



**GUH HOLDINGS BERHAD**

(196101000082 (4104-W))



**Annual Report 2021**

# 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  
Email: [mega-sharereg@megacorp.com.my](mailto:mega-sharereg@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  
Hong Leong Bank Berhad  
Malayan Banking Berhad

### Stock Exchange Listing

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

Stock Code: 3247  
Stock Name: GUH

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

Executive Chairman

82 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 his high school examination before obtaining a Certificate in Business Administration and Accounting 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 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 manufacturing as well as corporate restructuring and merger exercises 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 58th 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 116 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 2021.

## PROFILE OF DIRECTORS

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

*DGSM, DPNS, DSPN, PKT, PJM*

Chief Executive Officer/Group Managing Director

62 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 GUH and several other private limited companies.

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) from the 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 58th 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 116 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 2021.

## PROFILE OF DIRECTORS

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

*DSPN, PJK*

Non-Executive Director

72 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 58th 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 116 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 2021.

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

Non-Executive Director

56 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 58th 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 116 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 all of the 4 Board meetings which were held in the financial year ended 31 December 2021.



## PROFILE OF DIRECTORS

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

Independent Non-Executive Director  
78 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 2021.

Mr. Chew, being a long-serving Independent Director of more than twenty years in the Company has decided that he shall neither seek for retention as Independent Non-Executive Director nor re-designated as Non-Independent Non-Executive Director at the forthcoming 58th Annual General Meeting ("AGM"). As such, he shall retire as the Director of the Company at this AGM.

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

*AMN, KMN, DIMP*  
Independent Non-Executive Director  
75 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, Jasa Kita Berhad and Marco Holdings Berhad. Dato' Ismail also serves as a Director of several other private limited companies.

Dato' Ismail graduated from the University of Malaya in 1970 with a Bachelor of Economics (Hons) in Analytical Economics. Upon completing his tertiary education, he started his career by holding many key positions in governmental agencies and organizations. He gained extensive knowledge and experience from economics to finance 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 2021.

Dato' Ismail, being a long-serving Independent Director of more than twenty years in the Company has decided that he shall neither seek for retention as Independent Non-Executive Director nor re-designated as Non-Independent Non-Executive Director at the forthcoming 58th AGM. As such, he shall retire as the Director of the Company at this AGM.

## PROFILE OF DIRECTORS

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

Independent Non-Executive Director

84 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 a Trustee 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 before 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 has been serving on the Boards of other public listed companies 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 2021.

Dato' Lai, being a long-serving Independent Director of more than twenty years in the Company has decided that he shall neither seek for retention as Independent Non-Executive Director nor re-designated as Non-Independent Non-Executive Director at the forthcoming 58th AGM. As such, he shall retire as the Director of the Company at this AGM.

**En. W Ismail Bin W Nik**

Independent Non-Executive Director

75 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 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 2021.

En. W Ismail, being a long-serving Independent Director of more than twenty years in the Company has decided that he shall neither seek for retention as Independent Non-Executive Director nor re-designated as Non-Independent Non-Executive Director at the forthcoming 58th AGM. As such, he shall retire as the Director of the Company at this AGM.

## PROFILE OF DIRECTORS

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

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

Independent Non-Executive Director

67 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 included 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 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 the 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 2021.

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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.

**Mr. Lewis H'ng Chun Li**

*Chief Operating Officer – Corporate Office  
Aged 34, Male, 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 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 cousin of Datin Seri Jessica H'ng Hsieh Ling.

Mr. Lewis H'ng sits on the board of the 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 58th Annual General Meeting.

**Mr. George Koay Soo Keat**

*General Manager – Corporate Office  
Aged 36, Male, 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 15 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

**Dr. Brian Kok Siew Foong**

*General Manager – Electronic Division  
Aged 65, Male, Malaysian*

**Qualifications:**

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

**Working experiences:**

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

**Appointment to the current position:**

- 8 January 2014

## PROFILE OF MANAGEMENT TEAM

### **Mr. Lim Chin Wang**

*Senior General Manager – Utilities Division  
Aged 43, Male, Malaysian*

#### **Qualifications:**

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

#### **Working experiences:**

- More than 20 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 56, Male, Malaysian*

#### **Qualifications:**

- Certificate in Architecture
- Diploma in Civil and Structure Engineering

#### **Working experiences:**

- More than 31 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 year other than traffic offences nor been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

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 2021.

### Performance Overview

The revenue for GUH Group was RM278.8 million, RM38.9 million higher than the revenue for year 2020 of RM239.9 million. The increase in revenue was mainly due to the increase in the revenue from Electronic Division's Penang operation and the higher sale of property units from Properties Division. GUH Group recorded a profit before tax of RM18.1 million for year 2021 compared to a loss before tax of RM40.3 million for year 2020. This was mainly caused by improved contribution from the Electronic Division's Penang operation as well as reduces in loss before tax from Electronic Division's Suzhou, China operation.

### Significant Event

On 2 March 2021, GUH announced that its wholly-owned subsidiary known as GUH Utilities Holdings Sdn. Bhd. ("GUH Utilities") entered into a Share Sale Agreement and other supplemental agreements with Hng Capital Sdn. Bhd. ("Hng Capital") to dispose off 60% equity interest in GUH Renewable Energy Sdn. Bhd., which then changed its name to Leader GUH Renewable Energy Sdn. Bhd. The rationale of the disposal is to enable GUH and Hng Capital to collaborate and 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.

On 2 July 2021, GUH announced that its wholly-owned subsidiary known as GUH Capital Sdn. Bhd. has entered into a Share Purchase Agreement with Tenby Educare Sdn. Bhd., to dispose its entire investment of 1,166,667 ordinary shares in Straits International Education Group Sdn. Bhd. ("SIEG"), representing approximately 25% of the issued and paid-up share capital of SIEG. Subsequent to the disposal, SIEG has since 13 October 2021 ceased to be the indirect associate of GUH.

### Sustainability of Business

GUH Group's existing principal business comprises amongst others the manufacturing and sale of printed circuit boards, catering to communication, audio and video, computer, automotive, home appliances and other consumer products, which has been the Group's mainstay operations and primary contributor to the Group's revenue and profitability since 1987.

Over the years, due to non-core assets underperforming and the increased competition in the PCB manufacturing industry, the Group has explored various initiatives and ventures to diversify and expand its earning base. These ventures include the renewable energy business and related activities, such as solar energy projects, which is to be undertaken via the Group's Utilities Division.

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

More information on GUH's initiatives is disclosed in the Sustainability Statement of the Company's Annual Report 2021.

### 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.

## EXECUTIVE CHAIRMAN'S STATEMENT

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 2021.

### 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 2021 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 ("AGM") held on 28 June 2021. 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

It is foreseeable that the Malaysian economy is staging a rebound on most fronts, riding the positive momentum of the country's high vaccination coverage and ongoing vaccine booster rollout. It has also seen the resumption of most economic activities without the risk of further wide lockdown in the country despite the emergence of the Omicron variant of COVID-19, causing some negative impact and posing a potential threat which could delay recovery to persist in 2022.

Despite the re-opening of economic and social sectors, GUH Group cautions that 2022 will remain challenging in view of the supply chain disruptions caused by the unpredictable pandemic situation and the conflicts between Russia and Ukraine.

### Appreciation

It has been a privilege to have chaired GUH this past year. This role would have been impossible without the support and cooperation of my fellow Board members, and I would like to thank them for their contribution and input during this past year. Special thanks and gratitude to all the long serving Independent Directors, namely Dato' Lai Chang Hun, En. W Ismail Bin W Nik, Mr. Chew Hock Lin and Dato' Ismail Bin Hamzah who will be retiring from the Board at this AGM. On behalf of the Board, I wish them well in their future endeavors.

The Board and I would like to take this opportunity to express our sincere 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

For the financial year ended 31 December 2021, GUH Group recorded a higher revenue of RM278.8 million compared to RM239.9 million for year 2020.

The increase in revenue was mainly due to the increased revenue for Properties Division of RM32.8 million from RM14.0 million in year 2020 to RM46.8 million in year 2021 on increased sales of properties units with more attractive promotion packages and disposal of land during the year.

Utilities Division generated a higher revenue of RM16.8 million or 6.0% of Group revenue (year 2020: RM8.8 million or 3.7%) mainly due to higher percentage of completion for road construction and water projects in year 2021.

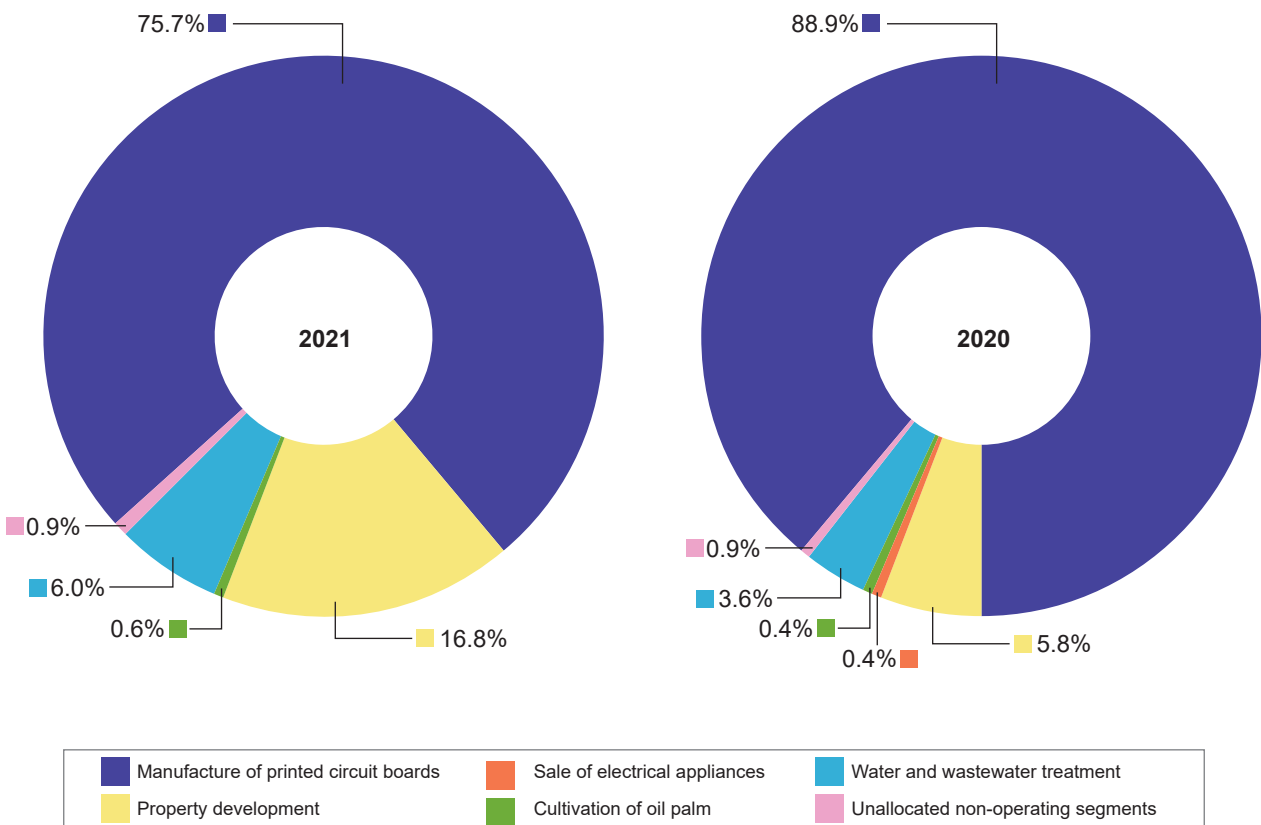
In addition, Plantation Division's revenue had increased to RM1.7 million or 0.6% of Group revenue for year 2021 (year 2020: RM0.9 million or 0.4%) due to the higher CPO prices and FFB output whilst Investment Division's revenue increased to RM2.6 million or 0.9% of Group revenue (year 2020: RM2.0 million or 0.8%) on higher rental income.

In contrast, Electronic Division generated a lower revenue of RM210.9 million or 75.7% of Group revenue (year 2020: RM213.3 million or 88.9%) mainly due to printed circuit board orders for China operation falling drastically in the aftermath of the workers' strike in September 2020 and the government's plan to acquire the land and buildings for their district replanning.

There was no revenue generated from the Electrical Division following the cessation of business operation in year 2020.

With the easing of COVID-19 restrictions and reopening of global economy, GUH Group recorded a profit before tax of RM18.1 million for year 2021 in contrast to a loss before tax of RM40.3 million for year 2020 mainly due to positive contribution from Electronic and Properties Divisions.

**GUH GROUP REVENUE BY SEGMENT**



Manufacture of printed circuit boards	Sale of electrical appliances	Water and wastewater treatment
Property development	Cultivation of oil palm	Unallocated non-operating segments



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Electronic Division generated a profit before tax of RM8.1 million for year 2021 in contrast to a loss before tax of RM29.3 million for year 2020 mainly due to lower loss incurred by China operation which is currently operating in a limited capacity after the workers' strike in September 2020 with higher contribution from Malaysia operation on the surge in demand for PCBs.

Properties Division turned in a profit before tax of RM9.9 million for year 2021 in contrast to a loss before tax of RM0.02 million for year 2020 mainly due to higher property units sold and gain on disposal of land.

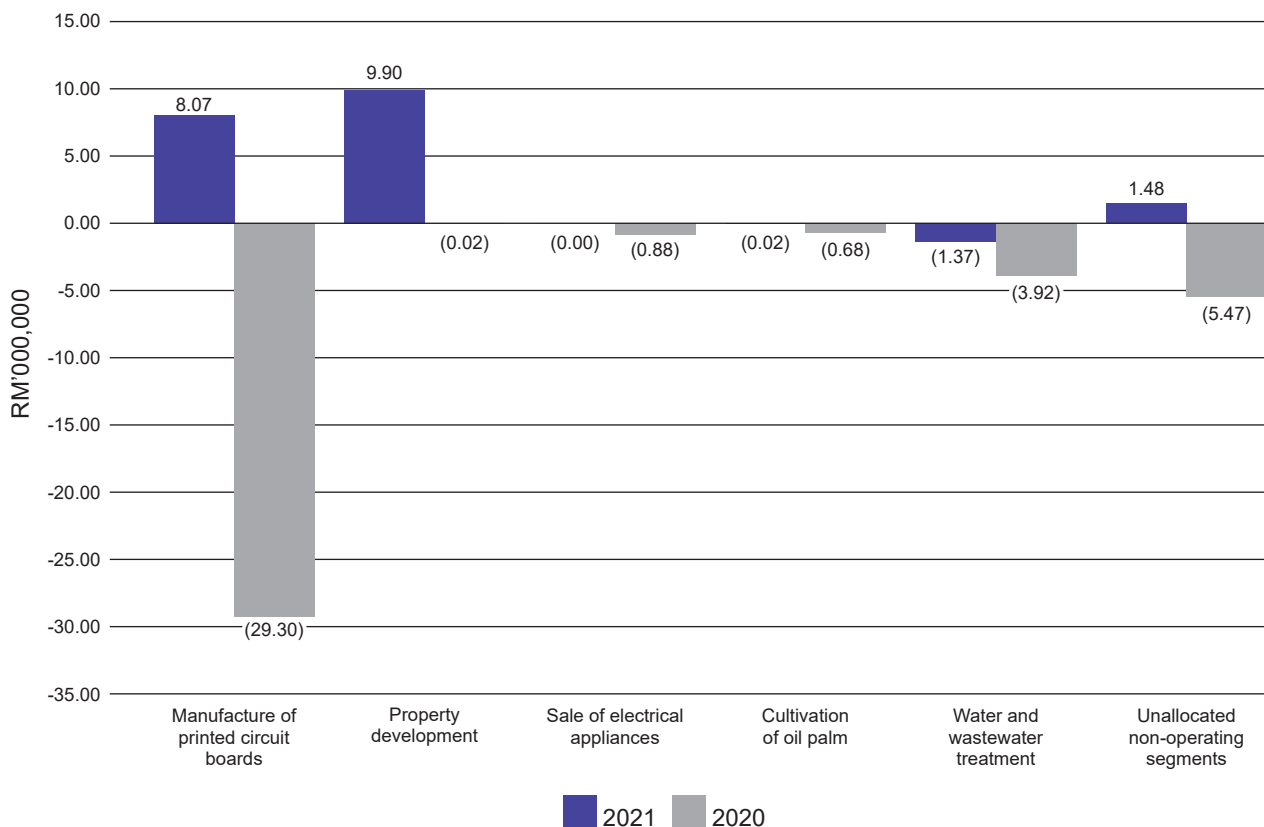
Investment Division recorded a profit before tax of RM1.3 million for year 2021 compared to a loss before tax of RM4.7 million for year 2020 mainly due to gain on disposal of associate, gain on derecognition of financial guarantee contract and the absence of impairment loss on investment in associate.

In addition, Utilities Division's loss had narrowed to RM1.4 million for year 2021 compared to RM3.9 million for year 2020 mainly due to higher percentage of completion for water and road construction projects coupled with lower administrative expenses and finance costs.

The Plantation Division incurred a lower loss before tax of RM0.02 million for year 2021 compared to RM0.7 million for year 2020 mainly due to higher CPO prices and FFB output coupled with favorable fair value changes in biological assets.

There was a positive contribution of RM0.2 million from associates for year 2021 in contrast to a loss of RM0.8 million for year 2020 mainly due to the divestment of certain loss-making business entities.

