5 million or 0.1%).

### GUH GROUP REVENUE BY SEGMENT





## MANAGEMENT'S DISCUSSION AND ANALYSIS

Despite the challenging market conditions, GUH Group managed to register a higher profit before tax of RM7.1 million for year 2019 compared to profit before tax of RM0.8 million for year 2018. The increase in profit before tax mainly attributable to the higher profit before tax of RM13.3 million recorded by the Electronic Division for year 2019 compared to profit before tax of RM8.4 million for year 2018 mainly boosted by improved performance from Malaysian operation on higher revenue, favourable sales mix and foreign exchange.

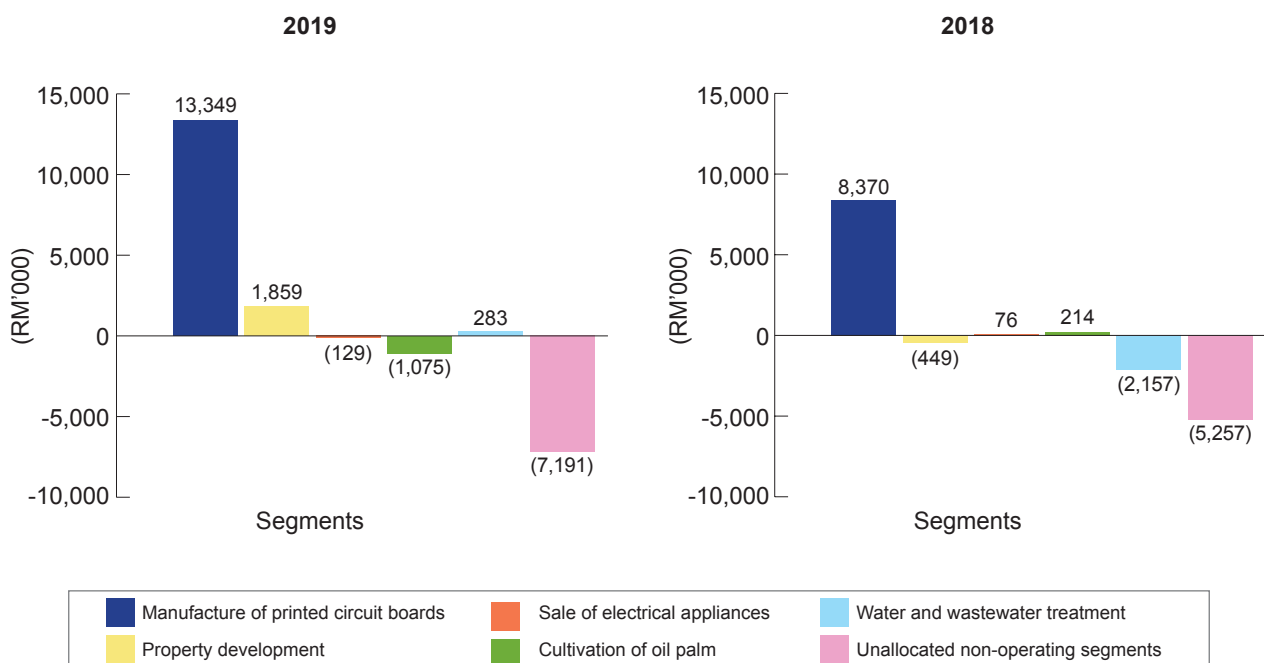
Utilities Division recorded a profit before tax of RM0.3 million for year 2019 in contrast to a loss before tax of RM2.2 million for year 2018 mainly due to reversal of liquidated ascertained damages on water projects, higher interest income and lower administrative expenses.

Properties Division generated a profit before tax of RM1.9 million for year 2019 in contrast to a loss before tax of RM0.4 million for year 2018 mainly due to higher sale of commercial property units, liquidated ascertained damages claim from contractor and lower finance costs.

Plantation Division incurred a loss before tax of RM1.1 million for year 2019 in contrast to a profit before tax of RM0.2 million for year 2018 mainly due to lower output of fresh fruit bunches and CPO prices, higher rental expense and unfavourable fair value changes in biological assets. Electrical Division's loss before tax of RM0.1 million for year 2019 was in contrast to a profit before tax of RM0.1 million for year 2018 mainly due to unfavourable sales mix.

The share of associates' loss had increased to RM1.4 million for year 2019 compared to RM0.1 million for year 2018 mainly due to higher finance costs, administrative and tax expenses. In addition, Investment Division had widened the loss before tax to RM5.8 million for year 2019 compared to RM5.2 million for year 2018 mainly due to higher administrative expenses.

### GUH GROUP PROFIT/(LOSS) BEFORE TAX BY SEGMENT



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### ELECTRONIC DIVISION

#### Manufacturing of Printed Circuit Boards (PCBs)

*GUH Circuit Industry (PG) Sdn. Bhd. (GUH PG)*

The beginning of 2010 saw the PCB industry in Malaysia declining as most audio equipment makers shifted out to China to ride on the low cost bandwagon. The Malaysian PCB industry at that time was a sunset industry due to manufacturing of low technology single-sided PCBs with its primitive processes of printing and etching and redundant capacity due to the proliferation of many Taiwan small timers. While other PCB companies closed or shifted base, the visionary leaders of GUH PG took a bold decision to transform GUH PG and subsequently nurtured it into its current position as the PCB manufacturer with the Best-In-Class technology of CCD guided photo-imaging technology, High Precision Drilling Machines, Precision Polish and Etching and Automated Inner Layer Stacking and Press Machines capable of 8-layer PCBs.

#### Financial Indicators

GUH PG's revenue growth through the years is commendable with year 2019 revenue recorded at RM194 million in comparison to year 2013 of RM82 million which was a 2 fold increase. The sturdy climb in revenue is driven by the strategies of quality products and purposeful niche market selections of high end audio, communication and office equipment, piano and music instruments, automotive, air conditioners and home appliances. Again, the revenue of year 2019 in comparison of year 2018 rose by 13.5% resulting in year 2019 profit before tax of RM13.5 million compared to the RM3.8 million of year 2018.

#### Operational Indicators and Significant Performance Changes

With the right leadership, altruistic and devoted management efforts, coupled with investments in new machines and technology, putting in place the right people, people training and customer peace of mind resulted in sustainable revenue and profitability growth which grew sturdily through the years and thus its positive results are very much discernible by year 2019.

As recorded in year 2019, the sales in m<sup>2</sup> of 4-layer PCB increased 15 fold, the sales of 6-layer PCB increased 10 fold, and the sales of double-sided PCB increased 4 fold comparatively to the performance of year 2013. Comparing product sales of year 2019 against 2018, there was an increase of double-sided PCB sales of 13% and multi-layer PCBs sales of 40%. GUH PG started the sales of precision 6-layer PCBs directly to Japan for some niche market musical instruments albeit in small quantities but did garner a prestige that very much improved its image. Also, noteworthy is that in the four years of 2015 to 2018, GUH PG won seven customer awards and also the Signature Brand Award by the Brand Laureate Best Brands.



#### Notable Capital Expenditure

The renewal of GUH PG's business capability and sustainability would not be complete without a look at the Capital Expenditure and Investments through the years from 2010 to 2019. GUH PG strategic investments was based on a focused objective of renewing its manufacturing capabilities with the aim of being an exemplary manufacturer of precision double-sided and multi-layer PCBs in Malaysia.

Thus, in the years 2010 to 2011, two older factory buildings were demolished to make way for the PTH PCB Center of Excellence building. From year 2012 to 2015 a strategic purchase and commissioning of machines were done which included 10K cleanrooms, Auto Dry Film Laminators, CCD Guided Imaging Machines, Palladium Based PTH Machines, Best in Class Plating Machines and Japan Standard Developing, Etching and Stripping Lines. Quality Control took on Automatic Optical Inspection Machines in process and Automatic Visual Inspection Machines at Outgoing Quality Inspection.

From year 2016 to 2018, a complete revamp was done at the "Satellite Building" annex whence the old double storey factory was completely stripped down internally and on the first floor a complete rebuilt was done to house the Inner Layer Clean Room complete with Auto Dry Film Laminator, CCD-LED Imaging Machines, Vacuum Chamber Etching Line, Auto Thickness Compensating Pre-Treatment Machine, and Automatic Optical Inspection Machines. On the ground floor a State of the Art Automatic Inner Layer Hot and Cold Press System and a Railed Automatic Stacking, Recovery, Polishing System was invested in. Two RO Water Filtration Systems were added to ensure that class of input quality benchmark required at the automotive PCB standard.

In year 2019, a substantial investment was done to acquire twenty six Precision Router Machines to ensure readiness for the 0603 component trend of the electronics world.

An investment of RM101 million was made from year 2010 to 2019 to get GUH PG ready for the new world order.

#### Operational Activities

Despite being a local owned PCB Plant, GUH PG steadfastly embraces the Japanese Manufacturing System of Operational Management largely influenced by its customers who are 98% Japanese owned companies

## MANAGEMENT'S DISCUSSION AND ANALYSIS

and its Japanese Consultants. The backbone of the forward planning is the “Hoshin Kanri” methodology, and thus pens customers’ expectations and developed key performance indicators as weekly, monthly and annual measurements to drive improvement and to communicate, educate, review and reward its staff based on the Continuous Improvement Methodology and Performance Measurements based on the Plan, Do, Check and Act Cycle. With the above KPIs as drivers, it developed technical capabilities that include fine line/fine pitch, dense BGA arrays, multiple design-in impedance control, plug hole designs, masking free via hole walls techniques and gold plating evenness capable of meeting precision communication equipment standards. GUH PG’s main strategy is to remain relevant and as customers’ first choice and hence its mission is vested in steadfast dedication to long-term sustainability and top-driven commitment towards customers’ needs.

In year 2019, GUH PG added 6-layer PCBs to its production line up, thus it now has single-sided, double-sided, 4-layer and 6-layer multi-layers. GUH PG is certified to the Automotive QMS Certification of IATF16949 and is a recognized knowledge contributor to the PCB IPC Designers Council of the South East Asia Chapter. Currently, its Product Development Engineers are working on the certifying of the 8-layer PCBs with a renowned Japanese company.

### Anticipated Risks

At the time of reporting, the COVID-19 pandemonium across the world has turned most industries, factories and supply chains into disarray. GUH PG without doubt is affected in some ways due to the major Chinese based raw material supply chain, and major customers’ headquarters based in Japan. GUH PG has taken proper measures to ensure uninterrupted supply from the main sources and also from alternate sources of material. On the home front, all employees undergo body temperature checks and all other health ministry advices and strict quarantine instructions on any risks. On a silver lining there is an influx of new small quantity high priced RFQs due to the situation in China.

Other than COVID-19, the existing conflict that has affected almost everyone is the US, China trade war. Undoubtedly in general it has stifled growth on the world perspective and Malaysia would not be spared even if some were to argue the spill over of industry goods demand to Malaysia. With the existing pandemic issue it is known that the US, China trade war is far from being settled. It has been more than two years since the United States first launched investigations into China’s trade and intellectual property and since then, four different rounds of US tariffs have been slapped on Chinese goods.

Notably, if the fifth round of tariffs is applied, virtually all of the US\$550 billion imports from China into the US will be subjected to an average tax of about 25% at the US border. In retaliation, China may be set to impose its own tariffs on more than US\$185 billion worth of US goods. As the trade conflict rages on, battle scars all over the

world are becoming increasingly apparent, compounded by a backdrop of global geopolitical uncertainty. Global trade growth has slumped into contractionary territory, recording the slowest growth since the Global Financial Crisis. Likewise, global industrial production has softened, and policymakers and market participants are becoming increasingly wary about the prospects of an impending global recession driven by the trade war and further aggravated by the COVID-19 disaster.

Nevertheless, the backdrop of this global gloom has some bright outlook and some negative impact to Malaysia and GUH PG.

1. The global sentiment has a sweeping effect on weaker countries thus effecting the Malaysian currency which has a very slim chance of recovery in the near future. Coupled with the weakening oil price and the weakened RMB, MYR in the medium term is supposed to be lethargic. In short term, the weakened MYR gives an artificial boost to its prices quoted in USD for the export domain.
2. The spill over and the seeking of safe havens and non-quota countries has been escalating due to the trade war but unfortunately for Malaysia it ranks the last as a country of choice as an alternative site to China due to its labour conditions, long and complicated business approvals and unfavourable political scene. Malaysia has established a new committee to fast-track approvals for foreign investment and assembled a “trade war task force” but as typical investors still see the same counter hopping procedures in actual practice. In short, investors seeking an alternative site over China would prefer other countries Vietnam or Thailand rather than Malaysia.

### Going Forward

Nevertheless, among the external gloom, GUH PG has in fact improved by leaps and bounds compared to yesteryear of a handful of local customers. It now garners a customer base of mostly Japanese resident companies in Malaysia and substantial exports to Thailand, Indonesia, Vietnam and indirect exports to several EC Countries. In year 2019, GUH PG’s double-sided PCB production capacity reached 50,000 m<sup>2</sup> per month from its humble beginning of 9,000 m<sup>2</sup> meter square a month of year 2008. Its multi-layer PCB production capacity reached 15,000 m<sup>2</sup> a month from 200 m<sup>2</sup> a month. Concurrently, it achieved benchmarked Best-in-Class capabilities of Micro-BGAs, Multiple Impedance Control, Fine-Line Pattern Designs and Hole Sizes of 200 microns.

Before the COVID-19 pandemic struck, GUH PG’s plans were to raise its PTH production capacity to 60,000 m<sup>2</sup> per month by the year 2020 and targeting an average monthly sales of PTH PCBs at an average of 58,000 m<sup>2</sup> per month. The production increase is expected to reach utilisation saturation point of its 5.56 acres of land in year 2020. If this capacity is utilised with a good business focus and by wooing at least 60% of exports, GUH PG’s business and profitability shall be sustainable for several

## MANAGEMENT'S DISCUSSION AND ANALYSIS

years. This can be achieved should the COVID-19 contagion is controlled or contained globally in the near future.

*GUH Circuit Industry (Suzhou) Co. Ltd. (GUH SZ)*

### Financial Indicators

For the year 2019, GUH SZ posted a revenue of RM98.71 million, 13.51% attrition from RM114.13 million achieved in year 2018; and recorded a profit before tax of RM2.81 million in year 2019 as compared to RM7.33 million in year 2018. The lower revenue was mainly due to the drop in sales of PCB by 15.88% from 773,338 m<sup>2</sup> in year 2018 to 650,562 m<sup>2</sup> in year 2019. GUH SZ encountered downturn trend in sales mainly attributed by the customer's new models which were no longer allocated to GUH SZ due to company's relocation matter. Despite having lower revenue, GUH SZ sustained profitable level beyond its manufacturing operation excellence, quality products and reputable market image.

### Market Positioning

GUH SZ is positioned as one of the top 5 single-sided PCB manufacturer in the eastern regional market of China. In addition, GUH SZ has a reputation as the "One-Stop Solution" supplier to its customers with the various production of single-sided, double-sided, MLB as well as LED backlight and lighting PCBs. While maintaining current products, GUH SZ is moving towards niche market application such as tuner, power supply and motor PCBs. These will enable GUH SZ to further sustain competitive advantages in China market.

GUH SZ is glad to have customers from the list of Fortune Global 500 which plays an important role in maintaining its sustainability in China market. However, the relocation matter had led its major customers to distribute most of their orders to other suppliers. In year 2020, GUH SZ will continue to develop new potential customers and rebuild the existing customers confidence with the stability in delivery, best quality products and customer services.

### Future Industry Trends

China's PCB market maintains a steady growth despite the trade war between US and China. With the development of 5G and artificial intelligence era, the market for smart home, smart hardware, smart security and automotive electronics is huge. Smart security is expected to create a RMB100 billion market by year 2020 as worldwide consumers are expected to spend more than USD9.7 billion on smart home surveillance cameras by 2023. The larger market is increasing in the automotive sector in the future. According to Prismark, the market size of the Automotive PCB production was USD7.6 billion in 2018 and is expected to reach USD10.1 billion in year 2023, representing a compound growth rate of 6%. Consumer electronics PCBs worth USD24.1 billion in year 2018 and is expected to reach USD28 billion in year 2022, with a compound growth rate of 4.2%. GUH SZ will develop new potential business in automotive market

such as headlight and interior lighting LED PCB and new emerging smart home appliances market in China.

### The Way Forward

With the trade war between US and China, some of GUH SZ competitors in China have started to shift their manufacturing operations to overseas countries such as Thailand and Vietnam. The management foresee this as an opportunity for GUH SZ to explore the export market and fill in the gap in local market demand. GUH SZ is always ready to take up the opportunity with forward preparations and implementing strategies to cater for the foreseen threats in the market environment.

Moving forward, GUH SZ is undertaking various action plans, which include cost reduction strategies in manufacturing operations, supplier management, logistic and stringent budgetary control to remain competitive in the market. GUH SZ will move towards niche market application and continue to focus on diverse range of products including automotive and home appliances while maintaining the existing products. This new business expansion will generate additional sales revenue with better profit margin while maximizing the utilization of production capacity.

Lastly, GUH SZ will continue to improve the quality of its products and customer services to ensure it provides maximum satisfaction to its valuable customers in maintaining a long-term relationship.

### The Impact on the Outbreak of COVID-19

While the COVID-19 pandemic continues to cause massive disruption to the global economy, GUH SZ perceives the beginning of recovery in China. Most of the manufacturing companies are not only ramping up production in the country but some are even planning to expand capacity over the coming months. With most western nations in lockdown situation, China-based plants might be the only viable suppliers to global economy. Taking a more detailed outlook at economic prospects for China, GUH SZ believes and anticipates that China is still well positioned to be one of the main drivers of the global economy in year 2020. The COVID-19 outbreak is expected to have slight impact on GUH SZ's performance for the coming reporting periods with China showing signs of economic recovery as the domestic coronavirus contagion is under control.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**PROPERTIES DIVISION****Property Development**

*GUH Properties Sdn. Bhd. (GUH Properties)*

*GUH Land Sdn. Bhd. (GUH Land)*

*GUH Development Sdn. Bhd. (GUH Development)*

*GUH Realty Sdn. Bhd. (GUH Realty)*

*Milan Diamond Sdn. Bhd. (Milan Diamond)*

Compared to the year 2018, the top line of GUH Properties fell 18% to RM21.9 million due to uncertainty and weak market sentiment in the Malaysian real estate market. Despite the fact, the net profit before tax of GUH Properties has improved by RM2.6 million, an increase of 196% from the year 2018. The improvement can be explained by the numerous efforts taken by GUH Properties to curb costs. Operating expenses have decreased by 11%, while other income such as rental income has increased by a remarkable 57% due to higher demand for commercial activities in the area GUH Properties develops.

GUH Properties has consistently strived to sustain the market share by identifying and supplying the current market demand and enhancing its products despite challenging market ahead partly due to adverse market sentiment affected by various factors such as weak currency, lack of demand in property due to supply-demand imbalance, and hence the soft property market trend. GUH Properties has increased the advertisement efforts as well as giving out attractive promotions to attract sales and manage the property market slowing down pressure.

GUH Properties has embarked on high-end landed guarded residential development situated on high ground

and commercial development, which is strategically located right beside Labu/Seremban highway. The said development, which is augmented by impressive landscape, is situated strategically where shopping malls, medical centres, commercial hubs, and sports centres are within a short distance.

GUH Development has embarked on commercial development consist of drive-thru restaurants and retails shops in the centre of the township at Simpang Ampat, Penang of which will be surrounded by integrated infrastructures, public transport systems, residential housing, and commercial hub. A partnership with QSR Stores Sdn Bhd has been signed to develop the first KFC drive-thru restaurant in the vicinity which will further boost commercial development value of the whole integrated township. Launches of the retail shops are scheduled in the near future.

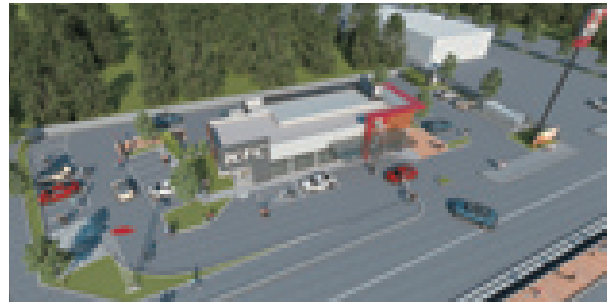
GUH Realty signed a joint venture with Centralised Dormitory Sdn Bhd to build a workers' dormitory in approximately 7.5 acres of land at Sungai Bakap, Penang, out of the 17 acres land bank. Centralised Dormitory Sdn Bhd has vast experience in managing dormitories and great connection with potential clients. Layout approval has been obtained from the relevant Authority. The project is targeted to be completed in stages from middle

## MANAGEMENT'S DISCUSSION AND ANALYSIS

to end of year 2022 and can house approximately 6,000 foreign workers for nearby industrial parks, namely Batu Kawan Industrial Park, Penang Science Park and Bukit Minyak Industrial Park.

Besides, Milan Diamond, a wholly-owned subsidiary of GUH Asset Holdings Sdn Bhd, has completed the construction of international school buildings which is located at Taman Sari, Rawang. The land and buildings are leased to Strait International Education Group (SIEG) on a long term lease.

Owing to the current challenging economic environment and rising living cost, greater efforts will be required to boost sales. During the year, the Government had implemented various policies to address housing affordability issues and to encourage the property market and increased property sales such as Home Ownership Campaign 2019 ("HOC"), offer stamp duty exemptions on the Instrument of Transfer and Instrument of Loan Agreement to encourage greater homeownership and improve sales. With the impact from the COVID-19 pandemic in early 2020 amplifying existing issues in the housing market in the form of reduced demand and increase in loan defaults, local owner-occupier markets in established and well-connected suburban areas such as Simpang Ampat and Seremban are expected to remain stable. There may also be some interest from foreign buyers who have experienced a bigger impact from the pandemic in their own country who will opt to invest in Malaysia that have better-managed healthcare and to seize the opportunity of the weaker Ringgit and foresee the appreciation of property value once the economy recovers. Bank Negara Malaysia's moratorium on the payment of interest and principal for credit facilities will temporarily relieve some pressure, preventing immediate fallout in the property market. Property Division will need to adopt further cautious marketing strategies to sustain stable sales and withstand the competition of the local



property market. Events, electronic forms of publicity and property types suited to consumers lifestyle will be orchestrated and organised to capture market attention and awareness towards the division and its products. With these continuous efforts, we believe the Properties Division will achieve the business objectives for the year ahead.

Moving forward, with consideration on the impact of the outbreak of COVID-19 and consumers temporarily moving away from buying luxury and big-ticket items during this tough times, the Properties Division will concentrate on residential properties while planning for future launches of integrated commercial project with retail outlets, recreation, and leisure facilities, food and beverage outlets, shops and offices as its strategic location is an advantage and will spur greater demand.

With the introduction of the above diverse range of property development, different market needs and demands will be captured. The Property Division has strategised its position to diversify its source of income and profit from a diverse range of property development products.

The Property Division will continue to scout for land to further increase its land bank and to cater for future growth.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**UTILITIES DIVISION****Water & Wastewater Solutions**

*Teknoserv Engineering Sdn. Bhd. (Teknoserv)*

The company's revenue dropped from RM29.0 million in year 2018 to RM19.2 million in year 2019. However, the company recorded a turnaround from Loss Before Tax of RM2.1 million to Profit Before Tax of RM0.39 million in year 2019. This is mainly due to recognition of profit from the ongoing projects.

In year 2019, Teknoserv made its foray into road construction industry by securing a RM31.0 million new village road construction project in Mukah, Sarawak via strategic partnership with local experienced road builder. With this breakthrough, the company anticipates to secure road projects in future which will contribute positively to the company.

As at 31 December 2019, Teknoserv has seven ongoing projects which consist of two water treatment plant projects, four sewerage related projects and one road project. The company order book stands at RM171 million with unbilled balance of RM70 million.

With the global outbreak of COVID-19 and Movement Control Order (MCO) implemented by the Malaysian government at the time of reporting, Teknoserv foresees slow progress and collection from the ongoing projects in the coming months. It is also anticipated that the construction industry will remain sluggish in the near future.



In its effort to cushion the impact caused by this pandemic, Teknoserv will actively participate for water and wastewater jobs available in the market via competitive tender in order to continue remain relevant in the industry. Furthermore, the company is also actively exploring other infrastructure and utility projects such as road, bridge and solar power plant as part of efforts to expand its portfolio in the construction industry.

While keeping busy on the execution of existing projects and outstanding order book, Teknoserv is striving to further expand its portfolio particularly in East Malaysia and SEA countries. The division is also actively exploring and anticipating to make its foray into growing SEA countries via Build, Operate, Transfer (BOT) investment in the countries' water and wastewater projects. If the investment materialized, it is anticipated to generate recurrent and stable income to the group in near future.

**PLANTATION DIVISION****Cultivation of Oil Palm**

*GUH Plantations Sdn. Bhd. (GUH Plantations)*

GUH Plantations commits to achieve its target in completing 2 rounds of harvesting each month and ensuring all Fresh Fruits Bunches harvested are sent to the oil mill within 24 hours. It is also the commitment of the division to ensure the quality of the fresh fruits bunches are good in order to obtain the highest Oil Extraction Rate offered by Oil Mill.

As the selling price is determined by Malaysian Palm Oil Board, the division will enjoy maximum selling price if it maintains maximum Oil Extraction Rate.

Another factor which could affect its revenue is yield. Yield

decreased by 17.3%, comparing to 2018 (2042.75mt versus 2468.89mt), yield per acre per year is 6.84mt. The yield is slightly higher than average yield in Kedah which is 6.54mt per acre per year.

Plantation yield is directly influenced by weather and the overall rainfall which might affect the yield.

Yield in year 2020 is expected to be good. Crude Palm Oil price closed at a high of RM3,052.00 per mt by end of 2019 but the price is not sustainable due to plunge in oil prices.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### ELECTRICAL DIVISION

#### Trading of Electrical goods and construction materials

##### *GUH Electrical (BW) Sdn. Bhd. (GUH BW)*

GUH BW is principally engaged in the trading of electrical goods and building materials such as switches, wires, roof and floor tiles, paints and sanitary ware catering to the construction industry.

During the year, the company went through a challenging period due to weak market sentiments especially for the construction industry, the revenue decreased from RM7.6 million in year 2018 to RM5.5 million in year 2019. The decrease was mainly due to lower revenue from electrical products and the phasing off of building material products from the company's revenue stream. However, during

the year the company had tried to expand its range of products under the house-brand "LEB" to maximize margin, in addition to the current product range of fittings, ballasts, industrial fan, LED tube lights, flexible cables, etc. The LEB brand has expanded to include LED flood lights, LED bulbs, VDE cables, etc.

Overall 2019 has been a very challenging year for GUH BW with unpredictable markets outlook. GUH BW foresees that the market will continue to be uncertain therefore it is relooking on its operations to focus on other core business within the Group.

### FINANCIAL POSITION OF GUH GROUP

As at 31 December 2019, GUH Group's total assets were RM667.2 million, a drop of 3.3% from RM689.7 million at end of the previous financial year. GUH Group's total receivables decreased by 12.1% to RM62.6 million as at 31 December 2019 from RM71.2 million at end of the previous financial year in line with lower revenue. GUH Group's cash and cash equivalents stood at RM102.4 million as at 31 December 2019 compared to RM106.5 million at end of the previous financial year. GUH Group had used internally and externally generated funds to finance property development projects, working capital and purchase of machines.

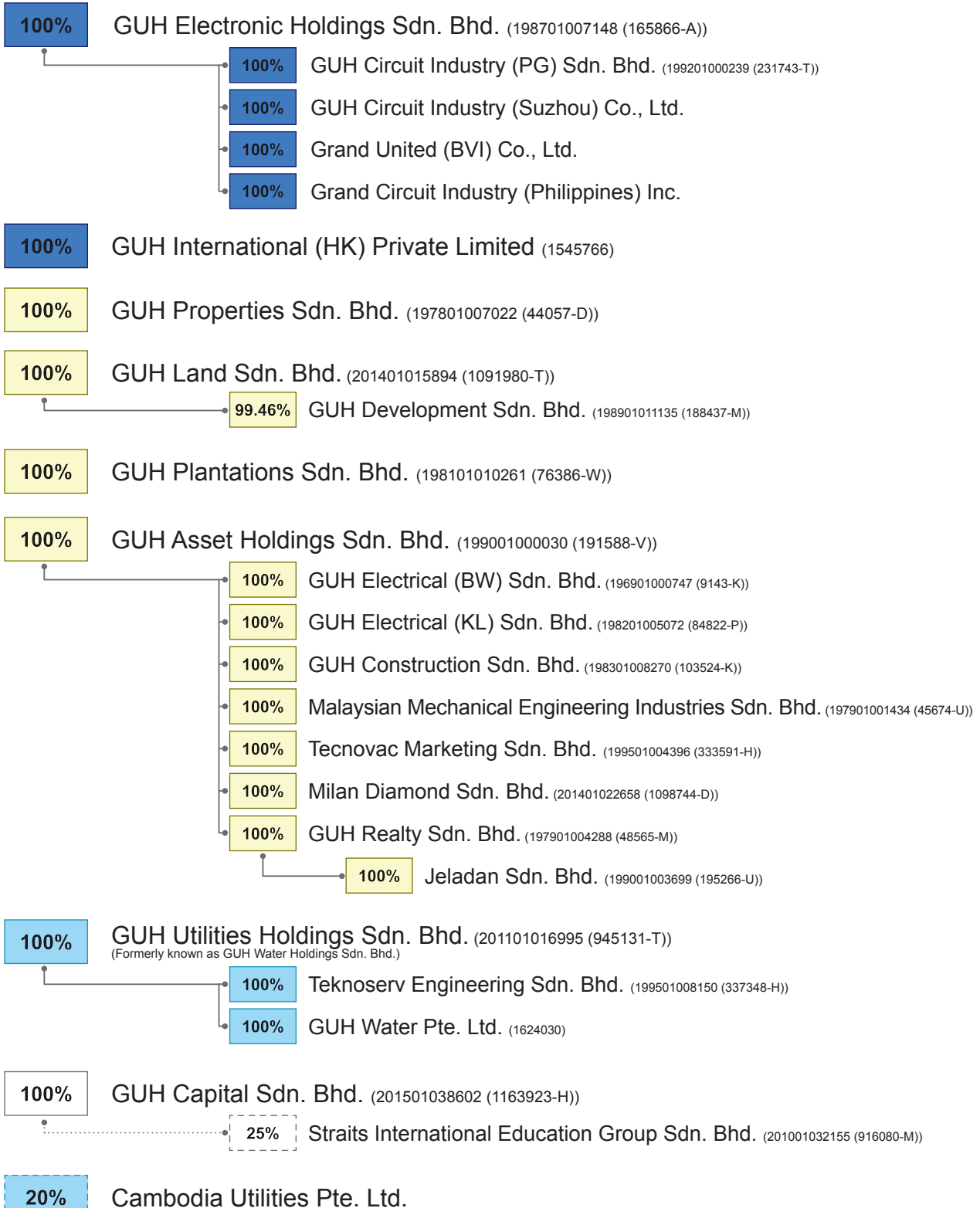
GUH Group's total liabilities decreased by 12.9% to RM160.2 million as at 31 December 2019 from RM184.0 million at end of the previous financial year. GUH Group's total payables dropped to RM77.4 million as at 31 December 2019 from RM89.5 million at end of the previous financial year mainly due to the decrease in purchase of raw materials. In addition, GUH Group's loans and borrowings decreased to RM59.3 million as at 31 December 2019 from RM66.8 million at end of the previous financial year and consequently, GUH Group's gearing ratio decreased to 11.9% as at 31 December 2019 compared to 13.2% at end of the previous financial year.

