



# GUH HOLDINGS BERHAD

(196101000062 (4104-W))



**Annual Report 2020**

# 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 Seri 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

81 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 the 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 including industry sectors. He has accumulated in-depth knowledge and recognition over the years.

Tan Sri Dato' Seri H'ng's daughter, Datin Seri 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 57th Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries as disclosed on page 118 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 2020.

## PROFILE OF DIRECTORS

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

*DGSM, DPNS, DSPN, PKT, PJM*

Chief Executive Officer/Group Managing Director

61 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 is a member of the Share Grant Plan Committee of the Board. He also serves as the Director in majority of the 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 Seri 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 57th Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries as disclosed on page 118 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 2020.

## PROFILE OF DIRECTORS

**Dato' Harry H'ng Bak Seah***DSPN, PJK*

Non-Executive Director

71 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 manufacturing and operations 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 Seri 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 57th Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries as disclosed on page 118 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 2020.

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

Non-Executive Director

55 years old, Malaysian

Datin Seri 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 Seri 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 Seri 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 Seri 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 Seri 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 57th Annual General Meeting. She is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries as disclosed on page 118 of the Annual Report.

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

Datin Seri Jessica attended 3 out of the 4 Board meetings which were held in the financial year ended 31 December 2020.



## PROFILE OF DIRECTORS

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

Independent Non-Executive Director  
77 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, the Risk Management & Sustainability Committee and the Share Grant Plan 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 2020.

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

*AMN, KMN, DIMP*  
Independent Non-Executive Director  
74 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 completed 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 2020.

## PROFILE OF DIRECTORS

**Dato' Lai Chang Hun***DSPN, DJN, PKT*

Independent Non-Executive Director

83 years old, Malaysian

Dato' Lai Chang Hun has been appointed to the Board since 13 January 1994. Mr. Lai is a member of the Nomination Committee and the Share Grant Plan 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 2020.

**En. W Ismail Bin W Nik**

Independent Non-Executive Director

74 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. Through 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 2020.

## PROFILE OF DIRECTORS

### **Dato' Dr. Gan Kong Meng**

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

Independent Non-Executive Director

66 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 a Senior Vice President for corporate integrity/surveillance & security and Chairman for credit review and risk assessment/investor relations of a public listed company till 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 all of the 4 Board meetings which were held in the financial year ended 31 December 2020.

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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 33, 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 Seri 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 57th Annual General Meeting.

**Ms. Yeoh Saw Gaik**

*Senior General Manager – Corporate Office  
Aged 51, 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 23 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:**

- 13 July 2020

**Mr. George Koay Soo Keat**

*General Manager – Corporate Office  
Aged 35, Malaysian*

**Qualifications:**

- Fellow member of the Association of Chartered Certified Accountants (UK)
- Member of the Malaysian Institute of Accountants
- Chartered Accountant

**Working experiences:**

- More than 14 years of experience in the field of Corporate Finance, Strategic Planning, Business Development, Accounting, Auditing and Corporate Advisory

**Appointment to the current position:**

- 1 January 2021

## PROFILE OF MANAGEMENT TEAM

**Dr. Brian Kok Siew Foong**

*General Manager – Electronic Division*

*Aged 64, 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

**Mr. Lim Chin Wang**

*Senior General Manager – Utilities Division*

*Aged 42, Malaysian*

**Qualifications:**

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

**Working experiences:**

- More than 19 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. Leow Chee Jian**

*Deputy General Manager – Properties Division*

*Aged 55, 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 of 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 2020.

### Performance Overview

Last year, the COVID-19 pandemic brought about a lot of challenges to organizations worldwide. For financial year ended 31 December 2020, the revenue for GUH Group was RM239.9 million, RM96.1 million lower than the revenue for year 2019 of RM336.0 million. The decrease in revenue was mainly due to the dropped from Electronic Division of RM213.3 million. GUH Group recorded a loss before tax of RM40.3 million for year 2020 in contrast to a profit before tax of RM7.1 million for year 2019. The increase in loss before tax mainly attributable to the loss before tax of RM29.3 million recorded by the Electronic Division for year 2020 compared to a profit before tax of RM13.3 million for year 2019 mainly due to the negative impact of workers strike at China operation together with the challenging and difficult times throughout the duration of the COVID-19 pandemic.

### Significant Event

On 18 August 2020, GUH announced that the Company has entered into transactions for the proposed acquisition of 300,000 new shares in Yabisi Solar Power Co., Ltd. ("Yabisi"), a company incorporated in Taiwan, R.O.C at a consideration of NTD3,000,000 or approximately RM429,000 based on the exchange rate of NTD10:RM1.43. The rationale and benefit for the proposed acquisition will result in GUH acquiring 60% equity stake in Yabisi which has obtained the right to plan the use of national land from the Taiwanese authorities, which is a pre-conditioned for a proposed renewable energy project. Thus, this will create potential for the Company to add a steady revenue stream from abroad.

On 15 September 2020, GUH announced that the Company has entered into Memorandum of Understanding with Taiwanese companies to collaborate with the aim of exploring business opportunities within the renewable energy sector in Taiwan. The collaboration is in line with the Group's business strategy and this will create the potential for the Company to add a steady revenue stream from abroad. Given that the Taiwanese Government approved plan to promote green energy technology and industrial innovation as part of the Government's "five plus two" innovative industries plan, which calls for 20 percent of Taiwan's energy to

come from renewable sources by 2025. On that 20 percent, nearly two-thirds (66.3%) will be solar power. The plan lays a clear path toward achieving this goal : 6.5 gigawatts (GW) of installed capacity by 2020 and by 2025 to full 20GW.

On 2 March 2021, GUH announced that its wholly-owned subsidiary known as GUH Utilities Holdings Sdn. Bhd. ("GUH Utilities") has entered into a Share Sale Agreement with Hng Capital Sdn. Bhd. ("Hng Capital") to dispose of 9,180,000 ordinary shares, representing 60% of the issued and fully paid up share capital of GUH Renewable Energy Sdn. Bhd. ("GUH Renewable Energy") at a cash consideration of RM9,147,319.00. The disposal is deemed to be a related party transaction pursuant to Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad. The rationale of the disposal is to enable GUH and Hng Capital to collaborate and enter a joint venture agreement to undertake the potential power generation projects/opportunities in Taiwan. The collaboration is mutually beneficial and it enables GUH to tap into the expertise and technical know-how of Hng Capital which is a strong player in the power generation business. Hng Capital's portfolio includes coal-fired, hydropower and solar photovoltaic power plants. Both parties see the joint ventures as an important model for future cooperation in the renewal energy industry. These projects will enhance GUH's presence in similar projects in future. The proven experience and know-how of Hng Capital will definitely ease the implementation of the renewable energy project and optimise the cost in the construction of power generation projects as the projects in Taiwan are complex large-scale floating/ground and roof top set up. In addition with an established partner, it will also assist in obtaining financing from financial institutions and attract new types of renewable energy projects in the future.

### Sustainability of Business

The Board of GUH always acknowledges that maintaining a good business is not 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, impact on the environment and society it operates.

## EXECUTIVE CHAIRMAN'S STATEMENT

More information on GUH's initiatives is disclosed in the Sustainability Statement of the Company's Annual Report 2020.

### 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.

GUH is committed to conducting business dealings with integrity and has adopted a zero-tolerance approach against all forms of bribery and corruption. GUH adheres to the principles of good corporate governance and emphasizes on operating its business with fairness and transparency.

More information in relation to corporate governance can be found in the Corporate Governance Overview Statement of the Company's Annual Report 2020.

### Dividend

The Company has consistently paid dividends while allocating funds for business growth and investment in the past. However, dividend was not declared by the Board for the financial year ended 31 December 2020 due to the uncertain market condition and performance of the Group.

### Related Party Transactions

Save as disclosed above, 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 30 June 2020. 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 pandemic. It is a crisis that every sector and each individual must be involved to overcome this troubled times.

Despite the continuous challenges, volatile and uncertainties in market condition forecast for the year 2021, GUH Group will strive through the adverse situation by adopting a cautious approach. The Electronic Division anticipates a positive growth in demand for printed circuit boards in year 2021 whereas the Properties Division continuously strikes to sustain the market share by enhancing and improving its products despite the adverse market outlook and weak consumer sentiment to continue in the year. The Utilities Division expects market environment to remain tough and it is anticipated that the construction industry in the country will slowly go through recovery phase in year 2021. 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, employees, suppliers/vendors, customers, 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 2020, GUH Group recorded a lower revenue of RM239.9 million compared to RM336.0 million for year 2019.

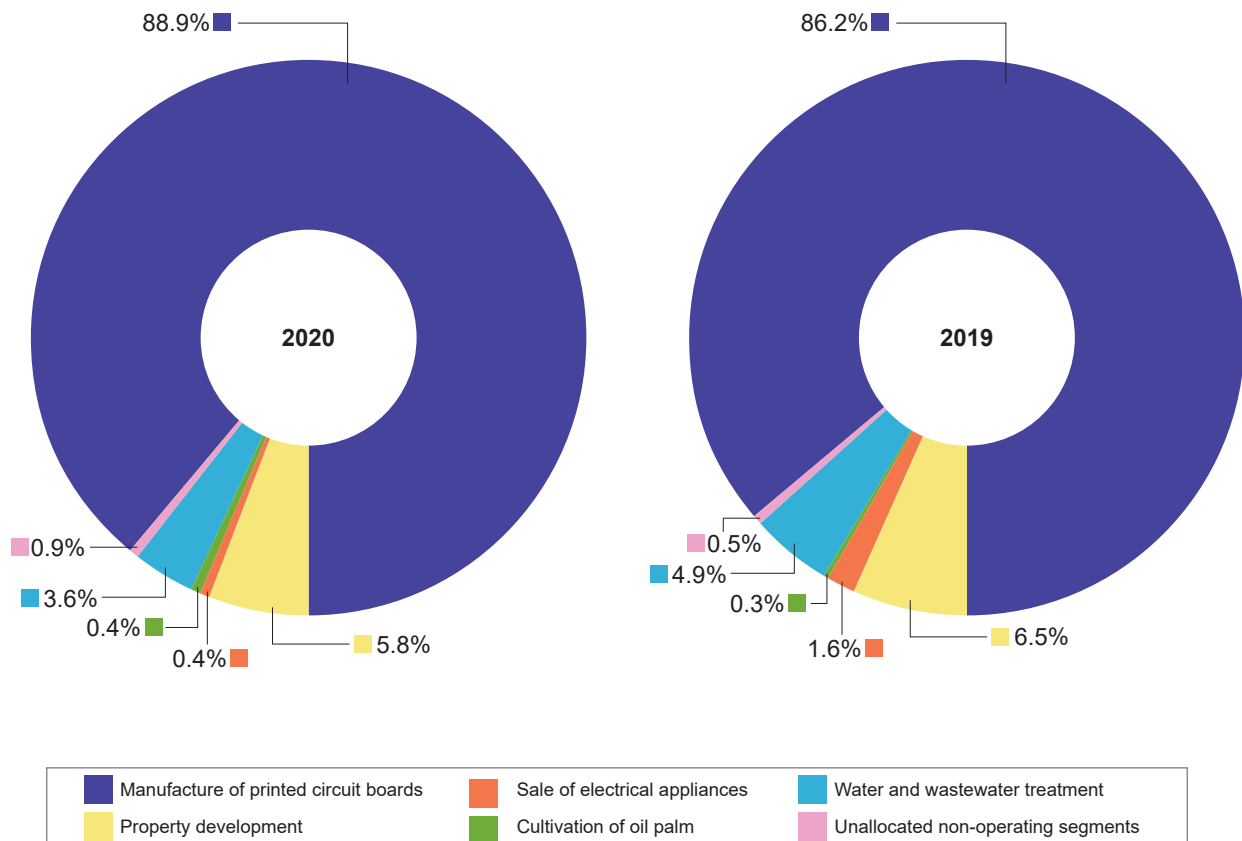
The decrease in revenue was mainly due to the dropped in Electronic Division of RM76.3 million from RM289.6 million in year 2019 to RM213.3 in year 2020. This was mainly due to the negative impact of workers strike at China plant and the unprecedented COVID-19 pandemic throughout the year.

Properties Division generated a lower revenue of RM14.0 million or 5.8% of Group revenue (year 2019: RM21.9 million or 6.5%) in line with lower property sales amid COVID-19 pandemic.

In addition, Utilities Division's revenue had decreased to RM8.8 million or 3.7% of Group revenue (year 2019: RM16.4 million or 4.9%) on slower construction progress of water projects whilst Electrical Division recorded a lower revenue of RM0.9 million or 0.4% of Group revenue (year 2019: RM5.5 million or 1.6%) mainly due to the cessation of business operation.

In contrast, Investment Division recorded a higher revenue of RM2.0 million or 0.8% of Group revenue for year 2020 (year 2019: RM1.8 million or 0.5%) on higher rental income whilst Plantation Division's revenue increased to RM0.9 million or 0.4% of Group revenue (year 2019: RM0.8 million or 0.2%) on higher CPO prices.

## GUH GROUP REVENUE BY SEGMENT





MANAGEMENT’S DISCUSSION AND ANALYSIS

Due to the challenging market condition and COVID-19 pandemic, GUH Group recorded a loss before tax of RM40.3 million for year 2020 in contrast to a profit before tax of RM7.1 million for year 2019. The increased in loss before tax mainly attributable to the loss before tax of RM29.3 million recorded by the Electronic Division for year in 2020 compared to a profit before tax of RM13.3 million for year 2019. The negative impact of workers strike at China operation was one of the main reasons.

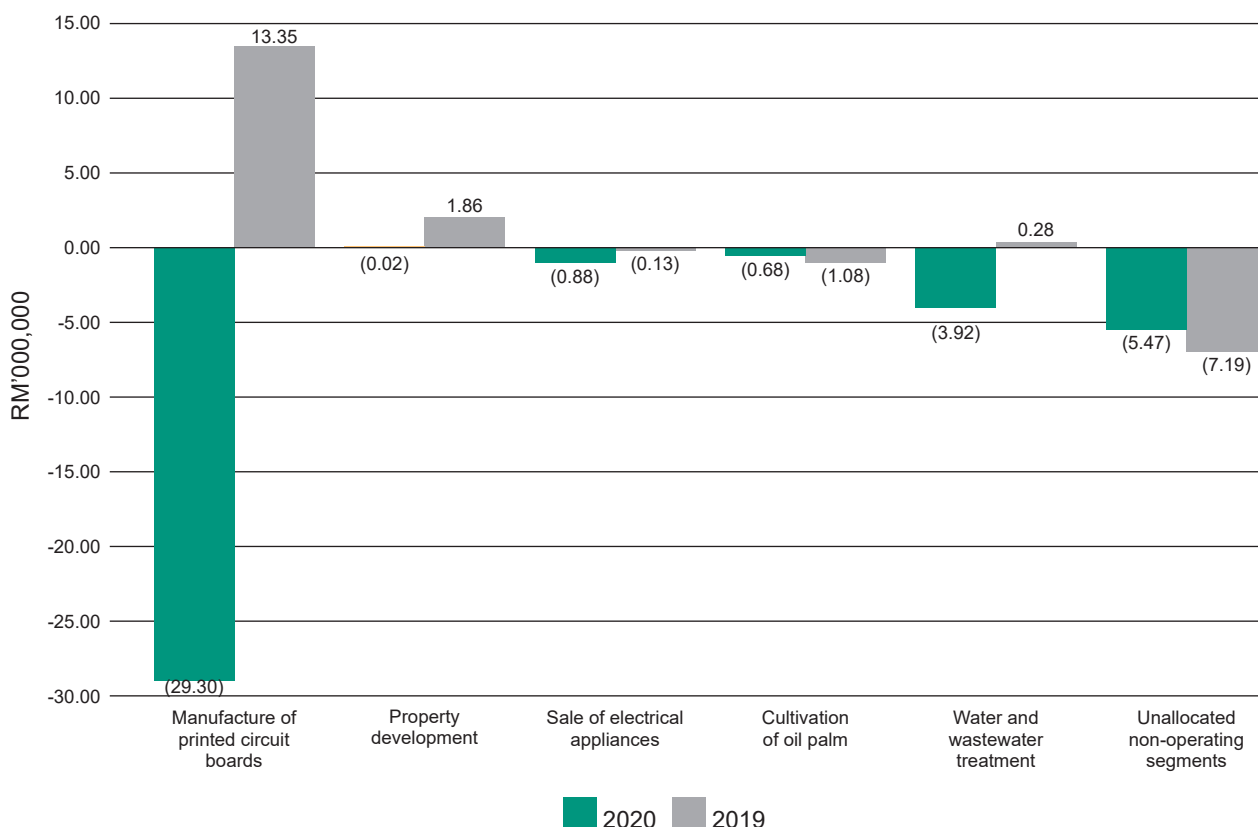
Utilities Division recorded a loss before tax of RM3.9 million for year 2020 in contrast to a profit before tax of RM0.3 million for year 2019 mainly due to reversal of provision for liquidated ascertained damages on water projects in year 2019 and lower percentage of completion for water projects in year 2020.

Properties Division generated a loss before tax of RM0.02 million for year 2020 in contrast to a profit before tax of RM1.9 million for year 2019 in line with lower property sales. Electrical Division’s loss before tax had increased to RM0.9 million for year 2020 compared to RM0.1 million for year 2019 in line with lower revenue following the cessation of business operation.

On the other hand, Investment Division’s loss had narrowed to RM4.7 million for year 2020 compared to RM5.8 million for year 2019 mainly due to gain on derecognition of contingent consideration of RM3.0 million partly offset by impairment loss on investment in associate of RM2.1 million.

In addition, the share of associates’ loss had decreased to RM0.8 million for year 2020 compared to RM1.4 million for year 2019 mainly due to higher term fee whilst Plantation Division incurred a lower loss before tax of RM0.7 million for year 2020 compared to RM1.1 million for year 2019 mainly due to higher CPO prices and favorable fair value changes in biological assets.

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)*

GUH PG expects the mid-term and long-term prospects of its manufacturing plant to continue to be stable and profitable after a customer portfolio shift and technology revamp from year 2013. Currently, GUH PG manufactures PCBs for customers in the manufacturing domain of air conditioners, automotive infotainment, music instruments, office automation, home appliances, telecommunications and high end audio and video equipment. Despite the negative effects of the COVID-19 pandemic, which affected customer deliveries in the months of February to May 2020, GUH PG sees a recovery trend in most of the domains that it has business in at the moment of this report.

Looking ahead, GUH PG acknowledges that the world of printed circuit boards (PCBs) is changing constantly driven by new and emerging technologies. GUH PG recognises that the potential of the division could be viewed in four major final product domains and the investments towards such direction will garner a future for the division.

- The driving force of information technology and its inseparable twin of computing and IoT (Internet of Things) has transformed the world of PCBs so rapidly that manufacturers like GUH PG has to be well versed in fields of combined digital and analogue designs.
- The second major driving force is the demand for PCBs that operate at high power and heavy current levels due to the advent of new technology air conditioners, DC inverters, multi-splits and the green technology impetus.
- The third trend is the demand for medical applications, which has taken on a new urgency in the world thus opening up reassessment for precision instrument manufacturers, and intelligent life support machines remotely connected with medical learning algorithms and AI diagnostics.

- Lastly, PCBs for automotive systems has taken on a new world order from the expectation of a leap from age old internal combustion petrol driven vehicles to full AI electric vehicles and its subset of intelligent chargers and AI owner apps, IoT driven multi-channel communications and utilisation of big data platforms.

Due to the above, GUH PG believes that the new trend is towards PCBs being co-designed in the development phase for manufacturing feasibility and DFMEAs and in the later part the modules contract manufactured. GUH PG will attempt drafting investment plans driven towards PCBs capable of capturing business in the above product fields to secure a future for the factory.