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

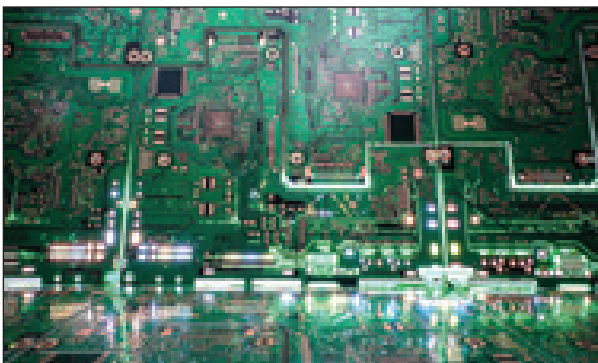


## ELECTRONIC DIVISION

### Manufacturing of Printed Circuit Boards (PCBs)

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

Any business report on year 2021 “worth its salt” would include the COVID-19 pandemic as a major event afflicting business and countries. The pandemic ranks as the number one devastating world event of the 21st century and wreaked untold disruptions to business plans, ideas, products and strategies of most industries, businesses and manufacturers. The advent of the Delta Virus strain followed by the Omicron strain and now a potential emergence of a Delta plus Omicron strain mutation still cast a cloud of gloom across most industries at the moment of this report. 2021 will be remembered as a year of trepidation for everyone in the world and needless to say GUH PG was not spared. As of the first quarter of 2022, worldwide news report dramatic increases in cases with the Omicron strain emergence. Closer to home, Malaysia’s economy shrank 4.5% in the third quarter of 2021, contracting by more than expected after its rebound in the 2021 second quarter, but the central bank expects a quick recovery as coronavirus restrictions are eased and economic activities resume. The 2021 third quarter performance was markedly worse than the median forecast for a 1.3% year-on-year contraction from a Reuter’s poll of economists.

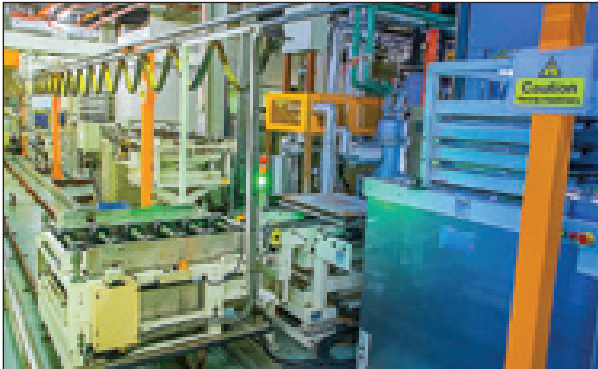


Nevertheless, the Bank Negara Malaysia (“BNM”) said recent indicators suggested a more positive momentum going forward. This is due to a pick-up in production and construction activities, an improved labour market, and strong external demand would all support a recovery, the central bank said, projecting economic growth between 5.5%-6.5% in 2022. “The growth outlook remains subject to COVID-19 risk factors globally and domestically, stability in global financial markets and gradual easing of supply chain disruptions,” quoting BNM Governor Nor Shamsiah Mohd Yunus cautioned during a news conference. (Reuters 12 November 2021)

Nevertheless, GUH PG survived and made a rapid recovery on a fortunate streak due to the proactive team and a group of loyal customers despite a forced shutdown in August 2021 and a spate of unpredicted customer COVID-19 shutdowns. It is noted that although GUH PG manufactures PCBs for mainly Japanese companies, the final products of these PCBs are mostly destined for the EC and US markets. GUH PG had a busy 2021 to recover delivery backlogs caused by the pandemic and also the increase in demand of air-conditioners and music domain because of the “work from home” scenario. As GUH PG exceeds Q4 2021, it may expect less tumultuous situations as Malaysia reached its target of fully vaccinating 90% of the adult population and the start of the Booster Vaccine campaign which is a potential milestone to allow the government to end an almost two year-long bans on interstate travel. The very least all indications show that the risk of another GUH PG factory

## MANAGEMENT'S DISCUSSION AND ANALYSIS

shutdown or its customers shutting down due to COVID-19 is low as the external pandemic situation improves as its entire workforce are fully vaccinated through a well-organized vaccination exercise.



### Outlook of GUH PG:

Pertinent to GUH PG's Malaysian customers scenario, it noticed the weakening in orders in Q4 compared to Q3 2021 as the demand curve normalized from the pursuance of fulfilling backlog orders by customers due to the earlier COVID-19 impediments and that of the end-of-year trend after the stock up rush of the Boxing Day sales period. Nevertheless, with the experience on cyclic customer tendencies, GUH PG expects a recovery in end of Q2 2022 to levels on par with its production capacity on the back of the evergreen demand of PCBs for digital pianos and PCBs for air-conditioners. GUH PG expects Q1 and Q2 2022 to be affected by the "crest and trough" behaviour trend of the audio and visual product lineage with its low demand months of January to April and the war between Russia and Ukraine. However, GUH PG has the reassurance of the air-conditioning PCBs order book with confirmed POs will keep the operations busy and running at about the installed capacity level.

A reassurance built on strategic intent is that GUH PG has in its market segment the air-conditioning PCBs which

is clearly established as one of the growth industries. Quoting from the report, "DUBLIN, 16 August 2021, (BUSINESS WIRE)--The "Air Conditioning Systems - Global Market Trajectory & Analytics") "Amid the COVID-19 crisis, the global market for air conditioning systems estimated at 107.9 million units in the year 2020, is projected to reach a revised size of 148.7 million units by 2026, growing at a CAGR of 5.6% over the analysis period. The air conditioning systems market in the US is estimated at 14.3 million units in the year 2021. China, the world's second largest economy, is forecast to reach a projected market size of 65.9 million units by the 2026 trailing a CAGR of 6.7% over the analysis period. Among the other noteworthy geographic markets are Japan and Canada, each forecast to grow at 2.9% and 3.4% respectively over the analysis period. Within Europe, Germany is forecast to grow at approximately 3.5% CAGR. It is thus noted that a snapshot taken of GUH PG's air-conditioning PCBs stands at 44.97% of its total sales as of year to date August 2021." It is expected that GUH PG's outlook of 2022 to be stable with the mainstays of established customers of PCBs for air-conditioning, automotive – telematics and digital pianos. GUH PG marketing intelligence and surveys shows customers in these segments are having positive growth.

### Financial Indicators

As of December 2021, GUH PG recorded a revenue of RM210.3 million, a gross profit of RM25.4 million and a profit before tax of RM16.7 million despite the shortfall in the August 2021 shutdown. Noted that the year of 2021 was a turbulent year for businesses and manufacturers in Malaysia due to the impact of COVID-19, the many "starts and stops" by a government reacting to and coping with the pandemic's effects and in particular to

## MANAGEMENT'S DISCUSSION AND ANALYSIS

GUH PG, a spate of customer shutdowns and its own event of a shutdown of 10 days in August 2021, due to the alert of 85 workers infected initially and a confirmed 202 workers infected by the COVID-19 virus detected by the weekly RTK test even though it has very tight SOPs. Despite the very tempestuous operating conditions and largely due to a very committed and closely knitted good management team, committed employees, GUH PG managed to perform with commendable results in both sustainability and financial performance indicators.

The forecast for 2022 is of a more stabilised operating condition with stable rendering in monthly revenue, operating cost and profit sustainability. As of the first quarter of 2022, the key indicator of its order book shows a healthy forward trend barring any unforeseen circumstances that may develop further due to the war between Russia and Ukraine.

### Operational Indicators and Opportunities

As vested in GUH PG's 5 Year Plan (with end year of 2027), the hope is to reinforce its marketing presence in Thailand and Vietnam with further attempts to penetrate the European market. As examples, GUH PG has started to make samples for automotive lighting with a potential customer in Europe and also RFQ samples of niche PCBs with semiconductor factories sited in Malaysia and as desired to attempt divergence to higher valued PCBs. The ultimate aim is to have a factory with sustainable business of both high-volume runners and low volume high end high price runners. GUH PG's major investments are on factory buildings, machinery and processes that will improve its capacity, quality, automation where possible and technology capabilities to take GUH PG into HDIs, Blind Vias and Via in Pads which are the new benchmarks of the 5G / IoT wave.

GUH PG's plans to achieve the above includes expanding the factory floor space and a 4-storey building conjoining the multi-layered boards building. These PPE are expected to be partially funded by a DISF Grant of RM4.2m (Geran R&D), a DISF Grant of RM5.2 million (Geran naik taraf kemudahan dan peralatan bagi menjalankan aktiviti pengilangan) and further by a bank loan of RM50.0 million.

### Operational Activities

In 2021, competitors were busy with trying to cope with COVID-19 and thus giving respite from competitors challenges. At the moment any company that can survive the pandemic unscathed or well will have an advantage over competitors both in financial performance and also the resilience image to customers of a well-managed and trustable company. GUH PG's main activities in 2021 dwelled on coping with the COVID-19 causal effects and to emerge from the pandemic unscathed. GUH PG in partnership with Intel Penang successfully carried out the PIKAS (Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta) starting from 23 July 2021. As of to date, GUH PG has every employee vaccinated with double dose vaccines hence increasing its resilience against another factory stoppage. GUH PG has completed the third (booster) dose for all its employees. From the business domain, the GUH PG situation is under control with a proactive management team and a stable customer base that was collated by strategic intent after many years of diligent efforts.

A large part of GUH PG's operational activities in 2021 concentrated on consolidating its market and improving future potential. Its market share in Malaysia for consumer product PCBs can be touted as almost 70% share. Its

## MANAGEMENT'S DISCUSSION AND ANALYSIS

customers consist of 98% Japanese companies with almost all the visible companies supplied by GUH PG. In a certain car infotainment set maker in Indonesia, GUH PG's share of their PCBs demand is 75%. In Thailand, GUH PG's share of the PCB demand of the largest air-conditioner producer is 65%. GUH PG has been in earnest finalisation talks with another major air-conditioner maker in Thailand but unfortunately due to the COVID-19 situation, the final plant audit was aborted. The respite may be a blessing in disguise because at the moment GUH PG internally does not have the capacity to take on another major customer. GUH PG will immediately reactivate the Thailand air-conditioning project once the new capacities are installed.

### **Risk**

Manufacturing of PCBs has an inherent higher risk factor of water and air discharges over other cleaner industries. In compliance to the environmental law of the country, GUH PG has three wastewater plants in operation and the water discharge standards are checked by the certified laboratory Eurofins NM Laboratory Sdn. Bhd. GUH PG operates twelve units of gas scrubbers to ensure its air discharges surpass regulatory standards and the air emission is checked by the certified laboratory Acumen Scientific Sdn. Bhd.

Another risk that GUH PG faced is the frequent CCL price increase due the copper commodity movement. It is fortunate that GUH PG has always been successful to pass cost increases to its customers.

### **Going Forward**

GUH PG hopes to be an alternative solution to the China PCBs manufacturers which are on a low-cost, high-

volume solution to the countries of Thailand, Indonesia and Vietnam but with GUH PG's position, it shall draw on to proximity logistic advantage. GUH PG's positioning has seen a long history and struggle of developing its current invaluable know-how by tapping onto the knowledge base of supplier's, machine maker's and customers and also largely learning through research and development. This is showcased in its current technical capabilities that may be touted as quite advanced for a local owned PCBs manufacturer. Further GUH PG is working on getting a technical partner or partners and with the ambition of going further into business opportunities of automotive, medical and industrial domains. GUH PG anticipates the next "great leap" forward would be to tap into the domains of high-end low volume (HDI) PCBs that abound in the free industrial zone factories.

Having said all and sundry, GUH PG embraces the principle that a company's success and sustainability is nurtured by embracing of the "age old principle" of People are its Best Assets. It is only with the right team that you have formed and cared for that can synergize and soldier on with perseverance in bad times while executing fast manoeuvres 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.

### 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 2021, in spite of the continuous and enormous impact by the COVID-19 pandemic and the vicissitudes of the global economy, GUH Properties has achieved RM30.2 million in total sales and RM8.3 million in profit before tax. In comparison with the division's results in 2020, sales and profit before tax have both improved by RM16.2 million and RM7.1 million respectively.

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

Kepayang Sentral, a mixed commercial development is advantageously located next to the exit of Seremban/Labu toll. The development comprises commercial premises and edifices. Part of the subject development has commenced. The first phase of Kepayang Sentral, which comprises 28 units of shop offices was completed by the end of year 2021, and the subsequent second phase is slated to be completed by end of year 2022. 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 anticipates that the product range will be well received with demand in the market.

GUH Properties consistently strives to sustain the market share by identifying and supplying the current property 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, and soft property market. GUH Properties will continue to increase marketing efforts as well as giving out captivating packages to draw sales and tackle the soft, sluggish and competitive property market. To cater for the current sluggish market demand for residential housing, the management is currently replanning more affordable product ranges to cater to the market needs.

GUH Development embarks on commercial development which comprises drive-thru restaurants and retail shops in the centre 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 hubs. A partnership with QSR Stores Sdn. Bhd. has been signed to develop the first KFC drive-thru restaurant that will further boost commercial development value as well as the whole integrated township. The KFC restaurant is targeted to be completed and operational by the middle of year 2022. Launches of the retail shops and terrace houses are scheduled in the near future.

GUH Realty has assigned the joint venture with Centralised Dormitory Sdn. Bhd. to GUH Asset Holdings Sdn. Bhd. ("GUH Asset") to build a workers' dormitory in approximately 7.6 acres of land at Sungai Bakap, Penang, out of the 17 acres land bank for a consideration of RM16.6 million. Centralised Dormitory Sdn. Bhd. has vast experience in owning and managing dormitories, workers agency and great connections with potential clients. The project is targeted to be completed in stages from early to end of 2023 and can house around 5,025 foreign workers from nearby industrial parks, namely Batu Kawan Industrial Park, Penang Science Park, and Bukit Minyak Industrial Park.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Besides, Milan Diamond, a wholly-owned subsidiary of GUH Asset, leases the international school buildings located at Taman Sari, Rawang to Straits International Education Group (SIEG) on a long-term lease.

Owing to the current challenging economic environment and rising living cost, more efforts shall be taken to boost up sales. During 2019 to 2021, the government had implemented Home Ownership Campaign 2019 ("HOC") to encourage the property market but it has ended on 30 November 2021. 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 organised to capture market attention and awareness towards GUH Group of Companies and its products. With these continuous efforts, it is believed that the Properties Division will achieve its business objectives for the year ahead.

Moving forward, with consideration of impact on the outbreak of COVID-19 with patrons temporarily moving away and reluctant to invest or purchase luxury and big-ticket items during these tough times, the Properties Division will concentrate more on residential properties for end users while planning for future launches of affordable products.

### UTILITIES DIVISION

#### Water & Wastewater Solutions

*Teknoserv Engineering Sdn. Bhd. (Teknoserv)*

As the country is entering the Covid-19 pandemic recovery phases, most businesses are allowed to operate in year 2021. Teknoserv's on-going project sites are also allowed to resume work with adherence to stringent SOPs. In view of this, Teknoserv recorded a higher revenue of RM16.8 million in year 2021 as compared to RM8.7 million in year 2020. The company also incurred lower loss before tax of RM1.6 million in year 2021 from RM3.7 million in year 2020, mainly due to recognition of profit and cost saving from the on-going projects.

As at 31 December 2021, Teknoserv has nine ongoing projects which consist of three water treatment plant projects, four sewerage related projects and two road projects. The company order book stands at RM222.0 million as at December 2021, with unbilled balance of RM89.0 million.

The construction market has lacked jobs over the last two years due to the pandemic as well as the unstable political scene in the country. Teknoserv is also aware of new project tenders which had been put on hold over the last two years. In view of this, number of participant companies in every single tender is multiplying, and the tender submission price is getting very competitive.

Nevertheless, the team is still continuing its best endeavours to actively participate in new tenders available in the market, particularly in peninsular Malaysia as well as Sarawak state. In order to achieve competitive pricing, Teknoserv has also established strong networking and maintaining close relationship with local partners, supply chain and sub-contractors.

On the other hand, the weakening of the Malaysian currency and price escalation of construction material and equipment over the last two years are the major operational issues faced by many construction industry players. In order to mitigate the risk, Teknoserv always gets itself updated with the latest materials and equipment price and endeavours to secure longer price validity periods whenever possible, before accepting a new contract.

Meantime, the company is still actively exploring and looking forward to make its foray into growing SEA countries via a Build, Operate, Transfer (BOT) venture in water and wastewater projects. If the venture materialises, it is anticipated to generate recurrent and stable income to the Group upon completion.



## PLANTATION DIVISION

### Cultivation of Oil Palm

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

GUH Plantations strives hard to ensure the quality of fresh fruits bunches is good in order to obtain highest Oil Extraction Rate ("OER") offered by the oil mill. Average OER for 2021 was 19%.

Yield has been increased by 12%, comparing to 2020 (1731.17 mt versus 1937.33 mt), yield per acre per year is 6.5mt. Plantation yield is directly influenced by weather and rainfall may affect the yield seriously, although a good yield is expected in 2022.

Crude Palm Oil price closed high at RM5,070 per mt in December 2021. Crude palm oil price is expected

to remain high until the middle of 2022. Malaysia palm oil stock has been reduced by 8%, dropping from 1.72 million mt in December 2020 to 1.58 million mt at Dec 2021. GUH Plantations obtained MSPO surveillance audit certification on 20 August 2021.

Due to continuous increase of land prices in the country, the investment amount is huge and the division plans to lease land in Malaysia or pursue joint ventures with other plantation land owners.