Despite the slight improvement in net assets, GUH Group registered a lower net asset per share attributable to owners of the Company of RM1.83 as at 31 December 2019 compared to RM1.84 at end of the previous financial year mainly due to distribution of 3,427,000 treasury shares as share dividends during year 2019.

Going forward, GUH Group cautions that the effect of COVID-19 will remain uncertain. While the disruption of business activities resulting from the global supply and demand shocks as well as Movement Control Order is expected to have a negative impact on GUH Group's performance, the Group is unable to quantify the magnitude and duration of such impact at this juncture as the outbreak continues to progress and the conditions are unpredictable. Nevertheless, GUH Group will continue to closely monitor the development of COVID-19 pandemic and employ strategies that enhance returns and cost efficiencies to weather the inevitable slowdown of the economy.



## CORPORATE STRUCTURE



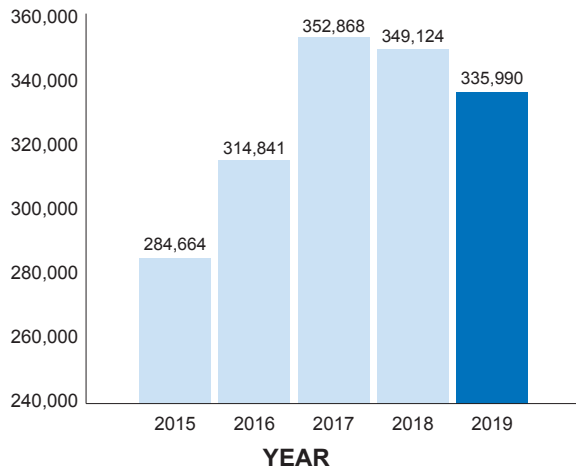
Electronic Division

Properties &amp; Plantation Division

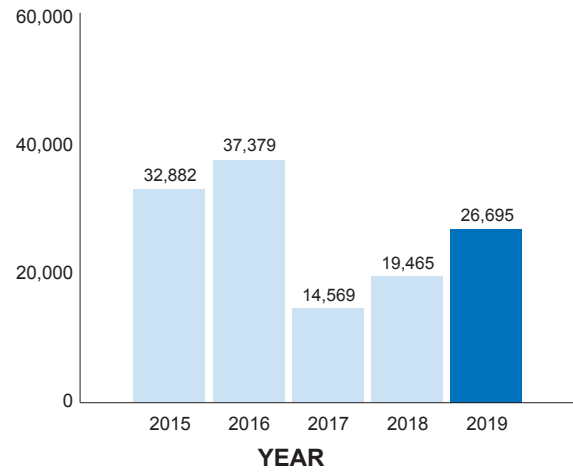
Utilities Division

## FINANCIAL HIGHLIGHTS

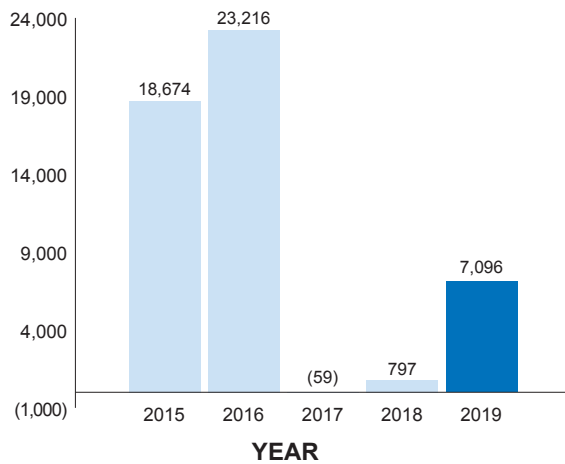
REVENUE (RM'000)



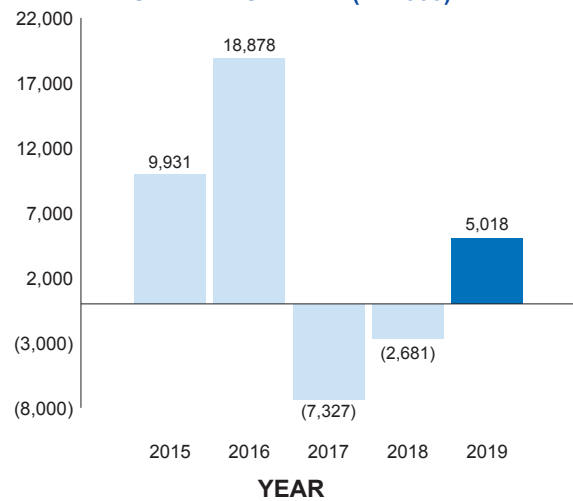
EBITDA (RM'000)



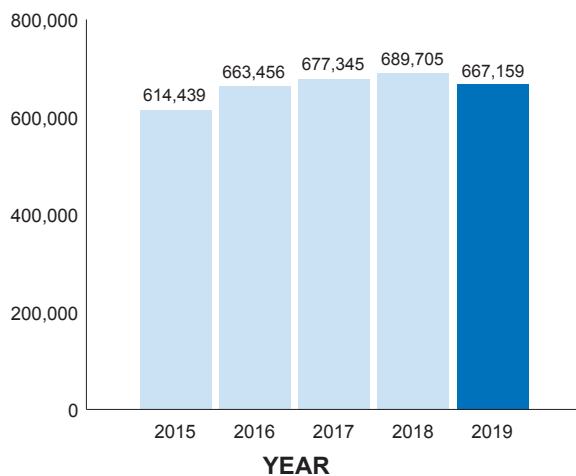
PROFIT/ (LOSS) BEFORE TAX (RM'000)



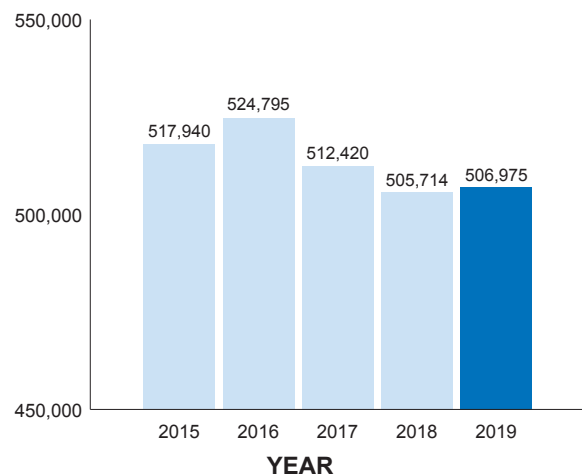
PROFIT/ (LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



TOTAL ASSETS (RM'000)

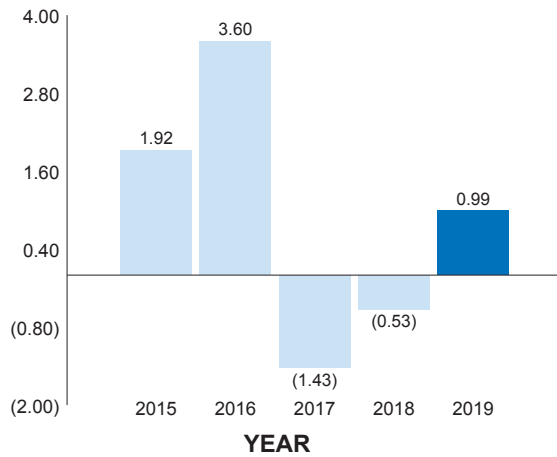


EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)

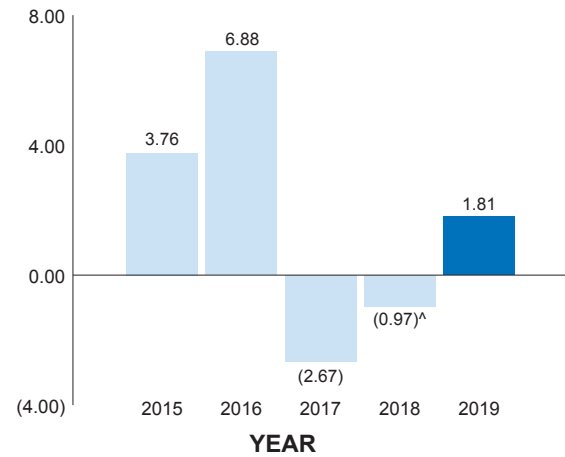


## FINANCIAL HIGHLIGHTS

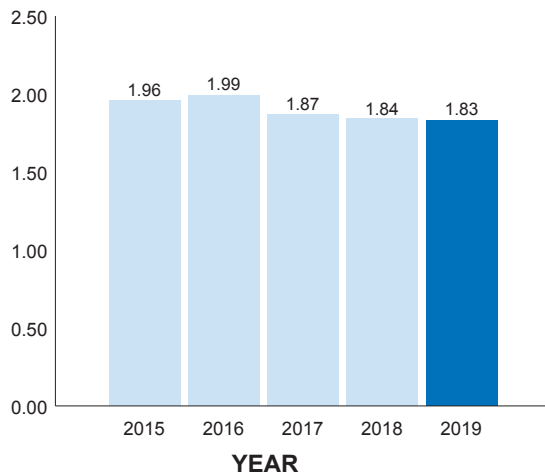
RETURN ON TOTAL EQUITY (%)



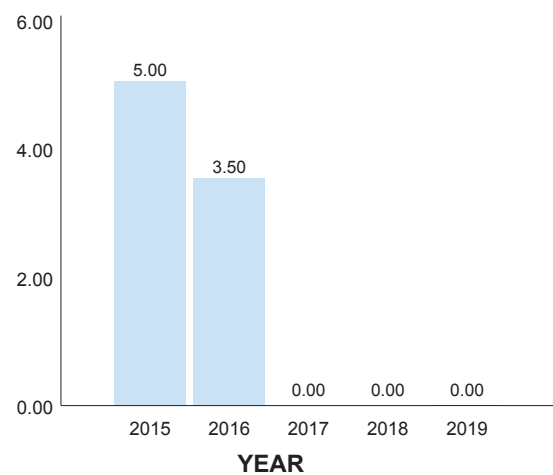
BASIC EARNINGS/ (LOSS) PER SHARE (SEN)



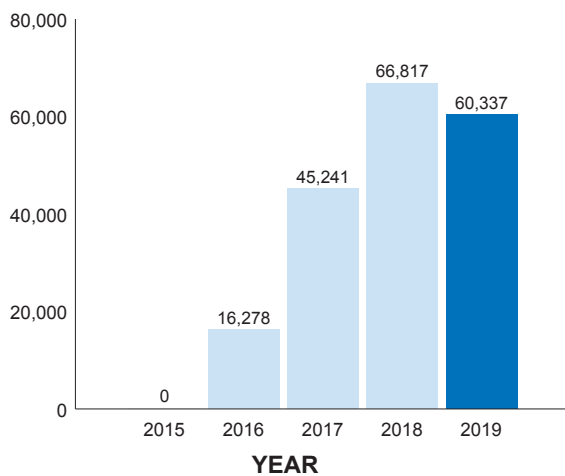
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)



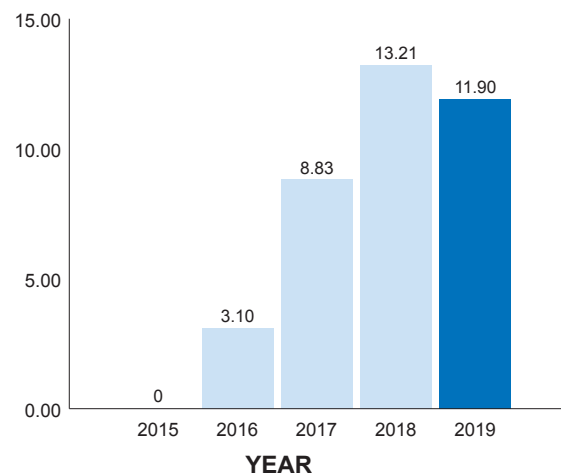
GROSS DIVIDEND PER SHARE (SEN)



LOANS AND BORROWINGS (RM'000)



GEARING RATIO (%)



<sup>A</sup> Adjusted retrospectively to reflect the changes in the number of shares as a result of the distribution of 1 treasury share for every 80 existing ordinary shares in issue in January 2019.

## SUSTAINABILITY STATEMENT

Recognizing that the Company and its business cannot sustain itself in the society and environment in which it operates, the Board of Directors (“the Board”) of GUH Holdings Berhad (“GUH” or the “Company”) continues its effort in embracing the environmental, social and governance criteria in its business operations and developments. While the Board is primarily responsible for the Group’s sustainability practices and performance, it is assisted by the Risk Management & Sustainability Committee which in turn, supported by the Executive Directors and all other Senior Management in managing sustainability-related matters.

The Risk Management & Sustainability Committee has been set up to assist the Board on identification, evaluation and management of the significant risks associated to current business, any new investments and/or divestments and control responsibilities with appropriate action plans and ensures the implementation of appropriate systems to manage the overall risk exposure of the Group.

The Risk Management & Sustainability Committee consists of three members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors. Meeting shall be held at least once a year and may be requested as and when necessary.

The members of the Risk Management & Sustainability Committee play a leading role in sustainability management within the Company and its Group. A good mix of coordinating executives and Board level representatives can be a forceful drive to genuine engagement on sustainability issues amongst senior leaders of the business as well as mobilising the support of the workforce.

The Risk Management & Sustainability Committee is accountable for the sustainability strategy and performance of the Group’s business.

Duties of the Risk Management & Sustainability Committee include among others, the following:

- To oversee the risk management activities of the Group and approve appropriate risk management procedures and measurement methodologies across the organization;
- To review reports on operational risks from all divisions of the Group;
- To assess the risks in new investment and/or divestment;
- To review the effectiveness of overall risk management at the divisional level;
- To review and make recommendations to the Board in relation to risk management;
- To monitor the risk management exposure of the Group;
- To recommend or advise on significant proposed changes to risk management policies and strategies;
- To review together with other committees, the management, Group internal audit and external auditors, any significant risks and exposure that exist and assess the steps that management has taken to minimize such risk to the Group;
- To assess whether the Group’s risk management and sustainability policies are communicated effectively to ensure they are embedded as part of the Group’s corporate culture;
- To align the Group’s sustainability strategy with its cooperate strategy and values to ensure focused and effective effort;
- To oversee management of material sustainability issues that may impact on the sustainability or reputation of the Group;
- To monitor and report to the Board on the Group’s progress on its sustainability commitments in the context of economic, environmental and social (“EES”);
- To review the Group’s annual Sustainability Statement for submission to the Board for approval.

## SUSTAINABILITY STATEMENT

### Risk Management

Risk management is firmly embedded in the Group's management system and the Board believes that risk management is critical in the Group's sustainability. The Board has, through its Risk Management & Sustainability Committee, established a sound risk management and control framework that was implemented throughout the Group. The risk management process assists the Group to achieve its performance and profitability targets by providing risk information to enable better decision making. The Board has the ultimate responsibilities for managing risks and internal controls associated with the operations of each division in the Group.

### Governance

The Board is the highest governing body of GUH and is responsible for determining strategic direction of the Group. The Board of Directors appointed are with diversified skills and professionalism from different areas to the type of business the Group is involved in. Currently, the Board consists of nine members, comprising the Executive Chairman, the CEO/ Group Managing Director, two Non-Executive Directors and five Independent Non-Executive Directors.

The Board has taken steps to integrate sustainability issues as part of its strategic formulation. The Board supported by CEO/Group MD, COO and General Managers, enables the Board to assess and ensure the sustainability governance is structured and functioning through the various levels of management.

### Sustainability

The Board considers sustainable business utmost important due to the rapid changes of external environment, customers, regulators and investor requirements. By understanding long-term trends, the Group can respond and realise new opportunities. The Company and its Group will consistently undertake to manage future customer needs, respond to regulators faster than competitors, building reputations and motivating employees of which plays a big part in creating a compelling business case.

GUH's effort in managing sustainability in business by steering its companies and divisions and having taken into account social, economic and environmental impact. The sustainability initiatives are shown as follows:

- (a) marketplace
- (b) workplace
- (c) environment
- (d) community

Sustainability Dimension	Sustainability Strategy	Sustainability Initiatives	Sustainability Measures (Example of Performance Indicators)	Benefits
Marketplace	High Standard of Suppliers	<ul style="list-style-type: none"> <li>• Encourage and influence suppliers to act in a sustainable manner across value chain</li> <li>• Responsible and sustainable sourcing</li> <li>• Supply chain monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Number of supplier audits</li> <li>• Percentage of suppliers meeting environmental criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Adopt sustainability practices to differentiate from competitors</li> <li>• New business opportunities for more "green" products</li> </ul>
	Good customer relationship management	<ul style="list-style-type: none"> <li>• Encourage and influence customers to act on a sustainable manner across value chain</li> <li>• Offer more sustainable products and services to customers</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction results</li> <li>• Reduction in number of customer complaints</li> <li>• Brand management</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in customer loyalty and trusts</li> <li>• Comply with regulations</li> </ul>

## SUSTAINABILITY STATEMENT

Sustainability Dimension	Sustainability Strategy	Sustainability Initiatives	Sustainability Measures (Example of Performance Indicators)	Benefits
	Corporate governance	<ul style="list-style-type: none"> <li>No corruption</li> <li>Ethical marketing</li> <li>Fair-trade</li> <li>Comply with government rules and regulations</li> <li>Avoid facilitation payments</li> </ul>	<ul style="list-style-type: none"> <li>Number of fines/penalties from authorities</li> <li>Litigation risks</li> <li>Board independence</li> </ul>	<ul style="list-style-type: none"> <li>Improve access to capital where financial institutions and investors are looking into financing more environmentally and socially acceptable projects and businesses</li> </ul>
	Economic productivity	<ul style="list-style-type: none"> <li>Efficient pricing and incentives</li> <li>Production efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Budget vs actual expenses</li> <li>Efficient pricing</li> <li>Efficient prioritization of production schedule</li> </ul>	
Workplace	Safety, security and health	<ul style="list-style-type: none"> <li>Minimize health and safety risks and promote physical fitness</li> </ul>	<ul style="list-style-type: none"> <li>Number of workplace injuries/illness</li> <li>Human exposure to harmful pollutions</li> <li>Safety practices and targets</li> </ul>	<ul style="list-style-type: none"> <li>Increase employee engagement</li> <li>Attract and retain employees</li> <li>Foster greater productivity</li> </ul>
	Operational efficiency	<ul style="list-style-type: none"> <li>Maximize efficiency in production of goods and services</li> <li>Efficient operations and asset management maximized cost efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Quality KPIs</li> <li>Reject rates</li> <li>Asset usage</li> </ul>	
	Standards in recruitment and development	<ul style="list-style-type: none"> <li>Maintain high standards of recruitment and development</li> <li>Talent attraction, retention and development</li> <li>Equal opportunity employment</li> </ul>	<ul style="list-style-type: none"> <li>Average training hours per employee</li> <li>Percentage of females in senior management</li> </ul>	
	Retention of employees	<ul style="list-style-type: none"> <li>Good health and safety</li> <li>Performance base</li> <li>Good working conditions</li> </ul>	<ul style="list-style-type: none"> <li>Lost time injuries</li> <li>Employee compensation</li> <li>Benefits</li> <li>Employee turnover</li> <li>Number of dismissal due to violation to Company policies</li> </ul>	
Environment	Pollution reduction	<ul style="list-style-type: none"> <li>Reduce air, noise and water pollutions</li> <li>Efficient waste management</li> </ul>	<ul style="list-style-type: none"> <li>Environmental management policy</li> <li>Management of used oil, leaks and wastewater</li> </ul>	
	Resource conservation	<ul style="list-style-type: none"> <li>Reduce and efficient usage of scarce resources, e.g. electricity, water and raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Total energy consumption</li> <li>Total water consumption</li> <li>Raw material consumption</li> <li>Waste recycled</li> </ul>	

## SUSTAINABILITY STATEMENT

Sustainability Dimension	Sustainability Strategy	Sustainability Initiatives	Sustainability Measures (Example of Performance Indicators)	Benefits
	Going "Green"	<ul style="list-style-type: none"> <li>• 3R's (Reduce, Reuse &amp; Recycle)</li> <li>• Prevent waste rather than to treat or clean up waste after it is created</li> </ul>	<ul style="list-style-type: none"> <li>• 3R's programme</li> <li>• Recycling practices</li> </ul>	<ul style="list-style-type: none"> <li>• May be eligible for tax deductions, tax exemptions and other tax benefits, depending on the qualification criteria</li> <li>• Increase cost savings</li> </ul>
	Energy and efficiency	<ul style="list-style-type: none"> <li>• Proper waste disposal</li> <li>• Operational eco-efficiency</li> <li>• Minimize energy costs</li> </ul>	<ul style="list-style-type: none"> <li>• Total discharged water recycled</li> <li>• Total energy savings machinery/equipment usage</li> </ul>	
	Climate stability	<ul style="list-style-type: none"> <li>• Reduce global warming emissions</li> <li>• Mitigate climate change impact</li> </ul>	<ul style="list-style-type: none"> <li>• Emission of global pollutants</li> <li>• Sustainable palm oil</li> </ul>	
Community	Community cohesion	<ul style="list-style-type: none"> <li>• Donation of money and time</li> </ul>	<ul style="list-style-type: none"> <li>• Total community investment (RM)</li> <li>• Number of community initiatives</li> <li>• Number of hours spent on community initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Improve community understanding of GUH</li> </ul>
	Social integrity	<ul style="list-style-type: none"> <li>• Support education</li> </ul>		
	Economic development	<ul style="list-style-type: none"> <li>• Enhance employment and business activities</li> </ul>	<ul style="list-style-type: none"> <li>• Access to employment opportunities</li> </ul>	
	Cultural heritage preservation	<ul style="list-style-type: none"> <li>• Respect and protect cultural heritage</li> <li>• Support cultural activities</li> </ul>	<ul style="list-style-type: none"> <li>• Organise cultural activities</li> <li>• Responsive to traditional communities</li> </ul>	

In summary, the sustainability management of the Group has been driven to continue focusing on the areas across the four sections namely the marketplace, the workplace, the environment and the community.

### Care for the Marketplace

GUH Circuit Industry (PG) Sdn. Bhd. ("GUH PG"), the Penang sited manufacturing plant of GUH Group manufactures and sells high end precision Printed Circuit Boards (PCBs) to renowned electronics manufacturers in the domain of automotive infotainment systems, air-conditioners, electronic pianos, musical instruments and high end audio/ receivers. The factory's main markets are Malaysia, Thailand, Indonesia, Japan, Vietnam and Europe. GUH PG places the hiring of human resources for management and engineering talent from local universities, colleges and vocational institutes as its priority. As a responsible local company it aspires to do more than its responsibilities and commitment of being a quality PCBs manufacturer. Thus, to reciprocate the support of the local fraternity, GUH endeavours to improve the knowledge of the community, nurture engineering

talent and take interest in the continued livelihood of its employees.

GUH Group implements and upholds high standard dealing with the suppliers and vendors. This is in line with the management's philosophy to reflect its internal values and the expectations of shareholders, customers, authorities and the community. GUH believes that it is more productive and effective if business relationships are built on trust, mutual respect and common ethics. The qualifications and credentials are carefully vetted before being admitted into the list of qualified suppliers and vendors. As part of the Group's contributions towards the local business community, supplies and services are first sourced locally including high technology supplies like delicate chemical compounds where available.

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The contributions towards the local supply fraternity also include cascading down knowledge and technology that have been gathered throughout the years to develop major local suppliers in all the divisions. Support and technology transfer to local tier one suppliers and vendors include plant and project audits, training on the important criteria of being part of the chain of the IATF16949, reviewing their process controls, quality monitoring, analytical techniques, storage and handling processes. Suppliers' key personnel training programmes are in place for the Electronic Division, where newly recruited engineers are stationed and trained in the factory for a period of time to ensure the link of supplies quality, process control and key monitors are aligned between the division and important local suppliers. The suppliers' and vendors' performance such as compliance with specification, commercial competitiveness, timely deliveries and after sales are carefully and periodically reviewed by the respective divisions to ensure compliance with the Group's requirements and policies.

In technology contribution to the local community GUH develops products and services, offering advance design knowledge and good value in pricing, quality safety and environment to ensure future sustainment of the business and the industrial zone where it operates in. Substantial investments in its PCBs manufacturing plant was made from 2008 to 2019 in machinery, technology and automation and this contributed significantly to technical advancement and capabilities of the local manufacturing fraternity. As seen in the actions, one of the commitments towards society is to contribute as much as possible towards building Penang as a market place renowned for talent and superior technology products.

The Group's manufacturing plant in China, GUH Circuit Industry (SZ) Co., Ltd. ("GUH SZ"), is also committed to upholding the GUH corporate mission of benefiting the

community it operates. With over 20 years' experience in the dynamic electronics industry, GUH SZ is reputed to be one of the trusted PCB manufacturers in the market with the stability of management and operation. GUH SZ is fully utilizing its existing and newly-added assets to continue functioning profitability. GUH SZ aims for long-term profitability by adopting and implementing the visionary strategy, fully utilizing the available resources and the enormous support received from the senior Management team. Besides, GUH SZ is focusing on niche products, such as medical, home appliances, electronic components, office equipment and automotive related products which are competitive in the market and by providing a "One-Stop Solution" business to customers with various types of PCBs. The development and application of 5G communication, electronic vehicles, intelligent equipment, robotic products and so forth has become more and more extensive which may lead to the expanding demand of PCBs and GUH SZ is expected to involve and gain some market share.

Both manufacturing companies pledge its full commitment to the four important business sustainability principles of Customer Satisfaction, Best Product Quality, Sustainable Supply and Manufacturing and Responsible Procurement with the fundamental commitment that conduct business through the embrace of ensuring the environment is protected and not harmed, that business is conducted without breach of rules and laws and that the safety and wellbeing of the people is safeguarded.

Other Divisions though smaller in operations, the principle of hiring is of the same practice i.e. from local community to support domestic workforce so that not dependent on the foreign workers. GUH believes sustainable local workforce can bring positive contribution in human resource management and lower unemployment rate in the country.

### Care for the Workplace

Enshrined as its second mission of the Company is "maximizing the interest for its employees". GUH acknowledges that without the full commitment of its employees, it is not possible to advance further in the modern world. GUH understands that people are social beings and good human relationships matters to bring out the best results in performances. Full hearted support by Management and its leaders is vital driver of employee engagement and with trainings for managers to enhance their abilities. GUH insists managers provide the support needed to do one's job right the first time and for employees to take pride in having a job well done as an encouragement to go the extra mile. GUH endeavours to build a caring workplace environment of understanding,

empathy, community, teamwork and support to nurture positive relationships and in return to nurture an internal entrepreneur and innovative spirit. In order to achieve this, GUH endeavours to provide conducive working environment, provide training, development and career advancement opportunities and to reward excellent employees. Annual motivational programmes are structured into the three domains of:

- i. Social and team building events,
- ii. Training, development and career advancement,
- iii. Improvements to the work place with the objective of creating a conducive environment.



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### i. Social and Team Building Events:

In order to get its people to embrace the vision and mission, the Group organises social and team building events to “soft sell” the spirit of belonging. The Group organised indoor and outdoor activities such as bowling, yoga classes, futsal, badminton, fun ride and team building to reinforce team spirit in the company. Promoting teamwork and adding festive cheers in the office, seasonal festive lunch gatherings are also being organized. The Management, Executive and Technical Team look forward to the New Year gathering with the CEO/Group Managing Director as a highlight of the social events.