**Financial Indicators**

GUH PG's revenue and profit contribution to the Group has remained stable since year 2015. Pertinent to the reporting year of 2020, despite the tumultuous market conditions triggered by the COVID-19 pandemic, GUH PG still managed to post a profit before tax of RM8.8 million on the back of a revenue of RM164.7 million. Going forward, GUH PG expects year 2021 to be a stabilised year, in line with customers' behaviour trend and the prudent ability to repay a RM20.0 million machinery term loan. GUH PG expects the sturdy climb in revenue will resume from year 2022 driven by its strategies of quality products and strategic niche market selections of air conditioners and home appliances, piano and music instruments, automotive, high end audio and other non-traditional PCB domains.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Operational Indicators and Significant Changes

Comparing 2013 and 2020 Performances

- Sales in m<sup>2</sup> of 4-layer PCB increased 15 fold
- Sales of 6-layer PCB increased 10 fold
- Sales of double-sided PCB increased 4 fold

In year 2020, despite the COVID-19 pandemic, GUH PG continues its investment plan of RM4.4 million in the modernising and quality improvement of the plant. Through the years, the investments and transformation of GUH PG from a single sided printing factory to a renowned multi-layer PCB plant in Malaysia has been on a continuous improvement course. In a noteworthy summary, from year 2010 to 2020 it has invested RM108.4 million on capital expenditure to bring the plant up to world standards. These included 26 Precision Router Machines purchased in bulk in response to the customers' need for dust free profile forming due to the ever miniaturisation component trend of the electronics world, the transformation of the plant included demolishing and rebuilding completely new factory buildings and installing Inner Layer Clean Room with Auto Dry Film Laminator, CCD-LED Imaging Machines, Vacuum Chamber Etching Line, Auto Thickness Compensating Pre-Treatment Machine and Automatic Optical Inspection Machines.

In order to have a complete continuous flow in-house Inner Layer Layering and Lamination (INLL) process, a state of the art Automatic Inner Layer Hot and Cold Press System and a Railed Automatic Stacking, Recovery, Polishing System was commissioned. The outer layer plant was modernised in a bold move by demolishing two older factory buildings to make way for the PTH building and was equipped with state of the art 10K cleanrooms, Auto Dry Film Laminators, CCD Guided Imaging Machines, Palladium Based PTH Machines, Programmable Plating Machines complete with Automatic Dosing and Pokayokes. The precision etching processes were modernised with Japan Standard Developing, Etching and Stripping Lines. In process Quality Control were revamped from visual checks to Automatic Optical Inspection Machines and at the outgoing quality inspection took on Automatic Visual Inspection Machines.

### Operational Activities

GUH PG has been certified with ISO 9001 since year 1994 and ISO 14001 Environmental Management System in

year 2004 followed by the TS16949 Automotive Quality Management System in year 2009 and upgraded as ISO9001:2015 and IATF16949:2016. From its inception and throughout its three decades of PCB manufacturing, the Penang plant has won numerous awards from world renowned Japanese companies with manufacturing plants in Malaysia and brand recognition bodies including the Brand Laureate Best Brand Award of year 2018. The Management pledges on upholding the priority mission of customers' satisfaction and have ingrained doctrines of striving to exceed customers expectations in its products and product development support with the ultimate aim of achieving perpetual customers delight and business sustainability. Driven by Kaizen approach, investments in modern technologies and machinery are continuously made in order to exploit technological advancements in the field. In order to ensure Good Management Practices are upheld, the bastions of TQM and proactive Quality Control, Kaizen (Continuous Improvement) and Kaikaku (Innovation) are top driven and encouragement reinforced by the Hoshin Kanri (Strategy Deployment) methodology.

A resultant commitment is that actual products and services received by customers feature exemplary key indexes of quality, competitive prices and environmentally friendly products and a namesake of a good reputation in Malaysia. GUH PG markets its products based on the honour of "we sell more than PCBs" and abide by the motto of supporting its customers from material test and layering stage, design stage, pre-production and production, securing customers based on a long term approach instead of a pure pricing game. It takes advantage of the centric locality of Malaysia and the region's demand for medium priced medium complexity PCBs for air conditioners, music instruments, non-safety related automotive, home-appliances, high end audio and visual products and office equipment. GUH PG also markets and sells PCBs in Thailand as well as in Indonesia but is normally dwarfed in size by the big players of Thailand based on the low price strategy being practiced. GUH PG takes on a role as a quick turn-around reasonable priced manufacturer with a willingness to cater to many demands that big players are reluctant to provide in the Thailand domain.

Nevertheless, the most important operational objective is to cope with the COVID-19 situation and to emerge from the pandemic with the least damage as possible.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management team is always on the alert on threats arising from the COVID-19 situation and SOPs are diligently implemented and adhered. GUH PG is currently operating and delivering with minimum disruptions.

**Anticipated Risk**

The potential to grow the customers' list currently is Thailand air conditioned makers and without doubt the main threat is also from Thailand PCB competitors that have much bigger capacities than GUH PG. Local Malaysian PCB makers will continue their lower than GUH PG price tactics at RFQ bids to remain relevant. Its strategy dwells more on the selling points of good and fast samples for their R&D as well as its consistent provision of quality and delivery flexibility. As an example, when some other electronic components are in short supply, GUH PG agreed to assist in CAD work and shortened lead times in order to invest in goodwill and to reserve this goodwill points as bargaining gambits in its RFQ negotiations at their local plants as well as in the overall allocation meetings in Japan annually.

An inherent and reoccurring risk that GUH PG faced is the frequent CCL price increase due the copper commodity movement. At the moment of this report, NANYA Laminates and King Board is again leading the call to have a price increase of which GUH PG is voicing its disagreement but eventually need to accede to their demands. Nevertheless, GUH PG's marketing team is negotiating a revision of selling prices upwards to reflect the material price increase imposed by CCL makers and because of the long standing partnership and understanding with its customers, it is confident that a fair selling price adjustment will ensue between raw material prices and PCB selling prices.

The COVID-19 pandemic has changed the "landscape" of the availability of workers. On a general perspective, the ease of getting foreign workers will not be there anymore in Malaysia. In order to reduce the reliance on foreign workers, its long-term strategy is to gradually implement semi-automation of identified processes of repetitive tasks and human mistake prone processes.

**Going Forward**

GUH PG's position in Malaysia is still advantageous with medium priced and medium complexity PCBs for air conditioners, music instruments, non-safety related automotive, home-appliances, high end audio and visual products and office equipment. GUH PG is in consumer electronics and low end automotive applications with a potential on industrial/medical and high end automotive applications.

GUH PG caters to an alternative solution to China PCB manufacturers and it draws on a proximity logistic advantage supplying lower volume higher model mix PCBs to Malaysia, Thailand, Indonesia and Vietnam. GUH PG's positioning has seen a long history and its current invaluable know-how by tapping onto the knowledge base of suppliers, machine makers and customers and also predominantly learning on its own by experimentation, documentation, adaptation and implementation. This is showcased in its current abilities of impedance controlled, LSM plug holes, high-hole count 0.4mm size, 3/3 track and width, high current thick copper etching, precision carbon print for electronic pianos and 6-layer PCBs with 8-layer PCBs in the preliminary marketing stage. GUH PG is working on getting a technical partner or partners with the ambition of going further into business opportunities of automotive, medical and industrial domains. It anticipates the next "great leap" forward for GUH PG would be to tap into the domains of high end low volume (HDI) PCBs that abound in the free industrial zone (FIZ) factories.

Nevertheless, a company's success has often been touted and seen from its technological advantage but it shares the insight of overcoming important difficulties by saying that success and sustainability for any company will come only with the actual embrace of the "age old principle" of People are its Best Assets. It is only with the right team that you have formed and nurtured that can synergize and soldier on with perseverance in bad times while executing a fast manoeuvre to attain competitive advantage when opportunities arise. Going forward GUH PG has a commitment to develop and reward the people with good performances as well as to mentor others to become good performers.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

GUH SZ a "One-Stop Solution" PCB manufacturer in the eastern regional market of China supplies to selective customers with a variety of single-sided, double-sided, multi-layered and LED PCBs. While maintaining current products, the division is moving towards more niche market applications such as car antennas, automotive lighting, SMART home appliances, power supplies, and motor PCBs. GUH SZ hopes the plant to re-establish its previous renowned namesake and competitive advantage in the China market with the ongoing revamp of production methodology, the hiring of new staff and workers and the automation of key processes.

### **Financial Indicators**

In year 2020, GUH SZ posted a dwindled revenue of RM46.2 million which was a 53.19% decline from RM98.7 million achieved in 2019; and recorded a loss before tax of RM30.6 million in 2020 due to provisions in a workforce strike and stocks revamp exercise. The division encountered a down trend in sales due to the adverse news spurred by the local Government's factory relocation notices and thus affecting customers' new models allocation and business sentiments. Further, there was an event of a workforce dispute due to the uneasy sentiments caused by news of the government land acquisition exercise and the related disruptive government official visits. Nevertheless, GUH SZ's reserves remain strong and the management is making all efforts possible to turn around the division.

### **Anticipated Risks**

On a macro perspective there are two major factors that affects the China business environment in which GUH SZ is in. The first is that despite China having a good start in control and vaccination, the Covid-19 pandemic angst still lingers on and danger of a mutated virus threat. In general, most factories would take a defensive, stay-put approach rather than having major investments for a couple of years. The second major dampening factor is

the unresolved trade war between giants and that despite China having a huge home market for manufactured goods, it still by and large depend on exporting to US and the EU associated countries as a means to feed its colossal industry mechanism and massive raw material production appetite. Competition in China will become more and more elevated and prices depressed. Further, as China claims to become a progressively developed nation, the reins of industry environmental impact will be tightened in all areas of water treatment, air scrubbing and soil contamination standards thus exacerbating cost to a low profit margin PCB industry. Nevertheless undeterred, GUH SZ's management will take on a new approach by growing its knowledge to keep up with PCB requirements of 5G infrastructure, Electric Vehicles (EV), SMART home appliances and AI products, multi-layer and high voltage PCBs, including IT server and storage, mobile wireless base stations to emerge as a niche market PCB producer with a "Blue Ocean" approach.

### **Going Forward**

Moving forward, GUH SZ pledges a series of action plans including cost reduction strategies in manufacturing operations, supplier management, logistic and stringent budgetary control to remain competitive in the market. The plant will move towards more niche market applications and to learn the intricacies of being a small volume but diverse range of products producer. The targeted higher pricing PCBs are for end-products of automotive electronics and SMART home appliances. This new business expansion will generate additional sales revenue with better profit margin while maximising the utilisation of production capacity. On a related perspective, the management and a team of consultants engaged by GUH are working with government agencies on a win-win approach on the potential land acquisition and believe the results would be favourable to GUH SZ in one way or another.

## 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)*

In the fiscal year of 2020, the division has achieved RM14.0 million in total sales albeit the bleak perspective in the property market which was severely caused by the enormous impact of global economy crisis hit by the COVID-19 pandemic and trade wars.

In the situation of economy vicissitude, approximately 36% of sales plummet as compared with the result in 2019 which was the corollary of 68% diminution of net profit before tax in 2020.

The lands of GUH Properties, namely Taman Bukit Kepayang is strategically located in the full-fledged Seremban town, right beside the North-South highway and the gateway of Seremban toll. Also at the main corridor of Jalan Sungai Ujong that links the old and new Seremban town with excellent traffic network as well as public amenities and facilities, which comprises shopping malls, medical centres, commercial hubs, and sports centres are within reaches.

Kepayang Sentral, a mixed commercial development which is advantageously located next to the exit of Seremban/Labu toll. The development comprises range of commercial premises and edifices with part of the subject development has been commenced. The first phase of Kepayang Sentral, which comprises 28 units of shop office is expected to be completed by 2021, the subsequent second phase is slated to be inaugural within 2021. The development is devised with a modern sophisticated design. In addition, the concept offers the widest shop front of 30 feet in Seremban, which is in conjunction with the exuberant commercial business in the vicinity. GUH Properties anticipates the product range to be well receptive with demand from the market.

GUH Properties consistently strives 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 outlook affected by various factors such as COVID-19 pandemic, weak currency, lack of demands in property, hence the soft property market trend. GUH Properties will continue to increase marketing efforts as well as giving out appealing packages to attract sales and tackle the soft sluggish and competitive property market. The management is currently submitting the application to the local authority to cater to the current sluggish market demand on the residential housing. It is anticipated the

approval will be obtained within 12 months. The product ranges are to be of affordable for the market needs.

GUH Development embarks on commercial development which comprises of drive-thru restaurants and retails shops in the center of the township of Simpang Ampat, Penang. It is located in the centre of this integrated township and will be surrounded by integrated infrastructures, public transport systems, residential housing, and commercial hub. The partnership with QSR Stores Sdn Bhd to develop the first KFC drive-thru restaurant will further boost commercial development value as well as the whole integrated township. The KFC restaurant is targeted for completion and operational by end of 2021. Launches of the retail shops and terrace houses are scheduled in the near future.

GUH Realty has signed a joint venture with Centralised Dormitory Sdn Bhd to build a workers' dormitory in approximately 7.6 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. The project targets to be completed in stages from middle to end of 2022 and can accommodate approximately 5,025 foreign workers from 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, 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.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Owing to the current challenging economic environment and rising cost of living, further 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 increase sales in the property market such as extension of Home Ownership Campaign 2019 ("HOC") and offer of stamp duty exemptions to encourage greater homeownership. Properties Division will need to adopt more cautious marketing strategies to sustain stable sales and withstand the fierce competition of the local property market. Events, multimedia publicity and property types suited to consumers' lifestyle will be orchestrated and organised to capture market attention and awareness towards the established brand name of GUH and their products. With these continuous efforts, it is believed that the Properties

Division will achieve the business objectives for the year ahead.

Moving forward, with considerations of the negative impact on the outbreak of COVID-19 pandemic and people temporarily moving away from buying luxury and big-ticket items during this tough times, 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. In view of the current market situation, medium high and high end products are no longer receptive in the market. The division has re-planned for medium and medium low products to cope on the conundrum.

### UTILITIES DIVISION

#### Water & Wastewater Solutions

*Teknoserv Engineering Sdn. Bhd. (Teknoserv)*

With the outbreak of COVID-19 pandemic and the Movement Control Order (MCO) implemented by the Government in 2020, site progress for all on-going projects were adversely affected. For financial year 2020, Teknoserv recorded a lower revenue of RM8.8 million compared to RM16.4 million recorded in 2019. In view of the lower revenue generated in 2020, Teknoserv incurred a loss before tax of RM3.9 million in contrast to a profit before tax of RM0.3 million for year 2019.

In 2020, Teknoserv secured a sludge treatment facilities project located at Bukit Tampoi, Rantau Panjang and Sungai Langat Water Treatment Plant from Pengurusan Air Selangor Sdn. Bhd. On the other hand, the division also successfully clinched its second road project at Meradong, Sarikei, Sarawak, after its foray into road construction project in Mukah, Sarawak back in 2019. Both projects are anticipated to contribute to the company in the coming years.

As at 31 December 2020, Teknoserv has nine on-going projects which consist of three water treatment plant projects, four sewerage related projects and two road projects. The order book of Teknoserv stands at RM219.8 million as at December 2020, with unbilled balance of RM106.8 million.

Teknoserv anticipates construction industry in Malaysia will slowly go through recovery phase in year 2021 especially with the COVID-19 ongoing vaccination programme. Moreover, budget allocated for water and sewerage industry under the 12th Malaysia Plan 2021-2025 (12MP) recently announced by Government looks encouraging. Federal Government, via the Environment and Water Ministry (KASA) is expected to allocate up to RM15.6 billion under 12MP in order to ensure the sustainability of water supply in the country. On the other hand, Sarawak state has also announced RM18.0 billion is budgeted under 12MP in order to improve the state water supply coverage and standard.

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. Meanwhile, the division is actively exploring and looking forward to make its foray into growing SEA countries via Build, Operate, Transfer (BOT) investment in the countries' water and wastewater projects. If the investment is materialised, it is anticipated to generate recurrent and stable income to the Group in near future.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**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 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.

Effective from July 2020, the oil mill has revised oil extraction rate from 19.75 to 20%.

Another factor which could affect GUH Plantations revenue is yield. Yield has been decreased by 15.25%, comparing to 2019 (1731.17mt versus 2042.75mt), yield

per acre per year is 5.8mt. Plantation yield is directly influenced by weather. Rainfall might affect the yield severely. Yield is expected to be good in year 2021.

Crude Palm Oil price closed high at RM3,620.50 per mt by end of December 2020. The economies around the world is expected to gradually recover with crude palm oil price expected to be good until mid of the year. Yield for soy oil, the competitor of palm oil dropped due to adverse weather in South America. Malaysia palm oil stock has been reduced by 31.7%, dropping from 2.52 million mt in December 2019 to 1.72 million mt in December 2020.

Due to land price in Malaysia keeps on increasing, investment amount is huge and the division plans to lease land in Malaysia or joint venture with plantation land owner.

**FINANCIAL POSITION OF GUH GROUP**

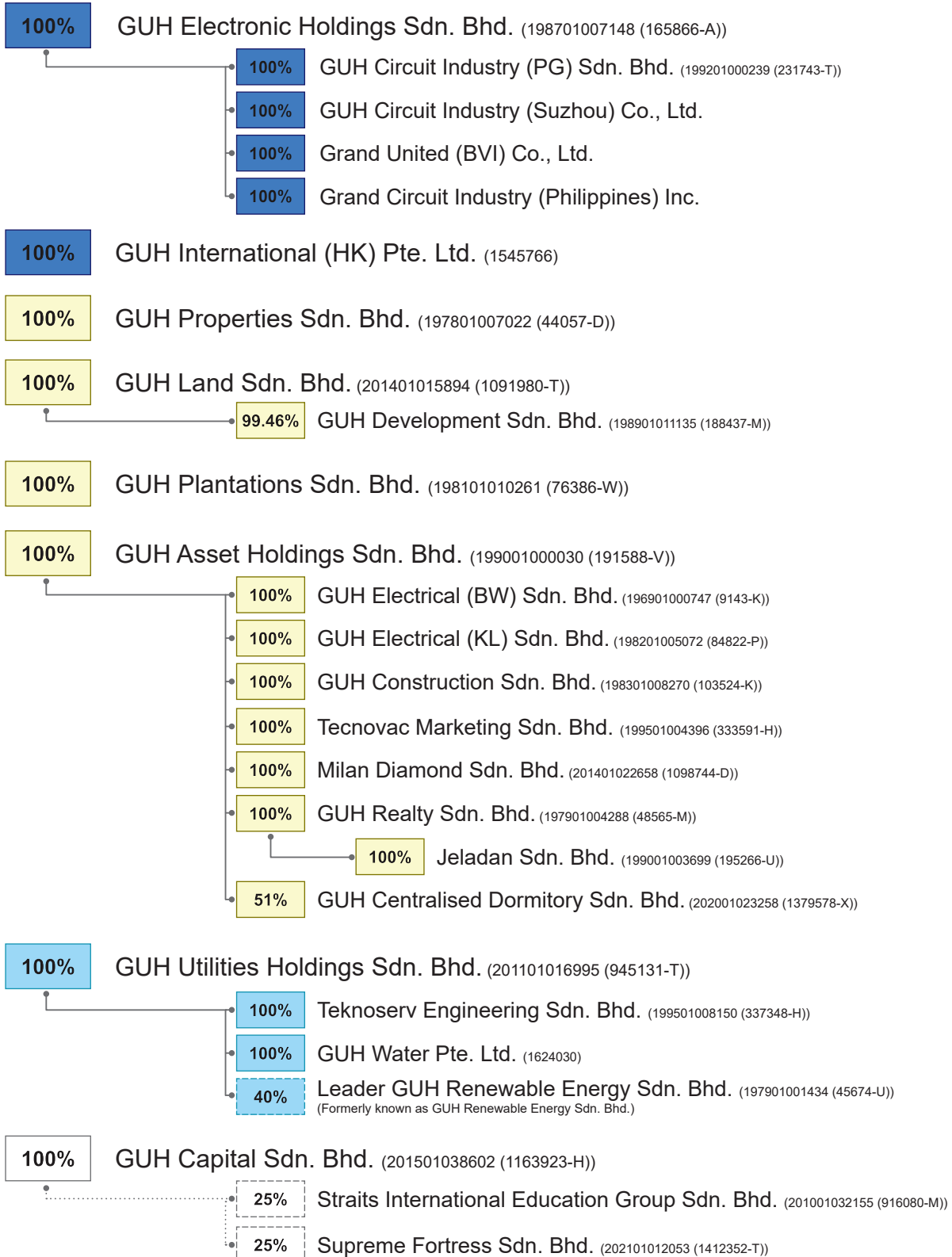
As at 31 December 2020, GUH Group's total assets were RM597.5 million, a drop of 10.4% from RM667.2 million at end of the previous financial year. GUH Group's property, plant and equipment decreased to RM106.9 million as at 31 December 2020 from RM117.5 million at end of the previous financial year mainly due to depreciation and impairment loss whilst the investments in associates dropped to RM5.8 million as at 31 December 2020 from RM16.0 million at end of the previous financial year mainly attributed to the dissolution of an associate in Cambodia and impairment loss. In addition, GUH Group's receivables decreased by 16.1% to RM52.5 million as at 31 December 2020 from RM62.6 million at end of the previous financial year in line with lower revenue. GUH Group's cash and cash equivalents stood at RM76.3 million as at 31 December 2020 compared to RM102.4 million at end of the previous financial year. GUH Group had used internally and externally generated funds to finance property development projects and working capital.