## FINANCIAL POSITION OF GUH GROUP

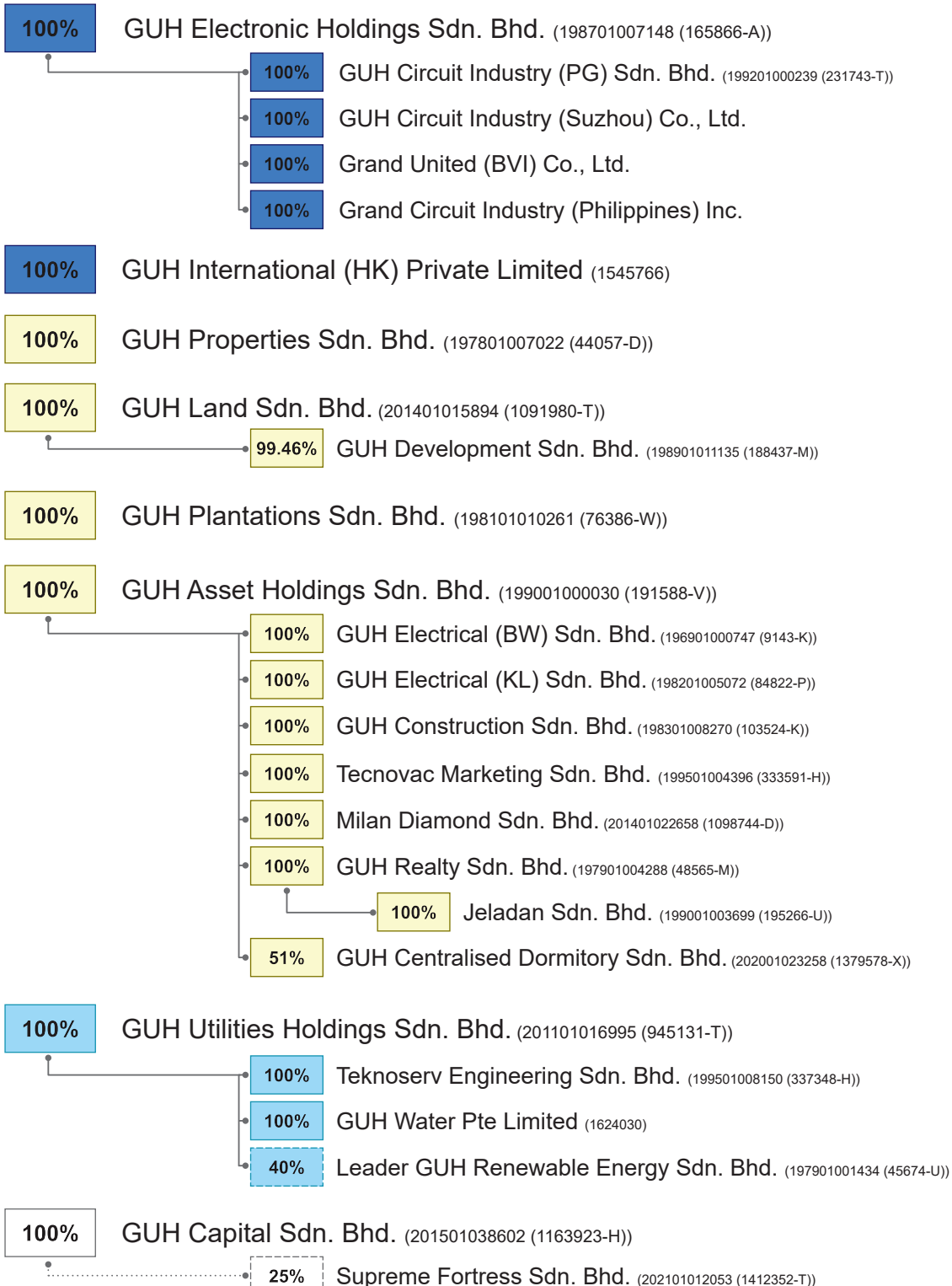
As at 31 December 2021, GUH Group's total assets were RM612.6 million, an increase of 2.5% from RM597.5 million at end of the previous financial year. GUH Group's investments in joint ventures increased to RM16.6 million as at 31 December 2021 after reflecting the imminent transfer of land to the joint venture company for the development of foreign worker dormitories. GUH Group's cash and cash equivalents also improved to RM84.0 million as at 31 December 2021 compared to RM76.3 million at end of the previous financial year mainly due to higher revenue and proceeds from disposal of associate. GUH Group had used internally and externally generated funds to finance property development projects and working capital. On the other hand, inventories reduced to RM272.0 million as at 31 December 2021 from RM283.2 million at end of the previous financial year mainly due to the imminent transfer of land to the joint venture company for the development of foreign worker dormitories.

GUH Group's total liabilities decreased by 4.7% to RM123.4 million as at 31 December 2021 from RM129.5 million at end of the previous financial year. GUH Group's loans and borrowings coupled with lease liabilities decreased to RM36.6 million as at 31 December 2021 from RM44.7 million at end of the previous financial year and consequently, GUH Group's gearing ratio decreased to 7.5% as at 31 December 2021 compared to 9.6% at end of the previous financial year. On the other hand, GUH Group's contract liabilities increased to RM6.2 million as at 31 December 2021 from RM3.6 million at end of the previous financial year mainly due to higher progress billings for road construction and water projects under the Utilities Division.

Overall, GUH Group registered a higher net assets per share attributable to owners of the Company of RM1.76 as at 31 December 2021 compared to RM1.68 at end of the previous financial year.



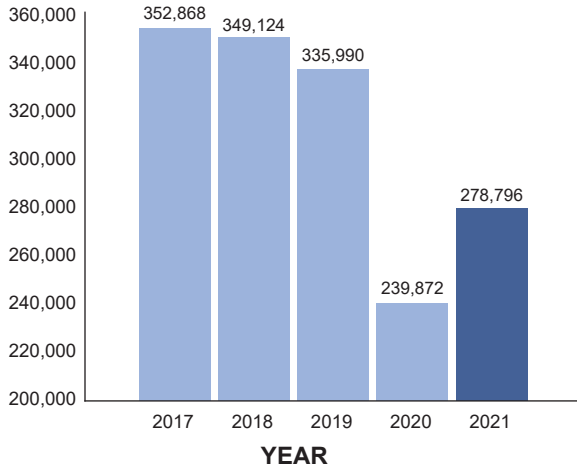
CORPORATE STRUCTURE



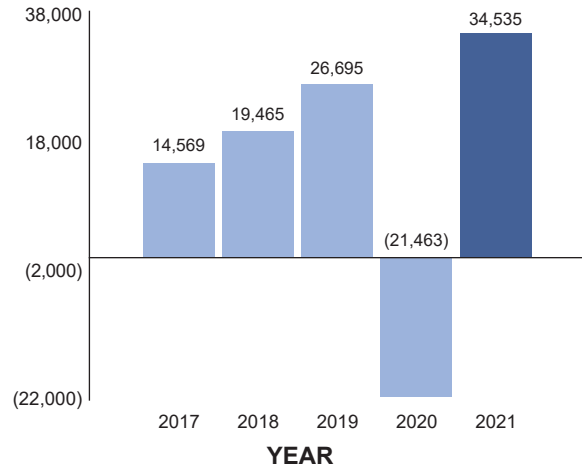
	Electronic Division		Properties & Plantation Division		Utilities Division
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**FINANCIAL HIGHLIGHTS**

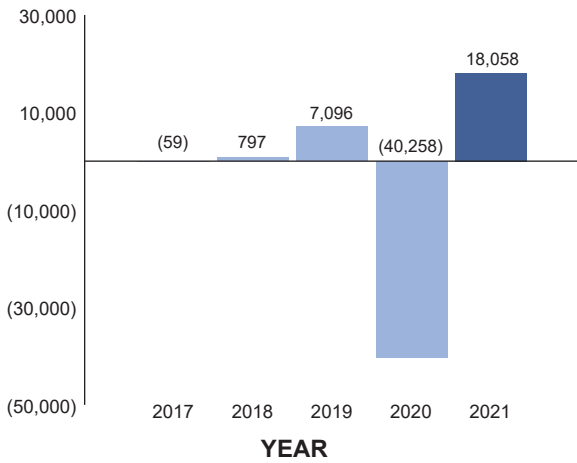
**REVENUE (RM'000)**



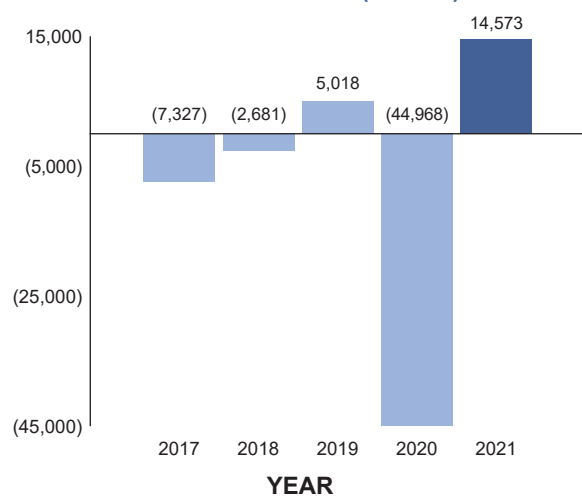
**EBITDA (RM'000)**



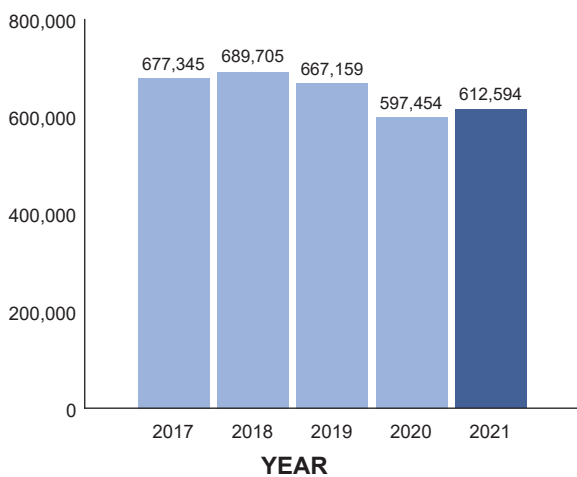
**PROFIT/(LOSS) BEFORE TAX (RM'000)**



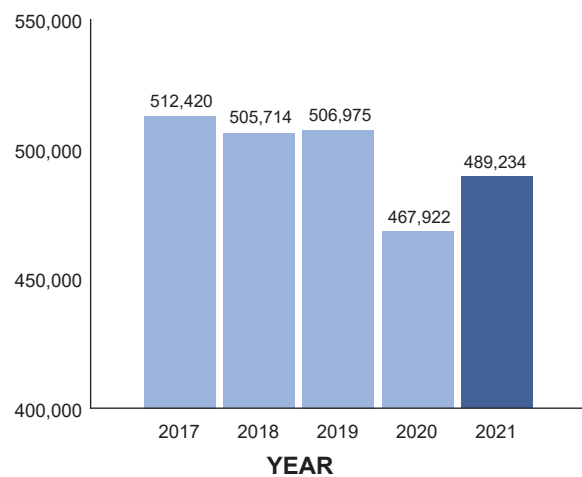
**PROFIT/ (LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)**



**TOTAL ASSETS (RM'000)**

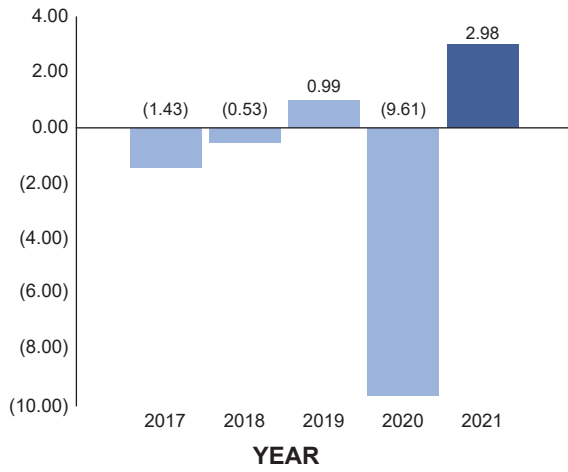


**EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)**

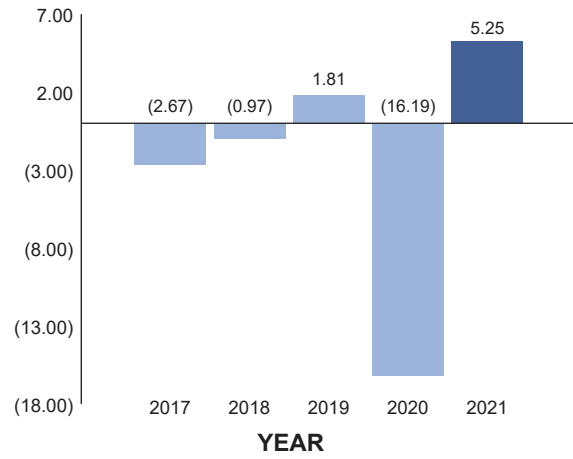


**FINANCIAL HIGHLIGHTS**

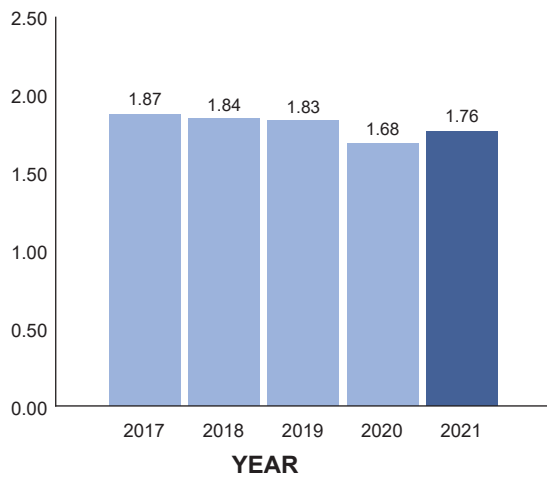
**RETURN ON TOTAL EQUITY (%)**



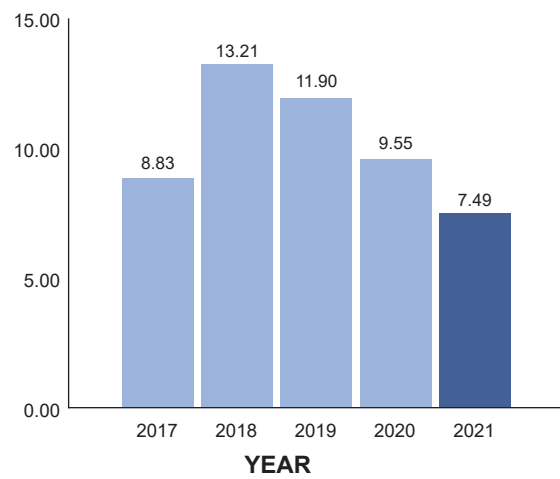
**BASIC EARNINGS/ (LOSS) PER SHARE (SEN)**



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



**GEARING RATIO (%)**



## SUSTAINABILITY STATEMENT

The Board of Directors (“the Board”) of GUH Holdings Berhad (“GUH” or the “Company”) views sustainability as a key pillar of the Company’s strategy and recognizes its importance to the long-term success to the Group. The Group 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 to oversee 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. Meetings are 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 investments and/or divestments;
- 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 risks to the Group;
- To assess whether the Group’s risk management and sustainability policies are communicated effectively to ensure 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 which plays a big part in creating a compelling business case.

In order to enhance GUH's reputation and goodwill, sustainability is used as a framework to assist in managing social and environmental changes which include new technology, government policies as well as customer demands. GUH has in place the sustainable policy and guidelines which are applicable to all its directors and employees of the Group and shall be implemented and remain in full force at all times.

GUH manages sustainability in its business by steering its companies and divisions, having taken into account social, economic and environmental impact. The Group's sustainable business focus is dependent on the business impact of its operations on the marketplace, workplace, environment and community.

Companies in GUH Group will align their performance and goals towards GUH Group's sustainability initiatives and practices to achieve long term returns and lower risk profile and the sustainability initiatives are shown as follows:

Managing Sustainability				
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> <li>Increase in customer loyalty and trusts</li> <li>Comply with regulations</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>	

**SUSTAINABILITY STATEMENT**

Managing Sustainability				
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 and value 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 of 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> </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**

Managing Sustainability				
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>• Minimise 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>	<ul style="list-style-type: none"> <li>• Increase cost savings</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>• Number of 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>• Number of cultural activities</li> <li>• Number of Responses 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**

At the heart of the Group’s Electronic Division, which is involved in the manufacturing and sale of printed circuit boards (PCBs) namely GUH Circuit Industry (PG) Sdn. Bhd. (GUH PG), lies a deep sense of pride in being the leading local PCBs manufacturer in Malaysia. It is primarily involved in the manufacturing of 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. Its products range from single-sided, double-sided and multi-layered PCBs with its plant strategically located in the electronics manufacturing hub of the free industrial zone of Penang, Malaysia and is renowned for serving customers efficiently in co-designing, new product development and mass production. GUH PG’s well known tag line is that “We sell PCBs packaged with exemplary services and customer peace of mind”.

GUH PG has 700 employees and a factory built-up area of approximately 29,720 m2 and a land area of approximately 22,505 m2 (5.56 acres) with an installed capacity / month of single-sided: 80km2 and PTH PCBs of 60km2. GUH PG major certifications include the ISO 9001-QMS, ISO14001 – EMS and the IATF16949 – Automotive QMS. Its recent awards include the Supply Chain Excellence Award, Exceptional Support Award, Best Performance Award, Best Service Award, Best Vendor Award, Best Quality Award, Signature Award and a Commendation Letter for exemplary support. GUH PG contributes its knowledge to the IPC (Institute of Printed Circuitry) each time it achieves a breakthrough in some technical area. A majority of the customers are Japanese

MNCs and the market shares include Malaysia, Thailand, Vietnam and Indonesia.

Going forward, the Group’s strategies have mapped the future of GUH PG by recognising the constant change of PCB technology in the four major product domains that will take the world by storm in the 21st century.

- 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 have 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 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 utilization of big data platforms

## SUSTAINABILITY STATEMENT

In order to ensure a sustainable future GUH Group shall target its investments in technology, assets and talent resources that will strengthen its core competencies in the aforesaid domains to fulfil future aspirations in the IoT world arena as a small but nimble and profitable technology company.

On a broader perspective to care for the Marketplace, GUH Group implements and upholds high standards 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 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

### Care for the Workplace

GUH understands that its people spend a significant portion of their time at work and there GUH believes in creating a feeling of home for the employee is important to the Group's business sustainability. In everyday operations GUH aspires to have the home ambience in place as much as possible. GUH believes that the foundation of any sustainable business is the driven principle of "Employees Are Our Best Assets". The leadership believes in the enactment of rewarding people fairly for their efforts for doing more than their normal duties is important. Under the reward system, terms and conditions and handbook clearly identifies and ensures a high motivation level in several schemes across different levels to reward talented and loyal employees. On a daily work routine, these facilities include a clean and subsidised canteen with food and prices being overseen by a committee from the staff. Weekly inspections at the canteen are done on criteria of cleanliness, timeliness, pricing and taste and feedback from the workers are reviewed and acted on. Last but not least, there are also rest and recreation facilities which include pantries, coffee corners, assigned smoking room, subsidized vending machines with hot and cold choices and an ATM machine on the premises. The human resources and talent pool that many other companies are eyeing can be traced to the strategy to develop local talent from bringing up people from the intern stage to sharing its gathered knowledge to institutions like the IPC. This well-meaning process is continued through continuous training and exposure in China, Taiwan and Japan and working towards a bright career path for the engineers that are employed. Going forward, GUH endeavours to enact policies and strategies such that the betterment of the knowledge of people through continuous training, welfare, and a profound interest in the continued livelihood of the employees will continue as a principle of existence. 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

vetted before being admitted into the list of qualified suppliers and vendors. As part of the Group's contributions towards the local business community, locally-sourced supplies and services are prioritised 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 while complying with all confidentiality obligations to its customers. 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.

nurture talents in the Company's sustainability efforts. GUH has in place a strategies 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. The Group is proud that many of its employees have been employed for more than 20 years with the Group.