### ii. Training, Development and Career Advancement:

GUH Group aims to recruit people from diverse backgrounds as well as to build a gender balanced organization in the quest of equal opportunities. The Group is constantly on the lookout for potential people to be promoted internally and with a systematic review procedure that recognises people performances and rewards accordingly. Nevertheless, GUH regards training as a priority of growth and knowledge driver to the Group and its continuous training programmes apply to for all its employees within the Group. Proper and planned scheduled trainings are carried out across both Management and Operational level to keep up with the latest technology and management advancements. Training programmes are structured such that it includes technical as well as leadership development aspects from the GAP analysis and tailored with the concept of nurturing talent for the company’s sustainability.



Training programmes results of GUH PG:

#### ■ External Training (inclusive of in-house training conducted by External Trainers):

Training participants covered the scope of Managers, Executives, Engineers, Supervisors, Technicians and Support Staff. Actual training hours recorded was 2888 hours against the Training Needs Analysis (TNA) plan of 3000 hours with an effective attendance achievement of 96.2%. The training sessions conducted covered Management Excellence Practice, Leadership Skills, Efficient Energy Management, Plant Safety Imperatives, Environment Protection Imperatives, Purchasing and Supplier Management Towards Win-Win, Manufacturing Best Practices, Poka-Yokes, Total Productive Maintenance (TPM) Measurement and Calibration, IATF internal Auditors Training, Proactive Quality Improvement and Total Quality Management.



#### ■ Internal Training (conducted by Engineers and Managers):

Training participants covered the factory’s operations and production employees. The actual training hours recorded was 5520 hours against the Training Needs Analysis (TNA) plan of 5800 hours with an effective attendance achievement of 95.2%. The training sessions covered PCB Process Knowledge, Understanding Standard Operation Procedures, How to Read Weight, Pressure, Length, Light Spectrum, Temperature, Humidity, Control Plans and Critical Parameters, Andons and Poka-yokes, Simple Calculations, Quality Imperatives, Discipline and Health.

#### ■ Training Conducted by Consultant from Japan:

Training participants covered all Engineers and Technical employees. The actual training hours recorded was 2000 hours against the Training Needs Analysis (TNA) plan of 2000 hours with an effective attendance recorded as 100%. The training covered critical PCB Process Areas, Correct Handling Methods, Dust Control, Process Parameters Control and Analysis Methodology, Failure Mode and Effect Analysis, Material Characteristics, Chemical Characteristics, Electro-Plating Inter-

## SUSTAINABILITY STATEMENT

Correlations, Quality Control, Ishikawa Methodology, Precision and Dense PCB Requirements and Multi-Layer PCB Design Trends.

### iii. Conducive Working Environment:

The Group understands that its employees spend most of their time at work and hence creates a feeling of home for them is important for business sustainability which is in line with the top driven philosophy that “Employees Are the Best Assets”. Efforts towards creating this ambience include a subsidized canteen and a comfortable pantry in the office equipped with essential facilities. Other amenities include air-conditioned prayer rooms for Muslims, proper nursing room, rest area with coffee and canned drinks vending machines with subsidized prices, contract with a bank to place an ATM in the premises and a sheltered and secured motorcycle parking bay. As a priority project in 2020, GUH will further upgrade the canteen to a restaurant class environment. China plant employees enjoy fully subsidized canteen, free meals and lodgings in company hostels. Every effort is placed by GUH SZ in scheduling production run time to ensure workers can return home for long holidays during the Chinese New Year season. The Group is committed to building an environment of happiness, understanding

and a community feeling that supports and nurtures positive relationships.

Gender equality in the workplace is often practiced and there is no racial bias in employment or recruitment within the group. All Divisions have fair and equal treatment policies for the employees irrespective of race and gender. Opportunity is given to all employees as training programmes are provided for them to learn and develop new and valuable skills. All Divisions provide fair, inclusive and safe workplace to support the employees for the enhancement of working performance. Besides, exceptional rewards including competitive salary, career advancement and continuous learning are given to the entire workforce of the Group.



### Care for the Environment

In order to have a proper system and task oriented approach to energy efficiency, a full time Energy Manager certified by Suruhanjaya Tenaga to implement energy saving projects as part of its efforts and responsibility in reducing carbon footprint is recruited in the Electronic Division of Penang. Noteworthy projects recorded include formal training operation employees to detect air leaks and reduce air compressor run time reduction, redesign constant running machines to detect work in progress and programmes run-stop systems, modifying analog controlled air compressors to inverter technology, control office air conditioners to a comfortable 24°C level, commissioning the new ERP system for accurate scheduling and production efficiency to eliminate waste and idle time. GUH PG reported significant electricity and water usage savings against its output in meter squares.

Both GUH PG and GUH SZ are certified to the latest environmental management system and all air discharges are cleansed with gas scrubbers equipped with water sprays containing neutralizer chemicals before discharging. The air scrubbers are in turn monitored by an external certified body. Air scrubbers performed well in accordance to the Clean Air Regulations 1978 with recorded results that are better than the specified passing standard. Water discharges which are cleansed

by the newly upgraded waste water systems before being discharged. The reports from external certified body monitoring the discharges showed good and stable performance in 2019. Both of the plants' performances on environment management is reviewed daily by top management and also ensures a professional environment management team is in place to ensure strict compliance to the environment regulations. All employees in the manufacturing plant are educated to participate in the environment monitoring process by reporting any unusual sight to their superior. GUH PG is certified to ISO14001 since year 2004 which is the platform for environmental protection, management and review.

GUH SZ was granted with the Certificate for Environment Management System (ISO14001:2004) on 18 March 2019 by Certification and Accreditation Administrative as it has in place a sound environmental management system. The division was further awarded with pollutants discharge permit on 20 November 2019 issued by the Environmental Protection Bureau of Suzhou New District and monitored by Ministry of Environmental Protection, China. GUH SZ will continuously provide the appropriate training and information to its employees to aid them in complying with the various legal requirements. Other than in-house training provided, the employees are

## SUSTAINABILITY STATEMENT

actively attending the training programmes organized by the Environmental Protection Bureau on a regular basis.

Beyond that, the management team of GUH SZ has put in effort to reduce the usage of electricity and water in order to minimize the release of waste carbon dioxide into the air and safeguard the natural resources of the earth. Various action plans are being implemented to further control the usage of utilities such as shutting down unnecessary machines during off-peak production, control the usage of air-conditioner during the spring and autumn season and water consumption on daily basis. All water valves, piping and relevant water equipment are checked on a weekly basis to ensure good running condition and no leakage occurs.

Occupational health and safety is another priority aspect of the Group. Both manufacturing plants have mandatory Personal Protective Equipment regulations and compulsory training of usage to protect the workers. The assurance of people adhering to the PPE and Safety Rules is driven by internal roadshows, training and strict disciplinary measures taken. GUH PG has a permanent ERT Team consisting of volunteers from each and every department who undergo training and retraining by Bomba and Penyelamat department periodically. The

Electronic Division of Penang stages plant wide internal evacuation and fire drill twice a year together with the same government body. The other divisions, namely Properties and Plantations are provided and equipped with safety tools and equipment. Apart from the 3R practice of reduce, reuse and recycle, open burning is prohibited in the Group and all Divisions comply strictly with this policy. On 11 February 2020, GUH SZ was granted with “Work Safety Standardization” certificate issued by the State Administration of Work Safety as the division passed the health and safety examination from the relevant authorities. This division will continue to enhance the health and safety in the workplace in order to safeguard the welfare of its stakeholders and implementing further preventive measures which are beyond the requirements stated by law.

The Group strives to achieve zero rate of lost-work time injuries and has established “zero serious accident” target for the financial year under review. The Group is pleased to record zero fatality and zero serious accidents from its business operations as well as Zero burning policy being practiced at project site and at plantation farming in order to achieve zero emissions. Corporate policies are reviewed and changed if required to benefit the environment.

### Care for the Community

GUH believes that caring for the community is a principle that every responsible organisation should have and that continual education of its people in all aspects is still the best way to spread the culture of caring. GUH upholds the commitment that every staff it hires contributes not only sustenance to their immediate family but also carries home the right culture of diligence and determination to succeed and that this good mindset is being proliferated into society. The Group’s training programmes is tailored on technical and knowledge aspect as well as the motivation aspect. GUH Group proudly acclaims in the loyalty index that many of its staff has been working with the Group for more than 20 years and thus is evidential to the principle that “People are the Best Assets”. GUH



Group takes pride on being able to identify, train, motivate and create leaders from the high performance group and also able to motivate and transform people from lackadaisical to being excellent performers. The Group maintains an exemplary track record of paying incentives and bonus based on company, team and individual performances. GUH continues to hire fresh graduates as part of its commitment towards society and to train and grow local talent. The Group practices a proper performance review system for its staff in order to reward people who have contributed to company performance and forward business sustainability.

GUH is committed to continue its contributions and sponsorships towards community through financial assistance to various organizations, schools, NGOs, religious organizations, dialysis centers, associations and individuals in various states of Malaysia. GUH will unceasingly do its part to contribute to society as it believes giving back is amongst the most important and valuable act an organization can do.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of GUH Holdings Berhad (“GUH” or “the Company”) is committed to embrace and pursue a strategy of best practice of corporate governance in order to excel and create shared value for all its stakeholders. The Board firmly believes that excellence in corporate governance remains the commitment of the Company and its subsidiaries (“Group”). It is important for the Group to strictly comply and adhere to good corporate governance such as integrity, transparency; accountability and responsible business conduct, as the basis of how to do business so as to build a sustainable future that bring in positive benefits for value creation.

The Board is pleased to present this Corporate Governance Overview Statement for the financial year ended 31 December 2019 that summarized the overview application and corporate governance practices with reference to the three (3) principles as set out in the Malaysian Code on Corporate Governance (MCCG) under the stewardship of the Board:

- (1) Principle A: Board Leadership and Effectiveness;
- (2) Principle B: Effective Audit and Risk Management;
- (3) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Corporate Governance Overview Statement should be read in tandem with the other Statements in the Annual Report 2019, i.e. the Sustainability Statement, Statement on Risk Management and Internal Control and Audit Committee Report. It is also augmented with a Corporate Governance Report of the Company which is published on the Company’s website at [www.guh.com.my](http://www.guh.com.my); based on a prescribed format as specified in Paragraph 15.25(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) so as to provide detailed information on the application of the Group’s corporate governance practices with regard to MCCG.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### BOARD’S ROLES AND RESPONSIBILITIES

The Company is headed by a Board, which assumes responsibility for the Company’s leadership and is collectively responsible for meeting the objectives and goals of the Company and the Group. The Board consists of nine (9) members of whom are the Executive Chairman, the Chief Executive Officer/Group Managing Director (“CEO/Group MD”), two (2) Non-Executive Directors and five (5) Independent Non-Executive Directors.

The Board ensures that all the Directors are aware of their roles and responsibilities as outlined by the Board Charter which also serves as a source of reference to all stakeholders.

The Board Charter forms an integral part of the Directors duties and responsibilities and also serves as a source of reference for the Board members to act on behalf of the Company to ensure that the Directors conduct in the manner that the principles and practices of good corporate governance are applied.

The Board Charter is reviewed annually with its latest update being made in November 2019.

The details of the Board Charter are available for reference at [www.guh.com.my](http://www.guh.com.my).

Board Charter clearly defines the responsibilities and duties of the Board.

The Board not only sets the strategic direction but also oversees the business conduct to ensure the Group is in compliance with rules and regulations, laws and requirements and upholding of ethical values.

Overview of the Roles on the Board is as follows:

Role	Key Responsibilities
<b>Executive Chairman</b> Tan Sri Dato’ Seri H’ng Bok San	The Executive Chairman of the Board is to provide leadership so that the Board can perform its responsibilities efficiently and to preside over meetings of Directors and ensure the Board accepts full share of responsibilities of governance.
<b>CEO/Group MD</b> Datuk Seri Kenneth H’ng Bak Tee	The CEO/Group MD assumes overall responsibilities for the execution of the Group’s strategies in line with the Board’s direction, oversees day to day operations of the Group and drives the Group’s businesses and performance towards achieving the vision and goals set by the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

<b>Senior Independent Non-Executive Director</b> Mr. Chew Hock Lin	The Senior Independent Non-Executive Director acts as a point of contact for shareholders and other stakeholders to whom queries or concerns relating to the Group may be conveyed, he also acts as a sounding Board for the Chairman and an intermediary for other Directors when necessary.
<b>Non-Executive Directors</b>	Non-Executive Directors (both Independent and Non-Independent) neither involve in day to day operations nor participate directly in the business dealings. Instead, they monitor and supervise Management's conduct in running the business while bringing their external perspective and wisdom to bear on the decision making process.

All Directors should objectively discharge their duties and responsibilities at all times to uphold the best interest of the Company. Every Director is mindful of its own responsibility as a Director and of the conduct, business activities and development of the Company. In discharging its responsibilities, the Board is always mindful to act in good faith and transparent and exercise their basic duties of good management to ensure the Group is committed to a culture of high corporate compliance and high ethical behavior. As the highest standard of integrity is expected from all of its employees, including the Management up to the Board level, the Group takes a serious view on any misconduct by its employees, Management and Directors, in particular with respect to their obligations to the Group's interests. In continue pursuing excellence in corporate governance within the Group, the Company has internal documents such as Code of Ethics and Code of Conduct to be made available and have been published on the Company's website at [www.guh.com.my](http://www.guh.com.my). The code serves as a documentation which is meant to be a reference point for the Directors, Management and employees of the Group to enhance the standard of corporate governance and individual behavior in doing business in a manner that is efficient, ethical and fair.

The Board is cognizant of the importance of whistleblowing system. Therefore, whistleblowing channels have been established to help stakeholders raise concerns, without fear of retaliation, on any wrongdoing that they may observe in the Company. The Whistleblowing Policy and Procedures of the Company have been set up and shall be applicable to all employees of GUH, which include its local and overseas wholly-owned subsidiaries and sub-subsidiaries. The Board firmly acknowledges that a whistleblowing system may strengthen and support good management and in the mean time demonstrates accountability, provides good risk management as well as sound corporate governance practices.

The Board comprises a majority of Independent Directors. Though the Chairman is not a Non-Executive Director, it is of the Board's opinion that the Executive Chairman is the single largest shareholder and there is the advantage of shareholder leadership and a natural alignment of interest. In addition, the Executive Chairman is the founder of the Group with extensive knowledge and experience and he is competent to lead the Group towards achieving the highest level of interest to the Company and all its stakeholders. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Listing Requirements. The Board is always mindful of the potential conflict of interest that may arise in each transaction, in which case, interested Directors are abstained from decision making.

The Board is responsible for the corporate governance practices governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

In execution of its duties and responsibilities, the Board is assisted by various Committees. Four (4) Board Committees have been established to assist the Board in the discharge of its statutory and fiduciary responsibilities. Each Committee has its own functions and terms of reference which have been clearly defined by the Board. The terms of reference of all the Board Committees are reviewed and updated regularly to ensure the latest requirements of the MCCG and Listing Requirements are incorporated. Each Committee reports its recommendations and decisions to the Board for approval.

Overview of the role of each Committee is as follows:

Board Committee	Role
<b>Audit Committee</b>	Oversees the Company's financial reporting process and practice and reviews the results of internal and external audit activities and to ensure compliance with all applicable accounting standards and any other relevant regulatory authorities.  <i>Refer Audit Committee Report on pages 49 to 52 for more details on key activities.</i>



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

<b>Risk Management &amp; Sustainability Committee</b>	Identifies, evaluates and manages the significant risks associated to current business, any new investment and/or divestment and control responsibilities with appropriate action plan and ensures the implementation of appropriate systems to manage the overall risk exposure of the Group.  From the perspective of sustainability, identify and manage non-financial issues, greater attention will be given to how businesses impact the economy, environment and social risks and opportunities alongside financial implication.  <i>Refer Statement on Risk Management and Internal Control on pages 46 to 48 for more details.</i>
<b>Nomination Committee</b>	Reviews annually the required mix of skills, experience and other qualities including core competencies of individual Director, evaluates the assessment of effectiveness of the Board as a whole, and also all other Committees appointed by the Board.
<b>Remuneration Committee</b>	Reviews remuneration of Executive Directors.

The Company has two (2) suitably qualified Company Secretaries to discharge their duties and responsibilities and assist the Board in drawing up and circulating the agenda and notice of meetings together with the supporting documentation to the Committee members. The Company Secretary shall also be responsible to record, maintain and circulate the minutes of the meetings of the Board Committees to all other members of the Board. The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance and other relevant matters; and with changes in the regulatory environment through continuous training and industry updates.

There is a clear division of responsibilities between the Executive Chairman and the CEO/Group MD. The distinction of the two positions in the Company promotes accountability and facilitates division of responsibilities so that Management decisions are made in order to ensure independence. The division of responsibilities is set out in the Company's Board Charter.

Tan Sri Dato' Seri H'ng Bok San, the Executive Chairman is primarily responsible for running the Board and ensures that the Board accepts full share of responsibilities of governance. He is also responsible for the integrity and effectiveness of the relationship between the Independent and the Non-Independent Directors. Board Charter clearly defines the responsibilities of the Executive Chairman.

During the financial year ended 2019, Tan Sri Dato' Seri H'ng Bok San had:

- Provided leadership to the Board without limiting the principle of collective responsibility for making the Board's decision;
- Chaired and led all the Board meetings and encouraged active participation in the discussions;
- Reviewed the minutes of the Board meetings.

Datuk Seri Kenneth H'ng Bak Tee, the CEO/Group MD is responsible for the day to day operations of the Group. In addition, his responsibilities include among others, reporting, clarifying and communicating matters relating to the daily operations to the Board and to ensure the business; policies and strategies formulated by the Board are implemented effectively with the assistance from the Management team. Board Charter clearly defines the responsibilities of the CEO/Group MD.

The presence of Independent Directors which comprise majority of the Board members is sufficient to provide the necessary checks and balances on the decision making process of the Board. They do not participate in the day to day management of the Group and do not engage in any business dealings or other relationship within the Group. They possess integrity and extensive experience to provide independent and unbiased views at Board's deliberations and fair judgment to safeguard the interest of the Company, shareholders and the stakeholders. The Board has specific functions reserved for the Board and those delegated to the Management of the Company to ensure accountability is enhanced.

The composition and size of the Board is reviewed from time to time and assessed annually to ensure its appropriateness and effectiveness. Though the Board believes that tenure should not form part of the independence assessment criteria, the Board practices and undertakes annual assessment of its Independent Directors based on the experience and personal qualities more particularly integrity and objectivity of each individual Director to ensure the current Independent Directors are able to exercise independent judgments and act in the best interest of the Company.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

In appreciating the spirit of MCCG in order to embrace and support a strong corporate governance culture throughout the Company, the Board will continue to provide justification and seek annual shareholders' approval through a two-tier voting process for all the Independent Directors who have continued to retain as Independent Directors for more than twelve (12) years.

Notwithstanding the long tenure of the Independent Directors, the Board believes that the long tenure may not erode the Board's objective since all the Independent Directors are able to express their views and question the Board's decision, debate constructively, challenge rigorously and decide dispassionately.

Currently, the Board does not have any formalized Board Diversity Policy or Gender Diversity Policy in the selection of new Board candidates. Nevertheless, the Board is aware that women's participation in decision making positions should not be focused on Board positions alone, but also be broadened to include women in Senior Management as the same benefits apply. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion throughout the Group. The Board believes that diversity, when extended to Senior Management, will also serve as a talent pipeline for Board candidacy. Therefore, women representation on the Board and Senior Management will be taken into consideration when vacancies arise. The Board has a good mix of commercial, technical and governmental experience relevant to the operations of the Group. These include, inter alia, entrepreneurship, economics, finance, tax management, accountancy, marketing, public administration and human resource management. The Board will evaluate and match the criteria of the potential candidate as well as considering the Boardroom diversity for any new proposed appointment of Directors of the Company in the future.

During the financial year ended 2019, the Board had convened a total of four (4) Board meetings for the purpose of deliberating on the Company's quarterly financial results and discussing other strategic and pertinent matters. Relevant Senior Management were invited to attend the Board meetings to provide the Board with their views and clarifications on issues raised on the operations and performance of the Group and other strategic issues that may affect its business.

Minutes of each Board meeting are circulated to each Director prior to confirmation of the minutes by the Executive Chairman in the next Board meeting. Minutes and resolutions passed at each meeting are kept in the statutory register at the registered office of the Company. The daily operational matters that require immediate Board decision will be sought via Directors' circular resolutions, supported by full detailed information. The Board normally ratifies the circular resolutions at the subsequent Board meeting.

All Directors of the Company have full access to information concerning the Company and the Group. Prior to the Board and Board Committee meetings, a formal agenda as approved by respective Chairman of the Board and the Committees together with the papers containing relevant information to the Board/Committees are delivered to the members for the Directors to be prepared and deal with if any matter arising from such meetings and to enable the Board and the Board Committees to make decisions. They normally receive the information and meeting papers one week before the scheduled meetings. The Directors would also seek the advice and services of the Senior Management or engage other external consultants/independent professionals in the discharge of their duties and to clear any doubt or concern, if deemed necessary.

The Board had carried out the following activities:

- Reviewed the Company's performance in 2019 and the business outlook for 2020;
- Supervised and assessed Management's performance;
- Received reports on any related party transaction(s) and declaration of interest by Directors;
- Approved the Directors' Report and Audited Financial Statement for the financial year ended 31 December 2018;
- Approved Annual Report 2018;
- Approved the Statement in relation to Proposed Renewal of Share Buy Back;
- Approved the draft Circular to Shareholders in relation to Proposed Renewal of Recurrent Related Party Transactions of revenue or trading nature;
- Reviewed and approved quarterly results for 2019 and announcements;
- Reviewed the quarterly reports from the CEO/Group MD on the progress of all business divisions and any significant change in the business and the external environment, which affected the operations;
- Approved the annual budget and capital expenditure budget;
- Reviewed the Company's strategies and plans;
- Proposed the re-appointment of Group's External Auditors and ensured that the External Auditors meet the criteria provided by the Listing Requirements;
- Approved the reports of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management & Sustainability Committee;
- Reviewed the risk management framework of GUH;
- Reviewed the succession planning for the Group's continuity in leadership for all key positions; and
- Noted the updates and any amendments made to the Listing Requirements, laws and regulations.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The attendance record of each member of the Board during the financial year ended 2019 is set out below:

<b>Board of Directors</b>	<b>Feb</b>	<b>May</b>	<b>Aug</b>	<b>Nov</b>	<b>Total</b>
Tan Sri Dato' Seri H'ng Bok San Executive Chairman	•	•	•	•	4/4
Datuk Seri Kenneth H'ng Bak Tee CEO/Group Managing Director	•	•	•	•	4/4
Dato' Harry H'ng Bak Seah Non-Executive Director	•	•	•	•	4/4
Datin Jessica H'ng Hsieh Ling Non-Executive Director	•	•	•	•	4/4
Mr. Chew Hock Lin Senior Independent Non-Executive Director	•	•	•	•	4/4
Dato' Ismail Bin Hamzah Independent Non-Executive Director	•	•	•	•	4/4
Dato' Lai Chang Hun Independent Non-Executive Director	•	•	•	•	4/4
En. W Ismail Bin W Nik Independent Non-Executive Director	•	•	•	•	4/4
Dato' Dr. Gan Kong Meng Independent Non-Executive Director	•	•	x	•	3/4

In order for the Group to remain competitive, the Board ensures that all the Directors continuously enhance their skills and knowledge to keep abreast with the development of new regulations and compliance. The Company Secretary also receives regular updates on training programmes from various organizations. These are circulated to the Directors for their consideration to attend. Directors will be informed and updated on key corporate governance developments and salient changes to the Listing Requirements, laws and regulations. The External Auditors also brief the Audit Committee on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

The summary of courses and training attended by respective Directors of the Company during the financial year ended 31 December 2019 are set out as follows:

<b>Tan Sri Dato' Seri H'ng Bok San</b>
<ul style="list-style-type: none"> <li>• Allowed financial assistance and benefits to Directors and raising the standards on Disclosure</li> <li>• Corporate Liability Updates</li> </ul>
<b>Datuk Seri Kenneth H'ng Bak Tee</b>
<ul style="list-style-type: none"> <li>• Financial Planning as Effective Marketing Tools</li> <li>• My Money &amp; Me (Financial Literacy Workshop)</li> <li>• Corporate Rescue : Corporate Voluntary Arrangements &amp; Judicial Management</li> <li>• Companies Act 2016</li> <li>• Preparing for Corporate Liability in Malaysia and how ethics makes business sustainable</li> <li>• Corporate Liability Updates</li> </ul>
<b>Dato' Harry H'ng Bak Seah</b>
<ul style="list-style-type: none"> <li>• Allowed financial assistance and benefits to Directors and raising the standards on Disclosure</li> <li>• Corporate Liability Updates</li> </ul>
<b>Datin Jessica H'ng Hsieh Ling</b>
<ul style="list-style-type: none"> <li>• Allowed financial assistance and benefits to Directors and raising the standards on Disclosure</li> <li>• Corporate Liability Updates</li> </ul>
<b>Mr. Chew Hock Lin</b>
<ul style="list-style-type: none"> <li>• Fresh Perspectives : Engineering the future of the Malaysian Bond &amp; Sukuk market</li> <li>• Preparation for Corporate Liability on Corruption under MACC Act Section 17A</li> <li>• Corporate Liability Updates</li> </ul>
<b>Dato' Ismail Bin Hamzah</b>
<ul style="list-style-type: none"> <li>• Power of Directors</li> <li>• Corporate Liability Updates</li> </ul>
<b>Dato' Lai Chang Hun</b>
<ul style="list-style-type: none"> <li>• Allowed financial assistance and benefits to Directors and raising the standards on Disclosure</li> <li>• Corporate Liability Updates</li> </ul>
<b>En. W Ismail Bin W Nik</b>
<ul style="list-style-type: none"> <li>• Corporate Liability Provision under the MACC Act : Mitigating a new risk for your Company</li> <li>• Corporate Liability Updates</li> </ul>
<b>Dato' Dr. Gan Kong Meng</b>
<ul style="list-style-type: none"> <li>• Adaptive Leadership</li> <li>• The Role of Audit Committee in ensuring organizational integrity, risk and governance</li> <li>• Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment</li> <li>• Navigating Corporate Liability</li> <li>• Corporate Liability Updates</li> </ul>



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### NOMINATION COMMITTEE

As recommended by MCCG, the Nomination Committee of GUH currently consists exclusively of Independent Non-Executive Directors, with the responsibilities of assessing the balance composition of the Board members, nominate any proposed Board member(s) by looking into his skills and expertise for the contribution to the Company.

The present members of the Committee are:

Dato' Ismail Bin Hamzah – Chairman	<i>Independent Non-Executive Director</i>
Mr. Chew Hock Lin – Member	<i>Independent Non-Executive Director</i>
Dato' Lai Chang Hun – Member	<i>Independent Non-Executive Director</i>

Pursuant to MCCG, the Chair of the Nomination Committee should be the senior independent director identified by the Board. The Board is of the view that Dato' Ismail Bin Hamzah has considerable experience via his key position held in his profession in the past and he has been holding the position of director in many other public listed companies and he is therefore considered senior and competent to be the Chairman of the Nomination Committee of the Company.

The Board has stipulated the Terms of Reference for the Nomination Committee and the details are available for reference at [www.guh.com.my](http://www.guh.com.my).

### Summary of activities undertaken by the Nomination Committee

The summary of activities undertaken by the Nomination Committee during the financial year ended 31 December 2019 included the following:

- Reviewed and confirmed the minutes of the Nomination Committee meeting held;
- Assessed the effectiveness of the Board as a whole;
- Reviewed the effectiveness of the Board Committees;
- Reviewed the contribution and performance of individual Director;
- Reviewed the level of independence of the Independent Directors and assessed their ability to bring independent and objective judgment to Board's deliberation;
- Recommended on the retention of Independent Directors who have served the Company for more than nine years, and recommended the two-tier voting process for the Independent Directors who have served for more than twelve years;
- Recommended on the re-election of the Directors pursuant to the Constitution of the Company; and
- Reviewed and recommended the Terms of Reference of the Nomination Committee to the Board for approval.

### Evaluation for Board, Board Committees and individual Director

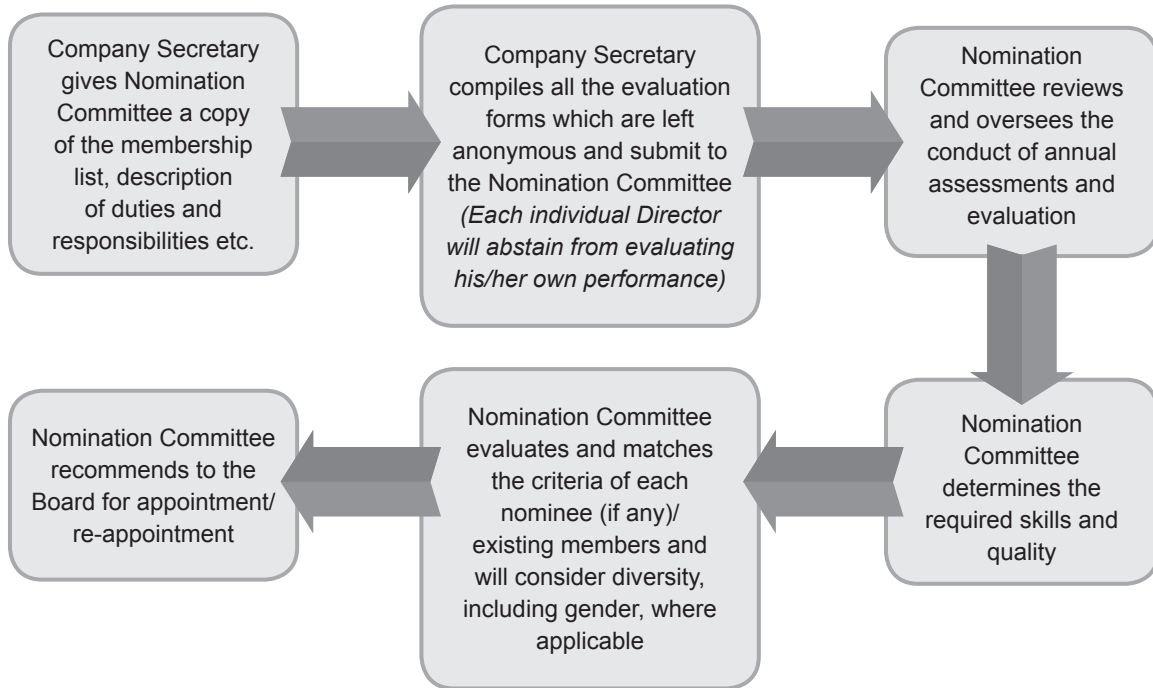
The Nomination Committee conducted annual assessment of the performance of the Board as a whole, Board Committees and individual Directors based on the Directors peer evaluation approach. The criteria used in evaluating the performance of individual, including their contribution to interaction, integrity, competency and time commitment of the members of the Board as well as the Board Committees in discharging their duties, are in a set of questionnaires.