GUH Group's total liabilities decreased by 19.2% to RM129.5 million as at 31 December 2020 from RM160.2 million at end of the previous financial year. GUH Group's payables dropped to RM60.8 million as at 31 December 2020 from RM77.4 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 coupled with lease liabilities decreased to RM44.7 million as at 31 December 2020 from RM60.3 million at end of the previous financial year and consequently, GUH Group's gearing ratio decreased to 9.5% as at 31 December 2020 compared to 11.9% at end of the previous financial year.

Overall, GUH Group registered a lower net assets per share attributable to owners of the Company of RM1.68 as at 31 December 2020 compared to RM1.83 at end of the previous financial year.

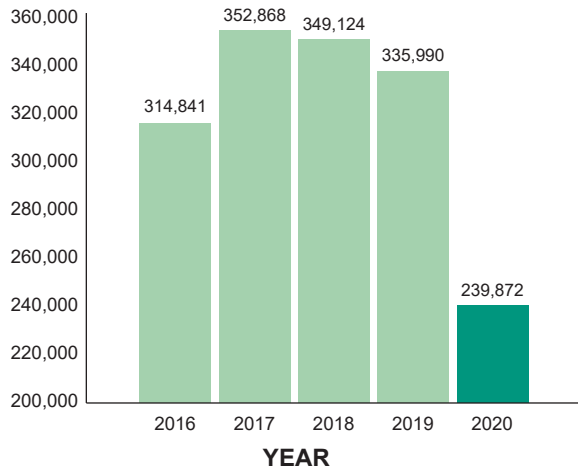


CORPORATE STRUCTURE

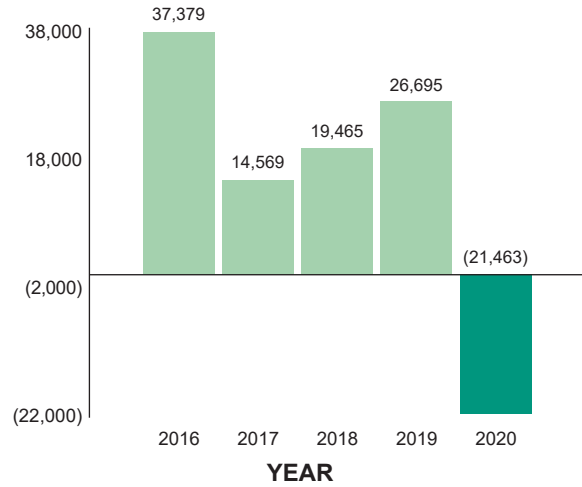


## FINANCIAL HIGHLIGHTS

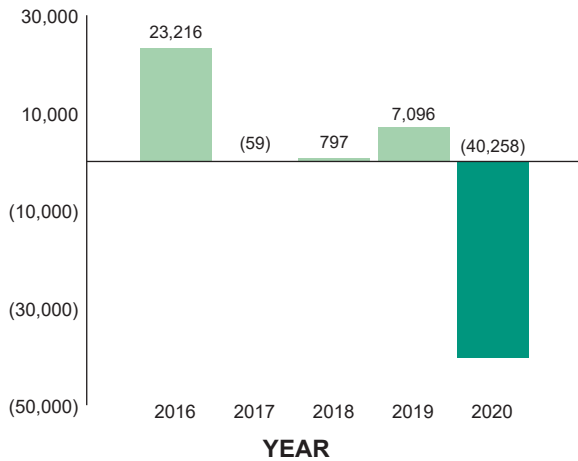
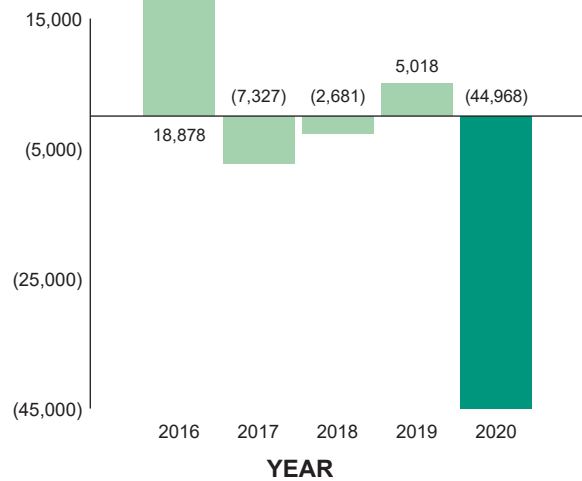
REVENUE (RM'000)



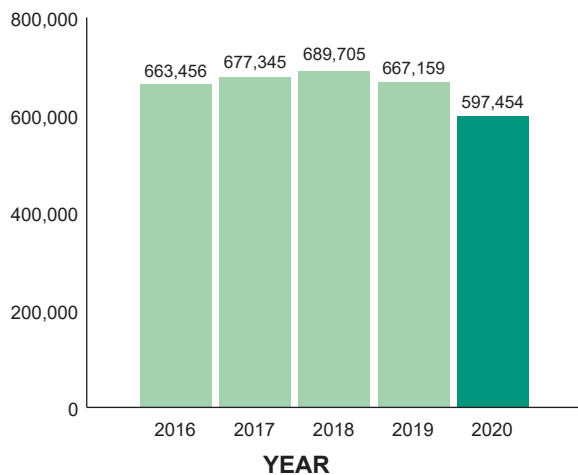
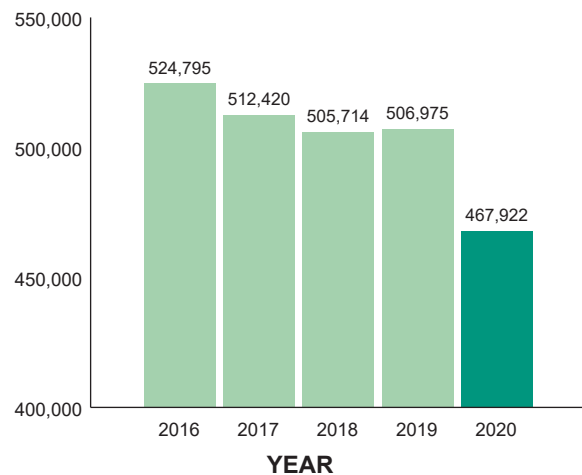
EBITDA (RM'000)



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

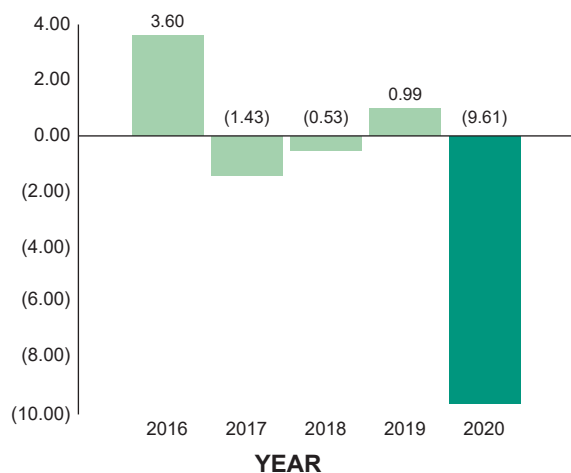
PROFIT/ (LOSS) FOR THE FINANCIAL YEAR  
ATTRIBUTABLE TO OWNERS  
OF THE COMPANY (RM'000)

TOTAL ASSETS (RM'000)

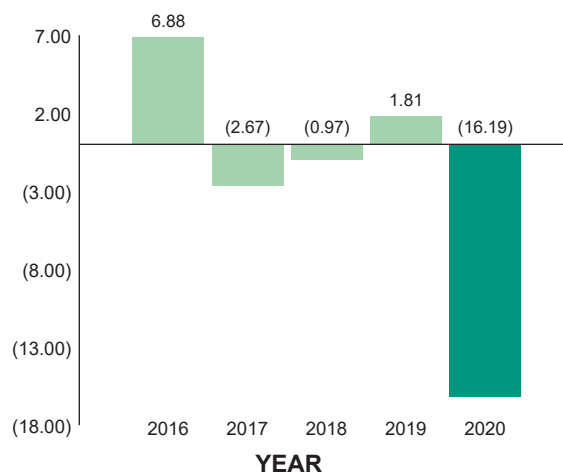
EQUITY ATTRIBUTABLE TO OWNERS  
OF THE COMPANY (RM'000)

FINANCIAL HIGHLIGHTS

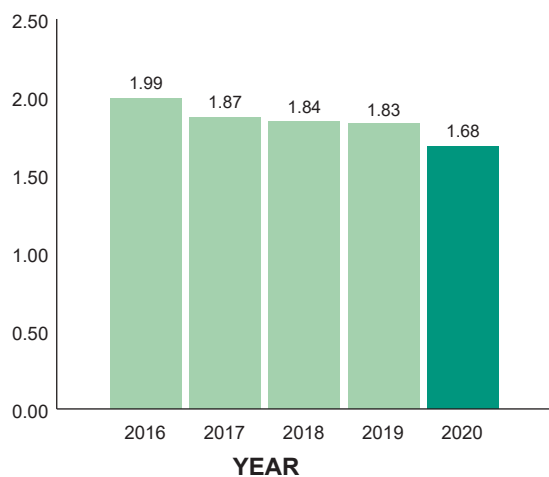
RETURN ON TOTAL EQUITY (%)



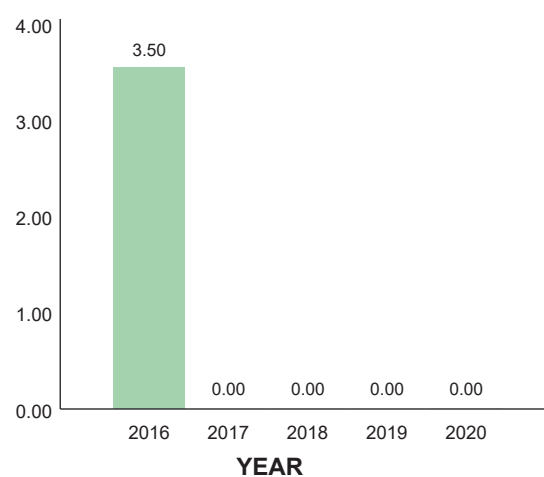
BASIC EARNINGS/ (LOSS) PER SHARE (SEN)



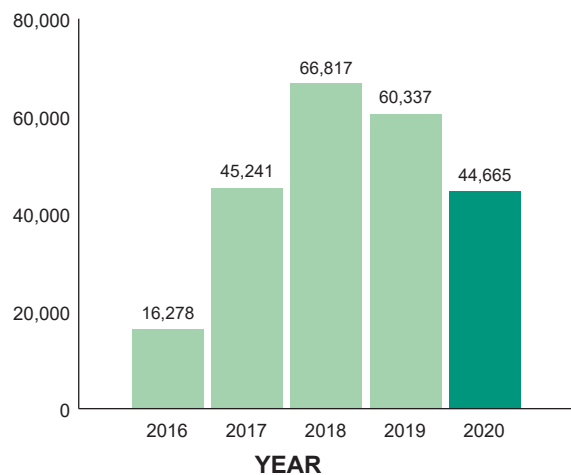
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)



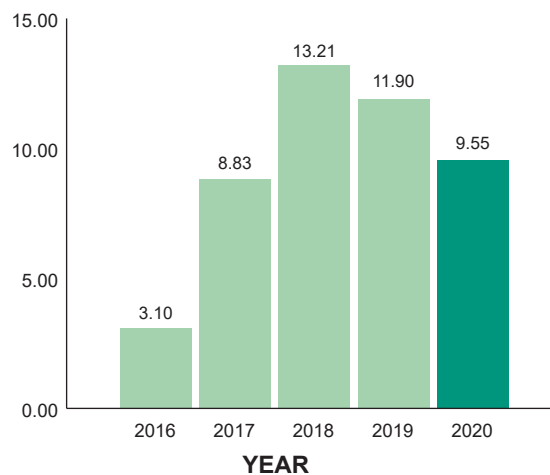
GROSS DIVIDEND PER SHARE (SEN)



LOANS AND BORROWINGS (RM'000)



GEARING RATIO (%)



## SUSTAINABILITY STATEMENT

Recognising that the Company and its business to 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 is 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 among 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 organisation;
- 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 minimise 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 fields 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 is supported by General Managers 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 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>	<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>
	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>	
	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>	

SUSTAINABILITY STATEMENT

Sustainability Dimension	Sustainability Strategy	Sustainability Initiatives	Sustainability Measures (Example of Performance Indicators)	Benefits
	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 recycle</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

As of the date of this report, GUH Group is analysing information on a macro basis to assess the situation of Electronic Division, its manufacturing plants in Penang, Malaysia and Suzhou, China, namely GUH PG and GUH SZ in relation to the COVID-19 pandemic and its potential effects on the Printed Circuit Boards (“PCBs”) business. On an overall indication of the pandemic effect in relation to world trade, business and non-medical industries, most business leaders anticipate a gradual revival at the last quarter of year 2021. Basic public health measures remain the foundation for the revival as public health authorities and enforcement agencies become well versed in testing, contact tracing, isolation, supported quarantine and quality care. In the private and individual domains, people and business management become better in ensuring and maintaining of Standard Operating Procedures (“SOPs”), such as avoiding crowds, physical distancing, hand hygiene, masks and ventilation. Furthermore, the overall society sentiment

that immunity conferred by vaccination will gradually take effect and the spread of the disease will be contained.

GUH PG’s business started to return to normalcy from the second half of 2020 onwards and has remained stabilised at the moment of this report. The business of GUH PG for year 2021 onwards can be gauged as sustainable. Besides the external environment, the recovery of GUH PG is due to its stable customer base that was collated by deliberate and diligent efforts. As a brief, GUH’s customers cover a spectrum of end products ranging from air conditioners, music instruments, automotive displays/ audio/navigation, home appliances, office automation and high end home audios. These diversified customer base has the effect of mitigating fluctuation seasonal and cyclical sales. The sales showing an uptrend in PCB demand for air conditioners and music instruments.

GUH Group implements and upholds high standards

## SUSTAINABILITY STATEMENT

when 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, integrity, 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 prioritised to be sourced locally

including high technology supplies like delicate chemical compounds where available. GUH's contributions towards the local supply fraternity include cascading down knowledge and technology that it has gathered through the years to develop the major local suppliers. Thus, GUH is able to source for supplies and services locally including high technology supplies from delicate chemical compounds to high precision tools, electronic and software solutions locally. The ultimate aim in this painstaking strategy is to grow suppliers with GUH so that the sustainability cycle is strengthened.

### Care for the Workplace

GUH believes that the priority agenda in caring for the workplace is the health and safety of its employees.

Besides the usual system and structure of a good insurance scheme, panel doctors and hospitalization benefits, GUH goes the "extra mile" to ensure a healthy work force by having proper hostels, pre-employment medical checks, good office ambience, frequent free lunch days, free talks on vegetarian benefits and others. Further, good and healthy practise is evidential in the COVID-19 pandemic at the time of this report. GUH has well spelled out and illustrative SOPs that are cascaded down to checklists to ensure workplaces are clean and hygienic. GUH practices timed mandatory cleaning of surfaces of desks, tables, telephones, keyboards and door handles by wiping with disinfectant regularly to avoid COVID-19 contamination. GUH promotes regular and thorough hand-washing to its employees, contractors, and customers by having sanitising dispensers in prominent places around the workplace and emphasised by thought provoking display posters promoting the face mask and COVID-19 SOPs. GUH has also implemented departmental or locality QR codes (Quick Response Matrix Code) inside the factory and check-ins need to be done to ensure immediate proximity tracing if there happens to have an alert on a COVID case. Daily start of shift briefings are held for production workers to reiterate the need to strictly follow the SOPs and compulsory body temperature checks are done for each individual at the factory gate.

Another element on caring for the workplace and embraced by GUH is training. In year 2020, despite the interruptions

caused by the COVID-19 situation, numerous web based trainings were hosted and carried out across both management level and operational level to keep up with the latest technology and management advancements. As a fundamental pillar of growth for GUH, training is compulsory for all levels of the employees and is carried out from Director level down to shop floor. Continuous training programmes apply to all employees of the Group with training programmes structured to include technical aspects, management skills, leadership development and knowledge of corporate social responsibility. All training programmes are professionally tailored to upgrade the knowledge of the employees and are important tools to nurture talents in the Company's sustainability efforts.

GUH is proud of its permanent Fire, Safety and Emergency Team consisting of volunteers across all the departments and it is compulsory for each member to be trained by the Fire and Rescue Department of Malaysia. This team will have members on duty from all the working shifts and non-working hours of the Company. The fire and safety evacuation system is constantly checked by certified companies, updated to the latest standards and infra-red thermal mapping is carried out twice a year.

GUH has in place strategy to develop internal talents because it understands that getting industrial engineering and technical talents is part of the important sustainability cycle for its technology based company. GUH places as priority in its operations the betterment of the knowledge of people and welfare of its employees. The Group is proud that many of its employees have been employed for more than 20 years with the Group.



## SUSTAINABILITY STATEMENT

### Care for the Environment

Manufacturing of PCBs have an inherent higher risk factor of water and air discharges over other cleaner industries. GUH PG has three wastewater plants in operation and water discharge standards are checked by a certified laboratory for water discharges to protect the environment. The Penang plant operates twelve units of gas scrubbers to ensure that air discharged surpasses regulatory standards and air emission is checked by a certified laboratory. GUH PG has three certified engineers in the plant specialising in taking care of water, air, dust and industrial waste in accordance to the government regulations. In line with the Company's strategy to invest in efficient methods, automated manufacturing and synergised with IT driven time and energy management, GUH PG is changing the LN ERP and manufacturing system, revamping the software structure to be manufacturing friendly and changing to high speed energy intelligent servers. The project will be completed by year 2022. The ultimate objective would be to get manufacturing to a high accuracy of scheduling and production efficiency to eliminate waste and idle time. Other environment friendly projects are to train people on a broad scope on how to save energy and water, and as an example to detect air leaks, reduce air compressor run time, install auto doors to reduce air conditioning wastage, machines with semi-AI to detect work in progress and to save electricity and water by focused time on time off sequencers. The above actions are part of the manufacturing plant wide commitment and its policies on the care for the environment. The shift GENBA meetings with workers on process sites include a short "mantra" on the importance of saving water. Energy saving programmes have the mentorship of the Suruhanjaya Tenaga whereupon its certified and permanent Energy Manager shall submit the plant's annual energy saving projects to Suruhanjaya Tenaga in return for mentorship and assistance yearly.