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 hospitalisation benefits, GUH goes the "extra mile" to ensure a healthy work force by having proper hostels, good office ambience, frequent free lunch days, free talks on healthcare, vegetarian benefits and others. GUH has well spelled out and illustrative SOPs that are cascaded down to checklists to ensure workplaces are clean and hygienic before, during and after the COVID-19 pandemic. 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. The foreign workers under quarantine are provided with meals delivered to the hostel. GUH promotes regular and thorough hand-washing to its employees, contractors, and customers by having sanitising dispensers in prominent places around the workplace and emphasized by posters promoting the face mask and COVID-19 SOPs. GUH has also implemented departmental or locality QR codes (Quick Response Matrix Code) and check-ins need to be done. Electronic Division's employees who are stationed at high level noise impact department are sent for annual Noise Risk Assessment Audiometric Test.

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.



## SUSTAINABILITY STATEMENT

### Care for the Environment

**Safety:** Any ESG report “worthy of its salt” will need to prioritize safety as an important mention in the criteria of Environment. GUH is proud to declare that it achieved a zero rate of lost work time injuries and has established ‘zero serious accident’ target for the financial year under review. Occupational health and safety are a priority aspect of GUH and these are mandatory and compulsory training to all employees on personal protective equipment (PPE) regulations and usage to protect the employees and this training is done during the start of every shift in the manufacturing plant. On a macro basis, the assurance of employees adhering to the PPE and safety rules is driven by internal roadshows, training and strict disciplinary measures taken. GUH stages a plant wide internal evacuation and fire drill twice a year and the effectiveness, time of clearance and proper coordination marked by the Fire and Rescue Department. GUH Group has a permanent Emergency Response Team (ERT) consisting of volunteers from each and every department and they undergo training and retraining by Bomba periodically. Going forward GUH will mandate that all safety measures, protocol, training and SOPs will not only be carried on with zeal and enthusiasm but the pledge to do more as the engagement with outside parties enhance knowhow.

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

Going forward, the Group will resume the project to change all the fluorescent lights to LED lights after the COVID-19 stoppage. This project undertaken by GUH PG will help to save expenditure of lighting energy by at least 50% taking a simple assumption of an 18W LED Batten being equivalent in Lumens to a Florescent 40W Batten. The last count of GUH PG’s total light battens and downlights totaled 12,387 units translated into 12,387 x 40W which is equivalent to 495,480WH of energy consumed. After the complete change of all florescent lights in the company it is expected to lower the lighting cost by half. At the moment of this report, GUH PG is in the design stage to implement human presence sensors such that the corridors and toilets will be equipped with automatic turn on and off lights. The other divisions will look into changing all lights to LED by stages.

Another project that is in the feasibility phase is the redesigning of window curtains so that more natural light is being used and yet maintaining a conducive glare less working ambience on par with world class

establishments. GUH is also in discussions with TNB on their funding a solar panel on building rooftop as part of green policy and hope to push this project through by last quarter of 2022.

**Discharges to Air, Water and Land:** GUH PG is certified to the latest environmental management system and all air discharges are cleansed with gas scrubbers equipped with water sprays containing neutralizer chemicals before discharging. The air scrubbers are in turn monitored by an external certified body. The air scrubbers performed well in accordance to the Clean Air Regulations 1978 with recorded results that are better than the specified passing standard. Water discharges are cleansed by the newly upgraded waste water systems before being discharged. The reports from external certified body monitoring the discharges showed good and stable performance. GUH PG environment management reports directly to top management and also ensures a professional environment operations team is in place to ensure strict compliance to the environment regulations. All employees in the manufacturing plant are educated to participate in the environment monitoring process by reporting any unusual smell or sight to their superior. GUH PG is certified to ISO14001 since year 2004 which is the platform for environmental protection, management and review.

**Active Role:** The Group participated in several social projects and one of the noteworthy project participated by GUH is the World Water Day which was celebrated in March 2021 and part of the governments’ target 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 proactively protect them from pollution risks as a vanguard of sustainable management and use of nature. GUH plays an active role in the neighborhood where it is situated and in order to inculcate the culture of environmental awareness among the employees, GUH participates in such meaningful environmental improvement programmes by external agencies such as the State Department of Environment (DOE). As a good example out of several, GUH was one of the key participants in the National River Trail Program (DSK – Denai Sungai Kebangsaan) and the Electrical and Household Electronics Waste Collection Campaign. GUH notes the importance of this programmes, which was launched simultaneously throughout the country through selected agencies under the Ministry of Environment and Water (KASA). The event for state level was led by the Director of Jabatan Alam Sekitar Pulau Pinang (JASPP) and was launched at Taman Jajar Sungai Ara on 27 March 2021 with key participants from some local and multi-national companies and that GUH is proud to have played an active key role in this and several social environmental projects. The Group managed to add greenery and cheer to the environment by planting and placing 186 potted plants in strategic places of offices and factory in 2021. Going forward, GUH hopes to achieve its target of having 306 potted plants in the compound by end of 2022.

GUH has several future projects being identified and in the planning stages. Campaigns led by the Group shall be roadshows and project launches based on electricity

## SUSTAINABILITY STATEMENT

or energy conservation, going paperless and zero office paper purchase, water conservation and reduction by 18%, maintaining similar air discharges with product m2 increase and fun SOPs on the 3Rs of Reduce, Recycle and Reuse. In line with the Group's commitment to help save the environment and in support the reducing

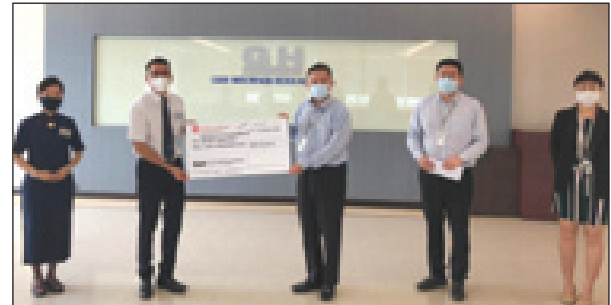
of carbon footprint, all divisions, namely Electronic, Properties, Utilities and Plantations have been carrying out all necessary measures together with the Group in the 3Rs practice. In addition, opening burning is prohibited in the Group and all divisions comply strictly with this policy.

## Care for the Community

GUH's Board of Directors and its committees set policies and procedures and oversee the management's decision-making on sustainability topics related to the company's operations with special emphasis on ensuring the community is on a win-win partnership. Important criteria are those associated with economic, environmental and social issues. All governance matters are mentored and reviewed by the Risk Management and Sustainability Committee at the Group level. Additionally, at the subsidiary level, there is a dedicated Environmental, Health, Safety and Sustainability (EHS&S) Committee, which oversees environmental management, policies, targets and procedures, reflecting the Board of Directors' enthusiastic commitment to ensuring the community benefits from its business presence. A significant contribution to the industrial fraternity of Penang by GUH PG is to cascade down its knowledge to major local suppliers that are willing to collaborate. GUH PG in its many years of operation, is proud of its efforts that have contributed to the development of suppliers from fledging simple added-process shop houses to suppliers with considerable knowhow in chemicals, precision drill tools, PCB machine language programming and a host of PCB support services. GUH developed a win-win platform for supplies and services locally including high technology supplies from delicate chemical compounds to high precision tools, electronic and software solutions creating a synergistic industrial potential for Penang to attract other PCB players.

The Plantation Division maintains GHG gas emission at an environmental friendly level by calculating using Enzo greenhouse gas calculator for measurement and record purposes. Fuels used are mainly diesel and petrol to operate the tractor while petrol is used on company's vehicles. Close monitoring on the diesel consumption is done on a regular basis for optimising the usage.

The main fertilisers in use are NPK and Weedicides for controlling weeds and diseases. These recommended chemicals are from certified brands which do not contain banned substances. Only the required quantity of agrochemicals is purchased for each application with minimal generation of leftovers. The Occupational Safety and Health officer, ensures that chemicals are handled with care to avoid leakage and spillage during storing and dispensing. Detailed Safety Data Sheet for all the chemicals used in the plantations which include fertiliser, weedicide, petrol and diesel are recorded. Besides, the plantation has engaged Eurofins NM Laboratory Sdn Bhd to perform a thorough chemical assessment on the chemical used. The division will continue to source for better fertilisers and weedicides that cause less harm to the environment, minimise the effective amount of weeding agent recommended and will try to use biodegradable organic weeding agent if available.



The Plantation Division has engaged an expert from Jabatan Perhilitan and Jabatan Perhutanan to conduct assessment on the protected species within and around the plantation site, Bukit Selambau. The results showed that there are several kind of species that are endangered and should be protected. GUH Plantations is aware of the need in reserving some wild fruits, flowers and plants which are the food supplies for the endangered species in the plantation. The environmental policy and procedure of the division, strictly prohibits open burning, peat land, use of paraquat, hunting and logging.

Going forward, GUH pledges its commitment to the embracing of the Triple Bottom Line (TBL) motto of Profit, People, and the Planet and that simultaneous with achieving returns for shareholders, GUH wishes to improve people's lives ensuring a fulfilling career while teaching the mantra of protecting the planet during the course of business conduct. The ultimate aim in this painstaking strategy is to grow the synergy of all stakeholders so that the sustainability cycle is strengthened not only for GUH but also for the supporting infrastructure of the PCB industry in Penang, Malaysia.

While diligently contributing to the Penang industrial environment, GUH also endeavours to do its part towards the social domain by contributions and sponsorships towards community through financial assistance to various organizations, schools, NGOs, religious organizations, dialysis centres, associations and individuals in various states of Malaysia. GUH thoughts are with those badly affected by COVID-19 and together with the Aduns in Penang and Negeri Sembilan via their outreach programmes contributed daily essentials. A total of 16 Aduns were selected as well as other Government bodies. The recent flood victims were also aided with daily essentials, cleaning equipment, cooked meals, mattresses and pillows. GUH prides itself to unceasingly do its part for society as it believes giving back gives a sense of purpose to the organization and teaches its people the philosophy of selflessness which in turn will nurture great organisations. The Group has chosen NGO, Tzu Chi Buddhist Merit Society Malaysia as it believes and has witnessed this organization is always in the forefront to render aid and services regardless of race and creed.

## 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 adopting suitable best practices 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, so as to build a sustainable future that generates positive value creation.

The Board is pleased to present the Corporate Governance Overview Statement for the financial year ended 31 December 2021 which takes guidance from the CG Principles as set in the Malaysian Code on Corporate Governance (MCCG).

The Corporate Governance Overview Statement should be read in tandem with other Statements in the Company’s Annual Report 2021, i.e. the Sustainability Statement, Statement on Risk Management and Internal Control and Audit Committee Report. The explanation of the application on the corporate governance practices is reported under the Corporate Governance Report (“CG Report”) which is published on the Company’s website, [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).

The Company has applied most of the practices in the MCCG 2021 except for the following:

### Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek shareholders’ approval annually through a two-tier voting process.

### Practice 5.4

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilizes independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

### Practice 5.9

The board comprises at least 30% women directors.

### Practice 5.10

The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

### Practice 8.2

The board discloses on a named basis the top five senior management’s remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

### Board Charter

The Board Charter of the Company sets out the Board’s strategic intent and clearly defines the Board’s roles and responsibilities as well as elaborates on the fiduciary and leadership functions of the Board. The Charter is reviewed annually with its latest update being made in November 2021.

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

**BOARD LEADERSHIP AND EFFECTIVENESS****Strengthen Composition**

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. For the financial year 2021, 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.

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.

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 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. His responsibilities include among others, to ensure the strategies and policies agreed by the Board are effectively implemented by the CEO/Group MD and the management of the Group as also clearly defined in the Board Charter.

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.

Specific responsibilities have been delegated to various Board Committees where appropriate. The Board Committees comprises Audit Committee, Nomination Committee, Remuneration Committee, Risk Management & Sustainability Committee and the Share Grant Plan Committee. Each Committee operates within its respective terms of reference which have been approved by the Board. The terms of reference of all the Board Committees are reviewed and updated regularly to ensure the latest requirements of the MCCG and Listing Requirements are incorporated. Each Committee reports its recommendations and decisions to the Board for approval.

**Audit Committee**

The Audit Committee 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. The activities and more details of the Audit Committee have been described in a separate statement in the Audit Committee Report on pages 49 to 52.

**Nomination Committee**

The Nomination Committee reviews annually the required mix of skills, experiences 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. Full report of the Nomination Committee can be found on pages 38 to 41 of this Corporate Governance Overview Statement.

**Remuneration Committee**

The Remuneration Committee reviews remuneration of Executive Directors.

The Remuneration Committee of GUH currently comprises the following Directors, all of whom are Non-Executives, 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 calibre needed to direct the Group successfully.

CORPORATE GOVERNANCE  
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The Remuneration Committee convenes 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 participated in any way in determining their individual remuneration. In reviewing the remuneration package of the Executive Directors, the Committee shall normally consider the level of responsibilities of its Directors, and is guided by the framework that covers the terms and conditions for the Executive Directors and the management team. The remuneration package contains both fixed and performance-linked elements and their remunerations are benchmarked against the remuneration of other companies within the same industry. The Executive Directors are paid fixed salaries, allowances, bonuses and other benefits in accordance with the terms and conditions as agreed upon. The terms and conditions are normally reviewed annually to ensure the performance and contributions are justified.

During the financial year ended 31 December 2021, 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 determined by 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 2021. During the year, the Remuneration Committee also recommended the Directors' fee for the period from year 2022 to the next AGM in year 2023, 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 2021 is set out below:

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

The breakdown of the remuneration of each individual Director for the financial year ended 2021 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	Share-based payments RM	Benefits-in-kind RM
<b>Executive Directors</b>							
Tan Sri Dato' Seri H'ng Bok San	78,000	1,040,033	651,594	-	195,593	336,194	28,000
Datuk Seri Kenneth H'ng Bak Tee	103,436	1,983,281	1,165,464	-	552,278	318,312	15,500
<b>Total</b>	<b>181,436</b>	<b>3,023,314</b>	<b>1,817,058</b>	<b>-</b>	<b>747,871</b>	<b>654,506</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	-	-	6,000	-	-	-
Mr. Chew Hock Lin	70,000	-	-	14,000	-	-	-
Dato' Ismail Bin Hamzah	70,000	-	-	12,000	-	-	-
Dato' Lai Chang Hun	70,000	-	-	7,000	-	-	-
En. W Ismail Bin W Nik	70,000	-	-	4,000	-	-	-
Dato' Dr. Gan Kong Meng	70,000	-	-	9,000	-	-	-
<b>Total</b>	<b>490,000</b>	<b>-</b>	<b>-</b>	<b>56,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Board has opted not to disclose on a named basis 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.

**Risk Management & Sustainability Committee**

The Risk Management & Sustainability Committee identifies, evaluates and manages the significant risks associated to the Group's current business, new investment and/or divestment and control responsibilities with an appropriate action plan and ensures the implementation of appropriate systems to manage the overall risk exposure of the Group.

From the perspective of sustainability, this Committee will identify and manage non-financial issues, giving greater attention to how businesses impact the economy, environment and social risks and opportunities alongside financial implications. More details can be found on pages 46 to 48 of the Statement on Risk Management and Internal Control and pages 26 to 32 of the Sustainability Statement.

**Share Grant Plan Committee**

The Share Grant Plan Committee administers and reviews 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.

**Reinforce Independence**

The Board's composition fairly represents the ownership structure of the Company with the Chairman who is not a Non-Executive Director. It is of the Board's opinion that since the Executive Chairman is the single largest shareholder, 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 competent to lead the Group towards achieving the highest level of success for the Company and 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 also responsible for the corporate governance practices of the Group on behalf of the shareholders and retains full and effective control over the Group.

The Board comprises a majority of Independent Directors which is sufficient to provide the necessary checks and balances on the decision-making process of the Board. The Independent Directors play a pivotal role in the Board's responsibilities. Nevertheless, they are not accountable or responsible for the day to day running of the business operations, which is the role of the Executive Directors. They do not participate and engage in any business dealings or other relationship within the Group. The Independent Directors have been actively involved in various Board Committees to assist the Board in carrying out the duties and responsibilities in accordance with the terms of reference as set out in each Committee.

**Foster Commitment**

During the financial year 2021, 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. The Board is satisfied with the level of time commitment given by each of the Directors towards fulfilling their roles on the Board and Board Committees.

CORPORATE GOVERNANCE  
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The attendance record of each member of the Board during the financial year ended 2021 is set out below:

Board of Directors	Feb	May	Aug	Nov	Total
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	•	•	•	•	4/4
Mr. Chew Hock Lin Senior Independent Non-Executive Director	•	•	•	•	4/4
Dato' Ismail Bin Hamzah Independent Non-Executive Director	•	•	•	•	4/4
Dato' Lai Chang Hun Independent Non-Executive Director	•	•	•	•	4/4
En. W Ismail Bin W Nik Independent Non-Executive Director	•	•	•	•	4/4
Dato' Dr. Gan Kong Meng Independent Non-Executive Director	•	•	•	•	4/4

The Board had carried out the following activities:

- Reviewed the Company's performance in 2021 and the business outlook for 2022;
- 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 2020;
- Approved Annual Report 2020;
- 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 2021 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 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 the 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.

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 papers containing relevant information are delivered to the members for the relevant Directors to prepare and deal with if any matter arising during such meetings efficiently. The Board normally receive the information and meeting papers a 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.

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.