For the financial year ended 31 December 2019, the Nomination Committee carried out a peer evaluation, the name of the Director completing the questionnaires has been left anonymous as it is believed that the anonymity would achieve an honest general consensus. Based on the assessment conducted, the Board and the Nomination Committee are satisfied with the current size, composition as well as the mix of qualifications, skills and expertise among the Board and the Board Committee members. From the results of the evaluation, including the mix of skills and experience possessed by the Directors, no new member has been proposed and the Board will recommend the re-election and re-appointment of the existing Directors at the forthcoming Annual General Meeting.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Process of nomination and election/re-election

The process for the nomination and election/re-election of the Non-Executive Director (both Independent and Non-Independent) is as follows:



### Re-election of Directors

The Constitution of the Company provides that an election of Directors shall take place each year. All Directors shall retire from office once at least in each three years. A retiring Director shall be eligible for re-election.

Upon the recommendation of the Nomination Committee and the Board, no election of new Director has been proposed. The Directors who shall retire once at least in each three years and are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company to be held in 2020 are as stated in the Notice of Annual General Meeting.

### Annual Assessment of Independence

The policy on the tenure of Independent Director is nine years unless re-designated as Non-Independent Director. The retention of Independent Director who serves more than nine years shall be confirmed annually by the shareholders and those served more than twelve years shall be approved by the shareholders annually at the Annual General Meeting via a two-tier voting process.

Based on the assessment carried out during the financial year ended 31 December 2019 and upon the recommendation of the Nomination Committee, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. The Board at the recommendation of the Nomination Committee resolved that all the Independent Directors who have served for a cumulative term of more than twelve years shall be subject to shareholders' approval at the forthcoming Annual General Meeting to be held in 2020 through a two-tier voting process.

### Attendance of Nomination Committee

The attendance record of each member of the Nomination Committee during the financial year ended 2019 is set out below:

Nomination Committee	Nov	Total
Dato' Ismail Bin Hamzah, Chairman	•	1/1
Mr. Chew Hock Lin, Member	•	1/1
Dato' Lai Chang Hun, Member	•	1/1

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**REMUNERATION**

The Remuneration Committee of GUH currently comprises the following Directors, all of whom are Non-Executive, with the majority of Independent.

Dato' Ismail Bin Hamzah – Chairman	<i>Independent Non-Executive Director</i>
Mr. Chew Hock Lin – Member	<i>Independent Non-Executive Director</i>
Datin Jessica H'ng Hsieh Ling – Member	<i>Non-Independent Non-Executive Director</i>

The Board has in place Policies and Procedures to determine the Remuneration of Directors and Senior Management. The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the caliber needed to direct the Group successfully.

The Remuneration Committee convenes meeting at least once a year and may be requested as and when necessary. The Remuneration Committee is responsible for ensuring that the compensation and other benefits will encourage Executive Directors to act in ways that enhance the Company's long-term profitability and value. The Remuneration Committee and the Board are mindful that the remuneration for the Executive Directors should be attractive and fairly compensated to maintain high quality individuals in the Board to run the Group successfully. None of the Executive Directors participates in any way in determining their individual remuneration. In reviewing the remuneration package of the Executive Directors, the Committee shall normally consider the level of responsibilities of its Directors, and is guided by the framework that covers the terms and conditions for the Executive Directors and the Management team. The remuneration package contains both fixed and performance-linked elements and their remunerations are benchmarked against the remuneration of other companies within the same industry. The Executive Directors are paid fixed salaries, allowances, bonuses and other benefits in accordance with the terms and conditions as agreed upon. The terms and conditions are normally reviewed annually to ensure the performance and contributions are justified.

During the financial year ended 31 December 2019, the Remuneration Committee had two meetings to discuss and recommend to the Board for approval the remuneration package of the Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter of the Board as a whole. Payment of Directors' fees is one of the salient elements. The Director's fee is proposed at RM66,000 per Director and the shareholders approval had been sought at the last Annual General Meeting held in year 2019. During the year, the Remuneration Committee also recommended the Directors' fee for the period from year 2020 to the next Annual General Meeting in year 2021, subject to the shareholders' approval at the forthcoming Annual General Meeting. The Company reimburses expenses incurred by the Directors for attending the Board and Committee meetings. All meeting minutes, including meeting papers that had been deliberated by the Remuneration Committee are reported to the Board by the Chairman of the Remuneration Committee for the Board's consideration and approval.

The attendance record of each member of the Remuneration Committee during the financial year ended 2019 is set out below:

Remuneration Committee	Feb	Nov	Total
Dato' Ismail Bin Hamzah, Chairman	•	•	2/2
Mr. Chew Hock Lin, Member	•	•	2/2
Datin Jessica H'ng Hsieh Ling, Member	•	•	2/2

The breakdown of the remuneration of each individual Director for the financial year ended 2019 for the Group/Company level is as follows:

Name of Director	Directors' fees RM	Salaries & EPF RM	Bonus RM	Meeting allowance RM	Ex-gratia benefits receivables RM	Benefits-in-kind RM
<b>Executive Directors</b>						
Tan Sri Dato' Seri H'ng Bok San	73,000	966,000	448,000	-	479,000	28,000
Datuk Seri Kenneth H'ng Bak Tee	97,000	1,912,000	939,000	-	1,075,000	15,500
<b>Total</b>	<b>170,000</b>	<b>2,878,000</b>	<b>1,387,000</b>	<b>-</b>	<b>1,554,000</b>	<b>43,500</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Director	Directors' fees RM	Salaries & EPF RM	Bonus RM	Meeting allowance RM	Ex-gratia benefits receivables RM	Benefits-in-kind RM
<b>Non-Executive Directors</b>						
Dato' Harry H'ng Bak Seah	66,000	-	-	4,000	-	-
Datin Jessica H'ng Hsieh Ling	66,000	-	-	6,000	-	-
Mr. Chew Hock Lin	66,000	-	-	9,000	-	-
Dato' Ismail Bin Hamzah	66,000	-	-	9,000	-	-
Dato' Lai Chang Hun	66,000	-	-	4,500	-	-
En. W Ismail Bin W Nik	66,000	-	-	4,000	-	-
Dato' Dr. Gan Kong Meng	66,000	-	-	5,000	-	-
<b>Total</b>	<b>462,000</b>	<b>-</b>	<b>-</b>	<b>41,500</b>	<b>-</b>	<b>-</b>

The Board has opted not to disclose on a named basis for the Senior Management's detailed remuneration and the remuneration in the bands of RM50,000 after taking into consideration the sensitivity, security, issue of staff morale and also the confidentiality purposes.

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****AUDIT COMMITTEE**

The Audit Committee comprises solely Independent Non-Executive Directors and is chaired by Mr. Chew Hock Lin, a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA) who is also the Senior Independent Non-Executive Director while the Chairman of the Board is Tan Sri Dato' Seri H'ng Bok San. This is to ensure that the objectivity of the Board's review of the Audit Committee's findings and recommendations is not impaired.

The Audit Committee has policies and procedures in place to assess the suitability, objectivity and independence of the External Auditors. The Audit Committee has undertaken an assessment to assess the suitability and independence of External Auditors during the financial year. The criteria for the assessment include among others, quality of services, sufficiency of resources, communication, independence and interaction. In addition, the External Auditors have given assurance to the Audit Committee confirming their independence and the Audit Committee is satisfied with the result of the assessment and henceforth recommended to the Board for the re-appointment of Messrs. Crowe Malaysia PLT for shareholders approval at the forthcoming 56th Annual General Meeting.

The Audit Committee will also ensure that audit partner will rotate every five (5) years after the closure of statutory audit and none of the former key audit partners will be appointed the Audit Committee member in order to uphold the utmost independence.

The Board ensured that all members of the Audit Committee are financially literate and have sufficient understanding of the Group's business and matters under the purview of the Audit Committee including the financial reporting process. The Audit Committee has reviewed and provided advice on the financial statements which provide a true and fair view of the Company's financial position and performance.

**RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board, through its Risk Management & Sustainability Committee monitors risks and internal control of the Group. The Risk Management & Sustainability Committee comprises three (3) members, all of whom are Non-Executive with a majority of Independent Directors.

The Board acknowledges the responsibilities for maintaining a sound system of internal control to safeguard the shareholders' investment and the Group's assets. The internal control system is designed to provide reasonable assurance against material misstatement and losses. The Board reviewed the effectiveness of the system of internal controls through the Audit Committee which had supervised the work of the Internal Audit Function of the Group and the comments made by the Company's External Auditors.

The Statement on Risk Management and Internal Control which provides an overview of the risk management framework and the state of internal control within the Group is disclosed on pages 46 to 48.

The Group's internal audit function is performed in-house by the Group Internal Audit department which is independent from the operations and activities of the Group in order to maintain impartiality. Internal Audit Department reports directly to the Audit Committee. The internal audits involve the review of operational controls, adequacy of risk management, management efficiency, and compliance with the Group policies, procedures, laws and regulations, among others. In addition, areas such as efficient use of resources, safeguarding assets, response to assertions of fraud and reliability and integrity of financial information are also audited.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Thus, the Internal Audit has added value by improving the Group's operations through provision of consulting services and independent and objective evaluation of the control processes in the Group.

Details of the Group's Internal Audit Function and responsibilities are set out in the statement of Internal Audit Function of the Audit Committee Report on pages 49 to 52.

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

#### COMMUNICATION WITH STAKEHOLDERS

The Company values dialogues with shareholders and investors. In order to ensure that shareholders and investors are well informed of the Group's business operations, financial performance and corporate developments are accurate and factual, timely and informative, information is disseminated via the Company's annual reports, circulars, various announcements and press releases made from time to time.

The shareholders and investors are also encouraged to visit the Group's website at [www.guh.com.my](http://www.guh.com.my) for information and may also raise any queries through the website. They may also obtain the Group's latest information via the website of Bursa Malaysia Securities Berhad at [www.bursamalaysia.com](http://www.bursamalaysia.com). As the company is not categorized as a "Large Company" and hence, has not adopted integrated reporting based on a globally recognized framework.

The Company's Annual General Meeting normally scheduled in May each year, is the primary platform for communications with the shareholders. The Company acknowledges the importance of strengthening corporate governance practices by proposing resolutions to be voted by poll. Polling processes will be explained during the general meeting and poll results are verified by appointed scrutinizers. The shareholders are at liberty to raise questions while the Directors will provide answers and clarifications during the Company's Annual General Meeting. Notice of Annual General Meeting and related circular and statement to shareholders are normally sent out at least 21 days before the meeting in order to facilitate full understanding of the issues involved. Special business items as set out in the Notice of Annual General Meeting also give full explanation on the effect of the proposed resolution arising from such items. The outcome of the Annual General Meeting is announced to Bursa Malaysia Securities Berhad on the same meeting day.

The Management of the Company also has conferences and meetings with the research analysts and fund managers to provide updates on the latest developments within the Group and to give the best information possible so that they can accurately apply it to evaluate the Company.

The Board is aware of the need to establish a disclosure policy that will provide constructive communication to the shareholders and investors at a promptly manner in order for these stakeholders to be able to make informed investment decisions.

The Board approved and released the quarterly financial results (including full year results) for the financial year ended 31 December 2019 on the following dates:

2019 Quarterly Results	Date of Release	Listing Requirements Deadline
1st Quarter	23 May 2019	31 May 2019
2nd Quarter	19 August 2019	30 August 2019
3rd Quarter	27 November 2019	29 November 2019
4th Quarter	25 February 2020	28 February 2020

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board in discharging its fiduciary duties is accountable to shareholders in ensuring the annual audited financial statements are prepared and presented in clear and meaningful assessment of the Group's financial performance and prospect. The Board is required under Paragraph 15.26(a) of the Listing Requirements to make a statement explaining its responsibility for preparing the annual audited financial statements.

In preparing the Group's consolidated annual audited financial statements for the financial year ended 31 December 2019, the Directors have provided assurance that the financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016 to give a true and fair view of the state of affairs of the Company and the Group in a transparent manner. The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in the section titled "Statement by Directors of the Directors' Report" enclosed with the Group's consolidated annual audited financial statements for the financial year ended 31 December 2019. The Directors' Report for the audited financial statements of the Company and the Group are set out on pages 54 to 57 of this Annual Report 2019.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has taken the following measures in order to ensure the financial statements are properly drawn up:

- Adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;
- Applicable approved accounting standards have been followed;
- Judgements and estimates are made on a reasonable and prudent basis; and
- Due inquiry into the state of affairs of the Company, there are no material matters that may affect the ability of the Company to continue in business on a going concern basis.

### COMPLIANCE INFORMATION AS AT 31 DECEMBER 2019

#### Audit and Non-Audit Fees

In general, the Company engages the External Auditors for audit purposes only. Nevertheless, as and when necessary, the Group also engages the External Auditors for their non-audit expertise to carry out non-audit services and activities.

For the financial year ended 31 December 2019, the amount of audit and non-audit fees paid or payable by the Company and the Group to the External Auditors and their affiliated companies are as follows:

	Company RM	Group RM
Audit fees	50,000	183,500
Non-audit fees	7,900	68,858

#### Related Party Transactions

The Group has an internal compliance framework in connection with related party transactions, to ensure it meets the obligations under the Listing Requirements. The Board, through its Audit Committee, reviews all related party transactions involved. Any Director who has an interest in the related party transaction(s) must abstain from deliberations and voting on the relevant resolution, in respect of such transaction(s) at the Board meeting and any general meeting convened to consider the matter.

There are procedures established by the Company to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms, consistent with the company's usual business practices and policies, which are generally not more favorable than those generally available to the public and are not detrimental to the minority shareholders.

Significant related party transactions of the Group for the financial year are disclosed in Note 32 to the Financial Statements and the Additional Disclosure on page 45.

For all other transactions with any related parties which do not fall within the ambit of the above disclosure, will be subject to other applicable provisions of the Listing Requirements and/or any other applicable law.

#### Material Contract Involving Directors' and Major Shareholders' Interests

The Company and/or its subsidiaries have not entered into any material contract involving Directors' and Major Shareholders' interests during the financial year ended 31 December 2019 except for those explained in the above mentioned.

#### Additional Information

Save as aforesaid disclosed, none of the following transactions have been entered by the Company during the financial year ended 31 December 2019:

- Issuance of any Options, warrants or convertible securities;
- Sponsorship of any American Depository Receipt or Global Depository Receipt programmes;
- Sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies; and
- Profit guarantee given by the Company.

As there is no 'one size fits all' approach to corporate governance while maintaining the best approach to adopting the principles, the Board will use its best endeavours to maintaining the compliance of the relevant principles as set out in MCCG and to promote high standards of corporate governance. In line with the latitude accorded in the application mechanism of MCCG, the Company has provided explanations for the departures from the said practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report 2019.



## ADDITIONAL DISCLOSURE

**RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE**

*(Disclosed in accordance with Paragraph 3.1.5 of Practice Note 12  
of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)*

At the last 55th Annual General Meeting held on 23 May 2019, the Company has obtained its shareholders' renewal mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as disclosed in the Circular to Shareholders dated 24 April 2019.

Details of the recurrent related party transactions transacted during the financial year ended 31 December 2019 pursuant to shareholders' renewal mandate are disclosed as follows:

Transacting Party of the Group	Transacting Party	Nature of Relationship	Nature of Transactions	Actual Value Transacted from 23 May 2019 to 31 December 2019
GUH Circuit Industry (PG) Sdn. Bhd. (Recipient & Provider)	Kiyamas Chemical Sdn. Bhd. ["KCSB"] (Provider & Recipient)	Lizheng Holdings Sdn. Bhd. ("Lizheng") has a direct shareholding of approximately 28.3% in *Kiyamas Holdings Sdn. Bhd.  Gan Chern Nee has a direct shareholding of approximately 8.3% in Kiyamas  H'ng Chun Li is a Director of Lizheng, Kiyamas and KCSB	Transactions of raw materials, goods and services	<b>RM8,499,017.38</b> (Approved Limit: RM13,000,000.00)
GUH Circuit Industry (PG) Sdn. Bhd. (Recipient)	Kyosha Precision Engineering Sdn. Bhd. ["Kyosha"] (Provider)	H'ng Chun Li is a Director of Kyosha	Provision of precision engineering and fabrication of parts	<b>RM1,265,295.06</b> (Approved Limit: RM1,500,000.00)

## Notes:

\* Kiyamas Holdings Sdn. Bhd. ("Kiyamas") is the Holding Company of Kiyamas Chemical Sdn. Bhd.

- (1) Datuk Seri Kenneth H'ng Bak Tee, the CEO/Group MD of the Group, is also a director and shareholder of Lizheng Holdings Sdn. Bhd. and the father of H'ng Chun Li.
- (2) Dato' Harry H'ng Bak Seah, the Non-Executive Director and a shareholder of GUH, is the spouse of Gan Chern Nee.
- (3) Tan Sri Dato' Seri H'ng Bok San, the Executive Chairman and the major shareholder of GUH, is the brother of Dato' Harry H'ng Bak Seah and Datuk Seri Kenneth H'ng Bak Tee.
- (4) Datin Jessica H'ng Hsieh Ling, the Non-Executive Director and the major shareholder of GUH, is the daughter of Tan Sri Dato' Seri H'ng Bok San and the niece of Dato' Harry H'ng Bak Seah and Datuk Seri Kenneth H'ng Bak Tee.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Introduction

The Board is committed to uphold throughout the Group a sound system of risk management, internal controls and good corporate governance practices as set out in the Statement on Risk Management and Internal Control, prepared in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Code on Corporate Governance 2017 and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

### Board's Responsibility

In accordance with Principle B (II) of the Malaysian Code of Corporate Governance, the Board is responsible for the Group's risk management and internal control system which includes the establishment of appropriate policies on internal control and ensure the systems are functioning effectively and manage risks that form part of the corporate culture.

The Audit Committee and Risk Management & Sustainability Committee assist the Board to review the adequacy and effectiveness of the Group's risk management and internal control system and to ensure that measures are carried out by Management to obtain the level of assurance required by the Board.

The risk management and internal control system is designed to manage any inadequacies that are identified, to minimise or eliminate the risk of failure to achieve the Group's business and corporate objectives. Accordingly, such systems can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud.

### Risk Management and Internal Control

In accordance with Practice 9.1 of the Malaysian Code on Corporate Governance, the Board has, through its Risk Management & Sustainability Committee, established a sound risk management and control framework that was implemented throughout the Group.

The Group has an in-house structured risk management framework for an ongoing process in identifying, evaluating, monitoring and reporting the significant risks faced by the Group to ensure its system of internal control is carried out efficiently except for associates. Such process is regularly reviewed and examined as and when there are significant new issues which require changes to be made to the current system and policies.

The Risk Management & Sustainability Committee comprises one (1) Non-Independent and two (2) Independent Directors of whom are all Non-Executive and supported by Senior Management from the Group's business divisions, meetings are convened for the purpose of identifying, evaluating and managing the significant risks.

Risks records, which identify key risks, potential financial impact, the likelihood of those risks occurring, as well as the control strategies to manage those risks associated with the Group's activities are presented to the Risk Management & Sustainability Committee for review. The Risk Management & Sustainability Committee reviews and deliberates the performance of the business divisions of the Group and reports to the Board. This risk management process will help GUH to achieve its performance and profitability targets by providing risk information to enable better decision-making. The Board will have ultimate responsibility for managing risks and internal controls associated with the operations of each Division.

The Board is committed to articulate, implement and review the Group's internal control system. The internal control system is designed to facilitate achievement of the Group's business objectives and assist the Board to maintain a proper control environment. Internal controls also promote efficiency, reduce risk of asset loss, and help to ensure the reliability of financial statements which are in compliance with laws and regulations.

### Review of Risk Management and Internal Control System

Reviewing the effectiveness of risk management and internal control through ongoing assessments is an essential part of the Board's responsibilities.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group has an ongoing process of identifying, evaluating and managing the significant risks in order to achieve its objectives. On a quarterly basis, the Board receives management reports from Senior Management in respect of business risks that have impacted or the likelihood to impact the Group and its achievement of its objectives and strategies and actions taken in response to the risks reported. The Risk Management & Sustainability Committee convenes with the divisional managers once a year for an annual assessment of any significant aspects of risks and internal control matters.

The Board reviews the risk management and internal control system to identify, evaluate and manage the significant risks faced by the Group in its achievement of objectives and strategize the necessary actions to be carried out to remedy any significant weaknesses identified from the review.

The Group has an in-house Internal Audit Function, which is independent of the activities or operations of the subsidiaries, departments, and sections it audits. Its principal responsibility is to undertake regular and systematic reviews of the risk management and system of internal control in order to provide reasonable assurance that such system operates satisfactorily and effectively and report directly to the Audit Committee.

The Internal Audit Function adopts a risk-based approach in preparation of its yearly internal audit plan and strategy which is reviewed and approved by the Audit Committee.

Internal Audit reviews on the adequacy and effectiveness of the risk management, internal control system and reports its findings on major weaknesses and risk control procedures, makes recommendations for improvements and performs follow up audits to assess the status of implementation thereof by Management.

Internal Audit also investigates complaints of misuse and abuse of the Group's systems and processes, mismanagement of the Group's assets and other instances of fraud and malpractice, if any.

A whistleblowing policy has been established to provide appropriate channels that facilitate whistleblowing in a transparent and confidential manner for stakeholders to raise concerns, without fear of retaliation on any wrongdoing that they may observe within the Group.

### **Key Features of Risk Management and Internal Control Processes**

The Group's key features on Risk Management and Internal Control are summarised as follows: -

1. Clear definition of the terms of reference, functions, authorities and responsibilities of the various Committees of the Board.
2. Well defined organisational structure with clear lines of accountability and responsibility to enable the Group's vision, mission, strategies and operational objectives to be achieved.
3. Documented internal policies and procedures are set out in the Group Policies to govern the financial and operational functions; which are subject to regular review and improvement.
4. Where appropriate, certain subsidiaries have ISO 9001: 2015, ISO 14001: 2015 and IATF 16949: 2016 accreditations for their operational processes.
5. Clear definitions of authorisation procedures and delegated authority levels for all operational transactions.
6. Review of all major proposals for investment and divestment by the Risk Management & Sustainability Committee before being deliberated and approved by the Board.
7. The CEO/Group Managing Director holds weekly and monthly management meetings with the Divisional heads. At these meetings, all key performance indices are discussed and monitored, including discussions of significant issues. Accordingly, the Board is updated by the CEO/Group Managing Director and is able to assess significant operational and financial risks of the business units concerned.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

8. Performance Reports, benchmarked against budgets and objectives are provided to the Board at each Board meeting.
9. Detailed budgeting process where companies under the Group prepare annual budgets, which are approved at company level and reviewed by the CEO/Group Managing Director.
10. Progress reports, financial summary and current issues which may significantly affect the company's business for all divisions are discussed at each Board meeting.
11. The Risk Management framework of the Group is in place to assist in the risk management process of the Group.
12. The Group's Internal Audit Function perform regular reviews, monitor compliance with policies and procedures and recommend action plans to improve on areas where control deficiencies are identified during field audits. Thus, providing an independent assurance on the adequacy and effectiveness of the Group's system of internal control.
13. The Audit Committee, on behalf of the Board, reviews report from the Group Internal Auditors and External Auditors and reports its conclusion to the Board.

The associates have not been dealt with as part of the Group for the purpose of this Statement.

### Conclusion

For the financial year under review and up to the date of issuance of this statement, the Board is pleased to state that the Group's system of risk management and internal control is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, as well as the Group's assets. There have been no material losses, contingencies or uncertainties arising from the reviews.

As recommended by the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, the Board has received assurance from the CEO/ Group Managing Director, COO, General Manager of Corporate Office and all the Divisional heads that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, during the financial year under review and up to the date of this Statement.

The Group will continue to monitor all major risks affecting the Group and will take the necessary measures to mitigate them and enhance the adequacy and effectiveness of the risk management and internal control system of the Group.

The External Auditors have reviewed this Statement on Risk Management and Internal Control as required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. Based on their review, nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control set out above is not prepared, in all material respects, 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 and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, nor is factually inaccurate.

## AUDIT COMMITTEE REPORT

The Audit Committee of GUH Holdings Berhad (“GUH” or “the Company”) has been established to assist the Board of Directors (“the Board”) in fulfilling its statutory and fiduciary responsibilities by reviewing the Company and all its subsidiaries (“the Group”) business processes and monitoring management of financial risk process along with its accounting and financial reporting practices and ensuring the Group’s system of internal control is maintained. The Audit Committee carried out its duties and functions to ensure the integrity of financial reporting and that the financial statements of the Company give a true and fair view of the financial position and results, in compliance with all applicable legal and regulatory financial reporting requirements, accounting standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and to act independently to ensure the interest of shareholders is properly protected. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on their reviews made and discussions held.

### MEMBERS

The present members of the Audit Committee are:

**Mr. Chew Hock Lin**, *Chairman*  
Independent Non-Executive Director

**Dato’ Ismail Bin Hamzah**, *Member*  
Independent Non-Executive Director

**Dato’ Dr. Gan Kong Meng**, *Member*  
Independent Non-Executive Director

### OBJECTIVES

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities:

- To review the results of internal and external audit activities to ensure the audit findings are brought up to the highest level for consideration;
- To comply with all the applicable accounting standards and required disclosure policies of the Listing Requirements;
- To ensure the compliance and consistency of the corporate governance framework as set out by the relevant regulatory authorities.

### COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee, Mr. Chew Hock Lin who is also the Senior Independent Non-Executive Director of the Company is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). The Audit Committee of the Company meets the requirements of Paragraph 15.09(1)(c) of the Listing Requirements which stipulates that at least one (1) member of the Audit Committee must be a qualified accountant. The other members of the Audit Committee are Dato’ Ismail Bin Hamzah and Dato’ Dr. Gan Kong Meng. All members of the Audit Committee are financially literate and equipped with the required business skills in discharging their duties as Audit Committee members. The Audit Committee’s financial literacy and understanding of the financial reporting process have contributed to the Audit Committee’s discussions in the preparation of financial statements of the Company. No alternate director shall be appointed as a member of the Audit Committee.

Nomination Committee carried out the evaluation and assessment to review the performance of the Audit Committee annually. During the assessment, the Nomination Committee evaluated the performance and effectiveness of the Audit Committee based on a few areas, the quality of judgment and the commitment/time attend at the meeting as well as the time devoted outside the meeting by the Audit Committee members. The Board is satisfied that the Audit Committee and its members have efficiently discharged its duties in accordance with the terms of reference as well as having appropriate level of knowledge and experience to contribute to the effective functioning of the Audit Committee. The Board is of the view that the Audit Committee has provided recommendations to assist the Board in making informed decisions in the Board meetings.

The Board is always mindful that an effective Audit Committee can bring transparency, focus and independent judgment needed to oversee the financial reporting process. The appropriate level of knowledge, skills, experience and commitment of its members is critical to the Audit Committee’s ability to discharge its responsibilities effectively and strengthen the quality of Audit Committee deliberations.

## AUDIT COMMITTEE REPORT

### THE PROCESS OF THE AUDIT COMMITTEE

The Chairman of the Audit Committee is responsible for ensuring the Audit Committee meetings of the Company run efficiently. He is also responsible for the Management, the development and effective performance of the Audit Committee; planning and organizing all of the activities of the Audit Committee.

The Audit Committee will meet as frequently as the Chairman shall decide in order to discharge its duties but no less than four (4) times a year. A quorum consists of two (2) members present and a majority of whom must be Independent Directors have always been met for the meetings of the Audit Committee.

During the financial year, the Audit Committee met on a quarterly basis to carry out their duties which include the discussion of proposed disclosures in the quarterly announcement and matters falling within the Audit Committee's terms of reference and recommended to the Board for public release. Audit Committee also met and held a meeting to discuss the annual report before recommendation to the Board for circulating to Bursa Malaysia Securities Berhad and all the shareholders. The CEO/Group MD, the Senior Management and the Internal Auditor have attended the meetings. Upon invitation by the Audit Committee, representatives of the External Auditors have attended two (2) meetings held in February and November 2019. The External Auditors may request a special meeting if they consider and deem necessary. Where circumstances arise, the Audit Committee members shall meet with the External Auditors without any Management and/or executive officer of the Group being present.

The Company Secretary shall be the secretary of the Audit Committee or in her absence, another person authorized by the Chairman of the Audit Committee. The secretary shall be responsible for drawing up and circulating the agenda and notice of meetings together with the supporting explanatory documentation to each Audit Committee members prior to meeting. The secretary shall also be responsible to record, maintain and circulate the minutes of each meeting to all members and the Board, and the Chairman of the Audit Committee shall report on key issues discussed at each meeting to the Board.