GUH SZ adheres to the environmental laws, rules and regulations at province and country level. The plant is certified to the Environment Management System (ISO14001:2004) since 18 March 2019 by Certification and Accreditation Administrative of the People's Republic

of China, was awarded a pollutants discharge permit in 2019 issued by Environmental Protection Bureau of Suzhou New District and is enrolled under the monitored plants by the Ministry of Environmental Protection of the People's Republic of China. The management ensures that the appropriate training and information to staff are part and parcel of its commitment towards environment protection and complying with legal requirements are obligatory good management practice. GUH SZ continuously achieves the standard for waste water and gas emission set by Environmental Protection Bureau without major issues. To further ensure that the plant operates with the highest level of protecting the environment, the management invested in a high definition camera (CCTV) and data collection system. To keep the knowledge up to date, the relevant staff are sent to attend scheduled training organized by Environmental Protection Bureau on a regular basis.

Both plants embrace the principle of reducing the carbon footprint as much as possible and thus has documented programmes and check lists with remedial actions to ensure efficient usage of electricity and water. All machines and processes are fitted with meters, feedback controls and product input sensors to regulate proper usage of water and to ensure all piping, water valves and relevant water usage related equipment are in the good condition and are leakage free.

In order to further inculcate the culture of environmental awareness among the employees, GUH participated in a meaningful environmental improvement programme



## SUSTAINABILITY STATEMENT

organised by the State Department of Environment (DOE), National River Trail Program (DSK – Denai Sungai Kebangsaan) and the Electrical and Household Electronics Waste Collection Campaign on 27 March 2021. GUH notes the importance of this programme, which was launched simultaneously throughout the country through selected agencies under the Ministry of Environment and Water (KASA). The programme was in conjunction with the World Water Day which was celebrated on 22 March 2020. The ministry targets to build up to 10,000 kilometres (km) of trails nationwide by 2030 to preserve and conserve the beauty of rivers, and through adoption by businesses, to proactively protect the rivers from pollution risks as a vanguard of sustainable management and use of nature.

The other divisions, namely Properties, Utilities and Plantations are provided and equipped with safety tools and equipment. Apart from the 3R practice of reduce, reuse and recycle, opening burning is prohibited in the

Group and all Divisions comply strictly with this policy.

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 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

Despite being situated in different countries, the management of both plants endeavour to focus on the Triple Bottom Line (TBL) motto of Profit, People, and the Planet and GUH believes that in the course of making money for shareholders it wishes to improve and enrich people's lives and to ensure that the planet is not harmed. GUH understands that its people spend most of their time at work and thus creating a feeling of home for the staff is very important to business sustainability. In GUH's everyday operations it endeavours to have the home ambience in place as much as possible. The facilities include a clean and subsidised canteen with



food and prices being overseen by a committee from the employees. Weekly inspections at the canteen are done on criteria of cleanliness, timeliness, pricing and taste and feedback from the employees are reviewed and acted on. One of GUH's top driven principles is that “Employees Are Our Best Assets” and the enactment of rewarding people justly for their efforts for doing more than their normal duties is important. Several schemes to reward talented and loyal employees are implemented. Conducive working environment, rest and recreation facilities include pantries, coffee corners, assigned smoking room, and subsidised vending machines with hot and cold choices.

GUH is committed to continue its contributions and sponsorships towards community through financial assistance to various organisations, schools, NGOs, religious organisations, 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 among the most important and valuable act an organisation 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 2020 that summarised 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 2020, 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 2020.

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:

<b>Role</b>	<b>Key Responsibilities</b>
<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.
<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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 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.

In an effort to enhance the quality and integrity of listed issuers, Bursa Malaysia Securities Berhad has amended its Listing Requirements to encapsulate anti-corruption measures ("Anti Corruption Amendments") in support of the National Anti Corruption Plan 2019-2023.

With effect from 1 June 2020, the Anti Corruption Amendments will require listed issuers to establish and implement policies and procedures to prevent corrupt practices, thereby providing them with a measure of assurance and a defense against corporate liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act). This will also enable the Company to promote a better governance culture and ethical behavior within GUH Group, as well as to provide greater accountability and transparency to investors.

The Company and the Board are cognizant of the importance of the MACC Act and they are always aware and keep up-to-date with the rules and regulations surrounding the MACC Act so as to ensure that the Group has adequate procedures, anti corruption programmes and policies are well adopted, implemented and enforced. The Board will also ensure that the highest level of integrity and ethics are practised in the Group. There should be full compliance as much as possible with the applicable laws and regulatory requirements on anti corruption and key corruption risks of the Group to ensure it is effectively managed. Internal and external training and communications relevant to the anti-corruption management system has been developed and disseminated, in proportion to their operations. GUH's anti corruption policy has been made publicly available and appropriately communicated to all personnel and business associates.

The Board will try its best endeavours to ensure regular reviews are conducted to assess the performance, efficiency and effectiveness of the anti corruption programme of the Group and to ensure the anti corruption programme is enforced effectively. Reviews may take the form of an internal audit or an external audit.

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. Five (5) 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 MCGG and Listing Requirements are incorporated. Each Committee reports its recommendations and decisions to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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>
<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.
<b>Share Grant Plan Committee</b>	Administers and review the share grant plan of the Company and its Group and aligning the compensation of management based on their contribution and position in the Company to attain a better performance for the Company and its Group.

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. The Executive Chairman normally ensures that the Board as a whole plays a full and constructive part in the development and determination of the Group’s strategies and policies, and that Board decisions taken are in the Group’s best interests and fairly reflect Board’s consensus. This includes among others, to ensure the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the management of the Group as also clearly defined in the Board Charter.

During the financial year ended 2020, 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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 2020, 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board had carried out the following activities:

- Reviewed the Company's performance in 2020 and the business outlook for 2021;
- 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 2019;
- Approved Annual Report 2019;
- 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 2020 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, Risk Management & Sustainability Committee and Share Grant Plan 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.

The attendance record of each member of the Board during the financial year ended 2020 is set out below:

<b>Board of Directors</b>	<b>Feb</b>	<b>Jun</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 MD	•	•	•	•	4/4
Dato' Harry H'ng Bak Seah Non-Executive Director	•	•	•	•	4/4
Datin Seri Jessica H'ng Hsieh Ling Non-Executive Director	x	•	•	•	3/4
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	•	•	•	•	4/4

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 organisations. 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The summary of courses and training attended by respective Directors of the Company during the financial year ended 31 December 2020 are set out as follows:

<b>Tan Sri Dato' Seri H'ng Bok San</b>
<ul style="list-style-type: none"> <li>• Discovering the Technical and Practical Application of Beneficial Ownership Framework</li> </ul>
<b>Datuk Seri Kenneth H'ng Bak Tee</b>
<ul style="list-style-type: none"> <li>• MFPC CPD Webinar Programme : 1 Day Financial Calculator Workshop</li> <li>• MFPC CPD Webinar Programme : Fundamental Analysis : Using Financial Ratios to Analyse Stocks</li> <li>• MFPC CPD Webinar Programme : Malaysian Property Tax</li> <li>• Webinar Series : Violations of the Companies Act 2016 : Oversights by Directors and Secretaries</li> <li>• Webinar Series : Discovering the Technical, Practical and Application of Beneficial Ownership Framework</li> <li>• Seminar on "AGM, Audit &amp; Annual Returns Under the Companies Act 2016"</li> <li>• Webinar Series : Listing Requirements-Updated or Outdated</li> <li>• Technical Briefing by Bursa Malaysia Berhad : Updates on recent amendments to Listing Requirements/directives issued by Bursa Malaysia / Standards of Corporate Disclosure / Common Pitfalls in Chapter 10 of Listing Requirements</li> </ul>
<b>Dato' Harry H'ng Bak Seah</b>
<ul style="list-style-type: none"> <li>• Violations of the Companies Act 2016 : Oversights by Directors and Secretaries</li> </ul>
<b>Datin Seri Jessica H'ng Hsieh Ling</b>
<ul style="list-style-type: none"> <li>• Discovering the Technical and Practical Application of Beneficial Ownership Framework</li> </ul>
<b>Mr. Chew Hock Lin</b>
<ul style="list-style-type: none"> <li>• Violations of the Companies Act 2016 : Oversights by Directors and Secretaries</li> </ul>
<b>Dato' Ismail Bin Hamzah</b>
<ul style="list-style-type: none"> <li>• Violations of the Companies Act 2016 : Oversights by Directors and Secretaries</li> </ul>
<b>Dato' Lai Chang Hun</b>
<ul style="list-style-type: none"> <li>• Understanding Boardroom Dynamics</li> </ul>
<b>En. W Ismail Bin W Nik</b>
<ul style="list-style-type: none"> <li>• Violations of the Companies Act 2016 : Oversights by Directors and Secretaries</li> </ul>
<b>Dato' Dr. Gan Kong Meng</b>
<ul style="list-style-type: none"> <li>• Violations of the Companies Act 2016 : Oversights by Directors and Secretaries</li> </ul>

**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).



CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Summary of activities undertaken by the Nomination Committee**

The summary of activities undertaken by the Nomination Committee during the financial year ended 31 December 2020 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; and
- Reviewed and recommended the Terms of Reference of the Nomination Committee to the Board for approval.

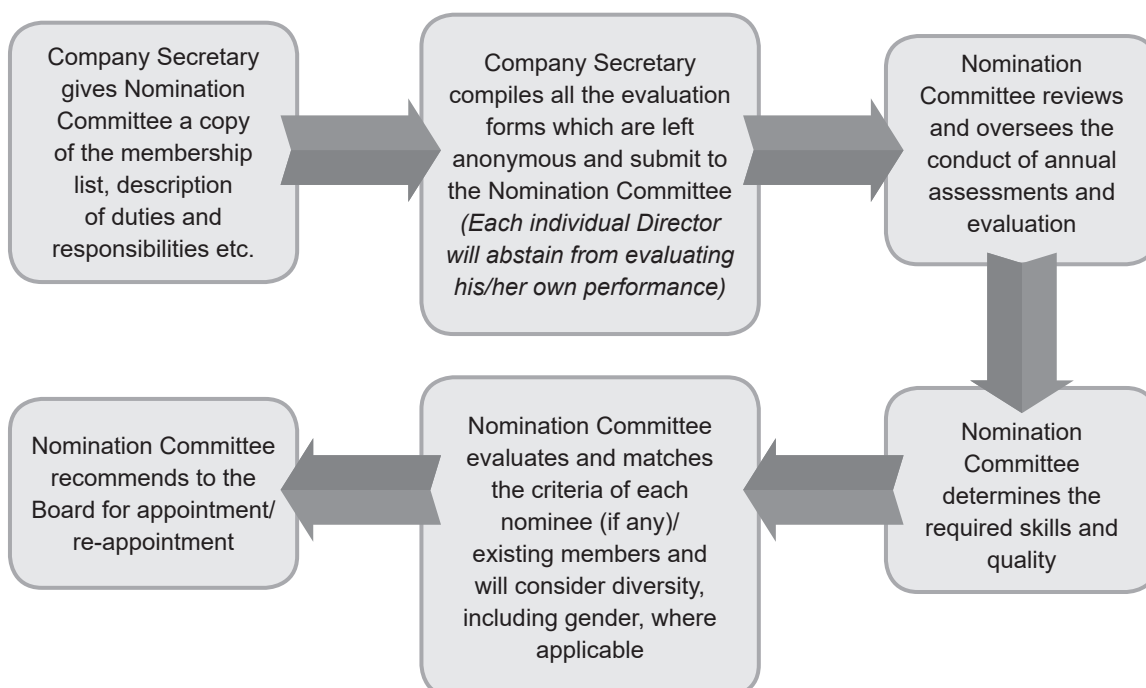
**Evaluation for Board, Board Committees and individual Director**

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 2020, 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 possess by the Directors, no new member has been nominated.

**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:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**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. For the forthcoming Annual General Meeting (“AGM”) to be held in 2021, none of the Directors is subject to retire under this Article of Constitution.

**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 AGM via a two-tier voting process.

Based on the assessment carried out during the financial year ended 31 December 2020 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 AGM to be held in 2021 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 2020 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

**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	Independent Non-Executive Director
Mr. Chew Hock Lin – Member	Independent Non-Executive Director
Datin Seri Jessica H’ng Hsieh Ling – Member	Non-Independent Non-Executive Director

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year ended 31 December 2020, the Remuneration Committee had one meeting 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 RM70,000 per Director and the shareholders approval had been sought at the last AGM held in year 2020. During the year, the Remuneration Committee also recommended the Directors' fee for the period from year 2021 to the next AGM in year 2022, subject to the shareholders' approval at the forthcoming AGM. 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 2020 is set out below:

Remuneration Committee	Nov	Total
Dato' Ismail Bin Hamzah, Chairman	•	1/1
Mr. Chew Hock Lin, Member	•	1/1
Datin Seri Jessica H'ng Hsieh Ling, Member	•	1/1

The breakdown of the remuneration of each individual Director for the financial year ended 2020 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	77,000	965,675	418,067	-	204,148	28,000
Datuk Seri Kenneth H'ng Bak Tee	101,090	1,877,035	919,536	-	527,302	15,500
<b>Total</b>	<b>178,090</b>	<b>2,842,710</b>	<b>1,337,603</b>	<b>-</b>	<b>731,450</b>	<b>43,500</b>
<b>Non-Executive Directors</b>						
Dato' Harry H'ng Bak Seah	70,000	-	-	4,000	-	-
Datin Seri Jessica H'ng Hsieh Ling	70,000	-	-	5,000	-	-
Mr. Chew Hock Lin	70,000	-	-	12,000	-	-
Dato' Ismail Bin Hamzah	70,000	-	-	11,000	-	-
Dato' Lai Chang Hun	70,000	-	-	6,000	-	-
En. W Ismail Bin W Nik	70,000	-	-	4,000	-	-
Dato' Dr. Gan Kong Meng	70,000	-	-	8,000	-	-
<b>Total</b>	<b>490,000</b>	<b>-</b>	<b>-</b>	<b>50,000</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 57th AGM.

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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

The attendance record of each member of the Risk Management & Sustainability Committee during the financial year ended 2020 is set out below:

<b>Risk Management &amp; Sustainability Committee</b>	<b>Nov</b>	<b>Total</b>
Mr. Chew Hock Lin, Chairman	•	1/1
Dato' Ismail Bin Hamzah, Member	•	1/1
Datin Seri Jessica H'ng Hsieh Ling, Member	•	1/1

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.

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 AGM 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 AGM. Notice of AGM 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 AGM also give full explanation on the effect of the proposed resolution arising from such items. The outcome of the AGM is announced to Bursa Malaysia Securities Berhad on the same meeting day.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2020 on the following dates:

2020 Quarterly Results	Date of Release	Listing Requirements Deadline
1st Quarter	30 June 2020	30 June 2020
2nd Quarter	25 August 2020	28 August 2020
3rd Quarter	24 November 2020	30 November 2020
4th Quarter	23 February 2021	26 February 2021

### 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 2020, 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" enclosed with the Group's consolidated annual audited financial statements for the financial year ended 31 December 2020. 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 2020.

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 2020

#### 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 2020, 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	53,000	228,500
Non-audit fees	10,700	73,750

#### 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2020 except for those explained in the above mentioned.

#### Share Grant Plan

The shareholders of the Company have at the extraordinary general meeting held on 30 June 2020 approved the Company's share grant plan ("SGP"). The SGP will enable the granting of new ordinary shares in the Company ("SGP Shares") to the Group's eligible executive directors and employees conditional upon the satisfaction of certain service and performance conditions in accordance with the SGP By-Laws.

A total of 13,889,464 SGP grants were offered to the selected eligible executive directors and employees of GUH and its subsidiary companies (excluding subsidiaries which are dormant) ("eligible persons"), of which 2,777, 892 SGP grants were offered to the executive directors of GUH, as follow:

No.	Item	Details
1.	Date of offer	18 December 2020
2.	Grant Price	Not applicable as the shares will be awarded upon vesting to the eligible persons without any cash consideration
3	Number of SGP grants offered under the Restricted Stock Units ("RSU") and Performance Stock Units ("PSU") respectively	RSU: 3,757,100 PSU: 10,132,364
4	Number of SGP grants offered to the executive directors	Tan Sri Dato' Seri H'ng Bok San: 1,388,946 Datuk Seri Kenneth H'ng Bak Tee: 1,388,946
5.	Vesting period of the SGP grants	From 1 January 2022 until the market day immediately preceding the grant termination date (as defined in By-Law 3.1) (both dates inclusive)

The second batch of SGP grants was offered in February 2021 and making up to a total of 13,264,438 SGP grant accepted to date.

#### Additional Information

Save as aforesaid disclosed, none of the following transactions have been entered by the Company during the financial year ended 31 December 2020:

- 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 2020.

## 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 56th Annual General Meeting held on 30 June 2020, 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 29 May 2020.

Details of the recurrent related party transactions transacted during the financial year ended 31 December 2020 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 30 June 2020 to 31 December 2020
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 and shareholder of Lizheng. He is also a director Kiyamas and KCSB	Transactions of raw materials, goods and services	<b>RM8,084,198.11</b> (Approved Limit: RM15,000,000.00)
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>RM1,244,591.89</b> (Approved Limit: RM5,000,000.00)

## 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 Seri 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 on-going 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 on-going assessments is an essential part of the Board's responsibilities.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group has an on-going 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.
8. Performance Reports, benchmarked against budgets and objectives are provided to the Board at each Board meeting.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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, Senior 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 ensuring 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 discharge 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 in 2020, 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 by way of virtual meeting platform due to Movement Control Order amid COVID-19 pandemic 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 2020. 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>Apr</b>	<b>Jun</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	•	•	•	•	•	5/5

**SUMMARY OF WORK DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****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 concern 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 2020 are as follows:

2020 Fees incurred	Company	Group
<b>Audit services</b>	53,000	228,500
<b>Non-Audit services</b>	10,700	73,750

- 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.

### 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/ 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.

## AUDIT COMMITTEE REPORT

**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 2020**

- 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 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 2020 was RM252,363 (2019: RM204,995).

# 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 2020. 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
(Loss)/Profit for the financial year attributable to:-		
- Owners of the Company	(44,968)	20,774
- Non-controlling interests	(4)	0
	<u>(44,972)</u>	<u>20,774</u>

### Dividends

No 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 Seri 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  
Yeoh Saw Gaik (appointed on 24.2.2021)

## 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 31.12.2020
	At 1.1.2020	Bought	(Sold)	
Tan Sri Dato' Seri H'ng Bok San				
- Indirect <sup>(a)</sup>	32,435,375	0	0	32,435,375
- Indirect <sup>(b)</sup>	17,551,855	0	0	17,551,855
Datuk Seri Kenneth H'ng Bak Tee				
- Indirect <sup>(b)</sup>	1,404,649	0	0	1,404,649
Dato' Harry H'ng Bak Seah				
- Direct	2,697,710	0	0	2,697,710
Datin Seri Jessica H'ng Hsieh Ling				
- Direct	3,598,465	0	0	3,598,465
- Indirect <sup>(c)</sup>	32,435,375	0	0	32,435,375
Dato' Lai Chang Hun				
- Direct	2,883,042	0	0	2,883,042
- Indirect <sup>(b)</sup>	118,499	0	0	118,499
- Indirect <sup>(c)</sup>	3,647,954	0	0	3,647,954
W Ismail Bin W Nik				
- Direct	2,388,645	37,700	0	2,426,345

<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.