The summary of courses and training attended by respective Directors of the Company during the financial year ended 31 December 2021 are set out as follows:

<b>Tan Sri Dato' Seri H'ng Bok San</b> <ul style="list-style-type: none"> <li>Energising Board Stewardship and Governance Compliance - Effective Decision-Making Process (30/04/2021)</li> </ul>
<b>Datuk Seri Kenneth H'ng Bak Tee</b> <ul style="list-style-type: none"> <li>Guidelines for reporting framework for beneficial ownership of legal person in Malaysia (05/01/2021)</li> <li>Anti-Money Laundering Regime : Directors' and Secretary's Reporting Obligation (03/03/21)</li> <li>Removal of Directors - Step by Step (08/03/2021)</li> <li>Corporate Financial Performance Analysis (02/04/2021)</li> <li>Recurring offences by Directors/Secretaries under the Companies Act, 2016 (14/04/2021)</li> <li>Running and Managing Virtual, Hybrid and Physical meetings (23/06/2021)</li> <li>Intellectual property strategies for modern day business owner - start, grow &amp; expand (07/07/21)</li> <li>Implementing retrenchment, termination and layoff (01/09/2021)</li> </ul>
<b>Dato' Harry H'ng Bak Seah</b> <ul style="list-style-type: none"> <li>Energising Board Stewardship and Governance Compliance - Effective Decision-Making Process (30/04/2021)</li> </ul>
<b>Datin Seri Jessica H'ng Hsieh Ling</b> <ul style="list-style-type: none"> <li>Balancing Risk Management with Sustainability Commitment - Ethics, Regulatory Compliance and Control Environment (30/07/2021)</li> </ul>
<b>Mr. Chew Hock Lin</b> <ul style="list-style-type: none"> <li>Balancing Risk Management with Sustainability Commitment - Ethics, Regulatory Compliance and Control Environment (30/07/2021)</li> </ul>
<b>Dato' Ismail Bin Hamzah</b> <ul style="list-style-type: none"> <li>Energising Board Stewardship and Governance Compliance - Effective Decision-Making Process (30/04/2021)</li> <li>Securities Commission's Audit Oversight Board (AOB) Conversation with Audit Committees (06/12/2021)</li> </ul>
<b>Dato' Lai Chang Hun</b> <ul style="list-style-type: none"> <li>Energising Board Stewardship and Governance Compliance - Effective Decision-Making Process (30/04/2021)</li> </ul>
<b>En. W Ismail Bin W Nik</b> <ul style="list-style-type: none"> <li>Energising Board Stewardship and Governance Compliance - Effective Decision-Making Process (30/04/2021)</li> </ul>
<b>Dato' Dr. Gan Kong Meng</b> <ul style="list-style-type: none"> <li>Energising Board Stewardship and Governance Compliance - Effective Decision-Making Process (30/04/2021)</li> <li>The Updated Malaysian Code on Corporate Governance April 2021 (Implications to Listed Corporations, Directors &amp; Management) (30/06/2021)</li> </ul>

#### Nomination Committee Report

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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The present members of the Committee are:

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

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

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

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

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

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

The summary of activities undertaken by the Nomination Committee during the financial year ended 31 December 2021 is as follows:

- 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 Directors;
- 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 re-election of Directors who retire pursuant to Article 95 of the Company's Constitution; and
- Recommended on the retention of Independent Directors and proposed two-tier voting process for the Independent Directors who have served beyond the terms as proposed by MCCG.

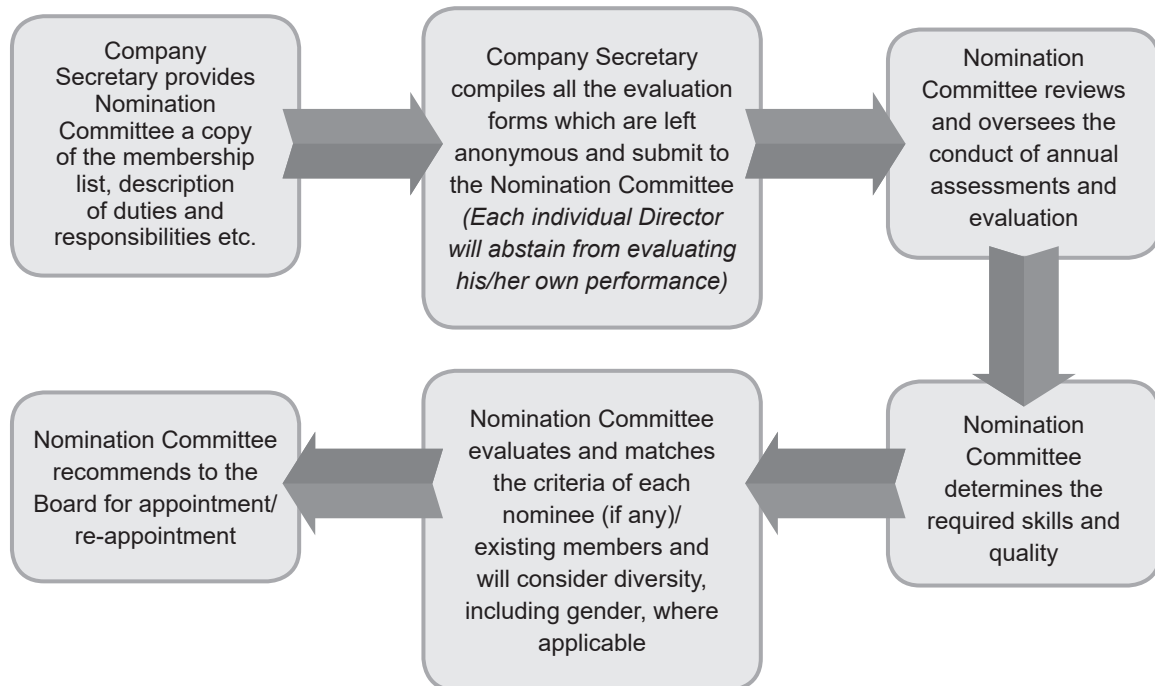
### **Evaluation for Board, Board Committees and individual Director**

The Nomination Committee conducted its 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 set out in the questionnaires.

For the financial year ended 31 December 2021, the Nomination Committee carried out a peer evaluation, where 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. Based on the results of the evaluation, including the mix of skills and experience possess by the Directors, no new member has been nominated. The Board is of the view that it is not necessary to appoint an independent third party to conduct the evaluation process. The Nomination Committee appointed by the Board will continue to assess the need for the appointment of an independent third party and will take the necessary action as and when needs arise.

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

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



### Re-election of Directors

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

Upon the recommendation of the Nomination Committee and the Board, no election of new Directors has been proposed. For the forthcoming Annual General Meeting ("AGM") to be held in 2022, the following Directors are subject to retire under Article 95 of the Company's Constitution:

- (i) Datin Seri Jessica H'ng Hsieh Ling
- (ii) Dato' Dr. Gan Kong Meng

### Long-serving Independent Directors

One of the recommendations of the MCCG is that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and the Board have determined at the annual assessment carried out on 21 November 2021, the four (4) Independent Directors namely Mr. Chew Hock Lin, Dato' Ismail Bin Hamzah, Dato' Lai Chang Hun and En. W Ismail Bin W Nik who have served on the Board for more than twenty (20) years, remain objective and independent in participating in the deliberations and decision-making of the Board and Board Committees. The Board is of the view that the length of their service on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group. Thus, the Board proposed that the resolutions to approve all the four (4) Independent Directors to continue to serve as the Independent Directors be tabled to the shareholders at the forthcoming 58th AGM subject to two-tier voting process.

Notwithstanding the above, with the recent announcement by Bursa Malaysia Securities Berhad on 19 January 2022 with regard to the amendments made to the Listing Requirements whereby one of the changes i.e. the long-serving independent directors of more than 12 years must resign or to be re-designated as a non-independent director which will be effective on or after 1 June 2023, all the above mentioned four (4) Independent Directors of the Company have written and confirmed to the Board that they will neither seek for retention as Independent Directors nor re-designation as Non-Independent Non-Executive Directors of the Company at the forthcoming 58th AGM. Therefore, they will retire at this AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Attendance of Nomination Committee

The attendance record of each member of the Nomination Committee during the financial year ended 2021 is set out below:

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

### 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 58th 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.

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, Independent Non-Executive Director*

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

Datin Seri Jessica H'ng Hsieh Ling  
*Member, Non-Independent Non-Executive Director*

The attendance record of each member of the Risk Management & Sustainability Committee during the financial year ended 2021 is set out below:

Risk Management & Sustainability Committee	Nov	Total
Mr. Chew Hock Lin, <i>Chairman</i>	•	1/1
Dato' Ismail Bin Hamzah, <i>Member</i>	•	1/1
Datin Seri Jessica H'ng Hsieh Ling, <i>Member</i>	•	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 External Auditors are also appointed to review the Statement of Risk Management and Internal Control of the Company and to report thereon.

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. The Internal Audit department reports directly to the Audit Committee and is involved in reviewing the 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.

The Internal Audit department 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.

## **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, 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 categorised as a "Large Company", hence has not adopted integrated reporting based on a globally recognised 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 scrutinisers. The shareholders are at liberty to raise questions while the Directors will provide answers and clarifications during the Company's AGM. Notices of AGM and related circulars and statements 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 day of the meeting.

The management of the Company also holds conferences and meetings with the press, 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 in a prompt manner in order for these stakeholders to be able to make informed investment decisions.

The Board reviews and approves all quarterly and other announcements to ensure accuracy and compliance. For the financial year ended 31 December 2021, the Board approved and released the quarterly financial results on the following dates:

2021 Quarterly Results	Date of Release	Listing Requirements Deadline
1st Quarter	31 May 2021	31 May 2021
2nd Quarter	23 August 2021	30 August 2021
3rd Quarter	29 November 2021	30 November 2021
4th Quarter	21 February 2022	28 February 2022

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Statement of Directors' Responsibilities as at 31 December 2021

The Board in discharging its fiduciary duties is accountable to shareholders in ensuring the annual audited financial statements are prepared and presented as a 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 2021, the Directors have provided assurance that the financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016 to give a true and fair view of the state of affairs of the Company and the Group in a transparent manner. The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in the section titled "Statement by Directors of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the financial year ended 31 December 2021. 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 2021.

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.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and irregularities. The Auditors' responsibilities are stated in their report to the shareholders.

### Compliance Information as at 31 December 2021

#### 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 2021, 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	223,500
Non-audit fees	14,900	79,966

#### Related Party Transactions

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

There are policies and 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 favourable 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 2021 except for those explained in the above mentioned.

### GUH's Share Grant Plan

Under the Company's Share Grant Plan ("SGP") which is the only share issuance scheme approved by the shareholders in the financial year 2020, a total of 13,889,464 SGP grants (Restricted Stock Units ["RSU"] of 3,757,100 Performance Stock Units ["PSU"] of 10,132,364) 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.

Details of the number of new ordinary shares ("Shares") granted, vested and outstanding pursuant to the SGP since the commencement of the SGP on 10 July 2020 and during the financial year 2021 are set out below:

For the financial year ended 31 December 2021	Total	Directors/ Chief Executive	Other Eligible Employees
Number of Shares Granted	13,264,438	2,777,892	10,486,546
Number of Shares Vested	-	-	-
Number of Shares Outstanding	13,264,438	2,777,892	10,486,546

Based on the By-Laws of the SGP, the total number of Shares awarded under the SGP shall be determined at the sole and absolute discretion of the SGP Committee, subject to the following:

- (i) The maximum number of Shares shall not in aggregate exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the SGP ("Maximum Limit");
- (ii) The aggregate allocation to the Executive Directors/Chief Executive shall not exceed 20% of the Maximum Limit;
- (iii) The allocation to any individual eligible person who, either singly or collectively through persons connected with the eligible person holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed 10% of the Maximum Limit

In regard to shares granted to the Directors/Chief Executive of the Company since commencement of the SGP, the aggregate maximum allocation and the actual percentage granted to Tan Sri Dato' Seri H'ng Bok San, the Executive Chairman and Datuk Seri Kenneth H'ng Bak Tee, the CEO/Group MD are 20%. None of the Shares were granted or vested to the Non-Executive Directors of the Company under the SGP.

On 18 March 2022, the Company has granted and vested 2,366,762 new ordinary shares to the eligible persons upon satisfaction of the vesting conditions pursuant to the SGP By-Laws. Further information of the SGP is set out in the Directors' Report and Note 23 to the Audited Financial Statements of the Company for the financial year ended 31 December 2021.

### Additional Information

Save as aforesaid disclosed, none of the following transactions have been entered by the Company during the financial year ended 31 December 2021:

- 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 maintain 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 2021.

## 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 57th Annual General Meeting held on 28 June 2021, 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 20 May 2021.

Details of the recurrent related party transactions transacted during the financial year ended 31 December 2021 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 28 June 2021 to 31 December 2021
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 30.0% 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 of Kiyamas and KCSB  Datin Seri Jessica H'ng Hsieh Ling has a direct shareholding of approximately 8.3% in Kiyamas	Transactions of raw materials, goods and services	<b>RM9,445,822.22</b> (Approved Limit: RM18,000,000.00)
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>RM1,126,980.14</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.

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.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 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, set out in the Group Policies to govern the financial and operational functions, 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.
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.

**STATEMENT ON  
RISK MANAGEMENT AND  
INTERNAL CONTROL**

12. The Group's Internal Audit Function performs regular reviews, monitors compliance with policies and procedures and recommends action plans to improve areas where control deficiencies are identified during field audits, 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 reports 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, 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.

The Nomination Committee carries out an evaluation and assessment to review the performance of the Audit Committee annually. During the assessment in 2021, the Nomination Committee evaluated the performance and effectiveness of the Audit Committee based on a few areas, including the quality of judgment and the commitment/time spent at meetings as well as the time devoted outside meetings 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 and have an 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 the 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 are run efficiently. He is also responsible for the management, 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, a majority of whom must be Independent Directors, which has 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 financial results announcement and matters falling within the Audit Committee's terms of reference and recommended to the Board for public release. The 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 three (3) meetings held in February, April and November 2021. 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:

Audit Committee	Feb	Apr	May	Aug	Nov	Total
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 2021

#### 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, of any change in implementation of major accounting policies; the going concern assumptions 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 issues needed 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 2021 are as follows:

2021 Fees incurred	Company	Group
<b>Audit services</b>	RM53,000	RM223,500
<b>Non-Audit services</b>	RM14,900	RM79,966

- Carried out the assessment of the objectivity, independence, performance and 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 disclosures 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 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 arose 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;

**AUDIT COMMITTEE REPORT**

- 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 to safeguard the best interest of the Company.

**6. Annual Reporting**

- Reviewed the consolidated audited financial statements of the Company and the Group and confirmed with the Management and the External Auditors that the statements have been prepared in compliance with applicable Financial Reporting Standards and recommended to the Board for approval;
- Reviewed the Audit Committee 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 which 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 2021**

- 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 2021 was RM202,466 (2020: RM252,363).

# 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 2021. All values shown in this report are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

### Principal activities

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

### Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:-		
- Owners of the Company	14,573	6,528
- Non-controlling interests	(4)	0
	<u>14,569</u>	<u>6,528</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.

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 details of the SGP are disclosed in Note 23 to the financial statements.

### 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.



## DIRECTORS' REPORT

### **Bad and doubtful debts (cont'd)**

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.

### **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 H'ng Bak Tee, DGSM, DPNS, DSPN, PKT, PJM  
 Dato' H'ng Bak Seah, DSPN, PJK  
 Datin Seri 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; resigned on 1.3.2022)

**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 1.1.2021	Bought	Sold	At 31.12.2021
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	(150,000)	17,401,855
Datuk Seri H'ng Bak Tee				
- Indirect <sup>(b)</sup>	1,404,649	0	0	1,404,649
Dato' H'ng Bak Seah				
- Direct	2,697,710	200,000	(400,000)	2,497,710
Datin Seri 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	2,426,345	0	0	2,426,345

## DIRECTORS' REPORT

### Directors' interests (cont'd)

Name of director	Number of ordinary shares granted under SGP			
	At 1.1.2021	Granted	Vested	At 31.12.2021
Tan Sri Dato' Seri H'ng Bok San				
- Direct	0	1,388,946	0	1,388,946
Datuk Seri H'ng Bak Tee				
- Direct	0	1,388,946	0	1,388,946
- Indirect <sup>(b)</sup>	0	1,111,157	0	1,111,157

(a) *Deemed interest by virtue of shares held by company controlled by family members*

(b) *Deemed interest by virtue of shares held by family members (who are not directors of the Company)*

(c) *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, apart from the Share Grant Plan of the Company, 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 RM10,000.