During the financial year, five (5) meetings were held and details of the Audit Committee members' attendance are tabled below:

<b>Audit Committee</b>	<b>Feb</b>	<b>Mar</b>	<b>May</b>	<b>Aug</b>	<b>Nov</b>	<b>Total</b>
Mr. Chew Hock Lin, Chairman	•	•	•	•	•	5/5
Dato' Ismail Bin Hamzah, Member	•	•	•	•	•	5/5
Dato' Dr. Gan Kong Meng, Member	•	•	•	x	•	4/5

### SUMMARY OF WORK DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 1. Financial Reporting

- Reviewed the unaudited quarterly financial results and year-end financial statements of the Company and the Group which include discussion among others, any change of implementation of major accounting policies; the going concerns assumption and significant matters;
- Reviewed the Group's quarterly and year-end financial statements and ensured that all are in compliance with the Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements;
- Reviewed the unaudited financial results announcements before recommending the same to the Board for approval;
- Reviewed the significant matters highlighted by the Auditors in the financial statements and significant judgments made by Management.

#### 2. External Audit

- Reviewed and approved the External Auditors audit plan and scope of work for the year and the evaluation of the system of internal control for tabling to the Board;
- Reviewed the findings of the External Auditors reports, particularly the issues raised in the management letter and ensured where appropriate, that the necessary corrective actions had been taken by the Management;
- Deliberated and reported the results of the annual audit to the Board;

## AUDIT COMMITTEE REPORT

- Met and discussed with the External Auditors if any important and major issue need to be highlighted without the presence of Management of the Company. During the private session held with the External Auditors, they confirmed that there was no major concern to be highlighted and they had been receiving full co-operation from the Management and the staff of the Group when carrying out their audit work;
- Reviewed and approved the provision of non-audit services carried out by the External Auditors. The amount of external audit fees and non-audit fees incurred for the financial year ended 31 December 2019 are as follows:

2019 Fees incurred	Company	Group
<b>Audit services</b>	50,000	183,500
<b>Non-Audit services</b>	7,900	68,858

- Carried out the assessment of the objectivity, independence, performance and the quality of service of the External Auditors to ensure they are competent and independent throughout the conduct of the audit engagement within the Group and to ensure the External Auditors met the criteria provided by the Listing Requirements;

In considering their suitability and independence, the Audit Committee assessed the adequacy of their experience and resources, their audit engagements, the experience of their engagement partners and also the supervisory staff assigned to the Group.

The current External Auditors of the Company is Messrs. Crowe Malaysia PLT. The MIA regulated that mandatory rotation of the key audit partner for the audit of listed companies after a period of not more than five (5) years. The Audit Committee ensures that audit partner will rotate every five (5) years after the closure of statutory audit.

Following the review by the Audit Committee on the External Auditors' effectiveness and independence, recommendation was made to the Board by the Audit Committee to re-appoint the External Auditors. Accordingly, the Board approved the re-appointment of Messrs. Crowe Malaysia PLT as the External Auditors of the Company and proposed their audit fees. A resolution for the re-appointment will be tabled for the shareholders' approval at the forthcoming Annual General Meeting.

### 3. Internal Audit

- Reviewed and approved the annual risk-based internal audit plans, monitored the effectiveness of its work and tabled to the Board;
- Reviewed the internal audit reports, processes and results of internal audit to ensure appropriate actions were taken on the recommendations of the Internal Audit function and tabled to the Board;
- Assessed the performance of the Group's Internal Audit function and advised whether the appointment of additional internal audit staff is necessary;
- Monitored and assessed the role and effectiveness of the Internal Audit function in the overall context of the Company's risk management system;
- Deliberated the results of ad-hoc investigations and reports performed by the Internal Audit function and tabled to the Board.

### 4. Risk Management

- Reviewed the Risk Management & Sustainability Committee's reports and risk records from all business divisions of the Group and reported to the Board;
- Assessed the adequacy and effectiveness of the risk management framework, internal control systems and the appropriateness of Management's responses to key risk areas and highlighted to the Board;
- Reviewed and recommended to the Board the disclosure included in the Annual Report with regards to the risk management and internal control system.

### 5. Related Party Transactions

- Reviewed the procedures and processes established by the Company with regards to related party transactions/

## AUDIT COMMITTEE REPORT

recurrent related party transactions and to ensure that any related projects are appropriately identified and that the related party transactions are declared, approved and reported appropriately on a quarterly basis;

- Reviewed the related party transactions that were arising within the Group to ensure that the transactions are fair, reasonable and not detrimental to the minority shareholders;
- Reviewed the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature and recommended to the Board for approval;
- Reviewed submission of disclosures on the changes in shareholdings held by Directors, any conflict of interest situation that may arise within the Company or the Group on a quarterly basis;
- Reviewed any other transactions that do not fall within the definition of a related party transaction as stated in Chapter 10 of the Listing Requirements but involve a certain level of conflict of interest due to the close proximity of the transacting parties so that to safeguard the best interest of the Company.

### 6. Annual Reporting

- Reviewed the consolidated audited financial statements of the Company and the Group and confirmed with the Management and the External Auditors that the statements have been prepared in compliance with applicable Financial Reporting Standards and recommended to the Board for approval;
- Reviewed the Audit Committee Report, reports on related party transactions and recurrent related party transactions, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Sustainability Statement, record on Share Buy-Back and any other statements of the Annual Report and recommended to the Board for approval.

### INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit Department 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 risk-based audit plan.

The Internal Audit Department is considered an integral part of the assurance framework and its primary mission is to provide assurance on the adequacy and effectiveness of the risk, control and governance of the Group.

During the year, various internal audit assignments have been undertaken covering various areas, departments and subsidiaries within the Group.

Internal audit reports incorporating audit recommendations and Management responses were presented to the Audit Committee for deliberations and forwarded to Management to carry out necessary preventive and corrective actions.

### SUMMARY OF ACTIVITIES UNDERTAKEN BY THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

- Prepared annual risk-based audit plan for Audit Committee's deliberations;
- Performed risk assessment to evaluate risk within the organisation for audit planning purposes;
- Implemented the annual audit plan, performed financial, operational and compliance audits on various areas and companies in the Group to ascertain the adequacy and integrity of their system of internal controls;
- Reviewed quarterly related party transactions to assess compliance with Listing Requirements;
- Carried out ad-hoc appraisals and reviews as requested by the Audit Committee or Management;
- Performed follow up reviews to ensure that agreed Management actions have been effectively implemented;
- Provided consulting services, i.e. provide advice and assistance to Management and staff on procedures, systems, internal control matters etc. throughout the year to assist Management in meeting its objectives.

The total costs incurred by the Internal Audit Function of the Group for year 2019 is RM204,995 (2018:RM180,540).

# Financial Statements



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## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2019. All values shown in this report are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

### Principal activities

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities and other details of the subsidiaries are disclosed in Note 7 to the financial statements.

### Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:-		
- Owners of the Company	5,018	3,626
- Non-controlling interests	(8)	0
	<u>5,010</u>	<u>3,626</u>

### Dividends

During the financial year, the Company distributed 3,427,000 treasury shares as share dividends on the basis of 1 treasury share for every 80 existing ordinary shares in issue.

No cash dividends were recommended, declared or paid by the Company since the end of the previous financial year.

### Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

### Issue of shares or debentures

The Company did not issue any shares or debentures during the financial year.

### Share options

The Company did not grant any share options during the financial year.

### Bad and doubtful debts

Before the financial statements were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

### Current assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements misleading.



## DIRECTORS' REPORT

### Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group or the Company misleading or inappropriate.

### Contingent and other liabilities

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

- (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability 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 affect the ability of the Group or the Company to meet their obligations when they fall due.

### Change of circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

### Items of an unusual nature

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

### Directors

The directors in office since the beginning of the financial year are:-

#### Directors of the Company

Tan Sri Dato' Seri H'ng Bok San, JP, PSM, DPPN, DGPN, DSPN, PKT, PJK  
 Datuk Seri Kenneth H'ng Bak Tee, DGSM, DPNS, DSPN, PKT, PJM  
 Dato' Harry H'ng Bak Seah, DSPN, PJK  
 Datin Jessica H'ng Hsieh Ling  
 Chew Hock Lin  
 Dato' Ismail Bin Hamzah, AMN, KMN, DIMP  
 Dato' Lai Chang Hun, DSPN, DJN, PKT  
 W Ismail Bin W Nik  
 Dato' Dr. Gan Kong Meng, DSDK, PSPP, SDK, DJN, BCN, SMP, AMK, KMN, PPA, PhD

#### Directors of subsidiaries (other than directors of the Company)

H'ng Chun Li  
 Kok Siew Foong  
 Yew Kim Chong  
 Yam Chong Song

## DIRECTORS' REPORT

### Directors' interests

According to the register of directors' shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:-

Name of director	Number of ordinary shares			At 31.12.2019
	At 1.1.2019	Share dividends	(Sold)	
Tan Sri Dato' Seri H'ng Bok San				
- Indirect <sup>(a)</sup>	32,034,938	400,437	0	32,435,375
- Indirect <sup>(b)</sup>	17,406,080	217,575	(71,800)	17,551,855
Datuk Seri Kenneth H'ng Bak Tee				
- Indirect <sup>(b)</sup>	1,387,308	17,341	0	1,404,649
Dato' Harry H'ng Bak Seah				
- Direct	2,664,405	33,305	0	2,697,710
Datin Jessica H'ng Hsieh Ling				
- Direct	3,554,040	44,425	0	3,598,465
- Indirect <sup>(c)</sup>	32,034,938	400,437	0	32,435,375
Dato' Lai Chang Hun				
- Direct	2,847,449	35,593	0	2,883,042
- Indirect <sup>(b)</sup>	117,037	1,462	0	118,499
- Indirect <sup>(c)</sup>	3,602,918	45,036	0	3,647,954
W Ismail Bin W Nik				
- Direct	2,359,156	29,489	0	2,388,645

<sup>(a)</sup> Deemed interest by virtue of shares held by company controlled by family members

<sup>(b)</sup> Deemed interest by virtue of shares held by family members (who are not directors of the Company)

<sup>(c)</sup> Deemed interest by virtue of shares held by company in which the director has interest

### Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 28 to 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 except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Indemnity and insurance for directors and officers

There was no indemnity given to any director or officer of the Group or the Company during the financial year. The Group maintains a liability insurance for certain directors and officers and the insurance costs incurred during the financial year amounted to RM9,000.

## DIRECTORS' REPORT

### Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 27 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

**Signed in accordance with a resolution of the directors dated  
13 May 2020**

**Tan Sri Dato' Seri H'ng Bok San, JP**  
PSM, DPPN, DGPN, DSPN, PKT, PJK

**Datuk Seri Kenneth H'ng Bak Tee**  
DGSM, DPNS, DSPN, PKT, PJM

## STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 63 to 121 give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Signed in accordance with a resolution of the directors dated  
13 May 2020**

**Tan Sri Dato' Seri H'ng Bok San, JP**  
PSM, DPPN, DGPN, DSPN, PKT, PJK

**Datuk Seri Kenneth H'ng Bak Tee**  
DGSM, DPNS, DSPN, PKT, PJM

## STATUTORY DECLARATION

I, Yeoh Saw Gaik (MIA membership no.: 13104), being the officer primarily responsible for the financial management of GUH Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 63 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed  
Yeoh Saw Gaik at George Town in the State of Penang  
on this 13 May 2020

**Yeoh Saw Gaik**

Before me  
Shamini A/P M Shanmugam  
No. P157  
Commissioner for Oaths

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## GUH HOLDINGS BERHAD

196101000062 (4104-W) (Incorporated in Malaysia)

**Report on the audit of the financial statements***Opinion*

We have audited the financial statements of GUH Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 121.

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

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our 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 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 the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Valuation of inventories (Refer to Notes 3 and 10 to the financial statements)</u></p> <p>The Group carries significant inventories. The assessment of inventory write-downs due to excess quantities, obsolescence and decline in net realisable value below cost involves judgements and estimation uncertainty in forming expectations about future sales and demands.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of:- <ul style="list-style-type: none"> <li>• the Group's inventory management process;</li> <li>• how the Group identifies and assesses inventory write-downs; and</li> <li>• how the Group makes the accounting estimates for inventory write-downs.</li> </ul> </li> <li>• Reviewing the ageing analysis of inventories and testing the reliability thereof.</li> <li>• Examining the perpetual records for inventory movements and to identify slow moving aged items.</li> <li>• Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories.</li> <li>• Reviewing the net realisable value of major inventories.</li> <li>• Evaluating the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.</li> </ul>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### GUH HOLDINGS BERHAD

196101000062 (4104-W) (Incorporated in Malaysia)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Impairment of receivables (Refer to Notes 3 and 11 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of:- <ul style="list-style-type: none"> <li>• the Group's control over the receivable collection process;</li> <li>• how the Group identifies and assesses the impairment of receivables; and</li> <li>• how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof.</li> <li>• Reviewing the subsequent cash collections for major receivables and overdue amounts.</li> <li>• Making inquiries of management regarding the action plans to recover overdue amounts.</li> <li>• Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.</li> <li>• Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix.</li> <li>• Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.</li> </ul>

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

#### *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 the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and 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 this other information, 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 the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and the Company, the directors are responsible for assessing the Group's and the Company's ability 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.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUH HOLDINGS BERHAD

196101000062 (4104-W) (Incorporated in Malaysia)

### *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 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 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group's or the Company's ability 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 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 the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 the Company of the current period 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUH HOLDINGS BERHAD

196101000062 (4104-W) (Incorporated in Malaysia)

### 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 7 to the financial statements.

### 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.

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

**Eddy Chan Wai Hun**  
02182/10/2021 J  
Chartered Accountant

Date: 13 May 2020

Penang

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	117,515	152,326
Investment properties	5	37,886	36,091
Right-of-use assets	6	27,407	0
Investments in associates	8	15,963	17,463
Other investments	9	1	1
Inventories	10	169,678	167,332
Prepayments		750	0
Deferred tax assets	12	802	1,069
		<u>370,002</u>	<u>374,282</u>
<b>Current assets</b>			
Inventories	10	120,525	124,246
Biological assets	13	118	346
Contract costs	14	116	60
Contract assets	15	7,920	8,130
Receivables	11	62,593	71,228
Prepayments		3,041	2,188
Current tax assets		478	2,711
Cash and cash equivalents	16	102,366	106,514
		<u>297,157</u>	<u>315,423</u>
<b>Current liabilities</b>			
Contract liabilities	15	2,393	8,353
Payables	17	77,352	89,527
Loans and borrowings	18	23,772	22,508
Lease liabilities	19	505	0
Derivatives	20	0	37
Provision for onerous contract	21	0	144
Current tax liabilities		1,687	1,943
		<u>105,709</u>	<u>122,512</u>
<b>Net current assets</b>		191,448	192,911
<b>Non-current liabilities</b>			
Loans and borrowings	18	35,562	44,309
Lease liabilities	19	498	0
Retirement benefits	22	6,544	4,705
Deferred tax liabilities	12	11,882	12,468
		<u>54,486</u>	<u>61,482</u>
<b>Net assets</b>		<u>506,964</u>	<u>505,711</u>
<b>Equity</b>			
Share capital	23	277,992	277,992
Treasury shares	23	(148)	(4,546)
Reserves		229,131	232,268
Equity attributable to owners of the Company		<u>506,975</u>	<u>505,714</u>
Non-controlling interests	24	(11)	(3)
<b>Total equity</b>		<u>506,964</u>	<u>505,711</u>

The annexed notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Revenue	25	335,990	349,124
Cost of revenue		(300,914)	(321,252)
Gross profit		<u>35,076</u>	<u>27,872</u>
Impairment gains/(losses) on financial assets	26	7	(76)
Interest income		2,249	2,393
Other income		2,094	1,558
Administrative expenses		(20,069)	(19,898)
Distribution expenses		(5,869)	(6,000)
Finance costs		(3,305)	(3,098)
Other expenses		(1,663)	(1,903)
Share of associates' loss		(1,424)	(51)
Profit before tax	27	<u>7,096</u>	<u>797</u>
Tax expense	29	(2,086)	(3,483)
Profit/(Loss) for the financial year		<u>5,010</u>	<u>(2,686)</u>
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		5,018	(2,681)
- Non-controlling interests	24	<u>(8)</u>	<u>(5)</u>
		<u>5,010</u>	<u>(2,686)</u>
Earnings/(Loss) per share:-	30		
- Basic (sen)		1.81	(0.97)
- Diluted (sen)		<u>1.81</u>	<u>(0.97)</u>

The annexed notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019	2018
	RM'000	RM'000
Profit/(Loss) for the financial year	5,010	(2,686)
Other comprehensive income:-		
<i>Item that will not be reclassified to profit or loss:-</i>		
- Remeasurement of defined benefit liability	(285)	0
<i>Item that may be reclassified subsequently to profit or loss:-</i>		
- Currency translation differences for foreign operations	(3,472)	(4,025)
Total other comprehensive income for the financial year	(3,757)	(4,025)
Comprehensive income for the financial year	1,253	(6,711)
Comprehensive income for the financial year attributable to:-		
- Owners of the Company	1,261	(6,706)
- Non-controlling interests	(8)	(5)
	1,253	(6,711)

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

	Non-distributable			Distributable		Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Capital reserve* RM'000	Currency translation reserve RM'000	Retained profits RM'000			
At 1 January 2018	277,992	(4,546)	12,807	37,937	188,230	512,420	2	512,422
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	0	(4,025)	0	(4,025)	0	(4,025)
Loss for the financial year	0	0	0	0	(2,681)	(2,681)	(5)	(2,686)
Comprehensive income for the financial year	0	0	0	(4,025)	(2,681)	(6,706)	(5)	(6,711)
Transfer to capital reserve	0	0	930	0	(930)	0	0	0
At 31 December 2018	277,992	(4,546)	13,737	33,912	184,619	505,714	(3)	505,711
Remeasurement of defined benefit liability	0	0	0	0	(285)	(285)	0	(285)
Currency translation differences for foreign operations	0	0	0	(3,472)	0	(3,472)	0	(3,472)
Total other comprehensive income for the financial year	0	0	0	(3,472)	(285)	(3,757)	0	(3,757)
Profit/(Loss) for the financial year	0	0	0	0	5,018	5,018	(8)	5,010
Comprehensive income for the financial year	0	0	0	(3,472)	4,733	1,261	(8)	1,253
Distribution of treasury shares as share dividends (representing total transactions with owners)	0	4,398	0	0	(4,398)	0	0	0
Transfer to capital reserve	0	0	254	0	(254)	0	0	0
At 31 December 2019	277,992	(148)	13,991	30,440	184,700	506,975	(11)	506,964

\* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

The annexed notes form an integral part of these financial statements.



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

	2019	2018
Note	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	7,096	797
Adjustments for:-		
Depreciation	16,294	15,570
Fair value changes in biological assets	228	51
Fair value losses on financial instruments	5	286
Gain on disposal of property, plant and equipment	(21)	(24)
Impairment (gains)/losses on financial assets	(7)	76
Interest expense	3,305	3,098
Interest income	(2,249)	(2,393)
Inventories written down	565	273
Property, plant and equipment written off	34	9
Provision for retirement benefits	1,554	542
Reversal of inventories written down	(448)	(309)
Share of associates' loss	1,424	51
Unrealised loss on foreign exchange	192	304
Operating profit before working capital changes	<u>27,972</u>	<u>18,331</u>
Changes in:-		
Inventories	971	2,169
Contract costs	(56)	(60)
Contract assets	210	4,290
Receivables	8,217	9,242
Prepayments	(1,603)	(505)
Contract liabilities	(5,960)	4,982
Payables	(11,976)	(6,067)
Derivatives	(37)	0
Provision for onerous contract	(144)	(860)
Cash generated from operations	<u>17,594</u>	<u>31,522</u>
Tax paid	(3,303)	(6,402)
Tax refunded	2,926	39
Net cash from operating activities	<u>17,217</u>	<u>25,159</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(12,271)	(13,181)
Acquisition of right-of-use assets	31 (41)	0
Additions of investment properties	(292)	(19,927)
Cost of investment properties refunded	1,955	0
Interest received	2,249	2,393
Proceeds from disposal of other investments	0	407
Proceeds from disposal of property, plant and equipment	87	69
Net cash used in investing activities	<u>(8,313)</u>	<u>(30,239)</u>

The annexed notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (cont'd)

	Note	2019 RM'000	2018 RM'000
<b>Cash flows from financing activities</b>			
Changes in term deposits pledged as security		3,177	(713)
Decrease in short-term loans and borrowings (net)	31	(1,635)	(4,832)
Drawdown of term loans	31	6,214	36,874
Interest paid		(3,271)	(3,242)
Payment of lease liabilities	31	(468)	0
Repayment of hire purchase obligations	31	0	(253)
Repayment of term loans	31	(12,160)	(9,671)
Net cash (used in)/from financing activities		(8,143)	18,163
Currency translation differences		(2,397)	(2,941)
Net (decrease)/increase in cash and cash equivalents		(1,636)	10,142
Cash and cash equivalents brought forward		102,930	92,788
Cash and cash equivalents carried forward	16	<u>101,294</u>	<u>102,930</u>

**STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	153	713
Investment properties	5	23,125	23,125
Right-of-use assets	6	500	0
Investments in subsidiaries	7	213,415	212,836
Investment in associate	8	3,023	3,023
Other investments	9	1	1
Receivables	11	197,521	195,883
		437,738	435,581
<b>Current assets</b>			
Receivables	11	8,317	3,155
Prepayments		37	5
Current tax assets		1	1
Cash and cash equivalents	16	3,516	5,399
		11,871	8,560
<b>Current liabilities</b>			
Payables	17	22,126	21,915
Loans and borrowings	18	0	116
Lease liabilities	19	124	0
		22,250	22,031
<b>Net current liabilities</b>		(10,379)	(13,471)
<b>Non-current liabilities</b>			
Loans and borrowings	18	0	204
Lease liabilities	19	273	0
Retirement liabilities	22	6,544	4,705
Deferred tax liabilities	12	1,099	1,099
		7,916	6,008
<b>Net assets</b>		419,443	416,102
<b>Equity</b>			
Share capital	23	277,992	277,992
Treasury shares	23	(148)	(4,546)
Retained profits		141,599	142,656
<b>Total equity</b>		419,443	416,102

The annexed notes form an integral part of these financial statements.

**STATEMENT OF PROFIT OR LOSS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Revenue	25	18,528	18,722
Cost of services rendered		(8,437)	(6,791)
Gross profit		<u>10,091</u>	<u>11,931</u>
Interest income		88	245
Other income		714	7,372
Administrative expenses		(2,327)	(2,102)
Impairment losses on financial assets	26	(4,216)	(4,803)
Finance costs		(20)	(19)
Other expenses		(704)	(1,093)
Profit before tax	27	<u>3,626</u>	<u>11,531</u>
Tax expense	29	0	(549)
Profit for the financial year		<u>3,626</u>	<u>10,982</u>

The annexed notes form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019 RM'000	2018 RM'000
Profit for the financial year	3,626	10,982
Other comprehensive income:-		
<i>Item that will not be reclassified to profit or loss:-</i>		
- Remeasurement of defined benefit liability	(285)	0
Other comprehensive income for the financial year	<u>(285)</u>	<u>0</u>
Comprehensive income for the financial year	<u>3,341</u>	<u>10,982</u>

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2018	277,992	(4,546)	131,674	405,120
Profit (representing comprehensive income) for the financial year	0	0	10,982	10,982
At 31 December 2018	<u>277,992</u>	<u>(4,546)</u>	<u>142,656</u>	<u>416,102</u>
Remeasurement of defined benefit liability (representing other comprehensive income for the financial year)	0	0	(285)	(285)
Profit for the financial year	0	0	3,626	3,626
Comprehensive income for the financial year	0	0	3,341	3,341
Distribution of treasury shares as share dividends (representing total transactions with owners)	0	4,398	(4,398)	0
At 31 December 2019	<u>277,992</u>	<u>(148)</u>	<u>141,599</u>	<u>419,443</u>

**STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		3,626	11,531
Adjustments for:-			
Depreciation		333	353
Dividend income		(12,400)	(13,468)
Fair value losses on financial instruments		0	233
Gain on disposal of property, plant and equipment		(60)	0
Impairment losses on financial assets		4,216	4,803
Interest expense		20	19
Interest income		(88)	(245)
Property, plant and equipment written off		1	0
Provision for retirement benefits		1,554	542
Reversal of impairment loss on investments in subsidiaries		(579)	(7,368)
Unrealised (gain)/loss on foreign exchange		(75)	154
Operating loss before working capital changes		(3,452)	(3,446)
Changes in:-			
Receivables		(3,088)	(3,582)
Prepayments		(32)	2
Payables		286	(13,003)
Net cash used in operating activities		(6,286)	(20,029)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(21)	(8)
Acquisition of right-of-use assets	31	(26)	0
Dividends received		4,472	13,468
Interest received		88	245
Proceeds from disposal of other investments		0	407
Proceeds from disposal of property, plant and equipment		60	0
Net cash from investing activities		4,573	14,112
<b>Cash flows from financing activities</b>			
Interest paid		(20)	(19)
Payment of lease liabilities	31	(150)	0
Repayment of hire purchase obligations	31	0	(148)
Net cash used in financing activities		(170)	(167)
Net decrease in cash and cash equivalents		(1,883)	(6,084)
Cash and cash equivalents brought forward		5,399	11,483
Cash and cash equivalents carried forward	16	3,516	5,399

The annexed notes form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 1. General information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 7.

The registered office and principal place of business of the Company are located at Part of Plot 1240 & 1241, Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang, Malaysia.

The consolidated financial statements set out on pages 63 to 68 together with the notes thereto cover the Company and its subsidiaries ("Group") and the Group's interests in associates. The separate financial statements of the Company set out on pages 69 to 73 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

The financial statements were authorised for issue in accordance with a resolution of the directors dated 13 May 2020.

#### 2. Significant accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following MFRSs became effective for the financial year under review:-

MFRS	Effective for annual periods beginning on or after
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019

The initial application of the above MFRSs did not have any significant impacts on the financial statements except as disclosed in Note 2.2.

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### 2.2 Changes in accounting policies

The initial application of MFRS 16 *Leases*, which replaces MFRS 117 *Leases* and other related interpretations, has resulted in certain changes in accounting policies for lessees. MFRS 16 eliminates the distinction between finance and operating leases for lessees and introduces a single lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with certain recognition exemptions. A lessee is required to recognise a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments).

The Group and the Company have elected to apply the new requirements of MFRS 16 from 1 January 2019 with the following cumulative effects of initial application recognised at that date without restating the comparative information:-

	Note	Brought forward from preceding year RM'000	Effect of adopting MFRS 16 RM'000	Adjusted RM'000
<b>Consolidated statement of financial position as at 1 January 2019 (extract)</b>				
Property, plant and equipment	(i)	152,326	(28,467)	123,859
Right-of-use assets	(i)(ii)	0	28,756	28,756
Loans and borrowings	(i)	66,817	(601)	66,216
Lease liabilities	(i)(ii)	0	890	890
Total equity		<u>505,711</u>	<u>0</u>	<u>505,711</u>

#### Statement of financial position as at 1 January 2019 (extract)

Property, plant and equipment	(i)	713	(411)	302
Right-of-use assets	(i)	0	411	411
Loans and borrowings	(i)	320	(320)	0
Lease liabilities	(i)	0	320	320
Total equity		<u>416,102</u>	<u>0</u>	<u>416,102</u>

- (i) For leases that were previously classified as finance leases in accordance with MFRS 117, the carrying amounts of the right-of-use assets and lease liabilities at 1 January 2019 were those brought forward from 31 December 2018 measured applying MFRS 117. The underlying assets and liabilities were reclassified from property, plant and equipment and loans and borrowings respectively, and would be accounted for in accordance with MFRS 16 from 1 January 2019.
- (ii) For leases that were previously classified as operating leases in accordance with MFRS 117, the Group recognised and measured the right-of-use assets and lease liabilities at 1 January 2019 at the present value of the remaining lease payments, discounted using a weighted average incremental borrowing rate of 5.00% per annum. As a practical expedient, the Group has elected not to apply the transition requirements to leases for which the lease term would end within 12 months of 1 January 2019.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

#### 2.3 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
  - (i) the acquisition-date fair value of the consideration transferred;
  - (ii) the amount of any non-controlling interests; and
  - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.10. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

#### 2.4 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method, except for GUH Development Sdn. Bhd., the acquisition of which did not constitute a business combination and was accounted for as an asset acquisition. A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

#### 2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.10.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

Freehold land and capital work-in-progress are not depreciated. Leasehold land was depreciated on a straight-line basis over the lease terms of 48 to 60 years. Bearer plants, which represent the capitalised costs on new planting and replanting of oil palm, are depreciated on a straight-line basis over the estimated useful life of the oil palm of 20 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2 - 5%
Plant and machinery	10 - 20%
Furniture, fittings and office equipment	5 - 50%
Motor vehicles	20 - 25%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

#### 2.6 Investment properties

Investment property is property held (by the owner or the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.10.

Freehold land is not depreciated. Buildings are depreciated on a straight-line basis over their estimated useful lives of 33 to 50 years.

#### 2.7 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

##### **Lessor accounting**

When the Group or the Company acts as a lessor, it classifies each lease as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, whereas an operating lease does not.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term. The Group and the Company have not entered into any finance lease.

##### **Lessee accounting**

###### Initial recognition and measurement

When the Group or the Company acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group and the Company have elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

#### 2.7 Leases (cont'd)

##### Lessee accounting (cont'd)

###### Subsequent measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.10.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

###### Previous financial years

Prior to 1 January 2019, the Group and the Company classified each lease as either an operating lease or a finance lease.