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**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 8 April 2021**

**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 62 to 125 give a true and fair view of the financial position of the Group and the Company as at 31 December 2020 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 8 April 2021**

**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 62 to 125 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 8 April 2021

**Yeoh Saw Gaik**

Before me  
Tan Cheng Kuan  
No. P195  
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 2020 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 62 to 125.

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 2020, 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’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“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 11 to the financial statements)</u></p> <p>Inventories represent the most significant assets of the Group and mainly consist of development properties. Inventories are subject to assessment for any potential write-down of cost to net realisable value. Such assessment involves judgements and estimation uncertainty in considering information about the asset’s value and economic performance as well as the overall property market conditions.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Reviewing the ageing analysis of inventories to identify slow moving items.</li> <li>• Making inquiries of management regarding the action plans to realise slow moving inventories.</li> <li>• Comparing the proposed selling prices of unsold items to those of similar sold items.</li> <li>• Reviewing the feasibility study of future development projects and evaluating the reasonableness thereof by considering the project plans and budgets as well as the prospective market and economic conditions.</li> <li>• Where comparable selling prices and feasibility study are not available (for land held for future development), obtaining the fair valuation performed by professional valuers and evaluating the appropriateness of their work as well as their competence, capabilities and objectivity.</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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GUH HOLDINGS BERHAD

196101000062 (4104-W) (Incorporated in Malaysia)

*Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and 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.

*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.

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

196101000062 (4104-W) (Incorporated in Malaysia)

- 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, actions taken to eliminate threats or safeguards applied.

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.

**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

**Chan Kheng Hoe**  
02979/03/2022 J  
Chartered Accountant

Date: 8 April 2021

Penang

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	106,917	117,515
Investment properties	5	38,352	37,886
Right-of-use assets	6	26,545	27,407
Investments in associates	8	5,794	15,963
Investment in joint venture	9	0	0
Other investments	10	3	1
Inventories	11	174,537	169,678
Prepayments		750	750
Deferred tax assets	12	675	802
		<u>353,573</u>	<u>370,002</u>
<b>Current assets</b>			
Inventories	11	108,710	120,525
Biological assets	13	152	118
Contract costs	14	48	116
Contract assets	15	4,338	7,920
Receivables	16	52,461	62,593
Prepayments		1,719	3,041
Current tax assets		126	478
Cash and cash equivalents	17	76,327	102,366
		<u>243,881</u>	<u>297,157</u>
<b>Current liabilities</b>			
Contract liabilities	15	3,624	2,393
Payables	18	60,759	77,352
Loans and borrowings	19	18,716	23,772
Lease liabilities	20	311	505
Financial guarantee contract	21	1,008	0
Current tax liabilities		1,961	1,687
		<u>86,379</u>	<u>105,709</u>
<b>Net current assets</b>		157,502	191,448
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	10,243	11,882
Loans and borrowings	19	25,381	35,562
Lease liabilities	20	257	498
Retirement benefits	22	7,287	6,544
		<u>43,168</u>	<u>54,486</u>
<b>Net assets</b>		<u>467,907</u>	<u>506,964</u>
<b>Equity</b>			
Share capital	23	277,992	277,992
Treasury shares	23	(148)	(148)
Reserves		190,078	229,131
Equity attributable to owners of the Company		<u>467,922</u>	<u>506,975</u>
Non-controlling interests	24	(15)	(11)
<b>Total equity</b>		<u>467,907</u>	<u>506,964</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 2020

	Note	2020 RM'000	2019 RM'000
Revenue	25	239,872	335,990
Cost of revenue		(230,212)	(300,914)
Gross profit		<u>9,660</u>	<u>35,076</u>
Impairment gains on financial assets	26	0	7
Interest income		1,445	2,249
Other income		5,540	2,094
Administrative expenses		(18,801)	(20,069)
Distribution expenses		(4,594)	(5,869)
Finance costs		(2,455)	(3,305)
Other expenses		(30,296)	(1,663)
Share of associates' loss		(757)	(1,424)
(Loss)/Profit before tax	27	<u>(40,258)</u>	<u>7,096</u>
Tax expense	29	(4,714)	(2,086)
(Loss)/Profit for the financial year		<u>(44,972)</u>	<u>5,010</u>
(Loss)/Profit for the financial year attributable to:-			
- Owners of the Company		(44,968)	5,018
- Non-controlling interests	24	<u>(4)</u>	<u>(8)</u>
		<u>(44,972)</u>	<u>5,010</u>
(Loss)/Earnings per share:-	30		
- Basic (sen)		(16.19)	1.81
- Diluted (sen)		<u>(16.19)</u>	<u>1.81</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020	2019
	RM'000	RM'000
(Loss)/Profit for the financial year	(44,972)	5,010
Other comprehensive income:-		
<i>Item that will not be reclassified to profit or loss:-</i>		
- Remeasurement of defined benefit liability	0	(285)
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- Currency translation differences for foreign operations	4,860	(3,472)
- Reclassification adjustments on dissolution of foreign operations	1,055	0
Total other comprehensive income for the financial year	5,915	(3,757)
Comprehensive income for the financial year	(39,057)	1,253
Comprehensive income for the financial year attributable to:-		
- Owners of the Company	(39,053)	1,261
- Non-controlling interests	(4)	(8)
	(39,057)	1,253

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	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	Statutory reserve* RM'000	Currency translation reserve RM'000	Retained profits RM'000			
At 1 January 2019	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
Currency translation differences for foreign operations	0	0	0	4,860	0	4,860	0	4,860
Reclassification adjustments on dissolution of foreign operations	0	0	0	1,055	0	1,055	0	1,055
Total other comprehensive income for the financial year	0	0	0	5,915	0	5,915	0	5,915
Loss for the financial year	0	0	0	0	(44,968)	(44,968)	(4)	(44,972)
Comprehensive income for the financial year	0	0	0	5,915	(44,968)	(39,053)	(4)	(39,057)
Transfer from capital reserve	0	0	(31)	0	31	0	0	0
At 31 December 2020	277,992	(148)	13,960	36,355	139,763	467,922	(15)	467,907

\* 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 2020

	2020	2019
Note	RM'000	RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(40,258)	7,096
Adjustments for:-		
Amortisation of financial guarantee contract	(92)	0
Depreciation	16,340	16,294
Fair value changes in biological assets	(34)	228
Fair value (gains)/losses on financial instruments	(2)	5
Fair value of financial guarantee contract	1,100	0
Gain on derecognition of contingent consideration	(2,962)	0
Gain on derecognition of right-of-use assets	(2)	0
Gain on disposal of property, plant and equipment	(28)	(21)
Impairment gains on financial assets	0	(7)
Impairment loss on investment in associate	2,100	0
Impairment loss on property, plant and equipment	2,315	0
Interest expense	2,455	3,305
Interest income	(1,445)	(2,249)
Inventories written down	4,739	565
Inventories written off	84	0
Loss on dissolution of associate	376	0
Loss on dissolution of subsidiary	614	0
Property, plant and equipment written off	10	34
Provision for retirement benefits	743	1,554
Reversal of inventories written down	(604)	(448)
Share of associates' loss	757	1,424
Unrealised (gain)/loss on foreign exchange	(80)	192
Operating (loss)/profit before working capital changes	(13,874)	27,972
Changes in:-		
Inventories	2,733	971
Contract costs	68	(56)
Contract assets	3,582	210
Receivables	10,000	8,217
Prepayments	1,322	(1,603)
Contract liabilities	1,231	(5,960)
Payables	(5,957)	(11,976)
Derivatives	0	(37)
Provision for onerous contract	0	(144)
Cash (absorbed by)/generated from operations	(895)	17,594
Tax paid	(6,112)	(3,303)
Tax refunded	249	2,926
Net cash (used in)/from operating activities	(6,758)	17,217

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

	Note	2020 RM'000	2019 RM'000
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(4,466)	(12,271)
Acquisition of right-of-use assets	31	(2)	(41)
Additions of investment properties		(1,296)	(292)
Capital repayment from associate		149	0
Cost of investment properties refunded		0	1,955
Interest received		1,445	2,249
Proceeds from disposal of property, plant and equipment		101	87
Net cash used in investing activities		<u>(4,069)</u>	<u>(8,313)</u>
<b>Cash flows from financing activities</b>			
Changes in term deposits pledged as security		(33)	3,177
Decrease in short-term loans and borrowings (net)	31	(2,146)	(1,635)
Drawdown of long-term loans	31	1,360	6,214
Interest paid		(2,436)	(3,271)
Payment of lease liabilities	31	(501)	(468)
Repayment of long-term loans	31	(14,697)	(12,160)
Net cash used in financing activities		<u>(18,453)</u>	<u>(8,143)</u>
Currency translation differences		2,981	(2,397)
Net decrease in cash and cash equivalents		(26,299)	(1,636)
Cash and cash equivalents brought forward		101,294	102,930
Cash and cash equivalents carried forward	17	<u>74,995</u>	<u>101,294</u>

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	95	153
Investment properties	5	23,125	23,125
Right-of-use assets	6	329	500
Investments in subsidiaries	7	207,628	213,415
Investment in associate	8	0	3,023
Other investments	10	3	1
Receivables	16	212,055	197,521
		<u>443,235</u>	<u>437,738</u>
<b>Current assets</b>			
Receivables	16	17,482	8,317
Prepayments		28	37
Current tax assets		1	1
Cash and cash equivalents	17	4,073	3,516
		<u>21,584</u>	<u>11,871</u>
<b>Current liabilities</b>			
Payables	18	14,935	22,126
Lease liabilities	20	130	124
Financial guarantee contract	21	1,008	0
		<u>16,073</u>	<u>22,250</u>
<b>Net current assets/(liabilities)</b>		5,511	(10,379)
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	1,099	1,099
Lease liabilities	20	143	273
Retirement liabilities	22	7,287	6,544
		<u>8,529</u>	<u>7,916</u>
<b>Net assets</b>		<u>440,217</u>	<u>419,443</u>
<b>Equity</b>			
Share capital	23	277,992	277,992
Treasury shares	23	(148)	(148)
Retained profits		162,373	141,599
<b>Total equity</b>		<u>440,217</u>	<u>419,443</u>

## STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
Revenue	25	42,573	18,528
Cost of services rendered		(7,409)	(8,437)
Gross profit		<u>35,164</u>	<u>10,091</u>
Impairment gains/(losses) on financial assets	26	5,566	(4,216)
Interest income		164	88
Other income		4,719	714
Administrative expenses		(1,834)	(2,327)
Finance costs		(16)	(20)
Other expenses		(22,989)	(704)
Profit before tax	27	<u>20,774</u>	<u>3,626</u>
Tax expense	29	0	0
Profit for the financial year		<u>20,774</u>	<u>3,626</u>

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020	2019
	RM'000	RM'000
Profit for the financial year	20,774	3,626
Other comprehensive income:-		
<i>Item that will not be reclassified to profit or loss:-</i>		
- Remeasurement of defined benefit liability	0	(285)
Other comprehensive income for the financial year	0	(285)
Comprehensive income for the financial year	20,774	3,341



## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2019	277,992	(4,546)	142,656	416,102
Profit for the financial year	0	0	3,626	3,626
Remeasurement of defined benefit liability (representing other comprehensive income for the financial year)	0	0	(285)	(285)
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	277,992	(148)	141,599	419,443
Profit (representing comprehensive income) for the financial year	0	0	20,774	20,774
At 31 December 2020	277,992	(148)	162,373	440,217

**STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		20,774	3,626
Adjustments for:-			
Amortisation of financial guarantee contract		(92)	0
Depreciation		254	333
Dividend income		(36,160)	(12,400)
Fair value gains on financial instruments		(2)	0
Fair value of financial guarantee contract		1,100	0
Gain on disposal of property, plant and equipment		0	(60)
Gain on dissolution of associate		(4,625)	0
Impairment (gains)/losses on financial assets		(5,566)	4,216
Impairment loss on investments in subsidiaries		20,787	0
Interest expense		16	20
Interest income		(164)	(88)
Property, plant and equipment written off		0	1
Provision for retirement benefits		743	1,554
Reversal of impairment loss on investments in subsidiaries		0	(579)
Unrealised loss/(gain) on foreign exchange		9	(75)
Operating loss before working capital changes		(2,926)	(3,452)
Changes in:-			
Receivables		(20,061)	(3,088)
Prepayments		9	(32)
Payables		308	286
Net cash used in operating activities		(22,670)	(6,286)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(25)	(21)
Acquisition of right-of-use assets	31	0	(26)
Capital repayment from associate		149	0
Dividends received		38,088	4,472
Interest received		164	88
Proceeds from disposal of property, plant and equipment		0	60
Subscription for shares in subsidiary		(15,000)	0
Net cash from investing activities		23,376	4,573
<b>Cash flows from financing activities</b>			
Interest paid		(16)	(20)
Payment of lease liabilities	31	(124)	(150)
Net cash used in financing activities		(140)	(170)
Currency translation differences		(9)	0
Net increase/(decrease) in cash and cash equivalents		557	(1,883)
Cash and cash equivalents brought forward		3,516	5,399
Cash and cash equivalents carried forward	17	4,073	3,516

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 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 62 to 67 together with the notes thereto cover the Company and its subsidiaries ("Group") and the Group's interests in associates and joint venture. The separate financial statements of the Company set out on pages 68 to 72 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 8 April 2021.

### 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
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 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

The Group and the Company have also early applied the Amendment to MFRS 16 *Covid-19-Related Rent Concessions* which is effective for annual periods beginning on or after 1 June 2020.

The initial application of the above MFRSs did not have any significant impacts on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.1 Basis of preparation of financial statements (cont'd)

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 2023
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
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 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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

### 2.2 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.2 Business combinations (cont'd)

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.

### 2.3 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.

### 2.4 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.

Freehold land and capital work-in-progress are not depreciated. 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.5 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 and building under construction are not depreciated. Buildings are depreciated on a straight-line basis over their estimated useful lives of 33 to 50 years.

### 2.6 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 2020

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

#### 2.6 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.

As a practical expedient, the Group and the Company have elected not to assess whether a rent concession occurring as a direct consequence of the covid-19 pandemic is a lease modification. Accordingly, any change in lease payments resulting from such rent concession is accounted for as a variable lease payment in profit or loss.

#### 2.7 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.

#### 2.8 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 2020

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

#### 2.9 Investment in joint venture

A joint venture is a joint arrangement whereby the joint venturers that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the joint venturers sharing control.

In the consolidated financial statements, investment in joint venture is 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.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.12 Inventories (cont'd)

#### Property development (cont'd)

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 revenues as disclosed in Note 2.20. 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 2.20. 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.

### 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 and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.15 Financial assets (cont'd)

#### 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 2.20). 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 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 2020

### 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 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 is 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.17 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.

### 2.18 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 2.19 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.
- (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).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

#### Financial assets and financial liabilities (cont'd)

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

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).

The fair value of financial guarantee contract, being the expected cash shortfall resulting from a credit event, is measured at the present value of the guarantee amount multiplied by the probability of default. The probability of default is estimated using credit rating methodologies on a non-proprietary approach to maximise the use of observable market and external data (i.e. Level 2).

### 2.20 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.
- (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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

##### 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.

#### 2.21 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.21 Other income (cont'd)

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.

### 2.22 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the statement of profit or loss.

### 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 the 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.

#### Termination benefits

Termination benefits are recognised in profit or loss at the earlier of when the Group can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 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.

A deferred tax liability is recognised for all taxable temporary differences, where as 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 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 (higher of fair value less costs of disposal and value in use) of the investment 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

Inventories are subject to assessment for any potential write-down of cost to net realisable value. Such assessment involves judgements and estimation uncertainty in considering information about the asset's value and economic performance as well as the overall property market conditions. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 11).

#### 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 11), contract costs (Note 14), contract assets and contract liabilities (Note 15).

#### 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).

#### 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 16).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4. Property, plant and equipment

Group

	Freehold land RM'000	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 2019	24,650	62,098	206,871	8,859	5,035	792	513	308,818
Additions	522	375	5,445	187	252	0	5,490	12,271
Disposals/Write-offs	0	(45)	(3,218)	(55)	(271)	0	0	(3,589)
Transfer to investment properties	(3,979)	0	0	0	0	0	0	(3,979)
Reclassifications	0	0	5,468	0	0	0	(5,468)	0
Currency translation differences	0	(769)	(1,996)	(76)	(16)	0	0	(2,857)
At 31 December 2019	21,193	61,659	212,570	8,915	5,000	792	535	310,664
Additions	0	214	3,820	205	147	12	68	4,466
Disposals/Write-offs	0	0	(2,279)	(229)	(609)	0	0	(3,117)
Currency translation differences	0	1,494	3,883	149	28	0	0	5,554
At 31 December 2020	21,193	63,367	217,994	9,040	4,566	804	603	317,567

Depreciation and impairment losses

At 1 January 2019

Accumulated depreciation	0	21,812	151,829	6,465	3,966	475	0	184,547
Accumulated impairment losses	0	379	7	26	0	0	0	412
	0	22,191	151,836	6,491	3,966	475	0	184,959
Depreciation	0	4,265	8,574	526	488	34	0	13,887
Disposals/Write-offs	0	(12)	(3,161)	(53)	(263)	0	0	(3,489)
Currency translation differences	0	(394)	(1,733)	(68)	(13)	0	0	(2,208)

At 31 December 2019

Accumulated depreciation	0	25,671	155,509	6,870	4,178	509	0	192,737
Accumulated impairment losses	0	379	7	26	0	0	0	412
	0	26,050	155,516	6,896	4,178	509	0	193,149
Depreciation	0	4,321	8,618	523	367	34	0	13,863
Impairment loss	0	0	2,315	0	0	0	0	2,315
Disposals/Write-offs	0	0	(2,256)	(223)	(555)	0	0	(3,034)
Currency translation differences	0	804	3,399	131	23	0	0	4,357

At 31 December 2020

Accumulated depreciation	0	30,796	165,270	7,320	4,013	543	0	207,942
Accumulated impairment losses	0	379	2,322	7	0	0	0	2,708
	0	31,175	167,592	7,327	4,013	543	0	210,650

Carrying amount

At 1 January 2019	24,650	39,907	55,035	2,368	1,069	317	513	123,859
At 31 December 2019	21,193	35,609	57,054	2,019	822	283	535	117,515
At 31 December 2020	21,193	32,192	50,402	1,713	553	261	603	106,917

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	Group			
	2020	2019		
	RM'000	RM'000		
Freehold land	3,450	3,450		
Buildings	1,046	1,070		
	<u>4,496</u>	<u>4,520</u>		
Company		Furniture, fittings and office equipment	Motor vehicles	Total
		RM'000	RM'000	RM'000
<b>Cost</b>				
At 1 January 2019	231	1,014	1,245	
Additions	21	0	21	
Disposals/Write-offs	(14)	(111)	(125)	
At 31 December 2019	<u>238</u>	<u>903</u>	<u>1,141</u>	
Additions	25	0	25	
Disposals/Write-offs	(4)	0	(4)	
At 31 December 2020	<u>259</u>	<u>903</u>	<u>1,162</u>	
<b>Accumulated depreciation</b>				
At 1 January 2019	171	772	943	
Depreciation	28	141	169	
Disposals/Write-offs	(13)	(111)	(124)	
At 31 December 2019	<u>186</u>	<u>802</u>	<u>988</u>	
Depreciation	28	55	83	
Disposals/Write-offs	(4)	0	(4)	
At 31 December 2020	<u>210</u>	<u>857</u>	<u>1,067</u>	
<b>Carrying amount</b>				
At 1 January 2019	<u>60</u>	<u>242</u>	<u>302</u>	
At 31 December 2019	<u>52</u>	<u>101</u>	<u>153</u>	
At 31 December 2020	<u>49</u>	<u>46</u>	<u>95</u>	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**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 2019	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
Additions	0	0	1,296	1,296
Transfer from inventories	4	0	0	4
At 31 December 2020	11,555	27,633	1,296	40,484
<b>Accumulated depreciation</b>				
At 1 January 2019	0	490	0	490
Depreciation	0	808	0	808
At 31 December 2019	0	1,298	0	1,298
Depreciation	0	834	0	834
At 31 December 2020	0	2,132	0	2,132
<b>Carrying amount</b>				
At 1 January 2019	7,285	28,806	0	36,091
At 31 December 2019	11,551	26,335	0	37,886
At 31 December 2020	11,555	25,501	1,296	38,352
<b>Fair value</b>				
Estimated fair value at 31 December 2019	15,597	29,440	0	45,037
Estimated fair value at 31 December 2020	16,500	29,440	n/a	45,940

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5. Investment properties (cont'd)

Company

	Freehold land RM'000
<b>Cost</b>	
At 1 January 2019 / 31 December 2019 / 31 December 2020	23,125
<b>Fair value</b>	
Estimated fair value at 31 December 2019	25,310
Estimated fair value at 31 December 2020	26,800

The fair values of freehold land and buildings 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). The fair value of building under construction cannot be reliably measured due to the absence of active market for comparable properties. Management expects the fair value to be reliably measurable when construction is complete.