### 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 31 March 2022**

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

**Datuk Seri 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 121 give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 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 31 March 2022**

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

**Datuk Seri 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 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed  
Yeoh Saw Gaik at George Town in the State of Penang  
on this 31 March 2022

**Yeoh Saw Gaik**  
Senior General Manager

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 2021 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 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*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 (cont'd)**  
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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### GUH HOLDINGS BERHAD (cont'd)

196101000062 (4104-W) (Incorporated in Malaysia)

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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**  
02979/03/2024 J  
Chartered Accountant

Date: 31 March 2022

Penang

**CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**

AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	104,412	106,917
Investment properties	5	39,415	38,352
Right-of-use assets	6	26,462	26,545
Investments in associates	8	6,137	5,794
Investment in joint venture	9	16,560	0
Other investments	10	0	3
Inventories	11	160,877	174,537
Prepayments		750	750
Deferred tax assets	12	2,352	675
		<u>356,965</u>	<u>353,573</u>
<b>Current assets</b>			
Inventories	11	111,084	108,710
Biological assets	13	225	152
Contract costs	14	0	48
Contract assets	15	4,752	4,338
Receivables	16	54,267	52,461
Prepayments		1,189	1,719
Current tax assets		150	126
Cash and cash equivalents	17	83,962	76,327
		<u>255,629</u>	<u>243,881</u>
<b>Current liabilities</b>			
Contract liabilities	15	6,233	3,624
Payables	18	61,241	60,759
Loans and borrowings	19	10,270	18,716
Lease liabilities	20	281	311
Financial guarantee contract	21	183	1,008
Current tax liabilities		3,250	1,961
		<u>81,458</u>	<u>86,379</u>
<b>Net current assets</b>		174,171	157,502
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	7,796	10,243
Loans and borrowings	19	25,785	25,381
Lease liabilities	20	292	257
Retirement benefits	22	8,048	7,287
		<u>41,921</u>	<u>43,168</u>
<b>Net assets</b>		<u>489,215</u>	<u>467,907</u>
<b>Equity</b>			
Share capital	23	277,992	277,992
Treasury shares	23	(148)	(148)
Statutory reserve		13,960	13,960
Share grant reserve		1,576	0
Currency translation reserve		41,518	36,355
Retained profits		154,336	139,763
Equity attributable to owners of the Company		<u>489,234</u>	<u>467,922</u>
Non-controlling interests	24	(19)	(15)
<b>Total equity</b>		<u>489,215</u>	<u>467,907</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 2021

	Note	2021 RM'000	2020 RM'000
Revenue	25	278,796	239,872
Cost of revenue		(248,998)	(230,212)
Gross profit		<u>29,798</u>	<u>9,660</u>
Interest income		1,210	1,445
Other income		10,786	5,540
Administrative expenses		(16,227)	(18,801)
Distribution expenses		(4,084)	(4,594)
Finance costs		(1,429)	(2,455)
Other expenses		(2,128)	(30,296)
Share of associates' profit/(loss)		172	(757)
Share of joint venture's loss		(40)	0
Profit/(Loss) before tax	27	<u>18,058</u>	<u>(40,258)</u>
Tax expense	29	(3,489)	(4,714)
Profit/(Loss) for the financial year		<u>14,569</u>	<u>(44,972)</u>
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		14,573	(44,968)
- Non-controlling interests	24	<u>(4)</u>	<u>(4)</u>
		<u>14,569</u>	<u>(44,972)</u>
Earnings/(Loss) per share:-	30		
- Basic (sen)		<u>5.25</u>	<u>(16.19)</u>
- Diluted (sen)		<u>5.18</u>	<u>(16.19)</u>

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
Profit/(Loss) for the financial year	14,569	(44,972)
Other comprehensive income:-		
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- Currency translation differences for foreign operations	4,749	4,860
- Reclassification adjustment on dissolution of foreign operations	0	1,055
- Reclassification adjustment on disposal of foreign operations	199	0
- Share of associate's other comprehensive income	215	0
Total other comprehensive income for the financial year	<u>5,163</u>	<u>5,915</u>
Comprehensive income for the financial year	<u>19,732</u>	<u>(39,057)</u>
Comprehensive income for the financial year attributable to:-		
- Owners of the Company	19,736	(39,053)
- Non-controlling interests	(4)	(4)
	<u>19,732</u>	<u>(39,057)</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	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 (Note (i)) RM'000	Share grant reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000			
At 1 January 2020	277,992	(148)	13,991	0	30,440	184,700	506,975	(11)	506,964	
Currency translation differences for foreign operations	0	0	0	0	4,860	0	4,860	0	4,860	
Reclassification adjustment on dissolution of foreign operations	0	0	0	0	1,055	0	1,055	0	1,055	
Total other comprehensive income for the financial year	0	0	0	0	5,915	0	5,915	0	5,915	
Loss for the financial year	0	0	0	0	0	(44,968)	(44,968)	(4)	(44,972)	
Comprehensive income for the financial year	0	0	0	0	5,915	(44,968)	(39,053)	(4)	(39,057)	
Transfer from capital reserve	0	0	(31)	0	0	31	0	0	0	
At 31 December 2020	277,992	(148)	13,960	0	36,355	139,763	467,922	(15)	467,907	
Currency translation differences for foreign operations	0	0	0	0	4,749	0	4,749	0	4,749	
Reclassification adjustment on disposal of foreign operations	0	0	0	0	199	0	199	0	199	
Share of associate's other comprehensive income	0	0	0	0	215	0	215	0	215	
Total other comprehensive income for the financial year	0	0	0	0	5,163	0	5,163	0	5,163	
Profit/(Loss) for the financial year	0	0	0	0	0	14,573	14,573	(4)	14,569	
Comprehensive income for the financial year	0	0	0	0	5,163	14,573	19,736	(4)	19,732	
Share-based payments (representing total transactions with owners)	0	0	0	1,576	0	0	1,576	0	1,576	
At 31 December 2021	277,992	(148)	13,960	1,576	41,518	154,336	489,234	(19)	489,215	

Note (i) - 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 2021

	2021	2020
Note	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	18,058	(40,258)
Adjustments for:-		
Amortisation of financial guarantee contract	(275)	(92)
Depreciation	15,048	16,340
Fair value changes in biological assets	(73)	(34)
Fair value gains on financial instruments	(452)	(2)
Fair value of financial guarantee contract	0	1,100
Gain on derecognition of contingent consideration	0	(2,962)
Gain on derecognition of financial guarantee contract	(550)	0
Gain on derecognition of right-of-use assets	0	(2)
Gain on disposal of associate	(4,603)	0
Gain on disposal of investment property	(796)	0
Gain on disposal of property, plant and equipment	(95)	(28)
Gain on disposal of subsidiary	(360)	0
Impairment loss on investment in associate	0	2,100
Impairment loss on property, plant and equipment	0	2,315
Interest expense	1,429	2,455
Interest income	(1,210)	(1,445)
Inventories written down	149	4,739
Inventories written off	0	84
Loss on dissolution of associate	0	376
Loss on dissolution of subsidiary	0	614
Property, plant and equipment written off	0	10
Provision for retirement benefits	761	743
Revenue from sale of development land	(16,600)	0
Reversal of impairment loss on property, plant and equipment	(1,453)	0
Reversal of inventories written down	(489)	(604)
Share-based payments	1,576	0
Share of associates' (profit)/loss	(172)	757
Share of joint venture's loss	40	0
Unrealised gain on foreign exchange	(452)	(80)
Variable lease payments	(16)	0
Operating profit/(loss) before working capital changes	9,465	(13,874)
Changes in:-		
Inventories	11,626	2,733
Contract costs	48	68
Contract assets	(414)	3,582
Receivables	(242)	10,000
Prepayments	530	1,322
Contract liabilities	2,609	1,231
Payables	601	(5,957)
Cash generated from/(absorbed by) operations	24,223	(895)
Tax paid	(6,325)	(6,112)
Tax refunded	10	249
Net cash from/(used in) operating activities	17,908	(6,758)

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	Note	2021 RM'000	2020 RM'000
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(7,898)	(4,466)
Acquisition of right-of-use assets	31	0	(2)
Additions of investment properties		(1,889)	(1,296)
Additions of other investments		(8,891)	0
Capital repayment from associate		0	149
Disposal of subsidiary, net of cash disposed of	7	(5,577)	0
Dividend received		225	0
Interest received		1,210	1,445
Proceeds from disposal of associate	8	8,864	0
Proceeds from disposal of investment property		1,480	0
Proceeds from disposal of other investments		9,346	0
Proceeds from disposal of property, plant and equipment		116	101
Net cash used in investing activities		<u>(3,014)</u>	<u>(4,069)</u>
<b>Cash flows from financing activities</b>			
Changes in term deposits pledged as security		420	(33)
Drawdown of long-term loans	31	4,005	1,360
Increase/(Decrease) in short-term loans and borrowings (net)	31	2,571	(2,146)
Interest paid		(1,353)	(2,436)
Payment of lease liabilities	31	(393)	(501)
Repayment of long-term loans	31	<u>(13,814)</u>	<u>(14,697)</u>
Net cash used in financing activities		<u>(8,564)</u>	<u>(18,453)</u>
Currency translation differences		2,617	2,981
Net increase/(decrease) in cash and cash equivalents		8,947	(26,299)
Cash and cash equivalents brought forward		74,995	101,294
Cash and cash equivalents carried forward	17	<u>83,942</u>	<u>74,995</u>

**STATEMENT OF  
FINANCIAL POSITION**  
 AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	51	95
Investment properties	5	23,125	23,125
Right-of-use assets	6	158	329
Investments in subsidiaries	7	214,081	207,628
Other investments	10	0	3
Receivables	16	197,814	212,055
		<u>435,229</u>	<u>443,235</u>
<b>Current assets</b>			
Receivables	16	19,791	17,482
Prepayments		29	28
Current tax assets		1	1
Cash and cash equivalents	17	18,905	4,073
		<u>38,726</u>	<u>21,584</u>
<b>Current liabilities</b>			
Payables	18	16,161	14,935
Lease liabilities	20	85	130
Financial guarantee contract	21	183	1,008
		<u>16,429</u>	<u>16,073</u>
<b>Net current assets</b>		22,297	5,511
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	1,099	1,099
Lease liabilities	20	58	143
Retirement benefits	22	8,048	7,287
		<u>9,205</u>	<u>8,529</u>
<b>Net assets</b>		<u>448,321</u>	<u>440,217</u>
<b>Equity</b>			
Share capital	23	277,992	277,992
Treasury shares	23	(148)	(148)
Share grant reserve		1,576	0
Retained profits		168,901	162,373
<b>Total equity</b>		<u>448,321</u>	<u>440,217</u>

**STATEMENT OF PROFIT OR LOSS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Revenue	25	12,493	42,573
Cost of services rendered		(9,116)	(7,409)
Gross profit		<u>3,377</u>	<u>35,164</u>
Interest income		241	164
Other income		7,088	4,719
Administrative expenses		(1,689)	(1,834)
Finance costs		(10)	(16)
Impairment (losses)/gains on financial assets	26	(1,684)	5,566
Other expenses		(795)	(22,989)
Profit before tax	27	<u>6,528</u>	<u>20,774</u>
Tax expense	29	0	0
Profit for the financial year		<u>6,528</u>	<u>20,774</u>

**STATEMENT OF  
COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
Profit for the financial year	6,528	20,774
Other comprehensive income for the financial year	0	0
Comprehensive income for the financial year	<u>6,528</u>	<u>20,774</u>



**STATEMENT OF  
CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share capital RM'000	Treasury shares RM'000	Non- distributable Share grant reserve RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2020	277,992	(148)	0	141,599	419,443
Profit (representing comprehensive income) for the financial year	0	0	0	20,774	20,774
At 31 December 2020	<u>277,992</u>	<u>(148)</u>	<u>0</u>	<u>162,373</u>	<u>440,217</u>
Profit (representing comprehensive income) for the financial year	0	0	0	6,528	6,528
Share-based payments (representing total transactions with owners)	0	0	1,576	0	1,576
At 31 December 2021	<u>277,992</u>	<u>(148)</u>	<u>1,576</u>	<u>168,901</u>	<u>448,321</u>

**STATEMENT OF CASH FLOWS**  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		6,528	20,774
Adjustments for:-			
Amortisation of financial guarantee contract		(275)	(92)
Depreciation		242	254
Dividend income		(6,400)	(36,160)
Fair value gains on financial instruments		(452)	(2)
Fair value of financial guarantee contract		0	1,100
Gain on derecognition of financial guarantee contract		(550)	0
Gain on dissolution of associate		0	(4,625)
Impairment loss on investments in subsidiaries		0	20,787
Impairment losses/(gains) on financial assets		1,684	(5,566)
Interest expense		10	16
Interest income		(241)	(164)
Provision for retirement benefits		761	743
Reversal of impairment loss on investments in subsidiaries		(5,804)	0
Share-based payments		927	0
Unrealised (gain)/loss on foreign exchange		(5)	9
Operating loss before working capital changes		(3,575)	(2,926)
Changes in:-			
Receivables		10,248	(20,061)
Prepayments		(1)	9
Payables		1,226	308
Net cash from/(used in) operating activities		7,898	(22,670)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(27)	(25)
Additions of other investments		(8,891)	0
Capital repayment from associate		0	149
Dividends received		6,400	38,088
Interest received		241	164
Proceeds from disposal of other investments		9,346	0
Subscription for shares in subsidiary		0	(15,000)
Net cash from investing activities		7,069	23,376
<b>Cash flows from financing activities</b>			
Interest paid		(10)	(16)
Payment of lease liabilities	31	(130)	(124)
Net cash used in financing activities		(140)	(140)
Currency translation differences		5	(9)
Net increase in cash and cash equivalents		14,832	557
Cash and cash equivalents brought forward		4,073	3,516
Cash and cash equivalents carried forward	17	18,905	4,073

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 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 31 March 2022.

### 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.

For the financial year under review, the Group and the Company have applied the Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2* which are effective for annual periods beginning on or after 1 January 2021. They have also early applied the Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* which is effective for annual periods beginning on or after 1 April 2021.

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

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 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
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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. Significant accounting policies (cont'd)

### 2.2 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

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

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

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

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

### 2.3 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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.

#### 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.

## 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.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

#### 2.10 Impairment of non-financial assets

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

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

#### 2.11 Biological assets

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

#### 2.12 Inventories

##### Property development

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

Land held for property development is classified as non-current assets. It is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle. Property development costs attributable to development units sold are recognised in profit or loss on a systematic basis that is consistent with the recognition of related revenue as disclosed in Note 2.20. 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. Significant accounting policies (cont'd)

### 2.14 Contract assets and contract liabilities

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

### 2.15 Financial assets

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

#### Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.20). 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

##### 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.

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 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.

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

##### Derecognition

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

## 2. 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.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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

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

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

#### Non-financial assets

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

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

#### Financial assets and financial liabilities

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

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

The fair 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.

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

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

- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

#### **Sale of goods**

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

#### **Sale of agricultural produce**

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

#### **Rendering of services**

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

#### **Property development**

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

#### **Sale of development land and completed development units**

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

#### **Construction contracts**

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

#### 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.

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 or the Company 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 or the Company 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 rereasurement of the defined benefit liability which is recognised in other comprehensive income.

##### Share-based payments

The Share Grant Plan of the Company grants the Group's eligible employees shares in the Company upon satisfying specified vesting conditions. 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 as share grant reserve. The total amount to be recognised is determined by reference to the fair value of the shares at grant date and the estimated number of shares expected to vest on vesting date.

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

### 2.23 Employee benefits (cont'd)

#### 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.

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

### 2.26 Cash and cash equivalents

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

## 3. Judgements and estimation uncertainty

### Judgements made in applying accounting policies

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 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:-

#### 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 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).

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**4. Property, plant and equipment**

Group

	Freehold land	Buildings	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Bearer plants	Capital work-in- progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>								
At 1 January 2020	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
Additions	0	124	5,891	184	404	0	1,295	7,898
Disposals/Write-offs	0	0	(1,511)	(4)	(221)	0	0	(1,736)
Reclassifications	0	0	68	0	0	0	(68)	0
Transfer from right-of-use assets	0	0	0	0	646	0	0	646
Transfer to investment properties	0	(950)	0	0	0	0	0	(950)
Currency translation differences	0	2,318	6,025	231	28	0	0	8,602
At 31 December 2021	21,193	64,859	228,467	9,451	5,423	804	1,830	332,027
<b>Depreciation and impairment losses</b>								
At 1 January 2020								
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
Depreciation	0	26,050	155,516	6,896	4,178	509	0	193,149
Impairment loss	0	4,321	8,618	523	367	34	0	13,863
Disposals/Write-offs	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
Depreciation	0	31,175	167,592	7,327	4,013	543	0	210,650
Reversal of impairment loss	0	4,461	7,369	508	258	34	0	12,630
Reversal of impairment loss	0	0	(1,453)	0	0	0	0	(1,453)
Disposals/Write-offs	0	0	(1,499)	(4)	(212)	0	0	(1,715)
Transfer from right-of-use assets	0	0	0	0	646	0	0	646
Transfer to investment properties	0	(241)	0	0	0	0	0	(241)
Currency translation differences	0	1,453	5,417	206	22	0	0	7,098
At 31 December 2021								
Accumulated depreciation	0	36,469	176,408	8,030	4,727	577	0	226,211
Accumulated impairment losses	0	379	1,018	7	0	0	0	1,404
	0	36,848	177,426	8,037	4,727	577	0	227,615
<b>Carrying amount</b>								
At 1 January 2020	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
At 31 December 2021	21,193	28,011	51,041	1,414	696	227	1,830	104,412



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

**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	
	2021 RM'000	2020 RM'000
Freehold land	3,450	3,450
Buildings	1,022	1,046
	<u>4,472</u>	<u>4,496</u>

Company

	Furniture, fittings and office equipment	Motor vehicles	Total
	RM'000	RM'000	RM'000
<b>Cost</b>			
At 1 January 2020	238	903	1,141
Additions	25	0	25
Disposals/Write-offs	(4)	0	(4)
At 31 December 2020	<u>259</u>	<u>903</u>	<u>1,162</u>
Additions	27	0	27
Disposals/Write-offs	(4)	0	(4)
At 31 December 2021	<u>282</u>	<u>903</u>	<u>1,185</u>
<b>Accumulated depreciation</b>			
At 1 January 2020	186	802	988
Depreciation	28	55	83
Disposals/Write-offs	(4)	0	(4)
At 31 December 2020	<u>210</u>	<u>857</u>	<u>1,067</u>
Depreciation	25	46	71
Disposals/Write-offs	(4)	0	(4)
At 31 December 2021	<u>231</u>	<u>903</u>	<u>1,134</u>
<b>Carrying amount</b>			
At 1 January 2020	<u>52</u>	<u>101</u>	<u>153</u>
At 31 December 2020	<u>49</u>	<u>46</u>	<u>95</u>
At 31 December 2021	<u>51</u>	<u>0</u>	<u>51</u>

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**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 2020	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
Additions	0	42	1,847	1,889
Borrowing costs capitalised	0	0	12	12
Transfer from property, plant and equipment	0	950	0	950
Disposal	0	(950)	0	(950)
At 31 December 2021	11,555	27,675	3,155	42,385
<b>Accumulated depreciation</b>				
At 1 January 2020	0	1,298	0	1,298
Depreciation	0	834	0	834
At 31 December 2020	0	2,132	0	2,132
Depreciation	0	863	0	863
Transfer from property, plant and equipment	0	241	0	241
Disposal	0	(266)	0	(266)
At 31 December 2021	0	2,970	0	2,970
<b>Carrying amount</b>				
At 1 January 2020	11,551	26,335	0	37,886
At 31 December 2020	11,555	25,501	1,296	38,352
At 31 December 2021	11,555	24,705	3,155	39,415
<b>Fair value</b>				
Estimated fair value at 31 December 2020	16,500	29,440	n/a	45,940
Estimated fair value at 31 December 2021	16,500	29,440	n/a	45,940

Company

	Freehold land RM'000
<b>Cost</b>	
At 1 January 2020 / 31 December 2020 / 31 December 2021	23,125
<b>Fair value</b>	
Estimated fair value at 31 December 2020	26,800
Estimated fair value at 31 December 2021	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.