A finance lease, including hire purchase, was initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments were subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets was consistent with that for equivalent owned assets.

Lease payments under an operating lease were recognised as an expense on a straight-line basis over the lease term.

#### 2.8 Investments in subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.10.

#### 2.9 Investments in associates

An associate is an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the investment is assessed for any objective evidence of impairment. If any such evidence exists, the carrying amount of the investment is tested for impairment in accordance with Note 2.10.

In the separate financial statements of the Company, investments in associates are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.10.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

#### 2.10 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than deferred tax assets, biological assets stated at fair value less costs of disposal, inventories, contract costs and contract assets, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

#### 2.11 Biological assets

Biological assets (excluding bearer plants but including the produce growing thereon) and agricultural produce harvested therefrom are measured at fair value less costs of disposal. Any gain or loss arising from initial recognition at or a change in the fair value less costs of disposal is recognised in profit or loss.

#### 2.12 Inventories

##### Property development

Inventories are valued at the lower of cost (determined principally on the specific identification basis) and net realisable value. Cost consists of costs associated with the acquisition of land, costs that relate directly to a specific development project and other costs attributable to development activities in general and can be allocated to the project. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Land held for property development is classified as non-current assets. It is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle. Property development costs attributable to development units sold are recognised in profit or loss on a systematic basis that is consistent with the recognition of related revenue as disclosed in Note 2.21. Upon completion of development project, costs attributable to unsold units are transferred to completed development units.

##### Materials and goods

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

#### 2.13 Contract costs

The incremental costs of obtaining a contract and costs incurred in fulfilling the contract (other than inventories) are recognised as an asset if those costs are expected to be recovered. The asset is amortised on a systematic basis that is consistent with the recognition of related revenue as disclosed in Note 2.21. When the carrying amount of the asset exceeds the remaining amount of consideration expected to be received in exchange for the goods or services less the related costs that have not been recognised as expenses, the excess represents an impairment loss and is recognised in profit or loss. As a practical expedient, the incremental costs of obtaining a short-term contract of which the amortisation period is one year or less are recognised as an expense when incurred.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### 2.14 Contract assets and contract liabilities

A contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.15. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

### 2.15 Financial assets

Financial assets of the Group and the Company consist of investments in equity instruments, receivables, derivatives and cash and cash equivalents.

#### Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.21). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

#### Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

#### (i) Amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

#### (ii) Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is to both collect contractual cash flows and sell financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group and the Company do not have any financial assets classified under this category.

#### (iii) Fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. All investments in equity instruments and derivatives are classified under this category. Any gain or loss is recognised in profit or loss.

#### Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

##### Impairment (cont'd)

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

##### Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

#### 2.16 Financial liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings, contingent consideration, derivatives and financial guarantee contracts.

##### Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

##### Subsequent measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Contingent consideration and derivatives are subsequently measured at fair value through profit or loss. Any gain or loss is recognised in profit or loss.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

##### Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

#### 2.17 Provision for onerous contract

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. When a contract is onerous, the present obligation under the contract is recognised and measured as a provision.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### 2.18 Foreign currency transactions and translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate, whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

### 2.19 Share capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of distributable reserves. When treasury shares are resold in the open market, the difference between the sale consideration and the cost of the shares resold is adjusted to share capital. When treasury shares are cancelled, the cost of the shares cancelled is applied in the reduction of distributable reserves and the issued share capital is diminished by the shares so cancelled.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

### 2.20 Fair value measurement

Fair value is 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 Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

#### 2.20 Fair value measurement (cont'd)

- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

#### **Non-financial assets**

The fair values of land and buildings are measured using the market comparison approach. Under this approach, the fair values are derived from observable market data such as prices per square foot for comparable properties in similar locations (i.e. Level 2).

The fair values of fresh fruit bunches ("FFBs") growing on oil palm trees are measured by multiplying the estimated quantities of FFBs of different age attributes by the observable current market prices of harvested FFBs prorated using a linear interpolation (i.e. Level 2).

#### **Financial assets and financial liabilities**

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

The fair values of forward exchange contracts are measured using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

The fair value of contingent consideration is measured using probability-weighted present value technique by discounting the expected future cash flows using the Group's observable cost of capital dictated by external market (i.e. Level 2).

#### 2.21 Revenue from contracts with customers

The Group and the Company recognise revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

### 2.21 Revenue from contracts with customers (cont'd)

- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

#### Sale of goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

#### Sale of agricultural produce

The Group determines that the transfer of control of promised agricultural produce generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of agricultural produce is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

#### Rendering of services

The Company determines that the transfer of control of promised services generally coincides with the Company's performance as the customer simultaneously receives and consumes the benefits of the performance as the Company performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Company measures the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed.

#### Property development

For sale of properties under development, the Group determines that the transfer of control generally coincides with the Group's performance as the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Accordingly, revenue is recognised over time during the development period. The Group measures the progress towards complete satisfaction of the performance obligation using an input method, i.e. costs incurred relative to the total expected costs. The effects of any costs incurred that do not depict the Group's performance are excluded from the calculation.

#### Sale of completed development units

For sale of completed development units, the Group determines that the transfer of control generally coincides with the delivery of vacant possession. Accordingly, revenue is recognised at a point in time when the vacant possession has been delivered to the customer.

#### Construction contracts

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Accordingly, revenue from construction contracts is recognised over time during the construction period. The Group measures the progress towards complete satisfaction of the performance obligation using an input method, i.e. costs incurred relative to the total expected costs. The effects of any costs incurred that do not depict the Group's performance are excluded from the calculation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

#### 2.22 Other income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Interest income is recognised in profit or loss using the effective interest method.

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term.

#### 2.23 Employee benefits

##### Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

##### Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

##### Defined benefit plans

The Group and the Company operate an unfunded final salary defined benefit plan for certain key management personnel. The liability in respect of the defined benefit plan is the present value of the future benefits that key management personnel have earned in return for their services rendered in the current and prior periods. The calculation is performed using the projected unit credit method, with actuarial valuations being carried out with sufficient regularity at an interval of not more than three years such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. All components of defined benefit costs are recognised in profit or loss in the period in which they are incurred, except for remeasurement of the defined benefit liability which is recognised in other comprehensive income.

#### 2.24 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 2.25 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

#### 2.25 Income taxes (cont'd)

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 2.26 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### 3. Judgements and estimation uncertainty

#### Judgements made in applying accounting policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

#### Sources of estimation uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

##### Impairment of investments in associates

When there is objective evidence that an investment in associate is impaired, the Group performs impairment test by comparing the recoverable amount of the investment (higher of fair value less costs of disposal and value in use) with its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from its operations and the proceeds from the ultimate disposal of the investment. Such determination of the value in use involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amounts of investments in associates are disclosed in Note 8.

##### Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 10).

##### Property development

The Group recognises property development revenue over time by measuring the progress towards complete satisfaction of the performance obligation. Property development costs and incremental costs of obtaining the contract are also recognised in profit or loss on a systematic basis that is consistent with the recognition of related revenue. These procedures involve judgements and estimation uncertainty in predicting the outcome of the performance obligation based on past experience, work of experts and continuous monitoring mechanism. Any changes in these accounting estimates will affect the carrying amounts of inventories (Note 10), contract costs (Note 14), contract assets and contract liabilities (Note 15).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 3. Judgements and estimation uncertainty (cont'd)

#### Sources of estimation uncertainty (cont'd)

##### Impairment of contract assets and receivables

The Group and the Company recognise loss allowance for expected credit losses on contract assets and receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of contract assets (Note 15) and receivables (Note 11).

##### Construction contracts

The Group considers the effects of variable consideration in determining the transaction price of a performance obligation satisfied over time, and recognises revenue accordingly by measuring the progress towards complete satisfaction of the performance obligation. These procedures involve judgements and estimation uncertainty in predicting the outcome of the performance obligation based on past experience, work of experts and continuous monitoring mechanism. Any changes in these accounting estimates will affect the carrying amounts of contract assets and contract liabilities (Note 15).

### 4. Property, plant and equipment

#### Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Bearer plants RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2018	120,809	205,499	8,694	6,558	792	226	342,578
Additions	807	5,619	342	68	0	6,345	13,181
Disposals/Write-offs	0	(7,334)	(63)	(321)	0	0	(7,718)
Reclassifications	0	6,058	0	0	0	(6,058)	0
Currency translation differences	(1,839)	(2,971)	(114)	(23)	0	0	(4,947)
At 31 December 2018	119,777	206,871	8,859	6,282	792	513	343,094

#### At 1 January 2019

- Brought forward from preceding year	119,777	206,871	8,859	6,282	792	513	343,094
- Effect of adopting MFRS 16	(33,029)	0	0	(1,247)	0	0	(34,276)
- Adjusted	86,748	206,871	8,859	5,035	792	513	308,818
Additions	897	5,445	187	252	0	5,490	12,271
Disposals/Write-offs	(45)	(3,218)	(55)	(271)	0	0	(3,589)
Transfer to investment properties	(3,979)	0	0	0	0	0	(3,979)
Reclassifications	0	5,468	0	0	0	(5,468)	0
Currency translation differences	(769)	(1,996)	(76)	(16)	0	0	(2,857)
At 31 December 2019	82,852	212,570	8,915	5,000	792	535	310,664

#### **Depreciation and impairment losses**

##### At 1 January 2018

Accumulated depreciation	22,107	153,743	5,841	3,978	440	0	186,109
Accumulated impairment losses	379	7	26	0	0	0	412
	22,486	153,750	5,867	3,978	440	0	186,521
Depreciation	5,546	7,919	780	832	35	0	15,112
Disposals/Write-offs	0	(7,283)	(60)	(321)	0	0	(7,664)
Currency translation differences	(534)	(2,550)	(96)	(21)	0	0	(3,201)
At 31 December 2018							
Accumulated depreciation	27,119	151,829	6,465	4,468	475	0	190,356
Accumulated impairment losses	379	7	26	0	0	0	412
	27,498	151,836	6,491	4,468	475	0	190,768



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Bearer plants RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Depreciation and impairment losses (cont'd)</b>							
At 1 January 2019							
- Accumulated depreciation							
- Brought forward from preceding year	27,119	151,829	6,465	4,468	475	0	190,356
- Effect of adopting MFRS 16	(5,307)	0	0	(502)	0	0	(5,809)
- Adjusted	21,812	151,829	6,465	3,966	475	0	184,547
- Accumulated impairment losses	379	7	26	0	0	0	412
	22,191	151,836	6,491	3,966	475	0	184,959
Depreciation	4,265	8,574	526	488	34	0	13,887
Disposals/Write-offs	(12)	(3,161)	(53)	(263)	0	0	(3,489)
Currency translation differences	(394)	(1,733)	(68)	(13)	0	0	(2,208)
At 31 December 2019							
- Accumulated depreciation	25,671	155,509	6,870	4,178	509	0	192,737
- Accumulated impairment losses	379	7	26	0	0	0	412
	26,050	155,516	6,896	4,178	509	0	193,149
<b>Carrying amount</b>							
At 1 January 2018	98,323	51,749	2,827	2,580	352	226	156,057
At 31 December 2018	92,279	55,035	2,368	1,814	317	513	152,326
At 31 December 2019	56,802	57,054	2,019	822	283	535	117,515

The details of land and buildings are as follows:-

Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2018	24,650	33,712	62,447	120,809
Additions	0	0	807	807
Currency translation differences	0	(683)	(1,156)	(1,839)
At 31 December 2018	24,650	33,029	62,098	119,777
At 1 January 2019				
- Brought forward from preceding year	24,650	33,029	62,098	119,777
- Effect of adopting MFRS 16	0	(33,029)	0	(33,029)
- Adjusted	24,650	0	62,098	86,748
Additions	522	0	375	897
Disposals/Write-offs	0	0	(45)	(45)
Transfer to investment properties	(3,979)	0	0	(3,979)
Currency translation differences	0	0	(769)	(769)
At 31 December 2019	21,193	0	61,659	82,852

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**4. Property, plant and equipment (cont'd)**

Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>Depreciation and impairment losses</b>				
At 1 January 2018				
Accumulated depreciation	0	4,331	17,776	22,107
Accumulated impairment losses	0	0	379	379
	0	4,331	18,155	22,486
Depreciation	0	1,069	4,477	5,546
Currency translation differences	0	(93)	(441)	(534)
At 31 December 2018				
Accumulated depreciation	0	5,307	21,812	27,119
Accumulated impairment losses	0	0	379	379
	0	5,307	22,191	27,498
At 1 January 2019				
- Accumulated depreciation				
- Brought forward from preceding year	0	5,307	21,812	27,119
- Effect of adopting MFRS 16	0	(5,307)	0	(5,307)
- Adjusted	0	0	21,812	21,812
- Accumulated impairment losses	0	0	379	379
	0	0	22,191	22,191
Depreciation	0	0	4,265	4,265
Disposals/Write-offs	0	0	(12)	(12)
Currency translation differences	0	0	(394)	(394)
At 31 December 2019				
- Accumulated depreciation	0	0	25,671	25,671
- Accumulated impairment losses	0	0	379	379
	0	0	26,050	26,050
<b>Carrying amount</b>				
At 1 January 2018	24,650	29,381	44,292	98,323
At 31 December 2018	24,650	27,722	39,907	92,279
At 31 December 2019	21,193	0	35,609	56,802

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Company

	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2018	223	1,615	1,838
Additions	8	0	8
At 31 December 2018	<u>231</u>	<u>1,615</u>	<u>1,846</u>
At 1 January 2019			
- Brought forward from preceding year	231	1,615	1,846
- Effect of adopting MFRS 16	0	(601)	(601)
- Adjusted	<u>231</u>	<u>1,014</u>	<u>1,245</u>
Additions	21	0	21
Disposals/Write-offs	(14)	(111)	(125)
At 31 December 2019	<u>238</u>	<u>903</u>	<u>1,141</u>
<b>Accumulated depreciation</b>			
At 1 January 2018	141	639	780
Depreciation	30	323	353
At 31 December 2018	<u>171</u>	<u>962</u>	<u>1,133</u>
At 1 January 2019			
- Brought forward from preceding year	171	962	1,133
- Effect of adopting MFRS 16	0	(190)	(190)
- Adjusted	<u>171</u>	<u>772</u>	<u>943</u>
Depreciation	28	141	169
Disposals/Write-offs	(13)	(111)	(124)
At 31 December 2019	<u>186</u>	<u>802</u>	<u>988</u>
<b>Carrying amount</b>			
At 1 January 2018	<u>82</u>	<u>976</u>	<u>1,058</u>
At 31 December 2018	<u>60</u>	<u>653</u>	<u>713</u>
At 31 December 2019	<u>52</u>	<u>101</u>	<u>153</u>

The carrying amounts of property, plant and equipment under hire purchase financing are as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Motor vehicles	<u>0</u>	<u>745</u>	<u>0</u>	<u>411</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**5. Investment properties**

Group

	Freehold land RM'000	Buildings RM'000	Building under construction RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2018	7,285	912	8,294	16,491
Additions	0	0	19,927	19,927
Borrowing costs capitalised	0	0	163	163
Reclassifications	0	28,384	(28,384)	0
At 31 December 2018	7,285	29,296	0	36,581
Additions	0	292	0	292
Cost refunded	0	(1,955)	0	(1,955)
Transfer from inventories	287	0	0	287
Transfer from property, plant and equipment	3,979	0	0	3,979
At 31 December 2019	11,551	27,633	0	39,184
<b>Accumulated depreciation</b>				
At 1 January 2018	0	32	0	32
Depreciation	0	458	0	458
At 31 December 2018	0	490	0	490
Depreciation	0	808	0	808
At 31 December 2019	0	1,298	0	1,298
<b>Carrying amount</b>				
At 1 January 2018	7,285	880	8,294	16,459
At 31 December 2018	7,285	28,806	0	36,091
At 31 December 2019	11,551	26,335	0	37,886
<b>Fair value</b>				
Estimated fair value at 31 December 2018	9,500	29,440	0	38,940
Estimated fair value at 31 December 2019	15,597	29,440	0	45,037

Company

Freehold  
land  
RM'000

**Cost**

At 1 January 2018 / 31 December 2018 / 31 December 2019 23,125

**Fair value**

Estimated fair value at 31 December 2018 / 31 December 2019 25,310

The fair values of investment properties were measured based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2).

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

The carrying amounts of investment properties pledged as security for credit facilities granted to the Group are as follows:-

	2019 RM'000	2018 RM'000
Freehold land	6,749	6,749
Buildings	25,519	27,958
	<u>32,268</u>	<u>34,707</u>

The Group and the Company lease some of its freehold land and buildings to an associate and other related party for 20 to 23 years. The undiscounted lease payments to be received are as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Within 1 year	1,759	n/a	172	n/a
1 to 2 years	1,821	n/a	172	n/a
2 to 3 years	2,515	n/a	181	n/a
3 to 4 years	2,585	n/a	181	n/a
4 to 5 years	2,585	n/a	181	n/a
After 5 years	36,318	n/a	3,630	n/a
	<u>47,583</u>	<u>n/a</u>	<u>4,517</u>	<u>n/a</u>

#### 6. Right-of-use assets

Group

	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2019				
- Brought forward from preceding year	0	0	0	0
- Effect of adopting MFRS 16	33,029	289	1,247	34,565
- Adjusted	33,029	289	1,247	34,565
Additions	0	295	327	622
Currency translation differences	(455)	0	0	(455)
At 31 December 2019	<u>32,574</u>	<u>584</u>	<u>1,574</u>	<u>34,732</u>
<b>Accumulated depreciation</b>				
At 1 January 2019				
- Brought forward from preceding year	0	0	0	0
- Effect of adopting MFRS 16	5,307	0	502	5,809
- Adjusted	5,307	0	502	5,809
Depreciation	1,061	231	307	1,599
Currency translation differences	(83)	0	0	(83)
At 31 December 2019	<u>6,285</u>	<u>231</u>	<u>809</u>	<u>7,325</u>
<b>Carrying amount</b>				
At 1 January 2019 - Adjusted	<u>27,722</u>	<u>289</u>	<u>745</u>	<u>28,756</u>
At 31 December 2019	<u>26,289</u>	<u>353</u>	<u>765</u>	<u>27,407</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**6. Right-of-use assets (cont'd)**

Company

	Motor vehicles RM'000
<b>Cost</b>	
At 1 January 2019	
- Brought forward from preceding year	0
- Effect of adopting MFRS 16	601
- Adjusted	601
Additions	253
At 31 December 2019	854
<b>Accumulated depreciation</b>	
At 1 January 2019	
- Brought forward from preceding year	0
- Effect of adopting MFRS 16	190
- Adjusted	190
Depreciation	164
At 31 December 2019	354
<b>Carrying amount</b>	
At 1 January 2019 - Adjusted	411
At 31 December 2019	500

The Group acquired the rights to use the leasehold land as its principal places of business for 48 to 60 years. It also leases some branch offices and staff hostels for 2 to 5 years. The rights to use the motor vehicles were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease term of 5 years.

**7. Investments in subsidiaries**

Company

	2019 RM'000	2018 RM'000
Unquoted shares - at cost	217,476	217,476
Impairment losses	(4,061)	(4,640)
	213,415	212,836

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2019	2018	
GUH Electronic Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Asset Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Properties Sdn. Bhd.	Malaysia	100.00%	100.00%	Property development

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**7. Investments in subsidiaries (cont'd)**

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2019	2018	
GUH Plantations Sdn. Bhd.	Malaysia	100.00%	100.00%	Cultivation of oil palm
GUH Utilities Holdings Sdn. Bhd. (formerly known as GUH Water Holdings Sdn. Bhd.)	Malaysia	100.00%	100.00%	Investment holding
GUH Land Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Capital Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH International (HK) Private Limited <sup>(a)(b)</sup>	Hong Kong	100.00%	100.00%	Investment holding
<u>Subsidiaries of GUH Electronic Holdings Sdn. Bhd.</u>				
GUH Circuit Industry (PG) Sdn. Bhd.	Malaysia	100.00%	100.00%	Manufacture and sale of hybrid printed circuit boards
GUH Circuit Industry (Suzhou) Co., Ltd.	People's Republic of China	100.00%	100.00%	Manufacture and sale of hybrid printed circuit boards
Grand United (BVI) Co., Ltd. <sup>(a)(b)</sup>	British Virgin Islands	100.00%	100.00%	Dormant
Grand Circuit Industry (Philippines) Inc. <sup>(a)</sup>	Philippines	100.00%	100.00%	Dormant
<u>Subsidiaries of GUH Asset Holdings Sdn. Bhd.</u>				
GUH Construction Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
GUH Electrical (BW) Sdn. Bhd.	Malaysia	100.00%	100.00%	Trading in electrical goods and appliances
GUH Realty Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment in real estate and property development
GUH Electrical (KL) Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Malaysian Mechanical Engineering Industries Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Tecnovac Marketing Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Milan Diamond Sdn. Bhd.	Malaysia	100.00%	100.00%	Property letting



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**7. Investments in subsidiaries (cont'd)**

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2019	2018	
<u>Subsidiaries of GUH Utilities Holdings Sdn. Bhd. (formerly known as GUH Water Holdings Sdn. Bhd.)</u>				
GUH Water Pte. Ltd. <sup>(a)(b)</sup>	Hong Kong	100.00%	100.00%	Dormant
Teknoserv Engineering Sdn. Bhd.	Malaysia	100.00%	100.00%	Project managers and contractors for installation of water and wastewater treatment plant and construction of road
<u>Subsidiary of GUH Land Sdn. Bhd.</u>				
GUH Development Sdn. Bhd.	Malaysia	99.46%	99.46%	Property development
<u>Subsidiary of GUH International (HK) Private Limited</u>				
GUH Electronic (Yancheng) Co., Ltd. <sup>(a)(b)(c)</sup>	People's Republic of China	100.00%	100.00%	Dormant
<u>Subsidiary of GUH Realty Sdn. Bhd.</u>				
Jeladan Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant

<sup>(a)</sup> Not audited by Crowe Malaysia PLT

<sup>(b)</sup> Not required to be audited, and consolidated using unaudited financial statements

<sup>(c)</sup> Struck off in March 2020

**8. Investments in associates**

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares - at cost	13,360	13,360	3,023	3,023
Share of post-acquisition changes in net assets	2,603	4,103	0	0
	<u>15,963</u>	<u>17,463</u>	<u>3,023</u>	<u>3,023</u>
Attributable to:-				
Cambodia Utilities Pte. Ltd.	7,248	7,323	3,023	3,023
Straits International Education Group Sdn. Bhd.	8,715	10,140	0	0
	<u>15,963</u>	<u>17,463</u>	<u>3,023</u>	<u>3,023</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

The details of the associates are as follows:-

Name of associate	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2019	2018	
Cambodia Utilities Pte. Ltd. ("CUPL")	Cambodia	20.00%	20.00%	Dormant
Straits International Education Group Sdn. Bhd. ("SIEG")	Malaysia	25.00%	25.00%	Investment holding
<u>Subsidiaries of SIEG</u>				
KIM Straits International Education Sdn. Bhd.	Malaysia	25.00%	25.00%	Dormant
KK Straits International Education Sdn. Bhd.	Malaysia	25.00%	25.00%	Provision of education services
SG Straits International Education Sdn. Bhd.	Malaysia	25.00%	25.00%	Provision of education services

On 21 March 2016, the Group, through GUH Capital Sdn. Bhd., entered into a subscription agreement to subscribe for 1,166,667 new ordinary shares in SIEG, representing 25% of the enlarged share capital of SIEG, for a total subscription consideration of RM11,000,000 payable as follows:-

- (i) Minimum consideration of RM5,000,000 payable upon execution of shareholders' agreement.
- (ii) Contingent consideration of RM6,000,000 payable when, and only when, the specified future events occur.

The summarised financial information of the associates is as follows:-

	CUPL		SIEG and its subsidiaries	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current assets	0	0	57,136	13,434
Current assets	36,585	36,965	7,418	5,675
Current liabilities	(345)	(350)	(15,674)	(13,363)
Non-current liabilities	0	0	(48,904)	(71)
Net assets/(liabilities)	36,240	36,615	(24)	5,675
Revenue	0	0	17,017	12,887
Profit/(Loss) (representing comprehensive income) for the financial year	<u>5</u>	<u>(1)</u>	<u>(5,699)</u>	<u>(203)</u>

The reconciliation of the above summarised financial information to the carrying amounts of the investments in associates is as follows:-

	CUPL		SIEG	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net assets/(liabilities)	36,240	36,615	(24)	5,675
Contingent consideration	<u>0</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>
	36,240	36,615	2,976	8,675
Effective ownership interest	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>25%</u>
Share of net assets	<u>7,248</u>	<u>7,323</u>	<u>744</u>	<u>2,169</u>
Goodwill	<u>0</u>	<u>0</u>	<u>7,971</u>	<u>7,971</u>
Carrying amount	<u>7,248</u>	<u>7,323</u>	<u>8,715</u>	<u>10,140</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**9. Other investments**

Group and Company

	2019	2018
	RM'000	RM'000
Quoted shares - at fair value	1	1

The fair values of quoted investments were directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

**10. Inventories**

Group

	2019	2018
	RM'000	RM'000
<b>Non-current assets</b>		
Land held for property development	169,678	167,332
<b>Current assets</b>		
Property development costs	8,118	42,467
Completed development units	76,690	38,751
Raw materials	14,300	22,069
Work-in-progress	7,887	7,759
Finished goods	9,027	6,796
Consumables	3,185	3,721
Goods-in-transit	1,318	2,683
	120,525	124,246
<b>Total inventories</b>	290,203	291,578

The carrying amounts of inventories pledged as security for credit facilities granted to the Group are as follows:-

	2019	2018
	RM'000	RM'000
Land held for property development	24,460	24,460
Property development costs	0	1,012
	24,460	25,472

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 11. Receivables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current assets</b>				
Amounts due from subsidiaries	0	0	218,489	212,542
Loss allowance	0	0	(20,968)	(16,659)
	<u>0</u>	<u>0</u>	<u>197,521</u>	<u>195,883</u>
<b>Current assets</b>				
Trade receivables:-				
- Related party <sup>(a)</sup>	55	121	0	0
- Unrelated parties	61,493	69,214	0	0
	61,548	69,335	0	0
- Loss allowance	(2,456)	(2,597)	0	0
	<u>59,092</u>	<u>66,738</u>	<u>0</u>	<u>0</u>
Other receivables	3,501	4,490	5	12
Dividend receivable	0	0	7,928	0
Amounts due from subsidiaries	0	0	397	3,249
Loss allowance	0	0	(13)	(106)
	<u>0</u>	<u>0</u>	<u>384</u>	<u>3,143</u>
	<u>62,593</u>	<u>71,228</u>	<u>8,317</u>	<u>3,155</u>
Total receivables	<u>62,593</u>	<u>71,228</u>	<u>205,838</u>	<u>199,038</u>

<sup>(a)</sup> Being a company in which a director has substantial financial interest

#### Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2019, there was 1 (2018 : 2) major group of customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from this major group amounted to RM9,357,000 (2018 : RM19,514,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2019 RM'000	2018 RM'000
Malaysia	23,843	27,739
China	18,371	24,112
Indonesia	10,223	12,315
Others	9,111	5,169
	<u>61,548</u>	<u>69,335</u>

The credit terms of trade receivables range from 15 to 135 days. The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group	
	2019 RM'000	2018 RM'000
Not past due	58,130	57,911
1 to 30 days past due	508	6,702
31 to 90 days past due	283	2,209
More than 90 days past due	2,627	2,513
	<u>61,548</u>	<u>69,335</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 11. Receivables (cont'd)

##### Trade receivables (cont'd)

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. The changes in the loss allowance are as follows:-

	Group	
	2019 RM'000	2018 RM'000
At 1 January	2,597	2,980
Impairment (gains)/losses	(7)	76
Write-offs	(81)	(380)
Currency translation differences	(53)	(79)
At 31 December	2,456	2,597

The above loss allowance is in respect of individually assessed credit-impaired trade receivables. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on trade receivables that are not credit-impaired are not considered to be material and hence, have not been recognised.

##### Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses. The gross carrying amounts and the related loss allowance changes are as follows:-

##### Company

	Not credit- impaired RM'000	Credit- impaired RM'000	Total RM'000
<b>2019</b>			
Gross carrying amount	107,487	111,399	218,886
Loss allowance:-			
- At 1 January	106	16,659	16,765
- Impairment losses	1	4,215	4,216
- At 31 December	107	20,874	20,981
	107,380	90,525	197,905
Disclosed as:-			
- Non-current assets	106,997	90,525	197,522
- Current assets	383	0	383
	107,380	90,525	197,905
<b>2018</b>			
Gross carrying amount	105,274	110,517	215,791
Loss allowance:-			
- At 1 January	111	11,851	11,962
- Impairment (gains)/losses	(5)	4,808	4,803
- At 31 December	106	16,659	16,765
	105,168	93,858	199,026
Disclosed as:-			
- Non-current assets	102,515	93,368	195,883
- Current assets	2,653	490	3,143
	105,168	93,858	199,026

The Company determines that an amount due from subsidiary is credit-impaired when the subsidiary is in negative equity position.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**12. Deferred tax assets and deferred tax liabilities**

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	(11,399)	(12,094)	(1,099)	(550)
Deferred tax (expense)/income relating to origination and reversal of temporary differences	(171)	1,308	0	0
Deferred tax expense relating to change in tax rate	0	(549)	0	(549)
Deferred tax liabilities over/(under) provided in prior year	400	(201)	0	0
Currency translation differences	90	137	0	0
At 31 December	<u>(11,080)</u>	<u>(11,399)</u>	<u>(1,099)</u>	<u>(1,099)</u>
Disclosed as:-				
- Deferred tax assets	802	1,069	0	0
- Deferred tax liabilities	<u>(11,882)</u>	<u>(12,468)</u>	<u>(1,099)</u>	<u>(1,099)</u>
	<u>(11,080)</u>	<u>(11,399)</u>	<u>(1,099)</u>	<u>(1,099)</u>
In respect of (taxable)/deductible temporary differences of:-				
- Property, plant and equipment	(10,394)	(12,610)	0	0
- Investment properties	(293)	(126)	(1,099)	(1,099)
- Right-of-use assets	(1,738)	0	0	0
- Investments in associates	(607)	(613)	0	0
- Biological assets	0	(83)	0	0
- Inventories	398	276	0	0
- Financial instruments	1,480	1,757	0	0
- Lease liabilities	74	0	0	0
	<u>(11,080)</u>	<u>(11,399)</u>	<u>(1,099)</u>	<u>(1,099)</u>

Save as disclosed above, as at 31 December 2019, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group and the Company to the extent of RM212,000 and RM45,000 (2018 : RM71,000 and RM17,000) respectively. No further deferred tax assets have been recognised for the following excess of deductible temporary differences, unused capital allowances and tax losses over taxable temporary differences:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	9	0	9	0
- Inventories	1,733	1,772	0	0
- Contract assets and contract liabilities	0	2,129	0	0
- Lease liabilities	253	0	140	0
- Provision for onerous contract	0	144	0	0
- Retirement benefits	6,544	4,705	6,544	4,705
Unused capital allowances	2,556	2,397	1,070	1,060
Unused tax losses:-				
- Expiring in year of assessment 2025	41,128	41,732	19,069	19,069
- Expiring in year of assessment 2026	5,030	0	2,575	0
Taxable temporary differences of:-				
- Property, plant and equipment	(470)	(294)	0	(69)
- Right-of-use assets	(294)	0	(189)	0
- Biological assets	(118)	0	0	0
	<u>56,371</u>	<u>52,585</u>	<u>29,218</u>	<u>24,765</u>

The deductible temporary differences and unused capital allowances have no expiry date.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**13. Biological assets**

Group

	2019 RM'000	2018 RM'000
At 1 January	346	397
Fair value gains	590	1,202
Harvest and sales	<u>(818)</u>	<u>(1,253)</u>
At 31 December	<u>118</u>	<u>346</u>
Estimated quantities:-		
- Harvested during the year (metric tonnes)	2,043	2,739
- Unharvested at 31 December (metric tonnes)	<u>360</u>	<u>1,050</u>

Biological assets represent fresh fruit bunches ("FFBs") growing on oil palm trees and are measured at fair value less costs of disposal. The fair values were measured by multiplying the estimated quantities of FFBs of different age attributes by the observable current market prices of harvested FFBs prorated using a linear interpolation (i.e. Level 2).

**14. Contract costs**

Group

	2019 RM'000	2018 RM'000
Costs of obtaining contracts	<u>116</u>	<u>60</u>

**15. Contract assets and contract liabilities**

Group

**Contract assets**

	2019 RM'000	2018 RM'000
Sale of goods (Note (i))	4,007	4,106
Property development (Note (ii))	2,074	4,024
Construction contracts (Note (iii))	<u>1,839</u>	<u>0</u>
	<u>7,920</u>	<u>8,130</u>

**Contract liabilities**

	2019 RM'000	2018 RM'000
Construction contracts (Note (iii))	<u>2,393</u>	<u>8,353</u>

(i) Contract assets from sale of goods

	2019 RM'000	2018 RM'000
At 1 January	4,106	4,423
Reclassification to receivables	(4,106)	(4,423)
Excess of revenue recognised over receivables	<u>4,007</u>	<u>4,106</u>
At 31 December	<u>4,007</u>	<u>4,106</u>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 15. Contract assets and contract liabilities (cont'd)

(i) Contract assets from sale of goods (cont'd)

As disclosed in Note 2.21, the Group generally satisfies its performance obligations at a point in time upon delivery of goods. Any conditional right to consideration after a performance obligation is satisfied is presented as contract asset.

The Group measures the loss allowance for contract assets at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on contract assets are not considered to be material and hence, have not been recognised.

(ii) Contract assets from property development

	2019 RM'000	2018 RM'000
At 1 January	4,024	7,761
Revenue recognised during the year	9,985	16,879
Progress billings during the year	<u>(11,935)</u>	<u>(20,616)</u>
At 31 December	<u>2,074</u>	<u>4,024</u>

As disclosed in Note 2.21, the Group generally satisfies its performance obligations over time during the development period. Any excess of revenue recognised over progress billings is presented as contract asset.

The Group measures the loss allowance for contract assets at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on contract assets are not considered to be material and hence, have not been recognised.

#### Remaining performance obligations

As at 31 December 2019, the aggregate transaction price allocated to the remaining performance obligations amounted to RM4,300,000 (2018 : RM2,900,000) and the Group expects to recognise this revenue when the projects are completed over the next 1 to 2 (2018 : 1 to 2) years.

(iii) Contract assets and contract liabilities from construction contracts

	2019 RM'000	2018 RM'000
At 1 January	(8,353)	(3,135)
Revenue recognised during the year	16,430	29,041
Progress billings during the year	(6,979)	(34,259)
Consideration received in advance	<u>(1,652)</u>	<u>0</u>
At 31 December	<u>(554)</u>	<u>(8,353)</u>
Disclosed as:-		
- Contract assets	1,839	0
- Contract liabilities	<u>(2,393)</u>	<u>(8,353)</u>
	<u>(554)</u>	<u>(8,353)</u>

As disclosed in Note 2.21, the Group generally satisfies its performance obligations over time during the construction period. Any excess of revenue recognised over progress billings is presented as contract asset, whereas any deficit is presented as contract liability.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 15. Contract assets and contract liabilities (cont'd)

(iii) Contract assets and contract liabilities from construction contracts (cont'd)

The Group measures the loss allowance for contract assets at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on contract assets are not considered to be material and hence, have not been recognised.

Remaining performance obligations

As at 31 December 2019, the aggregate transaction price allocated to the remaining performance obligations amounted to RM62,945,000 (2018 : RM44,216,000) and the Group expects to recognise this revenue when the projects are completed over the next 1 to 2 (2018 : 1 to 2) years.

#### 16. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Highly liquid investments in money market funds	858	1,827	858	1,827
Term deposits	78,613	71,604	2,263	3,324
Cash and bank balances	22,895	33,083	395	248
	<u>102,366</u>	<u>106,514</u>	<u>3,516</u>	<u>5,399</u>

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

Certain term deposits of the Group totalling RM407,000 (2018 : RM3,584,000) have been pledged as security for banking facilities granted to the Group. Accordingly, these term deposits are not freely available for use.

The effective interest rates of term deposits as at 31 December 2019 ranged from 1.00% to 3.80% (2018 : 0.05% to 4.85%) per annum.

For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	102,366	106,514	3,516	5,399
Bank overdraft	(665)	0	0	0
Term deposits pledged as security	(407)	(3,584)	0	0
	<u>101,294</u>	<u>102,930</u>	<u>3,516</u>	<u>5,399</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 17. Payables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables:-				
- Related party <sup>(a)</sup>	1,660	1,595	0	0
- Related party <sup>(b)</sup>	636	636	0	0
- Unrelated parties	45,127	56,372	0	0
	47,423	58,603	0	0
Other payables:-				
- Related party <sup>(b)</sup>	600	241	0	0
- Unrelated parties	19,201	20,485	1,932	1,634
	19,801	20,726	1,932	1,634
Amounts due to subsidiaries	0	0	13,028	13,040
Amount due to associate	7,166	7,241	7,166	7,241
	74,390	86,570	22,126	21,915
Contingent consideration - at fair value	2,962	2,957	0	0
	77,352	89,527	22,126	21,915

<sup>(a)</sup> Being a company in which a director has substantial financial interest

<sup>(b)</sup> Being companies in which close family members of certain directors have substantial financial interests

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

#### Trade and other payables

The credit terms of trade and other payables range from 30 to 120 days.

#### Amounts due to subsidiaries and associate

The amounts due to subsidiaries and associate are unsecured, interest free and repayable on demand.

#### Contingent consideration

This represents the balance contingent consideration payable to SIEG pursuant to the subscription agreement as disclosed in Note 8.

#### 18. Loans and borrowings

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Secured</b>				
Hire purchase payables	0	601	0	320
Bank overdraft	665	0	0	0
Term loans	37,201	40,522	0	0
<b>Unsecured</b>				
Banker acceptances	1,365	0	0	0
Revolving credit	7,000	10,000	0	0
Term loans	13,103	15,694	0	0
	59,334	66,817	0	320
Disclosed as:-				
- Current liabilities	23,772	22,508	0	116
- Non-current liabilities	35,562	44,309	0	204
	59,334	66,817	0	320

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 18. Loans and borrowings (cont'd)

Hire purchase payables were secured against the assets acquired thereunder (Note 4). Other secured loans and borrowings are secured against certain investment properties (Note 5) and inventories (Note 10).

The effective interest rates of loans and borrowings as at 31 December 2019 ranged from 4.32% to 5.82% (2018 : 4.61% to 6.16%) per annum.

Except for hire purchase payables and term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

#### Hire purchase payables

Hire purchase payables were repayable over 5 years. The repayment analysis is as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Minimum hire purchase payments:-				
- Within 1 year	0	241	0	128
- 1 to 5 years	0	403	0	217
Total contractual undiscounted cash flows	0	644	0	345
Future finance charges	0	(43)	0	(25)
Present value of hire purchase payables:-				
- Within 1 year	0	217	0	116
- 1 to 5 years	0	384	0	204
	<u>0</u>	<u>601</u>	<u>0</u>	<u>320</u>

The fair values of hire purchase payables were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of hire purchase payables.

#### Term loans

Term loans are repayable over 1 to 15 years. The repayment analysis is as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Gross loan instalments:-		
- Within 1 year	16,931	14,436
- 1 to 5 years	22,189	30,171
- After 5 years	22,222	24,762
Total contractual undiscounted cash flows	61,342	69,369
Future finance charges	(11,038)	(13,153)
Present value of term loans	<u>50,304</u>	<u>56,216</u>

The fair values of term loans were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of term loans.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 19. Lease liabilities

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Gross lease liabilities:-				
- Within 1 year	532	0	140	0
- 1 to 5 years	533	0	288	0
Total contractual undiscounted cash flows	1,065	0	428	0
Future finance charges	(62)	0	(31)	0
Present value of lease liabilities	<u>1,003</u>	<u>0</u>	<u>397</u>	<u>0</u>
Disclosed as:-				
- Current liabilities	505	0	124	0
- Non-current liabilities	498	0	273	0
	<u>1,003</u>	<u>0</u>	<u>397</u>	<u>0</u>

The incremental borrowing rates applied to lease liabilities as at 31 December 2019 ranged from 4.39% to 5.00% per annum.

#### 20. Derivatives

Group

	2019	2018
	RM'000	RM'000
Forward exchange contracts - at fair value	<u>0</u>	<u>37</u>

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2018, the Group had contracts with a financial institution due within 1 year to buy USD600,000 and sell RM2,521,000 at contractual forward rates.

The fair values of forward exchange contracts were quoted by the financial institution, which normally measured the fair values using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

#### 21. Provision for onerous contract

Group

	2019	2018
	RM'000	RM'000
At 1 January	144	1,004
Provision reversed during the year	(144)	(860)
At 31 December	<u>0</u>	<u>144</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**22. Retirement benefits**

Group and Company

	2019 RM'000	2018 RM'000
At 1 January	4,705	4,163
Defined benefit costs	1,839	542
At 31 December	<u>6,544</u>	<u>4,705</u>
Being present value of defined benefit obligations disclosed as:-		
- Current liabilities	0	0
- Non-current liabilities	6,544	4,705
	<u>6,544</u>	<u>4,705</u>

The components of defined benefit costs are as follows:-

	2019 RM'000	2018 RM'000
Current service cost	29	542
Interest expense	228	0
Past service cost	1,297	0
Remeasurement of defined benefit liability:-		
- Actuarial losses arising from changes in financial assumptions	285	0
	<u>1,839</u>	<u>542</u>

The principal actuarial assumptions used to determine the present value of the defined benefit obligations are as follows:-

	2019 %	2018 %
Discount rate	4.10	4.94
Future salary growth	<u>4.00</u>	<u>4.00</u>

The following table demonstrates the sensitivity of the defined benefit obligations to changes in each principal actuarial assumption that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Increase/(Decrease) in defined benefit obligations	
	2019 RM'000	2018 RM'000
Increase in discount rate by 1%	(419)	n/a
Decrease in discount rate by 1%	461	n/a
Increase in future salary growth by 1%	457	n/a
Decrease in future salary growth by 1%	<u>(423)</u>	<u>n/a</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 23. Share capital

	2019 RM'000	2018 RM'000
<b>Issued and fully paid</b>		
277,905,000 ordinary shares with no par value	<u>277,992</u>	<u>277,992</u>

#### Treasury shares

The shareholders of the Company, by a resolution passed at the annual general meeting held on 19 May 2010, approved the Company's plan to purchase its own shares. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

	2019		2018	
	No. of ordinary shares '000	Cost RM'000	No. of ordinary shares '000	Cost RM'000
At 1 January	3,543	4,546	3,543	4,546
Shares distributed as share dividends	<u>(3,427)</u>	<u>(4,398)</u>	<u>0</u>	<u>0</u>
At 31 December	<u>116</u>	<u>148</u>	<u>3,543</u>	<u>4,546</u>

During the financial year, the Company distributed 3,427,000 treasury shares as share dividends on the basis of 1 treasury share for every 80 existing ordinary shares in issue.

The number of outstanding shares in issue after excluding the treasury shares is as follows:-

	2019 No. of ordinary shares '000	2018 No. of ordinary shares '000
At 1 January	274,362	274,362
Shares distributed as share dividends	<u>3,427</u>	<u>0</u>
At 31 December	<u>277,789</u>	<u>274,362</u>

#### 24. Non-controlling interests ("NCI")

##### Group

	Accumulated NCI		Loss allocated to NCI	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
GUH Development Sdn. Bhd.	<u>(11)</u>	<u>(3)</u>	<u>(8)</u>	<u>(5)</u>

The details of the subsidiary that has NCI are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2019	2018	
GUH Development Sdn. Bhd.	Malaysia	0.54%	0.54%	Property development

The summarised financial information of the above subsidiary has not been disclosed as its NCI are not material to the Group.



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**25. Revenue**

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:-				
- Sale of goods	295,114	291,649	0	0
- Sale of agricultural produce	818	1,253	0	0
- Rendering of services	0	0	5,210	5,210
- Property development	9,985	16,879	0	0
- Sale of completed development units	11,884	9,768	0	0
- Construction contracts	16,430	29,041	0	0
	334,231	348,590	5,210	5,210
Other sources of revenue:-				
- Dividend income	0	0	12,400	13,468
- Operating lease income	1,759	534	918	44
	1,759	534	13,318	13,512
	<u>335,990</u>	<u>349,124</u>	<u>18,528</u>	<u>18,722</u>

**Disaggregation of revenue from contracts with customers**

Group

	Operating segments (Note 33)					Total RM'000
	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	

**2019**

Major products/services:-

- Printed circuit boards	289,637	0	0	0	0	289,637
- Properties under development	0	9,985	0	0	0	9,985
- Completed development units	0	11,884	0	0	0	11,884
- Electrical appliances	0	0	5,477	0	0	5,477
- Fresh fruit bunches	0	0	0	818	0	818
- Management and construction of water and wastewater treatment plant	0	0	0	0	16,430	16,430
	<u>289,637</u>	<u>21,869</u>	<u>5,477</u>	<u>818</u>	<u>16,430</u>	<u>334,231</u>

Geographical areas:-

- Malaysia	92,057	21,869	5,477	818	16,430	136,651
- China	92,103	0	0	0	0	92,103
- Indonesia	41,909	0	0	0	0	41,909
- Singapore	42,020	0	0	0	0	42,020
- Others	21,548	0	0	0	0	21,548
	<u>289,637</u>	<u>21,869</u>	<u>5,477</u>	<u>818</u>	<u>16,430</u>	<u>334,231</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 25. Revenue (cont'd)

##### Disaggregation of revenue from contracts with customers (cont'd)

Group

	Operating segments (Note 33)					Total RM'000
	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	
<b>2019</b>						
Timing of revenue recognition:-						
- Over time	0	9,985	0	0	16,430	26,415
- At a point in time	289,637	11,884	5,477	818	0	307,816
	<u>289,637</u>	<u>21,869</u>	<u>5,477</u>	<u>818</u>	<u>16,430</u>	<u>334,231</u>

#### 2018

Major products/services:-

- Printed circuit boards	284,030	0	0	0	0	284,030
- Properties under development	0	16,879	0	0	0	16,879
- Completed development units	0	9,768	0	0	0	9,768
- Electrical appliances	0	0	7,619	0	0	7,619
- Fresh fruit bunches	0	0	0	1,253	0	1,253
- Management and construction of water and wastewater treatment plant	0	0	0	0	29,041	29,041
	<u>284,030</u>	<u>26,647</u>	<u>7,619</u>	<u>1,253</u>	<u>29,041</u>	<u>348,590</u>

Geographical areas:-

- Malaysia	98,871	26,647	7,619	1,253	29,041	163,431
- China	111,117	0	0	0	0	111,117
- Indonesia	39,086	0	0	0	0	39,086
- Singapore	25,861	0	0	0	0	25,861
- Others	9,095	0	0	0	0	9,095
	<u>284,030</u>	<u>26,647</u>	<u>7,619</u>	<u>1,253</u>	<u>29,041</u>	<u>348,590</u>

Timing of revenue recognition:-

- Over time	0	16,879	0	0	29,041	45,920
- At a point in time	284,030	9,768	7,619	1,253	0	302,670
	<u>284,030</u>	<u>26,647</u>	<u>7,619</u>	<u>1,253</u>	<u>29,041</u>	<u>348,590</u>

Company

Information about disaggregation of revenue has not been disclosed as the Company derives revenue mainly from rendering management services to subsidiaries.

#### 26. Impairment gains/(losses) on financial assets

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade receivables from contracts with customers	7	(76)	0	0
Amounts due from subsidiaries	0	0	(4,216)	(4,803)
	<u>7</u>	<u>(76)</u>	<u>(4,216)</u>	<u>(4,803)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**27. Profit before tax**

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging:-				
Amortisation of contract costs	382	703	0	0
Auditors' remuneration:-				
- Current year	254	245	53	50
- Prior year	23	0	0	0
Depreciation of investment properties	808	458	0	0
Depreciation of property, plant and equipment	13,887	15,112	169	353
Depreciation of right-of-use assets	1,599	0	164	0
Direct operating expenditure for investment properties generating rental income	43	41	28	28
Employee benefits expense (Note 28)	74,552	72,381	9,073	7,425
Fair value changes in biological assets (net)	228	51	0	0
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss	41	259	0	233
Fee expense for financial instruments not measured at fair value through profit or loss	387	325	1	2
Interest expense for financial liabilities not measured at fair value through profit or loss	3,252	3,098	0	19
Interest expense for lease liabilities	53	0	20	0
Inventories written down	565	273	0	0
Lease expense relating to:-				
- Short-term leases	323	0	108	0
- Leases of low-value assets (other than short-term leases)	6	0	0	0
- Others	0	417	0	108
Property, plant and equipment written off	34	9	1	0
Unrealised loss on foreign exchange	192	304	0	154
and crediting:-				
Gain on disposal of property, plant and equipment	21	24	60	0
Gain on foreign exchange:-				
- Realised	534	804	0	0
- Unrealised	0	0	75	0
Interest income for financial assets measured at amortised cost	2,249	2,393	88	245
Operating lease income from:-				
- Investment properties	1,759	529	918	44
- Others	0	5	0	0
Reversal of impairment loss on investments in subsidiaries <sup>(a)</sup>	0	0	579	7,368
Reversal of inventories written down	448	309	0	0

<sup>(a)</sup> Included in other income

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 28. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company:-				
- Fees	632	627	594	594
- Other short-term employee benefits	3,655	3,359	3,655	3,359
- Defined contribution plans	652	613	652	613
- Defined benefit plans	1,554	542	1,554	542
	6,493	5,141	6,455	5,108
Directors of subsidiaries:-				
- Fees	49	42	0	0
- Other short-term employee benefits	1,141	885	399	262
- Defined contribution plans	99	75	46	31
	1,289	1,002	445	293
Other employees:-				
- Short-term employee benefits	61,598	60,970	1,950	1,813
- Defined contribution plans	5,172	5,268	223	211
	66,770	66,238	2,173	2,024
	<u>74,552</u>	<u>72,381</u>	<u>9,073</u>	<u>7,425</u>

The estimated money value of benefits received or receivable by certain directors otherwise than in cash is as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company	44	56	44	56
Directors of subsidiaries	22	22	17	17
	<u>66</u>	<u>78</u>	<u>61</u>	<u>73</u>

The directors' remuneration represents the entire key management personnel compensation of the Group and the Company as there were no other key management personnel apart from all the directors who have the authority and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Group and the Company.

#### 29. Tax expense

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Tax based on results for the year:-				
- Current tax	2,517	4,173	0	0
- Deferred tax	171	(759)	0	549
	2,688	3,414	0	549
Tax (over)/under provided in prior year:-				
- Current tax	(202)	(132)	0	0
- Deferred tax	(400)	201	0	0
	<u>2,086</u>	<u>3,483</u>	<u>0</u>	<u>549</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 29. Tax expense (cont'd)

The numerical reconciliation between the product of profit before tax multiplied by the applicable tax rate, which is the statutory income tax rate, and the tax expense is as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	7,096	797	3,626	11,531
Tax at applicable tax rate of 24%	1,703	191	870	2,767
Non-deductible expenses	2,232	1,464	1,203	1,440
Non-taxable income	(79)	(56)	(3,142)	(5,017)
Reinvestment allowances claimed	(2,122)	(432)	0	0
Effect of differential tax rates	45	640	0	549
Increase in unrecognised deferred tax assets	909	1,607	1,069	810
Tax (over)/under provided in prior year	(602)	69	0	0
Tax expense	2,086	3,483	0	549

### 30. Earnings/(Loss) per share

#### Group

The basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:-

	2019	2018 (Restated)
Profit/(Loss) for the financial year attributable to owners of the Company (RM'000)	5,018	(2,681)
Number of shares in issue at 1 January ('000)	274,362	274,362
Effect of share dividends <sup>(a)</sup> ('000)	3,427	3,427
Weighted average number of shares in issue ('000)	277,789	277,789
Basic earnings/(loss) per share (sen)	1.81	(0.97)

<sup>(a)</sup> The calculation of basic loss per share for the previous financial year has been adjusted retrospectively to reflect the changes in the number of shares as a result of the share dividends.

The diluted earnings/(loss) per share equals the basic earnings/(loss) per share as the Company did not have any dilutive potential ordinary shares during the financial year.

### 31. Notes to statements of cash flows

#### Acquisition of right-of-use assets

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cost of right-of-use assets acquired	622	0	253	0
Acquisition by means of leases	(581)	0	(227)	0
Net cash disbursed	41	0	26	0

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 31. Notes to statements of cash flows (cont'd)

##### Short-term loans and borrowings

	Group	
	2019 RM'000	2018 RM'000
At 1 January	10,000	14,832
Net cash flow changes	(1,635)	(4,832)
At 31 December	<u>8,365</u>	<u>10,000</u>
Represented by:-		
- Banker acceptances (Note 18)	1,365	0
- Revolving credit (Note 18)	7,000	10,000
	<u>8,365</u>	<u>10,000</u>

##### Term loans

	Group	
	2019 RM'000	2018 RM'000
At 1 January	56,216	28,994
Drawdowns	6,214	36,874
Repayments	(12,160)	(9,671)
Other changes	34	19
At 31 December (Note 18)	<u>50,304</u>	<u>56,216</u>

##### Lease liabilities

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January				
- Brought forward from preceding year	0	0	0	0
- Effect of adopting MFRS 16	890	0	320	0
- Adjusted	<u>890</u>	<u>0</u>	<u>320</u>	<u>0</u>
Additions	581	0	227	0
Payments	(468)	0	(150)	0
At 31 December (Note 19)	<u>1,003</u>	<u>0</u>	<u>397</u>	<u>0</u>

The total cash outflow for leases is as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Operating activities</b>				
Lease expense recognised in profit or loss (Note 27)	329	n/a	108	n/a
<b>Investing activities</b>				
Acquisition of right-of-use assets	41	n/a	26	n/a
<b>Financing activities</b>				
Interest portion of lease liabilities (Note 27)	53	n/a	20	n/a
Principal portion of lease liabilities	468	n/a	150	n/a
	<u>891</u>	<u>n/a</u>	<u>304</u>	<u>n/a</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 31. Notes to statements of cash flows (cont'd)

#### Hire purchase payables

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January				
- Brought forward from preceding year	601	854	320	468
- Effect of adopting MFRS 16	(601)	0	(320)	0
- Adjusted	0	854	0	468
Repayments	0	(253)	0	(148)
At 31 December (Note 18)	0	601	0	320

### 32. Related party disclosures

Other than the directors' remuneration as disclosed in Note 28, transactions with related parties during the financial year are as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Dividends declared from subsidiaries	0	0	12,400	13,468
Rendering of management services to subsidiaries	0	0	5,210	5,210
Rental charged by subsidiary	0	0	108	108
Rental charged to subsidiary	0	0	746	39
Purchase of goods from other related party <sup>(a)</sup>	11,328	9,873	0	0
Purchase of goods from other related party <sup>(b)</sup>	0	18	0	0
Acquisition of property, plant and equipment from other related party <sup>(a)</sup>	12	40	0	0
Acquisition of property, plant and equipment from other related party <sup>(b)</sup>	186	30	0	0
Receiving of services from other related party <sup>(b)</sup>	1,570	976	0	0
Rental charged by other related party <sup>(a)</sup>	114	126	0	0
Rental charged to other related party <sup>(a)</sup>	172	5	172	5
Rental charged to associate	1,587	529	0	0
Sale of goods to other related party <sup>(a)</sup>	2,435	1,858	0	0

<sup>(a)</sup> Being companies in which certain directors have substantial financial interests

<sup>(b)</sup> Being companies in which close family members of certain directors have substantial financial interests



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 33. Segment reporting

Group

#### Operating segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:-

- (i) Manufacture of printed circuit boards
- (ii) Property development
- (iii) Sale of electrical appliances
- (iv) Cultivation of oil palm
- (v) Water and wastewater treatment

No operating segments have been aggregated to form the above reportable segments.

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	Unallocated non- operating segments RM'000	Total RM'000
<b>2019</b>							
Segment assets	301,780	266,338	3,855	18,241	16,139	43,563	649,916
Investments in associates	0	0	0	0	0	15,963	15,963
Income tax assets	0	1,199	3	60	18	0	1,280
<b>Total assets</b>	<b>301,780</b>	<b>267,537</b>	<b>3,858</b>	<b>18,301</b>	<b>16,157</b>	<b>59,526</b>	<b>667,159</b>
Additions to non-current assets (net)	11,710	27	522	0	7	(1,617)	10,649
Segment liabilities	40,408	15,970	618	40	9,514	19,739	86,289
Loans and borrowings	20,103	12,745	0	0	1,365	25,121	59,334
Lease liabilities	148	458	0	0	0	397	1,003
Income tax liabilities	11,828	114	7	0	0	1,620	13,569
<b>Total liabilities</b>	<b>72,487</b>	<b>29,287</b>	<b>625</b>	<b>40</b>	<b>10,879</b>	<b>46,877</b>	<b>160,195</b>
External revenue	289,637	21,869	5,477	818	16,430	1,759	335,990
Intersegment revenue	0	103	20	0	2,864	18,356	21,343
<b>Total revenue</b>	<b>289,637</b>	<b>21,972</b>	<b>5,497</b>	<b>818</b>	<b>19,294</b>	<b>20,115</b>	<b>357,333</b>
Segment profit/(loss)	12,745	2,445	(141)	(1,075)	124	(4,522)	9,576
Interest income	1,784	152	12	0	213	88	2,249
Interest expense	(1,180)	(738)	0	0	(54)	(1,333)	(3,305)
Share of associates' loss	0	0	0	0	0	(1,424)	(1,424)
Profit/(Loss) before tax	13,349	1,859	(129)	(1,075)	283	(7,191)	7,096
Tax (expense)/income	(1,512)	(755)	(3)	168	(14)	30	(2,086)
<b>Profit/(Loss) for the financial year</b>	<b>11,837</b>	<b>1,104</b>	<b>(132)</b>	<b>(907)</b>	<b>269</b>	<b>(7,161)</b>	<b>5,010</b>
Non-cash income	436	0	12	0	0	0	448
Depreciation	14,296	477	35	66	311	1,109	16,294
Other non-cash expenses	863	0	0	228	2	1,485	2,578

**NOTES TO THE FINANCIAL STATEMENTS**  
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### 33. Segment reporting (cont'd)

#### Operating segments (cont'd)

	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	Unallocated non- operating segments RM'000	Total RM'000
<b>2018</b>							
Segment assets	312,600	266,539	3,942	23,138	18,783	43,460	668,462
Investments in associates	0	0	0	0	0	17,463	17,463
Income tax assets	414	2,871	15	54	426	0	3,780
<b>Total assets</b>	<b>313,014</b>	<b>269,410</b>	<b>3,957</b>	<b>23,192</b>	<b>19,209</b>	<b>60,923</b>	<b>689,705</b>
Additions to non-current assets	13,099	68	0	0	6	19,935	33,108
Segment liabilities	49,097	19,208	1,157	85	14,677	18,542	102,766
Loans and borrowings	25,694	16,173	0	0	0	24,950	66,817
Income tax liabilities	12,459	116	8	168	0	1,660	14,411
<b>Total liabilities</b>	<b>87,250</b>	<b>35,497</b>	<b>1,165</b>	<b>253</b>	<b>14,677</b>	<b>45,152</b>	<b>183,994</b>
External revenue	284,030	26,647	7,619	1,253	29,041	534	349,124
Intersegment revenue	0	110	8	0	181	18,717	19,016
<b>Total revenue</b>	<b>284,030</b>	<b>26,757</b>	<b>7,627</b>	<b>1,253</b>	<b>29,222</b>	<b>19,251</b>	<b>368,140</b>
Segment profit/(loss)	7,621	594	70	214	(2,215)	(4,731)	1,553
Interest income	1,917	134	6	0	58	278	2,393
Interest expense	(1,168)	(1,177)	0	0	0	(753)	(3,098)
Share of associates' loss	0	0	0	0	0	(51)	(51)
Profit/(Loss) before tax	8,370	(449)	76	214	(2,157)	(5,257)	797
Tax expense	(2,249)	(529)	(1)	(36)	0	(668)	(3,483)
<b>Profit/(Loss) for the financial year</b>	<b>6,121</b>	<b>(978)</b>	<b>75</b>	<b>178</b>	<b>(2,157)</b>	<b>(5,925)</b>	<b>(2,686)</b>
Non-cash income	280	0	29	0	0	0	309
Depreciation	13,977	335	36	68	375	779	15,570
Other non-cash expenses	569	0	0	51	(51)	945	1,514

#### Geographical information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	External revenue		Non-current assets	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	138,410	163,965	309,035	307,040
China	92,103	111,117	44,201	48,709
Indonesia	41,909	39,086	0	0
Singapore	42,020	25,861	0	0
Other countries	21,548	9,095	0	0
	<u>335,990</u>	<u>349,124</u>	<u>353,236</u>	<u>355,749</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 33. Segment reporting (cont'd)

##### Major customers

For the financial year ended 31 December 2019, there were 2 (2018 : nil) major groups of customers of the manufacture of printed circuit boards segment that contributed 10% or more of the Group's total revenue and the total revenue generated from these major groups amounted to RM74,316,000 (2018 : nil).