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

	Group	
	2020 RM'000	2019 RM'000
Freehold land	6,749	6,749
Buildings	24,718	25,519
	31,467	32,268

The Group and the Company lease certain investment properties to related parties for 20 to 23 years. The undiscounted lease payments to be received are as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within 1 year	1,771	1,740	172	172
1 to 2 years	2,148	1,771	181	172
2 to 3 years	2,521	2,148	181	181
3 to 4 years	2,591	2,521	181	181
4 to 5 years	2,672	2,591	190	181
After 5 years	41,520	44,192	3,439	3,629
	53,223	54,963	4,344	4,516

The Company also leases certain portions of its freehold land to a subsidiary on a yearly basis from January to December.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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	33,029	289	1,247	34,565
Additions	0	295	327	622
Currency translation differences	(455)	0	0	(455)
At 31 December 2019	32,574	584	1,574	34,732
Additions	0	30	91	121
Derecognition	0	(228)	0	(228)
Currency translation differences	883	0	0	883
At 31 December 2020	33,457	386	1,665	35,508
<b>Accumulated depreciation</b>				
At 1 January 2019	5,307	0	502	5,809
Depreciation	1,061	231	307	1,599
Currency translation differences	(83)	0	0	(83)
At 31 December 2019	6,285	231	809	7,325
Depreciation	1,069	254	320	1,643
Derecognition	0	(177)	0	(177)
Currency translation differences	172	0	0	172
At 31 December 2020	7,526	308	1,129	8,963
<b>Carrying amount</b>				
At 1 January 2019	27,722	289	745	28,756
At 31 December 2019	26,289	353	765	27,407
At 31 December 2020	25,931	78	536	26,545

Company

	Motor vehicles RM'000
<b>Cost</b>	
At 1 January 2019	601
Additions	253
At 31 December 2019 / 31 December 2020	854
<b>Accumulated depreciation</b>	
At 1 January 2019	190
Depreciation	164
At 31 December 2019	354
Depreciation	171
At 31 December 2020	525
<b>Carrying amount</b>	
At 1 January 2019	411
At 31 December 2019	500
At 31 December 2020	329

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

The Group acquired the rights to use the leasehold land as its principal places of business for 48 to 60 years. It also leases the buildings as branch offices for 2 to 3 years. The rights to use the motor vehicles were acquired by the Group and the Company under hire purchase financing whereby ownership will be transferred by the end of the lease term of 5 years.

## 7. Investments in subsidiaries

Company

	2020	2019
	RM'000	RM'000
Unquoted shares - at cost	232,476	217,476
Impairment losses	(24,848)	(4,061)
	207,628	213,415

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Place of incorporation	Effective ownership interest		Principal activity
		2020	2019	
GUH Asset Holdings Sdn. Bhd.	Malaysia	100%	100%	Investment holding
GUH Capital Sdn. Bhd.	Malaysia	100%	100%	Investment holding
GUH Electronic Holdings Sdn. Bhd.	Malaysia	100%	100%	Investment holding
GUH International (HK) Private Limited <sup>(a)(b)</sup>	Hong Kong	100%	100%	Dormant
GUH Land Sdn. Bhd.	Malaysia	100%	100%	Investment holding
GUH Plantations Sdn. Bhd.	Malaysia	100%	100%	Cultivation of oil palm
GUH Properties Sdn. Bhd.	Malaysia	100%	100%	Property development
GUH Utilities Holdings Sdn. Bhd.	Malaysia	100%	100%	Investment holding
<u>Subsidiaries of GUH Asset Holdings Sdn. Bhd.</u>				
GUH Construction Sdn. Bhd.	Malaysia	100%	100%	Dormant
GUH Electrical (BW) Sdn. Bhd.	Malaysia	100%	100%	Trading in electrical goods and appliances (ceased operations in September 2020)
GUH Electrical (KL) Sdn. Bhd.	Malaysia	100%	100%	Dormant



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal place of business/ Place of incorporation	Effective ownership interest		Principal activity
		2020	2019	
<u>Subsidiaries of GUH Asset Holdings Sdn. Bhd. (cont'd)</u>				
GUH Realty Sdn. Bhd.	Malaysia	100%	100%	Investment in real estate and property development
GUH Renewable Energy Sdn. Bhd. (formerly known as Malaysian Mechanical Engineering Industries Sdn. Bhd.)	Malaysia	0%	100%	Investment holding
Milan Diamond Sdn. Bhd.	Malaysia	100%	100%	Property letting
Tecnovac Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant
<u>Subsidiaries of GUH Electronic Holdings Sdn. Bhd.</u>				
Grand Circuit Industry (Philippines) Inc. <sup>(a)</sup>	Philippines	100%	100%	Dormant
Grand United (BVI) Co., Ltd. <sup>(a)(b)</sup>	British Virgin Islands	100%	100%	Dormant
GUH Circuit Industry (PG) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of hybrid printed circuit boards
GUH Circuit Industry (Suzhou) Co., Ltd.	China	100%	100%	Manufacture and sale of hybrid printed circuit boards
<u>Subsidiary of GUH International (HK) Private Limited</u>				
GUH Electronic (Yancheng) Co., Ltd. <sup>(a)(b)</sup>	China	0%	100%	Dissolved in March 2020
<u>Subsidiary of GUH Land Sdn. Bhd.</u>				
GUH Development Sdn. Bhd.	Malaysia	99%	99%	Property development
<u>Subsidiaries of GUH Utilities Holdings Sdn. Bhd.</u>				
GUH Renewable Energy Sdn. Bhd. (formerly known as Malaysian Mechanical Engineering Industries Sdn. Bhd.)	Malaysia	100%	0%	Investment holding
GUH Water Pte. Ltd. <sup>(a)(b)</sup>	Hong Kong	100%	100%	Dormant

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

Name of subsidiary	Principal place of business/ Place of incorporation	Effective ownership interest		Principal activity
		2020	2019	
<u>Subsidiaries of GUH Utilities Holdings Sdn. Bhd. (cont'd)</u>				
Teknoserv Engineering Sdn. Bhd.	Malaysia	100%	100%	Project managers and contractors for construction of water & wastewater treatment plant and road infrastructure
<u>Subsidiary of GUH Realty Sdn. Bhd.</u>				
Jeladan Sdn. Bhd.	Malaysia	100%	100%	Dormant
<u>Subsidiary of GUH Renewable Energy Sdn. Bhd.</u>				
GUH Renewable Energy Co., Ltd. <sup>(a)(b)</sup>	Taiwan	100%	0%	Investment holding

(a) Not audited by Crowe Malaysia PLT

(b) Not required to be audited, and consolidated using unaudited financial statements

**8. Investments in associates**

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unquoted shares - at cost	10,337	13,360	0	3,023
Share of post-acquisition changes in net assets	(2,443)	2,603	0	0
Impairment losses	(2,100)	0	0	0
	<u>5,794</u>	<u>15,963</u>	<u>0</u>	<u>3,023</u>
Attributable to:-				
- Cambodia Utilities Pte. Ltd.	0	7,248	0	3,023
- Straits International Education Group Sdn. Bhd.	5,794	8,715	0	0
	<u>5,794</u>	<u>15,963</u>	<u>0</u>	<u>3,023</u>

The details of the associates are as follows:-

Name of associate	Principal place of business/ Place of incorporation	Effective ownership interest		Principal activity
		2020	2019	
Cambodia Utilities Pte. Ltd. ("CUPL")	Cambodia	0%	20%	Dissolved in June 2020
Straits International Education Group Sdn. Bhd. ("SIEG")	Malaysia	25%	25%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. Investments in associates (cont'd)

Name of associate	Principal place of business/ Place of incorporation	Effective ownership interest		Principal activity
		2020	2019	
<u>Subsidiaries of SIEG</u>				
KIM Straits International Education Sdn. Bhd.	Malaysia	25%	25%	Dormant
KK Straits International Education Sdn. Bhd.	Malaysia	25%	25%	Provision of education services
SG Straits International Education Sdn. Bhd.	Malaysia	25%	25%	Provision of education services

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

	CUPL		SIEG and its subsidiaries	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-current assets	0	0	52,098	57,136
Current assets	0	36,585	8,268	7,418
Current liabilities	0	(345)	(15,972)	(15,674)
Non-current liabilities	0	0	(47,703)	(48,904)
Net assets/(liabilities)	0	36,240	(3,309)	(24)
Revenue	0	0	19,616	17,017
Profit/(Loss) (representing comprehensive income)	318	5	(3,285)	(5,699)

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

	CUPL		SIEG	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net assets/(liabilities)	0	36,240	(3,309)	(24)
Effective ownership interest	0	20%	25%	25%
Share of net assets/(liabilities)	0	7,248	(827)	(6)
Goodwill	0	0	8,721	8,721
Impairment losses	0	0	(2,100)	0
Carrying amount	0	7,248	5,794	8,715

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. Investment in joint venture

Group

	2020	2019
	RM'000	RM'000
Unquoted shares - at cost	0*	0

\* Denotes RM51

The details of the joint venture are as follows:-

Name of joint venture	Place of incorporation	Effective ownership interest		Principal activity
		2020	2019	
GUH Centralised Dormitory Sdn. Bhd. ("GUHCD")	Malaysia	51%	0%	Dormant

In March 2020, the Group (through a wholly-owned subsidiary) entered into a joint venture agreement ("JVA") with another joint venturer to establish GUHCD. Pursuant to the JVA, decisions about the relevant activities of GUHCD require the unanimous consent of the joint venturers sharing control. Accordingly, the Group determines that it does not control GUHCD on its own even though it holds 51% of the equity interest therein.

GUHCD was incorporated in August 2020. Its intended principal activity is the development of foreign worker dormitories on a property identified in the JVA ("Identified Property"). The Group will contribute the Identified Property (included in inventories at carrying amount of RM14,757,000 as at 31 December 2020) as its 51% interest in the enlarged capital of GUHCD. The fair value of the Identified Property is estimated at RM16,547,000.

The summarised financial information of GUHCD for the financial period ended 31 December 2020 has not been disclosed as it is not material to the Group.

## 10. Other investments

Group and Company

	2020	2019
	RM'000	RM'000
Quoted shares - at fair value	3	1

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. Inventories

Group

	2020	2019
	RM'000	RM'000
<b>Non-current assets</b>		
Land held for property development	<u>174,537</u>	<u>169,678</u>
<b>Current assets</b>		
Property development costs	12,132	8,118
Completed development units	73,607	76,690
Raw materials	9,653	14,300
Work-in-progress	3,426	7,887
Finished goods	3,459	9,027
Consumables	3,639	3,185
Goods-in-transit	<u>2,794</u>	<u>1,318</u>
	<u>108,710</u>	<u>120,525</u>
Total inventories	<u>283,247</u>	<u>290,203</u>

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

	2020	2019
	RM'000	RM'000
Land held for property development	27,444	27,391
Property development costs	<u>11,320</u>	<u>0</u>
	<u>38,764</u>	<u>27,391</u>

While holding for sale in the ordinary course of business, the Group leases certain completed development units under operating leases which are cancellable at its discretion. The undiscounted lease payments to be received are as follows:-

	2020	2019
	RM'000	RM'000
Within 1 year	295	264
1 to 2 years	221	65
2 to 3 years	55	33
3 to 4 years	36	35
4 to 5 years	18	36
After 5 years	<u>0</u>	<u>18</u>
	<u>625</u>	<u>451</u>

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	(11,080)	(11,399)	(1,099)	(1,099)
Deferred tax income/(expense) relating to origination and reversal of temporary differences	2,113	(171)	0	0
Deferred tax liabilities (under)/over provided in prior year	(388)	400	0	0
Currency translation differences	(213)	90	0	0
At 31 December	<u>(9,568)</u>	<u>(11,080)</u>	<u>(1,099)</u>	<u>(1,099)</u>
Disclosed as:-				
- Deferred tax assets	675	802	0	0
- Deferred tax liabilities	<u>(10,243)</u>	<u>(11,882)</u>	<u>(1,099)</u>	<u>(1,099)</u>
	<u>(9,568)</u>	<u>(11,080)</u>	<u>(1,099)</u>	<u>(1,099)</u>
In respect of (taxable)/deductible temporary differences of:-				
- Property, plant and equipment	(8,925)	(9,090)	0	0
- Investment properties	(290)	(293)	(1,099)	(1,099)
- Right-of-use assets	(1,322)	(3,042)	0	0
- Investments in associates	0	(607)	0	0
- Inventories	(311)	398	0	0
- Financial instruments	1,269	1,480	0	0
- Lease liabilities	11	74	0	0
	<u>(9,568)</u>	<u>(11,080)</u>	<u>(1,099)</u>	<u>(1,099)</u>

Save as disclosed above, as at 31 December 2020, 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 RM1,849,000 and RM29,000 (2019 : RM213,000 and RM47,000) 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	3,408	0	0	0
- Investment properties	1,060	1,060	0	0
- Inventories	9,852	8,156	0	0
- Contract assets and contract liabilities	13	0	0	0
- Financial instruments	2,215	158	0	158
- Lease liabilities	263	253	97	140
- Retirement benefits	7,287	6,544	7,287	6,544
Unused capital allowances	1,683	1,556	1,129	1,068
Unused tax losses expiring in year of assessment:-				
- 2025	69,357	41,365	19,069	19,069
- 2026	4,501	4,501	2,260	2,260
- 2027	7,008	0	2,339	0
Taxable temporary differences of:-				
- Property, plant and equipment	(348)	(510)	(23)	(40)
- Right-of-use assets	(6,925)	(261)	(98)	(156)
- Biological assets	(152)	(118)	0	0
	<u>99,222</u>	<u>62,704</u>	<u>32,060</u>	<u>29,043</u>

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

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### 13. Biological assets

Group

	2020 RM'000	2019 RM'000
At 1 January	118	346
Fair value gains	950	590
Harvest and sales	(916)	(818)
At 31 December	<u>152</u>	<u>118</u>
Estimated quantities:-		
- Harvested during the year (metric tonnes)	1,731	2,043
- Unharvested at 31 December (metric tonnes)	<u>370</u>	<u>360</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

	2020 RM'000	2019 RM'000
Costs of obtaining contracts	<u>48</u>	<u>116</u>

### 15. Contract assets and contract liabilities

Group

#### Contract assets

	2020 RM'000	2019 RM'000
Sale of goods (Note (i))	181	4,007
Property development (Note (ii))	2,721	2,074
Construction contracts (Note (iii))	1,436	1,839
	<u>4,338</u>	<u>7,920</u>

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

### Contract liabilities

	2020	2019
	RM'000	RM'000
Construction contracts (Note (iii))	3,624	2,393

(i) Contract assets from sale of goods

	2020	2019
	RM'000	RM'000
At 1 January	4,007	4,106
Reclassification to receivables	(4,007)	(4,106)
Excess of revenue recognised over receivables	181	4,007
At 31 December	181	4,007

As disclosed in Note 2.20, 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

	2020	2019
	RM'000	RM'000
At 1 January	2,074	4,024
Revenue recognised during the year	8,259	9,985
Progress billings during the year	(7,612)	(11,935)
At 31 December	2,721	2,074

As disclosed in Note 2.20, 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 2020, the aggregate transaction price allocated to the remaining performance obligations amounted to RM2,040,000 (2019 : RM4,300,000) and the Group expects to recognise this revenue when the projects are completed over the next 1 (2019 : 1 to 2) year.



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

(iii) Contract assets and contract liabilities from construction contracts

	2020 RM'000	2019 RM'000
At 1 January	(554)	(8,353)
Revenue recognised during the year	8,734	16,430
Progress billings during the year	(10,368)	(6,979)
Consideration received in advance	0	(1,652)
At 31 December	<u>(2,188)</u>	<u>(554)</u>
Disclosed as:-		
- Contract assets	1,436	1,839
- Contract liabilities	<u>(3,624)</u>	<u>(2,393)</u>
	<u>(2,188)</u>	<u>(554)</u>

As disclosed in Note 2.20, 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.

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 2020, the aggregate transaction price allocated to the remaining performance obligations amounted to RM90,988,000 (2019 : RM51,156,000) and the Group expects to recognise this revenue when the projects are completed over the next 1 to 3 (2019 : 1 to 2) years.