**NOTES TO THE  
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

	Group	
	2021 RM'000	2020 RM'000
Freehold land	7,040	6,749
Buildings	23,953	24,718
Building under construction	3,155	0
	<u>34,148</u>	<u>31,467</u>

The Group and the Company lease certain investment properties under operating leases for 23 to 30 (2020 : 20 to 23) years. The undiscounted lease payments to be received are as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within 1 year	3,378	1,771	181	172
1 to 2 years	3,474	2,148	181	181
2 to 3 years	3,573	2,521	181	181
3 to 4 years	3,684	2,591	190	181
4 to 5 years	3,788	2,672	190	190
After 5 years	134,559	41,520	3,249	3,439
	<u>152,456</u>	<u>53,223</u>	<u>4,172</u>	<u>4,344</u>

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

**6. Right-of-use assets**

Group

	Leasehold	Buildings	Motor	Total
	land		vehicles	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	26,289	353	765	27,407
Additions	0	30	91	121
Depreciation	(1,069)	(254)	(320)	(1,643)
Derecognition	0	(51)	0	(51)
Currency translation differences	711	0	0	711
At 31 December 2020	25,931	78	536	26,545
Remeasurement of lease liabilities	0	414	0	414
Depreciation	(1,106)	(170)	(279)	(1,555)
Currency translation differences	1,058	0	0	1,058
At 31 December 2021	<u>25,883</u>	<u>322</u>	<u>257</u>	<u>26,462</u>

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## 6. Right-of-use assets

Company

	Motor vehicles RM'000
At 1 January 2020	500
Depreciation	(171)
At 31 December 2020	329
Depreciation	(171)
At 31 December 2021	158

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

	2021 RM'000	2020 RM'000
Unquoted shares - at cost	232,476	232,476
Contributions under Share Grant Plan	649	0
Impairment losses	(19,044)	(24,848)
	214,081	207,628

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Place of incorporation	Effective ownership interest		Principal activity
		2021	2020	
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

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

Name of subsidiary	Principal place of business/ Place of incorporation	Effective ownership interest		Principal activity
		2021	2020	
<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%	Dormant
GUH Electrical (KL) Sdn. Bhd.	Malaysia	100%	100%	Dormant
GUH Realty Sdn. Bhd.	Malaysia	100%	100%	Property development and investment in real estate
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 Land Sdn. Bhd.</u>				
GUH Development Sdn. Bhd.	Malaysia	99%	99%	Property development
<u>Subsidiaries of GUH Utilities Holdings Sdn. Bhd.</u>				
GUH Water Pte Limited <sup>(a)(b)</sup>	Hong Kong	100%	100%	Dormant
Teknoserv Engineering Sdn. Bhd.	Malaysia	100%	100%	Project managers and contractors for construction of water & wastewater treatment plant and road infrastructure
Leader GUH Renewable Energy Sdn. Bhd. (formerly known as GUH Renewable Energy Sdn. Bhd.) ("LGRE")	Malaysia	0%	100%	Investment holding
<u>Subsidiary of GUH Realty Sdn. Bhd.</u>				
Jeladan Sdn. Bhd.	Malaysia	100%	100%	Dormant
<u>Subsidiary of LGRE</u>				
Leader GUH Renewable Energy Co., Ltd. (formerly known as GUH Renewable Energy Co., Ltd.) <sup>(a)(b)</sup>	Taiwan	0%	100%	Investment holding

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

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

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

In March 2021, GUH Utilities Holdings Sdn. Bhd. disposed of 60% equity interest in LGRE for sale consideration of RM9,706,000 and retained 40% equity interest therein as an associate (Note 8). The cash flow effect of the disposal is as follows:-

	Group RM'000
Receivables	274
Cash and cash equivalents	15,283
Payables	(800)
Net assets disposed of	14,757
Fair value of retained investment	(5,610)
Currency translation differences	199
Gain on disposal	360
Cash consideration received	9,706
Cash and cash equivalents disposed of	(15,283)
Disposal of subsidiary, net of cash disposed of	<u>(5,577)</u>

**8. Investments in associates**

Group

	2021 RM'000	2020 RM'000
Unquoted shares - at cost	5,610	10,337
Share of post-acquisition changes in net assets	527	(2,443)
Impairment losses	0	(2,100)
	<u>6,137</u>	<u>5,794</u>

The details of the associates are as follows:-

Name of associate	Principal place of business/ Place of incorporation	Effective ownership interest		Principal activity
		2021	2020	
Leader GUH Renewable Energy Sdn. Bhd. (formerly known as GUH Renewable Energy Sdn. Bhd.) ("LGRE")	Malaysia	40%	0%	Investment holding
Supreme Fortress Sdn. Bhd.	Malaysia	25%	0%	Investment holding
Straits International Education Group Sdn. Bhd. ("SIEG")	Malaysia	0%	25%	Investment holding

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

In October 2021, the Group (through a wholly-owned subsidiary) disposed of its entire equity interest in SIEG for sale consideration of RM10,354,000. The cash flow effect of the disposal is as follows:-

	Group RM'000
Sale consideration	10,354
Transaction costs	(323)
Receivables (Note 16)	(1,167)
Net proceeds received	8,864

The summarised financial information of the associates has not been disclosed as they are not individually material to the Group.

### 9. Investment in joint venture

Group

	2021 RM'000	2020 RM'000
Unquoted shares - at cost	0*	0*
Share application monies	16,600	0
Share of post-acquisition changes in net assets	(40)	0
	16,560	0

\* Denotes RM51

The details of the joint venture are as follows:-

Name of joint venture	Place of incorporation	Effective ownership interest		Principal activity
		2021	2020	
GUH Centralised Dormitory Sdn. Bhd. ("GUHCD")	Malaysia	51%	51%	Yet to commence operation

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.

The intended principal activities of GUHCD are the construction and subsequent operation of foreign worker dormitories on a property of the Group identified in the JVA ("Identified Property"). During the financial year, the Group has transferred the Identified Property to GUHCD at fair value of RM16,600,000 as its contribution to the enlarged capital of GUHCD. The said contribution was accounted for as share application monies as at 31 December 2021 and will be converted to shares in 2022.

The summarised financial information of GUHCD has not been disclosed as it is not individually material to the Group.

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**10. Other investments**

Group and Company

	2021 RM'000	2020 RM'000
Quoted shares - at fair value	0*	3

\* Denotes RM390

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

**11. Inventories**

Group

	2021 RM'000	2020 RM'000
<b>Non-current assets</b>		
Land held for property development	160,877	174,537
<b>Current assets</b>		
Property development costs	2,772	12,132
Completed development units	71,190	73,607
Raw materials	12,046	9,653
Work-in-progress	4,342	3,426
Finished goods	8,916	3,459
Consumables	5,509	3,639
Goods-in-transit	6,309	2,794
	111,084	108,710
<b>Total inventories</b>	271,961	283,247

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

	2021 RM'000	2020 RM'000
Land held for property development	2,426	27,444
Property development costs	0	11,320
Completed development units	17,142	0
	19,568	38,764

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:-

	2021 RM'000	2020 RM'000
Within 1 year	544	295
1 to 2 years	142	221
2 to 3 years	36	55
3 to 4 years	18	36
4 to 5 years	0	18
	740	625



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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	(9,568)	(11,080)	(1,099)	(1,099)
Deferred tax income relating to origination and reversal of temporary differences	807	2,113	0	0
Deferred tax liabilities over/ (under) provided in prior year	3,317	(388)	0	0
Currency translation differences	0	(213)	0	0
At 31 December	<u>(5,444)</u>	<u>(9,568)</u>	<u>(1,099)</u>	<u>(1,099)</u>
Disclosed as:-				
- Deferred tax assets	2,352	675	0	0
- Deferred tax liabilities	<u>(7,796)</u>	<u>(10,243)</u>	<u>(1,099)</u>	<u>(1,099)</u>
	<u>(5,444)</u>	<u>(9,568)</u>	<u>(1,099)</u>	<u>(1,099)</u>
In respect of (taxable)/deductible temporary differences of:-				
- Property, plant and equipment	(7,605)	(8,925)	0	0
- Investment properties	(286)	(290)	(1,099)	(1,099)
- Right-of-use assets	(61)	(1,322)	0	0
- Inventories	1,263	(311)	0	0
- Financial instruments	1,183	1,269	0	0
- Lease liabilities	62	11	0	0
	<u>(5,444)</u>	<u>(9,568)</u>	<u>(1,099)</u>	<u>(1,099)</u>

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**12. Deferred tax assets and deferred tax liabilities (cont'd)**

Save as disclosed above, as at 31 December 2021, 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 RM1,878,000 and RM14,000 (2020 : RM1,850,000 and RM30,000) 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	2,246	3,408	0	0
- Investment properties	1,060	1,060	0	0
- Inventories	10,384	9,901	0	0
- Contract assets and contract liabilities	0	23	0	0
- Financial instruments	845	2,040	0	0
- Lease liabilities	222	263	52	97
- Retirement benefits	8,048	7,287	8,048	7,287
Unused capital allowances	1,801	1,677	1,201	1,134
Unused tax losses expiring in year of assessment:-				
- 2025	29,844	27,992	0	0
- 2026	9,049	0	0	0
- 2028	41,074	41,365	19,069	19,069
- 2029	4,509	4,509	2,260	2,260
- 2030	6,835	6,861	1,865	1,865
- 2031	4,215	0	2,277	0
Taxable temporary differences of:-				
- Property, plant and equipment	(300)	(353)	(21)	(26)
- Right-of-use assets	(7,010)	(6,927)	(37)	(98)
- Biological assets	(225)	(152)	0	0
- Financial instruments	(1)	0	0	0
	<u>112,596</u>	<u>98,954</u>	<u>34,714</u>	<u>31,588</u>

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

**13. Biological assets**

Group

	2021 RM'000	2020 RM'000
At 1 January	152	118
Fair value gains	1,781	950
Harvest and sales	<u>(1,708)</u>	<u>(916)</u>
At 31 December	<u>225</u>	<u>152</u>
Estimated quantities:-		
- Harvested during the year (metric tonnes)	1,937	1,731
- Unharvested at 31 December (metric tonnes)	<u>380</u>	<u>370</u>

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**13. Biological assets (cont'd)**

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

	2021 RM'000	2020 RM'000
Costs of obtaining contracts	<u>0</u>	<u>48</u>

**15. Contract assets and contract liabilities**

Group

**Contract assets**

	2021 RM'000	2020 RM'000
Sale of goods (Note (i))	0	181
Property development (Note (ii))	3,442	2,721
Construction contracts (Note (iii))	<u>1,310</u>	<u>1,436</u>
	<u>4,752</u>	<u>4,338</u>

**Contract liabilities**

	2021 RM'000	2020 RM'000
Property development (Note (ii))	356	0
Construction contracts (Note (iii))	<u>5,877</u>	<u>3,624</u>
	<u>6,233</u>	<u>3,624</u>

(i) Contract assets from sale of goods

	2021 RM'000	2020 RM'000
At 1 January	181	4,007
Reclassification to receivables	(181)	(4,007)
Excess of revenue recognised over receivables	<u>0</u>	<u>181</u>
At 31 December	<u>0</u>	<u>181</u>

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.

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

(ii) Contract assets and contract liabilities from property development

	2021 RM'000	2020 RM'000
At 1 January	2,721	2,074
Revenue recognised during the year	15,946	8,259
Progress billings during the year	<u>(15,581)</u>	<u>(7,612)</u>
At 31 December	<u>3,086</u>	<u>2,721</u>
Disclosed as:-		
- Contract assets	3,442	2,721
- Contract liabilities	<u>(356)</u>	<u>0</u>
	<u>3,086</u>	<u>2,721</u>

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, 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.

(iii) Contract assets and contract liabilities from construction contracts

	2021 RM'000	2020 RM'000
At 1 January	(2,188)	(554)
Revenue recognised during the year	16,816	8,734
Progress billings during the year	<u>(19,195)</u>	<u>(10,368)</u>
At 31 December	<u>(4,567)</u>	<u>(2,188)</u>
Disclosed as:-		
- Contract assets	1,310	1,436
- Contract liabilities	<u>(5,877)</u>	<u>(3,624)</u>
	<u>(4,567)</u>	<u>(2,188)</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.

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

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

Remaining performance obligations

As at 31 December 2021, the aggregate transaction price allocated to the remaining performance obligations amounted to RM77,221,000 (2020 : RM90,988,000) and the Group expects to recognise this revenue when the projects are completed over the next 1 to 2 (2020 : 1 to 3) years.

**16. Receivables**

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets</b>				
Amounts due from subsidiaries	0	0	214,005	227,456
Loss allowance	0	0	(16,191)	(15,401)
	<u>0</u>	<u>0</u>	<u>197,814</u>	<u>212,055</u>
<b>Current assets</b>				
Trade receivables:-				
- Related party <sup>(a)</sup>	718	370	0	0
- Unrelated parties	50,199	50,259	0	0
	50,917	50,629	0	0
- Loss allowance	(2,676)	(2,520)	0	0
	<u>48,241</u>	<u>48,109</u>	<u>0</u>	<u>0</u>
Other receivables	6,026	4,352	699	5
Dividend receivable	0	0	6,000	6,000
Amounts due from subsidiaries	0	0	14,000	11,491
Loss allowance	0	0	(908)	(14)
	<u>0</u>	<u>0</u>	<u>13,092</u>	<u>11,477</u>
	<u>54,267</u>	<u>52,461</u>	<u>19,791</u>	<u>17,482</u>
Total receivables	<u>54,267</u>	<u>52,461</u>	<u>217,605</u>	<u>229,537</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 2021, there were 2 (2020 : 2) major groups of customers that individually accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major groups amounted to RM11,976,000 (2020 : RM15,198,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2021 RM'000	2020 RM'000
Malaysia	30,709	24,010
China	3,830	8,724
Indonesia	6,718	10,392
Singapore	7,188	5,335
Others	2,472	2,168
	<u>50,917</u>	<u>50,629</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	
	2021 RM'000	2020 RM'000
Not past due	38,264	43,327
1 to 30 days past due	5,380	2,240
31 to 60 days past due	3,909	909
61 to 90 days past due	0	1,415
More than 90 days past due	3,364	2,738
	<u>50,917</u>	<u>50,629</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	
	2021 RM'000	2020 RM'000
At 1 January	2,520	2,456
Write-offs	0	(38)
Currency translation differences	156	102
At 31 December	<u>2,676</u>	<u>2,520</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.

**Other receivables**

Included in other receivables of the Group is an amount of RM1,167,000 (2020 : nil) held in an escrow account which represents the balance of proceeds from the disposal of associate as disclosed in Note 8.

**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>2021</b>			
Gross carrying amount	136,015	91,990	228,005
Loss allowance:-			
- At 1 January	(112)	(15,303)	(15,415)
- Impairment losses	(1,114)	(570)	(1,684)
- At 31 December	(1,226)	(15,873)	(17,099)
	<u>134,789</u>	<u>76,117</u>	<u>210,906</u>
Disclosed as:-			
- Non-current assets	121,697	76,117	197,814
- Current assets	13,092	0	13,092
	<u>134,789</u>	<u>76,117</u>	<u>210,906</u>
<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>

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Highly liquid investments in money market funds	2,540	0	2,540	0
Term deposits	53,183	38,035	15,210	3,850
Cash and bank balances	28,239	38,292	1,155	223
	<u>83,962</u>	<u>76,327</u>	<u>18,905</u>	<u>4,073</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 RM20,000 (2020 : RM440,000) 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 2021 ranged from 0.10% to 3.50% (2020 : 0.15% to 3.55%) 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and cash equivalents	83,962	76,327	18,905	4,073
Bank overdraft	0	(892)	0	0
Term deposits pledged as security	(20)	(440)	0	0
	<u>83,942</u>	<u>74,995</u>	<u>18,905</u>	<u>4,073</u>

**18. Payables**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables:-				
- Related party <sup>(a)</sup>	2,252	1,950	0	0
- Related party <sup>(b)</sup>	636	636	0	0
- Unrelated parties	39,516	39,832	0	0
	<u>42,404</u>	<u>42,418</u>	<u>0</u>	<u>0</u>
Other payables:-				
- Related party <sup>(a)</sup>	398	555	0	0
- Unrelated parties	18,439	17,786	2,316	1,750
	<u>18,837</u>	<u>18,341</u>	<u>2,316</u>	<u>1,750</u>
Amounts due to subsidiaries	0	0	13,845	13,185
	<u>61,241</u>	<u>60,759</u>	<u>16,161</u>	<u>14,935</u>



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

- (a) *Being companies in which a director has substantial financial interests*  
(b) *Being a company in which a close family member of certain directors has substantial financial interest*

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**

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

**19. Loans and borrowings**

Group

	2021 RM'000	2020 RM'000
<b>Secured</b>		
Bank overdraft	0	892
Banker acceptances	0	1,296
Short-term loan	2,215	4,923
Long-term loans	27,265	31,364
<b>Unsecured</b>		
Revolving credit	3,000	0
Trust receipts	3,575	0
Long-term loans	0	5,622
	<u>36,055</u>	<u>44,097</u>
Disclosed as:-		
- Current liabilities	10,270	18,716
- Non-current liabilities	25,785	25,381
	<u>36,055</u>	<u>44,097</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 2021 ranged from 1.28% to 4.26% (2020 : 3.44% to 4.27%) 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.

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**19. Loans and borrowings (cont'd)**

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

	2021 RM'000	2020 RM'000
Gross loan instalments:-		
- Within 1 year	2,452	12,961
- 1 to 5 years	12,095	12,424
- After 5 years	18,529	18,284
Total contractual undiscounted cash flows	33,076	43,669
Future finance charges	(5,811)	(6,683)
Present value of long-term loans	<u>27,265</u>	<u>36,986</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.

**20. Lease liabilities**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gross lease liabilities:-				
- Within 1 year	302	333	89	140
- 1 to 5 years	303	271	59	148
Total contractual undiscounted cash flows	605	604	148	288
Future finance charges	(32)	(36)	(5)	(15)
Present value of lease liabilities	<u>573</u>	<u>568</u>	<u>143</u>	<u>273</u>
Disclosed as:-				
- Current liabilities	281	311	85	130
- Non-current liabilities	292	257	58	143
	<u>573</u>	<u>568</u>	<u>143</u>	<u>273</u>

The incremental borrowing rates applied to lease liabilities as at 31 December 2021 ranged from 4.39% to 5.00% (2020 : 4.39% to 5.00%) per annum.

**21. Financial guarantee contracts**

Group and Company

	2021 RM'000	2020 RM'000
At 1 January	1,008	0
Initial recognition at fair value	0	1,100
Amortisation	(275)	(92)
Derecognition	(550)	0
At 31 December	<u>183</u>	<u>1,008</u>

## NOTES TO THE FINANCIAL STATEMENTS

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

In 2020, 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 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) had 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 was 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.