#### 34. Contractual commitments

##### Group

	2019 RM'000	2018 RM'000
Acquisition of property, plant and equipment	<u>3,422</u>	<u>1,747</u>

#### 35. Guarantee contracts

##### Company

##### Financial guarantee contracts

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions and trade suppliers for credit facilities granted to certain subsidiaries up to a total limit of RM149,748,000 (2018 : RM162,148,000). The total utilisation of these credit facilities as at 31 December 2019 amounted to RM89,607,000 (2018 : RM92,341,000). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be called at any time in the event of default by the subsidiaries.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.16. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

##### Performance guarantee contract

The Company has also entered into a performance guarantee contract up to a limit of RM35,736,000 (2018 : RM35,736,000) to guarantee the due performance of all the contract works by a subsidiary in a water treatment project.

#### 36. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 36. Financial risk management (cont'd)

#### Credit risk

The Group's exposure to credit risk arises mainly from receivables, derivative contracts and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 35.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 11. As the Group only deals with reputable financial institutions, the credit risk associated with derivative contracts and deposits placed with them is low.

#### Liquidity risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

#### Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM") and Renminbi ("RMB"), whereas the major foreign currency transacted is US Dollar ("USD"). The gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	Group		Company	
	Denominated in USD		Denominated in USD	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Receivables	33,521	31,787	0	0
Cash and cash equivalents	36,039	15,849	4	4
Payables	(23,509)	(29,691)	(7,166)	(7,241)
	46,051	17,945	(7,162)	(7,237)

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

#### 36. Financial risk management (cont'd)

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

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group		Company	
	Increase/ (Decrease) in profit 2019 RM'000	(Increase)/ Decrease in loss 2018 RM'000	Increase/ (Decrease) in profit 2019 RM'000	(Increase)/ Decrease in profit 2018 RM'000
Appreciation of USD against RM by 10% (2018 : 10%)	900	452	(716)	(724)
Depreciation of USD against RM by 10% (2018 : 10%)	(900)	(452)	716	724
Appreciation of USD against RMB by 10% (2018 : 10%)	2,445	778	0	0
Depreciation of USD against RMB by 10% (2018 : 10%)	(2,445)	(778)	0	0

##### Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Fixed rate instruments</b>				
Financial assets	78,613	71,604	2,263	3,324
Financial liabilities	(9,368)	(10,601)	(397)	(320)
<b>Floating rate instruments</b>				
Financial liabilities	(50,969)	(56,216)	0	0

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in profit 2019 RM'000	(Increase)/ Decrease in loss 2018 RM'000
Increase in interest rates by 50 basis points	(194)	(214)
Decrease in interest rates by 50 basis points	194	214

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 37. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loans and borrowings	59,334	66,817	0	320
Lease liabilities	1,003	0	397	0
Total interest-bearing debts	<u>60,337</u>	<u>66,817</u>	<u>397</u>	<u>320</u>
Total equity	506,964	505,711	419,443	416,102
Total capital	<u>567,301</u>	<u>572,528</u>	<u>419,840</u>	<u>416,422</u>
Debt-to-equity ratio	<u>11.90%</u>	<u>13.21%</u>	<u>0.09%</u>	<u>0.08%</u>

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

### 38. Comparative figures

The following comparative figures have been reclassified to conform with the current year's presentation:-

	As previously reported RM'000	Reclassifica- tions RM'000	As restated RM'000
<b>Consolidated statement of financial position as at 31 December 2018 (extract)</b>			
Payables	94,232	(4,705)	89,527
Retirement benefits	<u>0</u>	<u>4,705</u>	<u>4,705</u>
<b>Statement of financial position as at 31 December 2018 (extract)</b>			
Payables	26,620	(4,705)	21,915
Retirement benefits	<u>0</u>	<u>4,705</u>	<u>4,705</u>

The reclassifications of comparative figures did not have any significant impacts on the reported total comprehensive income and cash flows.

### 39. Significant events after the reporting period

The impact of the COVID-19 outbreak on public life and the industry in Malaysia and the broader region has significantly disrupted the Group's business activities. While this is expected to have a negative impact on the Group's performance for the coming reporting periods, the Group is unable to quantify the magnitude and duration of such impact at this juncture as the outbreak continues to progress and the conditions are unpredictable.

## ANALYSIS OF SHAREHOLDINGS

Total number of issued shares : 277,904,539 ordinary shares

Class of Shares : Ordinary Shares

Voting Rights : One vote per ordinary share

### Distribution Schedule of Shares

As at 30 April 2020

Holdings	No. of Holders	Total Holdings	%
Less than 100	1,081	57,138	0.02
100 - 1,000	2,392	1,030,271	0.37
1,001 – 10,000	6,697	23,211,191	8.36
10,001 – 100,000	1,662	42,108,527	15.16
100,001 – less than 5% of issued shares	174	131,206,701	47.23
5% and above of issued shares	2	80,175,447	28.86
<b>Total</b>	<b>12,008</b>	<b>277,789,275</b>	<b>100.00</b>

Note: Excluding 115,264 treasury shares



## ANALYSIS OF SHAREHOLDINGS

**Substantial Shareholders**

As at 30 April 2020

No.	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1	HSBC Nominees (Asing) Sdn Bhd <i>HBAP For Gold Connection Assets Limited</i>	47,740,072	17.19	-	-
2	Zun Holdings Sdn Bhd	32,435,375	11.68	-	-
3	Puan Sri Datin Seri Ang Gaik Nga	12,103,708	4.36	32,435,375 <sup>a</sup>	11.68
4	Datin Jessica H'ng Hsieh Ling	3,598,465	1.30	32,435,375 <sup>a</sup>	11.68
5	Dato' H'ng Chun Hsiang	2,438,748	0.88	32,435,375 <sup>a</sup>	11.68
6	H'ng Chun Ching	2,115,200	0.76	32,435,375 <sup>a</sup>	11.68
7	H'ng Hsieh Fern	894,199	0.32	32,435,375 <sup>a</sup>	11.68
8	Tan Sri Dato' Seri H'ng Bok San	-	-	53,585,695 <sup>b</sup>	19.29

**Directors' Shareholding**

As at 30 April 2020

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Seri H'ng Bok San	-	-	53,585,695 <sup>b</sup>	19.29
2.	Datuk Seri Kenneth H'ng Bak Tee	-	-	1,404,649 <sup>c</sup>	0.51
3.	Dato' Harry H'ng Bak Seah	2,697,710	0.97	-	-
4.	Datin Jessica H'ng Hsieh Ling	3,598,465	1.30	32,435,375 <sup>a</sup>	11.68
5.	Dato' Lai Chang Hun	2,883,042	1.04	3,766,453 <sup>d</sup>	1.36
6.	W Ismail Bin W Nik	2,418,645 <sup>e</sup>	0.87	-	-
7.	Chew Hock Lin	-	-	-	-
8.	Dato' Ismail Bin Hamzah	-	-	-	-
9.	Dato' Dr. Gan Kong Meng	-	-	-	-

Notes:

<sup>a</sup> Deemed interested by virtue of shareholdings held through Zun Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

<sup>b</sup> Deemed interested by virtue of his spouse's and children's shareholdings in the Company, as well as his shareholdings held through Zun Holdings Sdn. Bhd., pursuant to Sections 8 and 59(11)(c) of the Companies Act 2016

<sup>c</sup> Deemed interested by virtue of his spouse's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016

<sup>d</sup> Deemed interested by virtue of his children's shareholdings, as well as his shareholdings held through Laico Jaya Sdn. Bhd., pursuant to Sections 8 and 59(11)(c) of the Companies Act 2016

<sup>e</sup> 2,388,645 shares are held via HLB Nominees (Tempatan) Sdn. Bhd.

## ANALYSIS OF SHAREHOLDINGS

**Thirty (30) Largest Shareholders**

As at 30 April 2020

No.	Name of Securities Account Holders	No. of Shares	%
1	HSBC Nominees (Asing) Sdn Bhd <i>HBAP for Gold Connection Assets Limited (PB-SGDIV501999)</i>	47,740,072	17.19
2	Zun Holdings Sdn Bhd	32,435,375	11.68
3	Puan Sri Datin Seri Ang Gaik Nga	12,103,708	4.36
4	Song Siew Gnoh	10,162,258	3.66
5	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Deutsche Bank AG Singapore for YEOMAN 3-Rights Value Asia Fund (PTSL)</i>	9,250,487	3.33
6	CIMB Group Nominees (Asing) Sdn Bhd <i>Exempt An for DBS Bank Ltd (SFS)</i>	7,653,656	2.76
7	Teo Kwee Hock	5,447,707	1.96
8	Tay Teck Ho	4,800,000	1.73
9	Kan Yu Oi Ling	4,507,445	1.62
10	Siaw Poon Keong	4,193,678	1.51
11	Laico Jaya Sdn Bhd	3,647,954	1.31
12	Datin Jessica H'ng Hsieh Ling	3,598,465	1.30
13	CGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	3,383,675	1.22
14	Dato' Lai Chang Hun	2,883,042	1.04
15	Shoptra Jaya (M) Sdn Bhd	2,622,128	0.94
16	Dato' H'ng Chun Hsiang	2,438,748	0.88
17	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for W Ismail Bin W Nik</i>	2,388,645	0.86
18	Dato' Harry H'ng Bak Seah	2,360,329	0.85
19	H'ng Chun Ching	2,115,200	0.76
20	Kenanga Nominees (Asing) Sdn Bhd <i>Exempt An for Phillip Securities Pte Ltd (Client Account)</i>	2,054,741	0.74
21	Affin Hwang Nominees (Asing) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa</i>	1,894,996	0.68
22	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chee Sai Mun</i>	1,765,750	0.64
23	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Datin Seri Tham Hooi Loon (0151)</i>	1,404,649	0.51
24	UOB Kay Hian Nominees (Tempatan) Sdn Bhd <i>Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)</i>	1,356,348	0.49
25	Yeo Khee Huat	933,484	0.34
26	Ong Wan Chin	915,000	0.33
27	H'ng Hsieh Fern	894,199	0.32
28	Lee Sai Kim	861,520	0.31
29	Tan Pak Nang	821,340	0.30
30	Nyiew Teng Sia @ Yang Ting Chern	810,834	0.29

## LIST OF PROPERTIES

As at 31 December 2019

No.	Address/ Location	Tenure	Description	Area (square metre)	Approximate Age of properties/buildings	Net Book Value (RM'000)	Date of Acquisition/ Re-Valuation
1	Plot 1240 & 1241, Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas 11900 Penang	Leasehold 60 years Expiring on 27/8/2041	Office/ Factory building	16,339	33 years	20,585	31/12/2013
2	Plot 208A Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang	Leasehold 60 years Expiring on 20/10/2049	Office/ Factory building	6,167	33 years	7,296	31/12/2013
3	160-4-3 Anson Road, 10400 Penang	Freehold	Apartment	153	38 years	565	31/12/2016
4	588 Changjiang Road, New District Suzhou, Jiangsu, China	Leasehold 50 years Expiring on 17/8/2047	Office/ Factory building	53,325	22 years	31,061	31/12/2013
5	Unit 16, Rose Garden Xiang Xie Mountain Villa Resort No. 289 Jin San Road, Mudu Town, Wuzhong District, 215101 Suzhou Jiangsu Province, China	Leasehold 70 years Expiring on 17/5/2068	Bungalow	232	21 years	1,092	31/12/2013
6	Along Kuala Lumpur/ Seremban Highway, Pekan Bukit Kepayang, District of Seremban Negeri Sembilan	Freehold	Ongoing mixed development scheme known as Taman Bukit Kepayang	430,122	-	22,925	30/09/2004
7	Along off Jalan Simpang Ampat Mukim 14 & 15 District of Seberang Perai Tengah, Pulau Pinang	Freehold	Ongoing mixed development scheme known as Simpang Ampat	186,246	-	59,324	27/03/2014
8	Lot No. 1377 Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	26,100	-	13,008	09/09/2015
9	Lot No. 1690, Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	22,720	-	10,373	09/09/2015
10	Lot No. 1692, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	21,250	-	8,000	31/12/2016
11	Lot No. 1693, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	1,998	-	520	31/12/2016
12	27 Jalan Serendah 26/40 Kawasan Perindustrian Hicom Seksyen 26, 40400 Shah Alam Selangor	Freehold	3-Storey Semi-D factory	819	6 years	4,519	27/12/2013
13	Lot No. 5 Mukim Telui Kiri, Daerah Kuala Muda, Kedah	Freehold	Agricultural land	1,551,773	-	21,200	31/12/2013
14	PT No. 47843 Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	Commerical land	13,901	-	32,284	04/06/2015
15	4935 Jalan Siram, 12100 Butterworth, Penang	Freehold	3-storey terrace shophouse	511	28 years	746	31/12/2013
16	Flat No. 27-C, Unit 75, 3rd Floor, Jalan Tembikai, Taman Mutiara, 14000 Bukit Mertajam, Penang	Freehold	3rd floor of a 3-storey shophouse	86	32 years	48	31/12/2013
17	1-1-05 No. 1, Persiaran Bukit Jambul 1, Complex Relau, 11900 Penang	Freehold	Shoplot	86	25 years	251	31/12/2016
18	Unit No. 24, 25, 27, 91, 100, 101 & 103 Lembah Beringin, Sector 26-2, Selangor	Freehold	7 units of double storey terrace houses	1,169	21 years	-	31/12/2009
19	PT 666, Pekan Bukit Selambau, Daerah Kuala Muda, Negeri Kedah	Freehold	Industrial Land	3,971	-	522	12/09/2019
20	Part of Lot 6485, Mukim 14 District of Seberang Perai Selatan Pulau Pinang	Freehold	Commercial land	2,787	-	287	27/03/2014

### Revaluation Policy

The land and buildings of the Group were revalued by firms of independent professional valuers using open market value basis.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 56th Annual General Meeting (“AGM”) of GUH Holdings Berhad (“the Company”) will be held at the Auditorium of the Company at 2nd Floor, Plot 1240 & 1241, Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang via remote participation and electronic voting facilities on Tuesday, 30 June 2020 at 10:30 a.m. to transact the following businesses:

### AGENDA

#### As Ordinary Business

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ fees and benefits of up to an amount of RM1,100,000 with effect from 1 January 2020 until the next AGM of the Company to be held in 2021. **Resolution 1**
3. To re-elect the following Directors who retire pursuant to Article 95 of the Company’s Constitution and being eligible, offer themselves for re-election:
  - (i) Tan Sri Dato’ Seri H’ng Bok San **Resolution 2**
  - (ii) Datuk Seri Kenneth H’ng Bak Tee **Resolution 3**
  - (iii) Dato’ Harry H’ng Bak Seah **Resolution 4**
  - (iv) Mr. Chew Hock Lin **Resolution 5**
  - (v) Dato’ Ismail Bin Hamzah **Resolution 6**
  - (vi) Dato’ Lai Chang Hun **Resolution 7**
4. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2020 and to authorize the Directors to fix their remuneration. **Resolution 8**

#### As Special Business

To consider and if thought fit, to pass with or without any modifications, the following resolutions:

5. **ORDINARY RESOLUTION – CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**
  - (i) “THAT approval be and is hereby given to En. W Ismail Bin W Nik who has served as Independent Non-Executive Director for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 9**
  - (ii) Subject to the approval of Resolution 5 above, “THAT approval be and is hereby given to Mr. Chew Hock Lin who has served as Independent Non-Executive Director for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 10**
  - (iii) Subject to the approval of Resolution 6 above, “THAT approval be and is hereby given to Dato’ Ismail Bin Hamzah who has served as Independent Non-Executive Director for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 11**
  - (iv) Subject to the approval of Resolution 7 above, “THAT approval be and is hereby given to Dato’ Lai Chang Hun who has served as Independent Non-Executive Director for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 12**

## NOTICE OF ANNUAL GENERAL MEETING

**6. ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

**Resolution 13**

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorized to issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued, pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares), upon and subject to the mandate given by Bursa Malaysia Securities Berhad under paragraph 6.03 of the Main Market Listing Requirements, defined in the directive/clarification dated 16 April 2020 and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued, subject always to the approval of all relevant regulatory bodies being obtained for such issues.”

**7. ORDINARY RESOLUTION – PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

**Resolution 14**

“THAT subject to the Company’s compliance with all applicable rules, regulations and orders made pursuant to the Companies Act 2016 (“Act”), the provisions of the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and the approval of all other relevant authorities, the Company be and is hereby authorized to utilize an amount not exceeding the total retained profits of the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Malaysia Securities Berhad at any given point in time (“Proposed Share Buy-Back”).

AND THAT the Directors of the Company be and are hereby authorized to deal with the shares so purchased by the Company pursuant to the Proposed Share Buy-Back in the following manner:

- (i) to retain the shares as treasury shares; and/or
- (ii) to cancel the shares; and/or
- (iii) to resell the shares; and/or
- (iv) to distribute as share dividends; and/or
- (v) to transfer the shares for the purposes of an employees’ shares scheme; and/or
- (vi) to transfer the shares as purchase consideration; and/or
- (vii) any combination of the above; and/or

in any other manner as prescribed by the Act, Listing Requirements and/or any other relevant authority for the time being in force;

AND THAT such authority for the Proposed Share Buy-Back conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM, at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

## NOTICE OF ANNUAL GENERAL MEETING

- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

AND THAT, the Directors of the Company or any of them be and are hereby authorized to take all such steps as are necessary or expedient to implement, finalize and to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.”

8. **ORDINARY RESOLUTION – PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**Resolution 15**

“THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties, which are necessary for the day-to-day operations, in the ordinary course of business, made at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those normally available to the public and are not to the detriment of the minority shareholders, details are set out in Part B of the Circular to Shareholders dated 29 May 2020; AND THAT the authority conferred by this mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that AGM;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but not extending to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transaction contemplated and/or authorized by this Ordinary Resolution.”

9. To transact any other business of the Company for which due notice shall have been given.

By Order of the Board,

**Datuk Seri Kenneth H’ng Bak Tee** (LS 0008988) (SSM PC No.: 201908001173)  
**Kee Gim Tee** (MAICSA 7014866) (SSM PC No.: 201908002255)

Company Secretaries  
 Penang  
 Dated this 29 May 2020

## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

1. In light of the COVID-19 pandemic and in consideration of the shareholders' health and safety, the meeting will be conducted fully virtually and broadcasted from the registered office of the Company.
2. A member of the Company entitled to attend and vote at this meeting, shall be entitled to appoint any person as his proxy. A proxy need not also be a member. A member who appoints more than 1 proxy must specify the proportion of his holdings to be represented by each proxy.
3. A member shall not be entitled to appoint more than 2 proxies to attend and vote at this meeting. Where a member is an Exempt Authorized Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorized Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office at Part of Plot 1240 & 1241, Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang not less than 48 hours before the time appointed for holding the meeting. For shareholders' online registrations, kindly refer to the annexure of the Administrative Notes published on the Company's website and announcement.
6. Pursuant to Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions will be put to vote by way of poll. Only a Depositor whose name is registered in the Record of Depositors as at 22 June 2020 shall be regarded as member to attend, speak and vote at this meeting.
7. To attend and vote on any or all of the resolutions at this meeting, you may participate via remote participation and electronic voting facilities in accordance with the procedures as set out in the Administrative Notes, which is made available at the Company's website at <http://www.guh.com.my>, or send in your votes in advance by appointing the Chairman of the Meeting as your proxy. If you have any questions in relation to any item of the Agenda of the Meeting, you may send them in via real time submission of typed texts during the Meeting in accordance with the procedures as set out in the Administrative Notes.

### Explanatory Notes:

#### Audited Financial Statements for the financial year ended 31 December 2019

This Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. Shareholders' approval is not required. Hence, this Agenda item will not be put forward for voting.

#### Resolution 1 - Payment of Directors' fees and benefits in respect of the current year 2020 until the next AGM

Pursuant to Section 230(1) of the Companies Act, 2016, fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board agreed with the recommendation from the Remuneration Committee that shareholders' approval shall be sought at the Company's 56th AGM for the payment of Directors' fees and benefits in respect of the current year 2020 up till the next AGM of the Company to be held in 2021.

The payment of fixed fees to the Directors is to commensurate and compensate them for their time and effort on an on-going basis for their service to the Company.

The full details of the Directors' fees and other benefits paid during the financial year ended 31 December 2019 are disclosed in Note 28 to the financial statements on page 112 of the Company's Annual Report 2019.

#### Resolution 2, 3, 4, 5, 6 & 7 – Re-election of retiring Directors

Article 95 of the Company's Constitution – An election of Directors shall take place each year. All Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election. The retiring Directors, Tan Sri Dato' Seri H'ng Bok San, Datuk Seri Kenneth H'ng Bak Tee, Dato' Harry H'ng Bak Seah, Mr. Chew Hock Lin, Dato' Ismail Bin Hamzah and Dato' Lai Chang Hun being eligible, have offered themselves for re-election.

#### Resolution 8 – Re-appointment of Auditors

Pursuant to Section 273(b) of the Companies Act 2016, the term of office of the present Auditors, Messrs. Crowe Malaysia PLT, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue



## NOTICE OF ANNUAL GENERAL MEETING

in office. Crowe Malaysia PLT have indicated their willingness to be re-appointed as Auditors for the financial year ending 31 December 2020. The Proposed Resolution 8, if passed, will also give the Directors, authority to determine the remuneration of the Auditors.

### **Resolution 9, 10, 11 & 12 – Continuing in office as Independent Non-Executive Directors**

The proposed Resolution 9, 10, 11 and 12 are to enable En. W Ismail Bin W Nik, Mr. Chew Hock Lin, Dato' Ismail Bin Hamzah and Dato' Lai Chang Hun, to continue serving as Independent Directors of the Company.

The Board of Directors had via the Nomination Committee conducted the annual performance evaluation and assessment of independence of the Directors. The justifications of the Board of Directors for recommending and supporting the resolutions for their continuing in office as Independent Directors are set out below:

Justifications:

- (a) Fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (b) Provide the Board with diverse set of experience, skills and expertise in the relevant field/business industry;
- (c) Sufficient time and attention to their professional obligations for informed and balanced decision making; and
- (d) Able to bring independent and objective judgment to the Board deliberations and their position in the Board has not been compromised by their familiarity and long relationship with other Board members.

The Board will seek shareholders' approval through a two-tier voting process in line with recommendation of the Malaysian Code on Corporate Governance.

### **Resolution 13 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Resolution 13 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the 55th AGM held on 23 May 2019. As at the date of this Notice, the Company has not issued any new shares and the authority will lapse at the conclusion of the 56th AGM to be held on 30 June 2020.

The proposed Resolution 13, if passed, will give authority to the Directors of the Company to issue and allot shares up to and not exceeding 20% of the total number of issued shares of the Company (excluding treasury shares) which is defined under the general mandate limit given by Bursa Malaysia Securities Berhad in the directive/clarification dated 16 April 2020 as part of the relief measures to aid and facilitate listed issuers in sustaining their business or easing their compliance with the rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and implementation of Movement Control Order. In the meantime, the Company will be able to raise fund by having general mandate from the shareholders to authorize the Directors to issue and allot shares without convening a general meeting in the near future which will be both time and cost consuming, if needs arise.

The Board of Directors of the Company is of the view that the increased in general mandate limit for new issue of securities up to 20% is in the best interest of the Company and its shareholders due to the impact of the COVID-19 outbreak has significantly disrupted the Group's business activities and it is expected to have a negative impact on the Group's performance for the near future as the outbreak continues to progress and the conditions are unpredictable. Therefore, this authority will help and ease the Company with additional fundraising flexibility to meet the fund raising activities, including but not limited to further placing up shares, for purpose of funding future investments, acquisition, working capital and operational expenditure, expeditiously and efficiently.

### **Resolution 14 – Proposed renewal of Share Buy-Back authority**

The proposed Resolution 14, if passed, would empower the Directors of the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to 10% of the total number of issued shares of the Company. Further information is set out in Part A of the Share Buy-Back Statement dated 29 May 2020.

### **Resolution 15 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed Resolution 15, if passed, would allow the Company and/or its subsidiaries and related companies to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations with the related parties.

This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, or revoked or varied by an ordinary resolution passed by the shareholders of the Company in general meeting, whichever is earlier. Further information is set out in Part B of the Circular to Shareholders dated 29 May 2020.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as Director at the forthcoming 56th Annual General Meeting (AGM) of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The details of the proposed authority for Directors to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note of Resolution 13 of the Notice of AGM.

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No. of Shares Held	
CDS Account No.	

	Shareholder	Proxy 1	Proxy 2
Name			
NRIC No.			
Phone No.			
Email			
Address			
%			

or failing him, the Chairman of the Meeting as my/our proxy(ies) to vote for me/us and on my/our behalf at the 56th Annual General Meeting ("AGM") of the Company to be held at the Auditorium of the Company at 2nd Floor, Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang via remote participation and electronic voting facilities on Tuesday, 30 June 2020 at 10:30 a.m. and at any adjournment thereof.

Please indicate with an "X" as to how you wish to cast your vote. If no instruction as to voting is given, the proxy will vote or abstain from voting at his discretion.

Ordinary Business		For	Against
To approve the payment of Directors' fees and benefits up to RM1,100,000 with effect from 1 January 2020 until the next AGM of the Company	Resolution 1		
To re-elect Tan Sri Dato' Seri H'ng Bok San who is retiring pursuant to Article 95 of the Company's Constitution	Resolution 2		
To re-elect Datuk Seri Kenneth H'ng Bak Tee who is retiring pursuant to Article 95 of the Company's Constitution	Resolution 3		
To re-elect Dato' Harry H'ng Bak Seah who is retiring pursuant to Article 95 of the Company's Constitution	Resolution 4		
To re-elect Mr. Chew Hock Lin who is retiring pursuant to Article 95 of the Company's Constitution	Resolution 5		
To re-elect Dato' Ismail Bin Hamzah who is retiring pursuant to Article 95 of the Company's Constitution	Resolution 6		
To re-elect Dato' Lai Chang Hun who is retiring pursuant to Article 95 of the Company's Constitution	Resolution 7		
To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorize the Directors to fix their remuneration	Resolution 8		
Special Business		For	Against
To approve En. W Ismail Bin W Nik to continue in office as Independent Non-Executive Director	Resolution 9		
To approve Mr. Chew Hock Lin to continue in office as Independent Non-Executive Director	Resolution 10		
To approve Dato' Ismail Bin Hamzah to continue in office as Independent Non-Executive Director	Resolution 11		
To approve Dato' Lai Chang Hun to continue in office as Independent Non-Executive Director	Resolution 12		
Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 13		
Proposed renewal of Share Buy-Back Authority	Resolution 14		
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Resolution 15		

Dated this ..... day of ....., 20 .....

.....  
Signature of Member/Common Seal

**Notes:**

1. In light of the COVID-19 pandemic and in consideration of the shareholders' health and safety, the meeting will be conducted fully virtually and broadcasted from the registered office of the Company.
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3. A member shall not be entitled to appoint more than 2 proxies to attend and vote at this meeting. Where a member is an Exempt Authorized Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office at Part of Plot 1240 & 1241, Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang not less than 48 hours before the time appointed for holding the meeting. For shareholders' online registrations, kindly refer to the annexure of the Administrative Notes published on the Company's website and announcement.
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The Company Secretary

# **GUH HOLDINGS BERHAD**

Part of Plot 1240 & 1241,  
Bayan Lepas Free Industrial Zone,  
Phase 3, Bayan Lepas,  
11900 Penang,  
**Malaysia**

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**website: [www.guh.com.my](http://www.guh.com.my)**