## 16. Receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current assets</b>				
Amounts due from subsidiaries	0	0	227,456	218,489
Loss allowance	0	0	(15,401)	(20,968)
	<u>0</u>	<u>0</u>	<u>212,055</u>	<u>197,521</u>
<b>Current assets</b>				
Trade receivables:-				
- Related party <sup>(a)</sup>	370	55	0	0
- Unrelated parties	50,259	61,493	0	0
	50,629	61,548	0	0
- Loss allowance	(2,520)	(2,456)	0	0
	48,109	59,092	0	0
Other receivables	4,352	3,501	5	5
Dividend receivable	0	0	6,000	7,928
Amounts due from subsidiaries	0	0	11,491	397
Loss allowance	0	0	(14)	(13)
	0	0	11,477	384
	<u>52,461</u>	<u>62,593</u>	<u>17,482</u>	<u>8,317</u>
Total receivables	<u>52,461</u>	<u>62,593</u>	<u>229,537</u>	<u>205,838</u>

(a) Being a company in which a director has substantial financial interest

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## 16. Receivables (cont'd)

### Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2020, there were 2 (2019 : 1) major groups of customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major groups amounted to RM15,198,000 (2019 : RM9,357,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2020 RM'000	2019 RM'000
Malaysia	24,010	23,843
China	8,724	18,371
Indonesia	10,392	10,223
Singapore	5,335	5,475
Others	2,168	3,636
	<u>50,629</u>	<u>61,548</u>

The credit terms of trade receivables range from 14 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	
	2020 RM'000	2019 RM'000
Not past due	43,327	58,130
1 to 30 days past due	2,240	508
31 to 90 days past due	2,324	283
More than 90 days past due	2,738	2,627
	<u>50,629</u>	<u>61,548</u>

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	
	2020 RM'000	2019 RM'000
At 1 January	2,456	2,597
Impairment gains	0	(7)
Write-offs	(38)	(81)
Currency translation differences	102	(53)
At 31 December	<u>2,520</u>	<u>2,456</u>

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**16. Receivables (cont'd)**

**Trade receivables (cont'd)**

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>2020</b>			
Gross carrying amount	123,551	115,396	238,947
Loss allowance:-			
- At 1 January	1,363	19,618	20,981
- Impairment gains	(1,251)	(4,315)	(5,566)
- At 31 December	112	15,303	15,415
	<u>123,439</u>	<u>100,093</u>	<u>223,532</u>
Disclosed as:-			
- Non-current assets	111,962	100,093	212,055
- Current assets	11,477	0	11,477
	<u>123,439</u>	<u>100,093</u>	<u>223,532</u>
<b>2019</b>			
Gross carrying amount	108,743	110,143	218,886
Loss allowance:-			
- At 1 January	687	16,078	16,765
- Impairment losses	676	3,540	4,216
- At 31 December	1,363	19,618	20,981
	<u>107,380</u>	<u>90,525</u>	<u>197,905</u>
Disclosed as:-			
- Non-current assets	106,996	90,525	197,521
- Current assets	384	0	384
	<u>107,380</u>	<u>90,525</u>	<u>197,905</u>

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

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### 17. Cash and cash equivalents

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Highly liquid investments in money market funds	0	858	0	858
Term deposits	38,035	78,613	3,850	2,263
Cash and bank balances	38,292	22,895	223	395
	<u>76,327</u>	<u>102,366</u>	<u>4,073</u>	<u>3,516</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 RM440,000 (2019 : RM407,000) have been pledged as security for credit 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 2020 ranged from 0.15% to 3.55% (2019 : 1.00% to 3.80%) 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and cash equivalents	76,327	102,366	4,073	3,516
Bank overdraft	(892)	(665)	0	0
Term deposits pledged as security	(440)	(407)	0	0
	<u>74,995</u>	<u>101,294</u>	<u>4,073</u>	<u>3,516</u>

### 18. Payables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables:-				
- Related party <sup>(a)</sup>	1,950	1,660	0	0
- Related party <sup>(b)</sup>	636	636	0	0
- Unrelated parties	39,832	45,127	0	0
	42,418	47,423	0	0
Other payables:-				
- Related party <sup>(a)</sup>	555	600	0	0
- Unrelated parties	17,786	19,201	1,750	1,932
	18,341	19,801	1,750	1,932
Amounts due to subsidiaries	0	0	13,185	13,028
Amount due to associate	0	7,166	0	7,166
	60,759	74,390	14,935	22,126
Contingent consideration - at fair value	0	2,962	0	0
	<u>60,759</u>	<u>77,352</u>	<u>14,935</u>	<u>22,126</u>

<sup>(a)</sup> Being companies in which a director has substantial financial interests

<sup>(b)</sup> Being a company in which a close family member of certain directors has substantial financial interest

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**18. Payables (cont'd)**

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.

**19. Loans and borrowings**

Group

	2020 RM'000	2019 RM'000
<b>Secured</b>		
Bank overdraft	892	665
Banker acceptances	1,296	1,365
Short-term loan	4,923	0
Long-term loans	31,364	37,201
<b>Unsecured</b>		
Revolving credit	0	7,000
Long-term loans	5,622	13,103
	<u>44,097</u>	<u>59,334</u>
Disclosed as:-		
- Current liabilities	18,716	23,772
- Non-current liabilities	25,381	35,562
	<u>44,097</u>	<u>59,334</u>

Secured loans and borrowings are secured against certain property, plant and equipment (Note 4), investment properties (Note 5) and inventories (Note 11).

The effective interest rates of loans and borrowings as at 31 December 2020 ranged from 3.44% to 4.27% (2019 : 4.32% to 5.82%) per annum.

Except for long-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.

Long-term loans are repayable over 2 to 15 years. The repayment analysis is as follows:-

	2020 RM'000	2019 RM'000
Gross loan instalments:-		
- Within 1 year	12,961	16,931
- 1 to 5 years	12,424	22,189
- After 5 years	18,284	22,222
Total contractual undiscounted cash flows	43,669	61,342
Future finance charges	(6,683)	(11,038)
Present value of long-term loans	<u>36,986</u>	<u>50,304</u>

The fair values of long-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 long-term loans.

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## 20. Lease liabilities

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Gross lease liabilities:-				
- Within 1 year	333	532	140	140
- 1 to 5 years	271	533	148	288
Total contractual undiscounted cash flows	604	1,065	288	428
Future finance charges	(36)	(62)	(15)	(31)
Present value of lease liabilities	<u>568</u>	<u>1,003</u>	<u>273</u>	<u>397</u>
Disclosed as:-				
- Current liabilities	311	505	130	124
- Non-current liabilities	257	498	143	273
	<u>568</u>	<u>1,003</u>	<u>273</u>	<u>397</u>

The incremental borrowing rates applied to lease liabilities as at 31 December 2020 ranged from 4.39% to 5.00% (2019 : 4.39% to 5.00%) per annum.

## 21. Financial guarantee contracts

Group and Company

	2020	2019
	RM'000	RM'000
At 1 January	0	0
Initial recognition at fair value	1,100	0
Amortisation	(92)	0
At 31 December	<u>1,008</u>	<u>0</u>

In connection with the Group's proposed joint venture investment in Yabisi Solar Power Co., Ltd. ("Yabisi"), a company incorporated in Taiwan, to explore business opportunities within the renewable energy sector in Taiwan, the Taiwanese government has required a bank guarantee of USD10,905,000 (equivalent to RM43,827,000) from Yabisi in order to access the government land. Accordingly, the Group (with the Company as the ultimate guarantor) has issued a financial guarantee to a financial institution to secure the bank guarantee facility granted by the latter.

The aforementioned financial guarantee contract was initially recognised at fair value based on valuation performed by independent professional valuer who calculated the present value of the guarantee amount multiplied by the probability of default. The probability of default was estimated using credit rating methodologies with observable market and external data (i.e. Level 2). The financial guarantee contract is subsequently amortised on a straight-line basis over the contractual term of 2 years. No maturity analysis is presented for the financial guarantee contract as the entire guarantee amount could be called at any time in the event of default by Yabisi.

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**21. Financial guarantee contracts (cont'd)**

Company

Save as disclosed above, the Company has also 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 RM118,210,000 (2019 : RM126,144,000). The total utilisation of these credit facilities as at 31 December 2020 amounted to RM67,380,000 (2019 : RM77,556,000). In addition, the Company has executed a performance guarantee contract up to a limit of RM35,736,000 (2019 : RM35,736,000) to guarantee the due performance of all the contract works by a subsidiary in a construction project. No maturity analysis is presented for the financial guarantee contracts as the entire guarantee 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 or contract works is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

**22. Retirement benefits**

Group and Company

	2020 RM'000	2019 RM'000
Present value of defined benefit obligations:-		
- At 1 January	6,544	4,705
- Defined benefit costs	743	1,839
- At 31 December	<u>7,287</u>	<u>6,544</u>

The components of defined benefit costs are as follows:-

	2020 RM'000	2019 RM'000
Current service cost	465	29
Interest expense	278	228
Past service cost	0	1,297
Remeasurement of defined benefit liability:-		
- Actuarial losses arising from changes in financial assumptions	0	285
	<u>743</u>	<u>1,839</u>

The principal actuarial assumptions used to determine the present value of the defined benefit obligations are as follows:-

	2020 %	2019 %
Discount rate	4.10	4.10
Future salary growth	<u>4.00</u>	<u>4.00</u>

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## 22. Retirement benefits (cont'd)

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	
	2020	2019
	RM'000	RM'000
Increase in discount rate by 1%	(395)	(419)
Decrease in discount rate by 1%	433	461
Increase in future salary growth by 1%	511	457
Decrease in future salary growth by 1%	<u>(472)</u>	<u>(423)</u>

## 23. Share capital

	2020	2019
	RM'000	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:-

	2020		2019	
	No. of ordinary shares	Cost	No. of ordinary shares	Cost
	'000	RM'000	'000	RM'000
At 1 January	116	148	3,543	4,546
Shares distributed as share dividends	<u>0</u>	<u>0</u>	<u>(3,427)</u>	<u>(4,398)</u>
At 31 December	<u>116</u>	<u>148</u>	<u>116</u>	<u>148</u>

The number of outstanding shares in issue after excluding the treasury shares is as follows:-

	2020	2019
	No. of ordinary shares	No. of ordinary shares
	'000	'000
At 1 January	277,789	274,362
Shares distributed as share dividends	<u>0</u>	<u>3,427</u>
At 31 December	<u>277,789</u>	<u>277,789</u>



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**24. Non-controlling interests (“NCI”)**

Group

	Accumulated NCI		Loss allocated to NCI	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
GUH Development Sdn. Bhd.	(15)	(11)	(4)	(8)

The details of the subsidiary that has NCI are as follows:-

Name of subsidiary	Principal place of business/ Place of incorporation	Effective ownership interest held by NCI		Principal activity
		2020	2019	
GUH Development Sdn. Bhd.	Malaysia	1%	1%	Property development

The summarised financial information of the above subsidiary has not been disclosed as its NCI are not material to the Group.

**25. Revenue**

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:-				
- Sale of goods	214,212	295,114	0	0
- Sale of agricultural produce	916	818	0	0
- Rendering of services	0	0	5,183	5,210
- Property development	8,259	9,985	0	0
- Sale of completed development units	5,725	11,884	0	0
- Construction contracts	8,734	16,430	0	0
	237,846	334,231	5,183	5,210
Other sources of revenue:-				
- Dividend income	0	0	36,160	12,400
- Operating lease income	2,026	1,759	1,230	918
	2,026	1,759	37,390	13,318
	239,872	335,990	42,573	18,528

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## 25. Revenue (cont'd)

### Disaggregation of revenue from contracts with customers

Group

	Operating segments (Note 33)					Total RM'000
	Manufacture of printed circuit boards RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Property develop- ment RM'000	Construction contracts RM'000	
<b>2020</b>						
Major products/services:-						
- Printed circuit boards	213,338	0	0	0	0	213,338
- Electrical appliances	0	874	0	0	0	874
- Fresh fruit bunches	0	0	916	0	0	916
- Properties under development	0	0	0	8,259	0	8,259
- Completed development units	0	0	0	5,725	0	5,725
- Water & wastewater treatment plant and road infrastructure	0	0	0	0	8,734	8,734
	<u>213,338</u>	<u>874</u>	<u>916</u>	<u>13,984</u>	<u>8,734</u>	<u>237,846</u>
Geographical areas:-						
- Malaysia	85,648	874	916	13,984	8,734	110,156
- China	43,587	0	0	0	0	43,587
- Indonesia	30,398	0	0	0	0	30,398
- Singapore	41,484	0	0	0	0	41,484
- Others	12,221	0	0	0	0	12,221
	<u>213,338</u>	<u>874</u>	<u>916</u>	<u>13,984</u>	<u>8,734</u>	<u>237,846</u>
Timing of revenue recognition:-						
- Over time	0	0	0	8,259	8,734	16,993
- At a point in time	213,338	874	916	5,725	0	220,853
	<u>213,338</u>	<u>874</u>	<u>916</u>	<u>13,984</u>	<u>8,734</u>	<u>237,846</u>
<b>2019</b>						
Major products/services:-						
- Printed circuit boards	289,637	0	0	0	0	289,637
- Electrical appliances	0	5,477	0	0	0	5,477
- Fresh fruit bunches	0	0	818	0	0	818
- Properties under development	0	0	0	9,985	0	9,985
- Completed development units	0	0	0	11,884	0	11,884
- Water & wastewater treatment plant and road infrastructure	0	0	0	0	16,430	16,430
	<u>289,637</u>	<u>5,477</u>	<u>818</u>	<u>21,869</u>	<u>16,430</u>	<u>334,231</u>
Geographical areas:-						
- Malaysia	92,057	5,477	818	21,869	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>5,477</u>	<u>818</u>	<u>21,869</u>	<u>16,430</u>	<u>334,231</u>
Timing of revenue recognition:-						
- Over time	0	0	0	9,985	16,430	26,415
- At a point in time	289,637	5,477	818	11,884	0	307,816
	<u>289,637</u>	<u>5,477</u>	<u>818</u>	<u>21,869</u>	<u>16,430</u>	<u>334,231</u>

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## 25. Revenue (cont'd)

### Disaggregation of revenue from contracts with customers (cont'd)

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables from contracts with customers	0	7	0	0
Amounts due from subsidiaries	0	0	5,566	(4,216)
	<u>0</u>	<u>7</u>	<u>5,566</u>	<u>(4,216)</u>

## 27. (Loss)/Profit before tax

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging:-				
Amortisation of contract costs	7,469	11,341	0	0
Auditors' remuneration:-				
- Current year	253	254	53	53
- Prior year	0	23	0	0
Compensation claims by customers	2,007	0	0	0
Depreciation of investment properties	834	808	0	0
Depreciation of property, plant and equipment	13,863	13,887	83	169
Depreciation of right-of-use assets	1,643	1,599	171	164
Direct operating expenditure for investment properties generating rental income	45	43	28	28
Employee benefits expense (Note 28)	78,134	74,552	8,089	9,073
Fair value changes in biological assets (net)	0	228	0	0
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss	0	41	0	0

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27. (Loss)/Profit before tax (cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value of financial guarantee contract	1,100	0	1,100	0
Fee expense for financial instruments not measured at fair value through profit or loss	475	387	1	1
Impairment loss on investment in associate <sup>(a)</sup>	2,100	0	0	0
Impairment loss on investments in subsidiaries <sup>(a)</sup>	0	0	20,787	0
Impairment loss on property, plant and equipment <sup>(a)</sup>	2,315	0	0	0
Interest expense for financial liabilities not measured at fair value through profit or loss	2,418	3,252	0	0
Interest expense for lease liabilities	37	53	16	20
Inventories written down	4,739	565	0	0
Inventories written off	84	0	0	0
Lease expense relating to:-				
- Short-term leases	79	323	129	108
- Leases of low-value assets (other than short-term leases)	5	6	0	0
Loss on dissolution of associate	376	0	0	0
Loss on dissolution of subsidiary	614	0	0	0
Loss on foreign exchange:-				
- Realised	1,519	0	333	0
- Unrealised	0	192	9	0
Property, plant and equipment written off	10	34	0	1
and crediting:-				
Amortisation of financial guarantee contract	92	0	92	0
Fair value changes in biological assets (net)	34	0	0	0
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss	2	0	2	0
Gain on derecognition of contingent consideration	2,962	0	0	0
Gain on derecognition of right-of-use assets	2	0	0	0
Gain on disposal of property, plant and equipment	28	21	0	60
Gain on dissolution of associate	0	0	4,625	0
Gain on foreign exchange:-				
- Realised	0	534	0	0
- Unrealised	80	0	0	75
Government grants under Wage Subsidy Programme	943	0	0	0
Interest income for financial assets measured at amortised cost	1,445	2,249	164	88
Operating lease income from:-				
- Investment properties	2,026	1,759	1,230	918
- Others	408	425	0	0
Reversal of impairment loss on investments in subsidiaries <sup>(b)</sup>	0	0	0	579
Reversal of inventories written down	604	448	0	0

(a) Included in other expenses

(b) Included in other income

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**28. Employee benefits expense (including directors' remuneration)**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company:-				
- Fees	668	632	630	594
- Other short-term employee benefits	3,593	3,655	3,593	3,655
- Defined contribution plans	638	652	638	652
- Defined benefit plans	731	1,554	731	1,554
	5,630	6,493	5,592	6,455
Directors of subsidiaries:-				
- Fees	50	49	0	0
- Other short-term employee benefits	1,170	1,141	401	399
- Defined contribution plans	104	99	47	46
- Defined benefit plans	12	0	12	0
	1,336	1,289	460	445
Other employees:-				
- Short-term employee benefits	48,868	61,598	1,825	1,950
- Defined contribution plans	3,322	5,172	212	223
- Termination benefits	18,978	0	0	0
	71,168	66,770	2,027	2,173
	<u>78,134</u>	<u>74,552</u>	<u>8,089</u>	<u>9,073</u>

The estimated money value of benefits received or receivable by certain directors otherwise than in cash is as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company	44	44	44	44
Directors of subsidiaries	22	22	17	17
	<u>66</u>	<u>66</u>	<u>61</u>	<u>61</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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tax based on results for the year:-				
- Current tax	2,737	2,517	0	0
- Deferred tax	(2,113)	171	0	0
	624	2,688	0	0
Tax under/(over) provided in prior year:-				
- Current tax	376	(202)	0	0
- Deferred tax	388	(400)	0	0
Withholding tax on dividend from foreign subsidiary	3,326	0	0	0
	<u>4,714</u>	<u>2,086</u>	<u>0</u>	<u>0</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 29. Tax expense (cont'd)

The numerical reconciliation between the product of (loss)/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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax	(40,258)	7,096	20,774	3,626
Tax at applicable tax rate of 24%	(9,662)	1,703	4,986	870
Non-deductible expenses	3,188	2,232	5,446	1,203
Non-taxable income	(1,399)	(79)	(11,156)	(3,142)
Tax incentives claimed	(154)	(2,122)	0	0
Effect of differential tax rates	(338)	45	0	0
Increase in unrecognised deferred tax assets	8,989	909	724	1,069
Tax under/(over) provided in prior year	764	(602)	0	0
Withholding tax on dividend from foreign subsidiary	3,326	0	0	0
<b>Tax expense</b>	<b>4,714</b>	<b>2,086</b>	<b>0</b>	<b>0</b>

### 30. (Loss)/Earnings per share

#### Group

The basic (loss)/earnings per share is calculated by dividing the Group's (loss)/profit 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:-

	2020	2019
(Loss)/Profit for the financial year attributable to owners of the Company (RM'000)	(44,968)	5,018
Number of shares in issue at 1 January ('000)	277,789	274,362
Effect of share dividends ('000)	0	3,427
Weighted average number of shares in issue ('000)	277,789	277,789
<b>Basic (loss)/earnings per share (sen)</b>	<b>(16.19)</b>	<b>1.81</b>

The diluted (loss)/earnings per share equals the basic (loss)/earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**31. Notes to statements of cash flows**

**Acquisition of right-of-use assets**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost of right-of-use assets acquired	121	622	0	253
Acquisition by means of leases	(119)	(581)	0	(227)
Net cash disbursed	<u>2</u>	<u>41</u>	<u>0</u>	<u>26</u>

**Short-term loans and borrowings**

	Group	
	2020 RM'000	2019 RM'000
At 1 January	8,365	10,000
Net cash flow changes	(2,146)	(1,635)
At 31 December	<u>6,219</u>	<u>8,365</u>
Represented by:-		
- Banker acceptances (Note 19)	1,296	1,365
- Short-term loan (Note 19)	4,923	0
- Revolving credit (Note 19)	0	7,000
	<u>6,219</u>	<u>8,365</u>

**Long-term loans**

	Group	
	2020 RM'000	2019 RM'000
At 1 January	50,304	56,216
Drawdowns	1,360	6,214
Repayments	(14,697)	(12,160)
Other changes	19	34
At 31 December (Note 19)	<u>36,986</u>	<u>50,304</u>

**Lease liabilities**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	1,003	890	397	320
Additions	119	581	0	227
Payments	(501)	(468)	(124)	(150)
Derecognition	(53)	0	0	0
At 31 December (Note 20)	<u>568</u>	<u>1,003</u>	<u>273</u>	<u>397</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 31. Notes to statements of cash flows (cont'd)

#### Lease liabilities (cont'd)

The total cash outflow for leases is as follows:-

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Operating activities</b>				
Lease expense recognised in profit or loss (Note 27)	84	329	129	108
<b>Investing activities</b>				
Acquisition of right-of-use assets	2	41	0	26
<b>Financing activities</b>				
Interest portion of lease liabilities (Note 27)	37	53	16	20
Principal portion of lease liabilities	501	468	124	150
	<u>624</u>	<u>891</u>	<u>269</u>	<u>304</u>

### 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Acquisition of property, plant and equipment from other related parties <sup>(a)</sup>	320	198	0	0
Capital repayment from associate	7,648	0	7,648	0
Dividends declared from subsidiaries	0	0	36,160	12,400
Purchase of goods from other related parties <sup>(a)</sup>	12,176	12,763	0	0
Receiving of services from other related party <sup>(a)</sup>	142	134	0	0
Rendering of services to subsidiaries	0	0	5,183	5,210
Rental charged by subsidiary	0	0	129	108
Rental charged by other related party <sup>(a)</sup>	114	114	0	0
Rental charged to associate	1,542	1,587	0	0
Rental charged to subsidiary	0	0	746	746
Rental charged to other related party <sup>(a)</sup>	172	172	172	172
Sale of goods to other related party <sup>(a)</sup>	2,866	2,435	0	0
Subscription for shares in subsidiary	0	0	15,000	0
	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>0</u>

<sup>(a)</sup> Being companies in which certain directors have substantial financial interests



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 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) Sale of electrical appliances
- (iii) Cultivation of oil palm
- (iv) Property development
- (v) Construction contracts (for water & wastewater treatment plant and road infrastructure)

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	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Property develop- ment RM'000	Construction contracts RM'000	Unallocated non- operating segments RM'000	Total RM'000
<b>2020</b>							
Segment assets	223,186	1,786	18,441	273,784	33,343	40,319	590,859
Investments in associates	0	0	0	0	0	5,794	5,794
Income tax assets	0	3	80	690	28	0	801
<b>Total assets</b>	<b>223,186</b>	<b>1,789</b>	<b>18,521</b>	<b>274,474</b>	<b>33,371</b>	<b>46,113</b>	<b>597,454</b>
<b>Additions to non-current assets</b>	<b>4,427</b>	<b>0</b>	<b>12</b>	<b>1,297</b>	<b>122</b>	<b>25</b>	<b>5,883</b>
Segment liabilities	32,999	54	44	18,022	10,407	11,152	72,678
Loans and borrowings	5,622	0	0	12,954	1,296	24,225	44,097
Lease liabilities	0	0	0	181	114	273	568
Income tax liabilities	11,136	7	0	132	0	929	12,204
<b>Total liabilities</b>	<b>49,757</b>	<b>61</b>	<b>44</b>	<b>31,289</b>	<b>11,817</b>	<b>36,579</b>	<b>129,547</b>
External revenue	213,338	874	916	13,984	8,734	2,026	239,872
Intersegment revenue	0	0	0	49	1,858	42,089	43,996
<b>Total revenue</b>	<b>213,338</b>	<b>874</b>	<b>916</b>	<b>14,033</b>	<b>10,592</b>	<b>44,115</b>	<b>283,868</b>
Segment (loss)/profit	(29,830)	(884)	(676)	463	(3,751)	(3,813)	(38,491)
Interest income	1,187	6	0	88	0	164	1,445
Interest expense	(659)	0	0	(566)	(166)	(1,064)	(2,455)
Share of associates' loss	0	0	0	0	0	(757)	(757)
Loss before tax	(29,302)	(878)	(676)	(15)	(3,917)	(5,470)	(40,258)
Tax (expense)/income	(4,370)	(1)	0	(952)	0	609	(4,714)
<b>Loss for the financial year</b>	<b>(33,672)</b>	<b>(879)</b>	<b>(676)</b>	<b>(967)</b>	<b>(3,917)</b>	<b>(4,861)</b>	<b>(44,972)</b>
Non-cash income	707	0	34	0	(11)	3,046	3,776
Depreciation	14,475	27	53	464	266	1,055	16,340
Other non-cash expenses	7,668	94	0	0	0	4,319	12,081

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### 33. Segment reporting (cont'd)

#### Operating segments (cont'd)

	Manufacture of printed circuit boards RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Property develop- ment RM'000	Construction contracts RM'000	Unallocated non- operating segments RM'000	Total RM'000
<b>2019</b>							
Segment assets	301,780	3,855	18,241	266,338	16,139	43,563	649,916
Investments in associates	0	0	0	0	0	15,963	15,963
Income tax assets	0	3	60	1,199	18	0	1,280
<b>Total assets</b>	<b>301,780</b>	<b>3,858</b>	<b>18,301</b>	<b>267,537</b>	<b>16,157</b>	<b>59,526</b>	<b>667,159</b>
Additions to non-current assets (net)	11,901	522	0	190	7	(1,390)	11,230
Segment liabilities	40,408	618	40	15,970	9,514	19,739	86,289
Loans and borrowings	20,103	0	0	12,745	1,365	25,121	59,334
Lease liabilities	148	0	0	458	0	397	1,003
Income tax liabilities	11,828	7	0	114	0	1,620	13,569
<b>Total liabilities</b>	<b>72,487</b>	<b>625</b>	<b>40</b>	<b>29,287</b>	<b>10,879</b>	<b>46,877</b>	<b>160,195</b>
External revenue	289,637	5,477	818	21,869	16,430	1,759	335,990
Intersegment revenue	0	20	0	103	2,864	18,356	21,343
<b>Total revenue</b>	<b>289,637</b>	<b>5,497</b>	<b>818</b>	<b>21,972</b>	<b>19,294</b>	<b>20,115</b>	<b>357,333</b>
Segment profit/(loss)	12,745	(141)	(1,075)	2,445	124	(4,522)	9,576
Interest income	1,784	12	0	152	213	88	2,249
Interest expense	(1,180)	0	0	(738)	(54)	(1,333)	(3,305)
Share of associates' loss	0	0	0	0	0	(1,424)	(1,424)
Profit/(Loss) before tax	13,349	(129)	(1,075)	1,859	283	(7,191)	7,096
Tax (expense)/income	(1,512)	(3)	168	(755)	(14)	30	(2,086)
<b>Profit/(Loss) for the financial year</b>	<b>11,837</b>	<b>(132)</b>	<b>(907)</b>	<b>1,104</b>	<b>269</b>	<b>(7,161)</b>	<b>5,010</b>
Non-cash income	434	12	0	0	9	0	455
Depreciation	14,296	35	66	477	311	1,109	16,294
Other non-cash expenses	863	0	228	0	2	1,485	2,578

#### 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	112,182	138,410	307,758	309,035
China	43,587	92,103	39,343	44,201
Indonesia	30,398	41,909	0	0
Singapore	41,484	42,020	0	0
Others	12,221	21,548	0	0
	<u>239,872</u>	<u>335,990</u>	<u>347,101</u>	<u>353,236</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**33. Segment reporting (cont'd)****Major customers**

For the financial year ended 31 December 2020, there were 2 (2019 : 2) 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 RM62,399,000 (2019 : RM74,316,000).

**34. Contractual commitments**

Group

	2020	2019
	RM'000	RM'000
Acquisition of property, plant and equipment	1,699	3,422
Additions of investment properties	2,096	0
	<u>3,795</u>	<u>3,422</u>

**35. 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.

**Credit risk**

The Group's exposure to credit risk arises mainly from receivables 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 entities. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 21.

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 16. As the Group only deals with reputable financial institutions, the credit risk associated with 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.

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### 35. Financial risk management (cont'd)

#### 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Receivables	28,693	32,996	0	0
Cash and cash equivalents	14,474	36,039	144	4
Payables	(16,053)	(22,984)	0	(7,166)
	<u>27,114</u>	<u>46,051</u>	<u>144</u>	<u>(7,162)</u>

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.

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	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
	in loss 2020	in profit 2019	in profit 2020	in profit 2019
	RM'000	RM'000	RM'000	RM'000
Appreciation of USD against RM by 3% (2019 : 1%)	514	90	4	(72)
Depreciation of USD against RM by 3% (2019 : 1%)	(514)	(90)	(4)	72
Appreciation of USD against RMB by 3% (2019 : 2%)	137	489	0	0
Depreciation of USD against RMB by 3% (2019 : 2%)	<u>(137)</u>	<u>(489)</u>	<u>0</u>	<u>0</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**35. Financial risk management (cont'd)****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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Financial assets	38,035	78,613	3,850	2,263
Financial liabilities	(1,864)	(9,368)	(273)	(397)
<b>Floating rate instruments</b>				
Financial liabilities	<u>(42,801)</u>	<u>(50,969)</u>	<u>0</u>	<u>0</u>

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 loss 2020 RM'000	Increase/ (Decrease) in profit 2019 RM'000
Increase in interest rates by 40 (2019 : 10) basis points	(135)	(41)
Decrease in interest rates by 40 (2019 : 10) basis points	<u>135</u>	<u>41</u>

**36. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 36. Capital management (cont'd)

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans and borrowings	44,097	59,334	0	0
Lease liabilities	568	1,003	273	397
Total interest-bearing debts	<u>44,665</u>	<u>60,337</u>	<u>273</u>	<u>397</u>
Total equity	<u>467,907</u>	<u>506,964</u>	<u>440,217</u>	<u>419,443</u>
Total capital	<u>512,572</u>	<u>567,301</u>	<u>440,490</u>	<u>419,840</u>
Debt-to-equity ratio	<u>9.55%</u>	<u>11.90%</u>	<u>0.06%</u>	<u>0.09%</u>

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

### 37. Significant events during and after the reporting period

#### (i) Covid-19 pandemic

The outbreak of the covid-19 pandemic in 2020 had brought unprecedented challenges and added economic uncertainties to organisations worldwide including the Group. Although the Group's financial performance for the financial year ended 31 December 2020 was adversely affected by the pandemic, its financial position and cash flows remain strong and healthy. As the global economy is expected to recover in 2021 from the deep recession caused by the pandemic, the Group will continuously assess the situation and take the necessary steps to safeguard and preserve its financial conditions.

#### (ii) Proposed dormitory project

In March 2020, GUH Realty Sdn. Bhd. entered into a joint venture agreement ("JVA") with another joint venturer to develop foreign worker dormitories on the former's property identified in the JVA ("Identified Property"). The project will comprise 335 dormitory units to accommodate approximately 6,000 workers and is targeted to be completed in 2022.

Pursuant to the JVA, a joint venture company, namely GUH Centralised Dormitory Sdn. Bhd. ("GUHCD") was established to develop the project. Further details of GUHCD and the Identified Property are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 37. Significant events during and after the reporting period (cont'd)

#### (iii) Share grant plan

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 30 June 2020, approved the Company's share grant plan ("SGP"). The SGP will enable the granting of new ordinary shares in the Company ("SGP Shares") to the Group's eligible executive directors and employees conditional upon the satisfaction of certain service and performance conditions in accordance with the SGP by-laws. These equity compensation benefits are treated as equity-settled share-based payment transactions and recognised in profit or loss with a corresponding increase in equity over the vesting period. The total amount to be recognised is determined by reference to the fair value of the SGP Shares at grant date (being the date at which both parties agree to the share-based payment arrangement) and the estimated number of SGP Shares expected to vest on vesting date.

The first batch of the SGP Shares was offered by the Company in December 2020 and accepted by the offerees in January 2021. The second batch was offered in February 2021 and accepted in March 2021, making up a total of 13,264,438 SGP Shares accepted to date.

#### (iv) Proposed renewable energy project

In order to explore business opportunities within the renewable energy sector in Taiwan, the Company entered into a share subscription agreement and a shareholders' agreement in August 2020 with Yabisi Solar Power Co., Ltd. ("Yabisi") and Yabisi's shareholder to subscribe for 300,000 ordinary shares in Yabisi for cash consideration of NTD3,000,000 (equivalent to RM429,000) ("Proposed Subscription"). GUH Renewable Energy Co., Ltd. (a wholly-owned subsidiary held by GUH Renewable Energy Sdn. Bhd.) was incorporated to effect the Proposed Subscription which was completed in March 2021.

In March 2021, GUH Utilities Holdings Sdn. Bhd. entered into a share sale agreement to dispose of 60% of its equity interest in GUH Renewable Energy Sdn. Bhd. to a related party for cash consideration of RM9,147,000. As the related party possesses the relevant experience and technical know-how in the power generation industry, the partial disposal will enable the Group and the related party to collaborate and jointly undertake the proposed renewable energy project which requires certain specialised expertise.

#### (v) GUH Circuit Industry (Suzhou) Co., Ltd.

In mid-September 2020, the operations of GUH Circuit Industry (Suzhou) Co., Ltd. ("GUH Suzhou") were temporarily disrupted by its workers' strike. The strike was caused by a group of workers whose morale was adversely affected by the Chinese government's plan to urbanise the district in which GUH Suzhou operates. Following the successful negotiations and consensus with their representatives, the workers ceased their strike at the end of September 2020 and GUH Suzhou resumed its operations in a limited capacity thereafter.

The aforementioned events have posed significant business and operational risks to GUH Suzhou and affected the morale and confidence of its employees and customers. Nevertheless, GUH Suzhou's reserves remain strong and management has pledged a series of action plans to remain competitive in the market.

## 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 20 April 2021

Holdings	No. of Holders	Total Holdings	%
Less than 100	1,232	64,649	0.02
100 - 1,000	2,364	1,020,676	0.37
1,001 – 10,000	6,533	23,169,346	8.34
10,001 – 100,000	1,766	46,987,245	16.92
100,001 – less than 5% of issued shares	188	126,371,912	45.49
5% and above of issued shares	2	80,175,447	28.86
	<b>12,085</b>	<b>277,789,275</b>	<b>100.00</b>

Note: Excluding 115,264 treasury shares



## ANALYSIS OF SHAREHOLDINGS

## Substantial Shareholders

As at 20 April 2021

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 Seri 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 20 April 2021

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 Seri 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	2,426,345 <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 20 April 2021

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>	7,635,156	2.75
7	Tay Teck Ho	4,900,000	1.76
8	Kan Yu Oi Ling	4,507,445	1.62
9	Siaw Poon Keong	4,193,678	1.51
10	Laico Jaya Sdn Bhd	3,647,954	1.31
11	Datin Seri Jessica H'ng Hsieh Ling	3,598,465	1.30
12	CGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	3,563,505	1.28
13	Dato' Lai Chang Hun	2,883,042	1.04
14	Dato' H'ng Chun Hsiang	2,438,748	0.88
15	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for W Ismail Bin W Nik</i>	2,388,645	0.86
16	Dato' Harry H'ng Bak Seah	2,360,329	0.85
17	H'ng Chun Ching	2,115,200	0.76
18	Affin Hwang Nominees (Asing) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa</i>	1,894,996	0.68
19	Kenanga Nominees (Asing) Sdn Bhd <i>Exempt An for Phillip Securities Pte Ltd (Client Account)</i>	1,891,080	0.68
20	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chee Sai Mun</i>	1,825,150	0.66
21	Shoptra Jaya (M) Sdn Bhd	1,464,128	0.53
22	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Datin Seri Tham Hooi Loon (0151)</i>	1,404,649	0.51
23	Teo Kwee Hock	963,907	0.35
24	Yeo Khee Huat	933,484	0.34
25	Ong Wan Chin	915,000	0.33
26	H'ng Hsieh Fern	894,199	0.32
27	Tan Pak Nang	821,340	0.30
28	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	815,631	0.29
29	Nyiew Teng Sia @ Yang Ting Chern	810,834	0.29
30	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Gak Jia Weng</i>	755,000	0.27

## LIST OF PROPERTIES

As at 31 December 2020

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	34 years	19,430	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	34 years	6,833	31/12/2013
3	160-4-3 Anson Road, 10400 Penang	Freehold	Apartment	153	39 years	541	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	23 years	29,121	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	22 years	935	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	182,949	-	59,246	27/03/2014
8	Lot No. 1377 Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	26,100	-	12,578	09/09/2015
9	Lot No. 1690, Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	22,720	-	10,803	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	7 years	4,495	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	2 years	31,482	04/06/2015
15	4935 Jalan Siram, 12100 Butterworth, Penang	Freehold	3-storey terrace shophouse	511	29 years	712	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	33 years	47	31/12/2013
17	1-1-05 No. 1, Persiaran Bukit Jambul 1, Complex Relau, 11900 Penang	Freehold	Shoplot	86	26 years	242	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	22 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	2,793	-	1,588	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 57th 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 Monday, 28 June 2021 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 2020 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 RM800,000 with effect from 29 June 2021 until the next AGM of the Company to be held in 2022. **Resolution 1**
3. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. **Resolution 2**

**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 3**
  - (ii) “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 4**
  - (iii) “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 5**
  - (iv) “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 6**
6. **ORDINARY RESOLUTION –  
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE  
COMPANIES ACT 2016** **Resolution 7**

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised 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 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being 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.”

## NOTICE OF ANNUAL GENERAL MEETING

**7. ORDINARY RESOLUTION –  
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY****Resolution 8**

“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 authorised 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 authorised 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
- (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 authorised to take all such steps as are necessary or expedient to implement, finalise 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.”

## NOTICE OF ANNUAL GENERAL MEETING

8. **ORDINARY RESOLUTION –  
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED  
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**Resolution 9**

“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 20 May 2021; 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 authorised 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 20 May 2021

## 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 Authorised 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 authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
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 office of Poll Administrator, Mega Corporate Services Sdn Bhd situated at Level 15-2 Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or email to AGM-support.GUH@megacorp.com.my. For shareholders' online registrations, kindly refer to the annexure of the Administrative Guide 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 2021 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 Guide, 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 Guide.

### Explanatory Notes:

#### **Audited Financial Statements for the financial year ended 31 December 2020**

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 2021 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 57th AGM for the payment of Directors' fees and benefits from 29 June 2021 up till the next AGM of the Company to be held in 2022.

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 2020 are disclosed in Note 28 to the financial statements on page 115 of the Company's Annual Report 2020.

#### **Resolution 2 – 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 in office. Crowe Malaysia PLT have indicated their willingness to be re-appointed as Auditors for the financial year ending 31 December 2021. The Proposed Resolution 2, if passed, will also give the Directors, authority to determine the remuneration of the Auditors.

## NOTICE OF ANNUAL GENERAL MEETING

**Resolution 3, 4, 5 & 6 – Continuing in office as Independent Non-Executive Directors**

The proposed Resolution 3, 4 5 and 6 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 7 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Resolution 7 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 56th AGM held on 30 June 2020. 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 57th AGM to be held on 28 June 2021. The proposed Resolution 7, if passed, will give authority to the Directors of the Company to issue and allot shares up to and not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being without convening a general meeting which will be both time and cost consuming. The authority given pursuant to Sections 75 and 76 of the Companies Act 2016 will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing up shares, for purpose of funding future investment, working capital and/or acquisition.

**Resolution 8 – Proposed renewal of Share Buy-Back authority**

The proposed Resolution 8, 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 20 May 2021.

**Resolution 9 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed Resolution 9, 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 20 May 2021.



## 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 57th 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 Notes of Resolution 7 of the Notice of AGM.

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**GUH HOLDINGS BERHAD**  
**PROXY FORM**

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 57th 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 Monday, 28 June 2021 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 RM800,000 with effect from 29 June 2021 until the next AGM of the Company	Resolution 1		
To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Resolution 2		
Special Business		For	Against
To approve En. W Ismail Bin W Nik to continue in office as Independent Non-Executive Director	Resolution 3		
To approve Mr. Chew Hock Lin to continue in office as Independent Non-Executive Director	Resolution 4		
To approve Dato' Ismail Bin Hamzah to continue in office as Independent Non-Executive Director	Resolution 5		
To approve Dato' Lai Chang Hun to continue in office as Independent Non-Executive Director	Resolution 6		
Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 7		
Proposed renewal of Share Buy-Back Authority	Resolution 8		
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Resolution 9		

Dated this ..... day of ....., 20 .....



.....  
Signature of Member/Common Seal

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**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 Authorised 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 authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
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 office of Poll Administrator, Mega Corporate Services Sdn Bhd situated at Level 15-2 Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or email to AGM-support.GUH@megacorp.com.my. For shareholders' online registrations, kindly refer to the annexure of the Administrative Guide 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 2021 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 Guide, 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 Guide.

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# MEGA CORPORATE SERVICES SDN BHD

Level 15-2, Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
**Malaysia**

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