In 2021, the Group (through its 40%-owned associate, LGRE) has finalised its joint venture investment in Yabisi. Upon finalisation of the investment, 60% of the aforementioned financial guarantee has been assigned to the holding company of LGRE, and the carrying amount of the contract attributable to the assigned portion has been derecognised.

#### 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 RM116,278,000 (2020 : RM118,210,000). The total utilisation of these credit facilities as at 31 December 2021 amounted to RM73,329,000 (2020 : RM67,380,000). In addition, the Company has executed a performance guarantee contract up to a limit of RM35,736,000 (2020 : 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

	2021 RM'000	2020 RM'000
Present value of defined benefit obligations:-		
- At 1 January	7,287	6,544
- Defined benefit costs	761	743
- At 31 December	<u>8,048</u>	<u>7,287</u>

The components of defined benefit costs are as follows:-

	2021 RM'000	2020 RM'000
Current service cost	464	465
Interest expense	297	278
	<u>761</u>	<u>743</u>

## 22. Retirement benefits (cont'd)

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

	2021 %	2020 %
Discount rate	4.10	4.10
Future salary growth	<u>4.00</u>	<u>4.00</u>

The following table demonstrates the sensitivity of the defined benefit obligations to changes in each principal actuarial assumption that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Increase/(Decrease) in defined benefit obligations	
	2021 RM'000	2020 RM'000
Increase in discount rate by 1%	(362)	(395)
Decrease in discount rate by 1%	395	433
Increase in future salary growth by 1%	564	511
Decrease in future salary growth by 1%	<u>(521)</u>	<u>(472)</u>

## 23. Share capital

	2021 RM'000	2020 RM'000
Issued and fully paid 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. As at 31 December 2021, there were 116,000 (2020 : 116,000) ordinary shares purchased from the open market and held as treasury shares at total cost of RM148,000 (2020 : RM148,000). The number of outstanding shares in issue after excluding the treasury shares is 277,789,000 (2020 : 277,789,000).

### Share Grant Plan ("SGP")

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 30 June 2020, approved the Company's SGP. The SGP became effective on 10 July 2020 and is administered in accordance with its by-laws by the SGP committee. Under the SGP, no monetary consideration is required to be paid by the eligible persons for the acceptance of and subsequent vesting of the new shares.

The salient terms of the SGP are as follows:-

- (i) The maximum number of shares which may be made available under the SGP shall not in aggregate exceed 10% of the total number of issued shares (excluding treasury shares) in the Company at any point in time during the tenure of the SGP.

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**23. Share capital (cont'd)**

**Share Grant Plan ("SGP") (cont'd)**

- (ii) The number of shares that may be offered to an eligible person shall be determined at the sole discretion of the SGP committee after taking into consideration, amongst others, the provisions of the relevant regulatory requirements, the eligible person's performance, target, position, annual appraised performance, seniority, length of service, contribution, potential for future contribution to the success and development of the Group, category or grade of employment, or such other matters which the SGP committee may in its sole discretion deem fit. Further, the SGP committee shall have sole and absolute discretion in determining whether the granting of the SGP shares shall be subject to any vesting period and/or conditions.
- (iii) The aggregate allocation of grants to the executive directors/chief executive shall not exceed 20% of the maximum number of shares available under the SGP. In addition, not more than 10% of the maximum number of shares available under the SGP shall be allocated to an eligible person who either singly or collectively, through persons connected to him/her, holds 20% or more of the total number of issued shares (excluding treasury shares) in the Company. At any point in time when an offer is made, not more than 90% of the total grants available under the SGP shall be allocated, in aggregate, to the executive directors and senior management of the Group who are eligible persons.
- (iv) Only eligible executive directors and employees of the Group who meet the criteria as set out in the SGP by-laws are eligible to participate in the SGP. In the case of an executive director, chief executive or major shareholder of the Company and/or persons connected to them who is an eligible person, their specific entitlements/allotments under the SGP shall be approved by the shareholders of the Company in a general meeting.
- (v) The SGP shall be in force for a period of 5 years from the effective date and may be extended at the discretion of the directors upon the recommendation of the SGP committee provided that the SGP period shall not in aggregate exceed the duration of 10 years from the effective date or such longer duration as may from time to time be permitted by the relevant authorities.
- (vi) The new shares to be issued upon vesting of the SGP grants will, upon allotment and issuance, rank equally in all respects with the existing ordinary shares in the Company in issue, save and except that the new shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid to the shareholders, the entitlement date of which precedes the date of allotment and issuance of the new shares.
- (vii) The new shares to be issued and allotted to the eligible persons pursuant to the SGP may be subject to such reasonable retention period or restriction on transfer (if any/applicable) imposed or determined by the SGP committee at its discretion.

The movements in the number of ordinary shares granted under the SGP during the financial year are as follows:-

	Number of shares under SGP '000	Weighted average fair value
At 1 January 2021	0	
Granted	13,264	RM0.47
At 31 December 2021	<u>13,264</u>	

The fair values of the shares granted were measured at the market prices of the Company's shares at grant dates. Where appropriate, the market prices were adjusted to take into account the terms and conditions upon which the shares were granted.

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

Group

	Accumulated NCI		Loss allocated to NCI	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
GUH Development Sdn. Bhd.	(19)	(15)	(4)	(4)

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
		2021	2020	
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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:-				
- Sale of goods	210,910	214,212	0	0
- Sale of agricultural produce	1,708	916	0	0
- Rendering of services	0	0	5,101	5,183
- Property development	15,946	8,259	0	0
- Sale of development land	16,600	0	0	0
- Sale of completed development units	14,213	5,725	0	0
- Construction contracts	16,816	8,734	0	0
	276,193	237,846	5,101	5,183
Other sources of revenue:-				
- Dividend income	0	0	6,400	36,160
- Operating lease income	2,603	2,026	992	1,230
	2,603	2,026	7,392	37,390
	278,796	239,872	12,493	42,573

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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	Cultivation of oil palm RM'000	Property development RM'000	Construction contracts RM'000	
<b>2021</b>					
Major products/services:-					
- Printed circuit boards	210,910	0	0	0	210,910
- Fresh fruit bunches	0	1,708	0	0	1,708
- Properties under development	0	0	15,946	0	15,946
- Development land	0	0	16,600	0	16,600
- Completed development units	0	0	14,213	0	14,213
- Water & wastewater treatment plant and road infrastructure	0	0	0	16,816	16,816
	<u>210,910</u>	<u>1,708</u>	<u>46,759</u>	<u>16,816</u>	<u>276,193</u>
Geographical areas:-					
- Malaysia	100,723	1,708	46,759	16,816	166,006
- China	2,338	0	0	0	2,338
- Indonesia	32,165	0	0	0	32,165
- Singapore	64,109	0	0	0	64,109
- Others	11,575	0	0	0	11,575
	<u>210,910</u>	<u>1,708</u>	<u>46,759</u>	<u>16,816</u>	<u>276,193</u>
Timing of revenue recognition:-					
- Over time	0	0	15,946	16,816	32,762
- At a point in time	210,910	1,708	30,813	0	243,431
	<u>210,910</u>	<u>1,708</u>	<u>46,759</u>	<u>16,816</u>	<u>276,193</u>
<b>2020</b>					
Major products/services:-					
- Printed circuit boards	213,338	0	0	0	213,338
- Electrical appliances	874	0	0	0	874
- Fresh fruit bunches	0	916	0	0	916
- Properties under development	0	0	8,259	0	8,259
- Completed development units	0	0	5,725	0	5,725
- Water & wastewater treatment plant and road infrastructure	0	0	0	8,734	8,734
	<u>214,212</u>	<u>916</u>	<u>13,984</u>	<u>8,734</u>	<u>237,846</u>
Geographical areas:-					
- Malaysia	86,522	916	13,984	8,734	110,156
- China	43,587	0	0	0	43,587
- Indonesia	30,398	0	0	0	30,398
- Singapore	41,484	0	0	0	41,484
- Others	12,221	0	0	0	12,221
	<u>214,212</u>	<u>916</u>	<u>13,984</u>	<u>8,734</u>	<u>237,846</u>
Timing of revenue recognition:-					
- Over time	0	0	8,259	8,734	16,993
- At a point in time	214,212	916	5,725	0	220,853
	<u>214,212</u>	<u>916</u>	<u>13,984</u>	<u>8,734</u>	<u>237,846</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 (losses)/gains on financial assets**

Company

	2021 RM'000	2020 RM'000
Amounts due from subsidiaries	<u>(1,684)</u>	<u>5,566</u>

**27. Profit/(Loss) before tax**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before tax is arrived at after charging:-				
Amortisation of contract costs	13,945	7,469	0	0
Auditors' remuneration:-				
- Current year	250	253	53	53
- Prior year	(5)	0	0	0
Compensation claims by customers	0	2,007	0	0
Depreciation of investment properties	863	834	0	0
Depreciation of property, plant and equipment	12,630	13,863	71	83
Depreciation of right-of-use assets	1,555	1,643	171	171
Direct operating expenditure for investment properties generating rental income	42	45	28	28
Employee benefits expense (Note 28)	55,638	78,134	9,803	8,089
Fair value of financial guarantee contract	0	1,100	0	1,100
Fee expense for financial instruments not measured at fair value through profit or loss	391	475	2	1
Impairment loss on investment in associate <sup>(a)</sup>	0	2,100	0	0
Impairment loss on investments in subsidiaries <sup>(a)</sup>	0	0	0	20,787
Impairment loss on property, plant and equipment <sup>(a)</sup>	0	2,315	0	0
Interest expense for financial liabilities not measured at fair value through profit or loss	1,396	2,418	0	0
Interest expense for lease liabilities	33	37	10	16
Inventories written down	149	4,739	0	0
Inventories written off	0	84	0	0



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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Lease expense relating to:-				
- Short-term leases	96	79	129	129
- Leases of low-value assets (other than short-term leases)	5	5	0	0
Loss on dissolution of associate	0	376	0	0
Loss on dissolution of subsidiary	0	614	0	0
Loss on foreign exchange:-				
- Realised	0	1,519	0	333
- Unrealised	0	0	0	9
Property, plant and equipment written off	0	10	0	0
and crediting:-				
Amortisation of financial guarantee contract	275	92	275	92
Fair value changes in biological assets (net)	73	34	0	0
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss	452	2	452	2
Gain on derecognition of contingent consideration	0	2,962	0	0
Gain on derecognition of financial guarantee contract	550	0	550	0
Gain on derecognition of right-of-use assets	0	2	0	0
Gain on disposal of associate	4,603	0	0	0
Gain on disposal of investment property	796	0	0	0
Gain on disposal of property, plant and equipment	95	28	0	0
Gain on disposal of subsidiary <sup>(b)</sup>	360	0	0	0
Gain on dissolution of associate	0	0	0	4,625
Gain on foreign exchange:-				
- Realised	633	0	0	0
- Unrealised	452	80	5	0
Government grants under Wage Subsidy Programme	162	943	2	0
Interest income for financial assets measured at amortised cost	1,210	1,445	241	164
Operating lease income from:-				
- Investment properties	2,603	2,026	992	1,230
- Others	487	408	0	0
Reversal of impairment loss on investments in subsidiaries <sup>(c)</sup>	0	0	5,804	0
Reversal of impairment loss on property, plant and equipment <sup>(c)</sup>	1,453	0	0	0
Reversal of inventories written down	489	604	0	0
Variable lease payments from covid-19-related rent concessions	16	0	0	0

(a) Included in other expenses

(b) Included in other income and comprising loss of RM293,000 attributable to measuring retained investment at fair value

(c) Included in other income

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company:-				
- Fees	671	668	630	630
- Other short-term employee benefits	4,153	3,593	4,153	3,593
- Defined contribution plans	743	638	743	638
- Defined benefit plans	748	731	748	731
- Share-based payments	655	0	655	0
	6,970	5,630	6,929	5,592
Directors of subsidiaries:-				
- Fees	53	50	0	0
- Other short-term employee benefits	1,298	1,170	476	401
- Defined contribution plans	120	104	56	47
- Defined benefit plans	13	12	13	12
- Share-based payments	333	0	175	0
	1,817	1,336	720	460
Other employees:-				
- Short-term employee benefits	42,264	48,868	1,845	1,825
- Defined contribution plans	3,187	3,322	212	212
- Share-based payments	588	0	97	0
- Termination benefits	812	18,978	0	0
	46,851	71,168	2,154	2,037
	55,638	78,134	9,803	8,089

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company	44	44	44	44
Directors of subsidiaries	16	22	10	17
	60	66	54	61

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.

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**29. Tax expense**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Tax based on results for the year:-				
- Current tax	7,524	2,737	0	0
- Deferred tax	(807)	(2,113)	0	0
	<u>6,717</u>	<u>624</u>	<u>0</u>	<u>0</u>
Tax under/(over) provided in prior year:-				
- Current tax	89	376	0	0
- Deferred tax	(3,317)	388	0	0
Withholding tax on dividend from foreign subsidiary	0	3,326	0	0
	<u>3,489</u>	<u>4,714</u>	<u>0</u>	<u>0</u>

The numerical reconciliation between the product of profit/(loss) before tax multiplied by the applicable tax rate, which is the statutory income tax rate, and the tax expense is as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before tax	<u>18,058</u>	<u>(40,258)</u>	<u>6,528</u>	<u>20,774</u>
Tax at applicable tax rate of 24%	4,334	(9,662)	1,567	4,986
Non-deductible expenses	1,607	3,188	930	5,446
Non-taxable income	(1,431)	(1,399)	(3,247)	(11,156)
Tax incentives claimed	(693)	(154)	0	0
Effect of differential tax rates	(256)	(338)	0	0
Increase in unrecognised deferred tax assets	3,156	8,989	750	724
Tax (over)/under provided in prior year	(3,228)	764	0	0
Withholding tax on dividend from foreign subsidiary	0	3,326	0	0
Tax expense	<u>3,489</u>	<u>4,714</u>	<u>0</u>	<u>0</u>

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

Group

The earnings/(loss) per share is calculated by dividing the Group's profit/(loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:-

	2021	2020
Profit/(Loss) for the financial year attributable to owners of the Company (RM'000)	<u>14,573</u>	<u>(44,968)</u>
Weighted average number of shares for computing basic earnings/(loss) per share ('000)	277,789	277,789
Number of shares under SGP deemed to have been issued for no consideration ('000)	<u>3,570</u>	<u>0</u>
Weighted average number of shares for computing diluted earnings/(loss) per share ('000)	<u>281,359</u>	<u>277,789</u>
Basic earnings/(loss) per share (sen)	<u>5.25</u>	<u>(16.19)</u>
Diluted earnings/(loss) per share (sen)	<u>5.18</u>	<u>(16.19)</u>

**NOTES TO THE  
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### 31. Notes to statements of cash flows

#### Acquisition of right-of-use assets

	Group	
	2021 RM'000	2020 RM'000
Cost of right-of-use assets acquired	0	121
Acquisition by means of leases	0	(119)
Net cash disbursed	<u>0</u>	<u>2</u>

#### Long-term loans

	Group	
	2021 RM'000	2020 RM'000
At 1 January	36,986	50,304
Drawdowns	4,005	1,360
Repayments	(13,814)	(14,697)
Other changes	88	19
At 31 December (Note 19)	<u>27,265</u>	<u>36,986</u>

#### Short-term loans and borrowings

	Group	
	2021 RM'000	2020 RM'000
At 1 January	6,219	8,365
Net cash flow changes	2,571	(2,146)
At 31 December	<u>8,790</u>	<u>6,219</u>

#### Represented by:-

- Banker acceptances (Note 19)	0	1,296
- Short-term loan (Note 19)	2,215	4,923
- Revolving credit (Note 19)	3,000	0
- Trust receipts (Note 19)	3,575	0
	<u>8,790</u>	<u>6,219</u>

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

**Lease liabilities**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	568	1,003	273	397
Acquisition of right-of-use assets	0	119	0	0
Remeasurement from reassessment or lease modifications	414	0	0	0
Payments	(393)	(501)	(130)	(124)
Derecognition	0	(53)	0	0
Variable lease payments	(16)	0	0	0
At 31 December (Note 20)	<u>573</u>	<u>568</u>	<u>143</u>	<u>273</u>

The total cash outflow for leases is as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Operating activities</b>				
Lease expense recognised in profit or loss (Note 27)	101	84	129	129
<b>Investing activities</b>				
Acquisition of right-of-use assets	0	2	0	0
<b>Financing activities</b>				
Interest portion of lease liabilities (Note 27)	33	37	10	16
Principal portion of lease liabilities	393	501	130	124
	<u>527</u>	<u>624</u>	<u>269</u>	<u>269</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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Acquisition of property, plant and equipment from other related parties <sup>(a)</sup>	40	320	0	0
Capital repayment from associate	0	7,648	0	7,648
Contributions to subsidiaries under SGP	0	0	649	0
Disposal of subsidiary to other related party <sup>(a)</sup>	9,706	0	0	0
Dividend declared from associate	225	0	0	0
Dividends declared from subsidiaries	0	0	6,400	36,160
Purchase of goods from other related parties <sup>(a)</sup>	16,038	12,176	0	0
Receiving of services from other related party <sup>(a)</sup>	156	142	0	0
Rendering of services to subsidiaries	0	0	5,101	5,183
Rental charged by subsidiary	0	0	129	129
Rental charged by other related party <sup>(a)</sup>	100	114	0	0
Rental charged to associate	784	1,542	0	0
Rental charged to subsidiary	0	0	747	746
Rental charged to other related party <sup>(a)</sup>	172	172	172	172
Sale of development unit to other related party <sup>(a)</sup>	1,980	0	0	0
Sale of goods to other related party <sup>(a)</sup>	5,191	2,866	0	0
Subscription for shares in subsidiary	0	0	0	15,000
Transfer of development land to joint venture	16,600	0	0	0

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

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**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) Cultivation of oil palm
- (iii) Property development
- (iv) 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	Cultivation of oil palm RM'000	Property development RM'000	Construction contracts RM'000	Unallocated non-operating segments RM'000	Total RM'000
<b>2021</b>						
Segment assets	232,807	18,396	260,962	17,295	57,935	587,395
Investments in associates	0	0	0	0	6,137	6,137
Investment in joint venture	0	0	0	0	16,560	16,560
Income tax assets	1	109	2,354	29	9	2,502
<b>Total assets</b>	<b>232,808</b>	<b>18,505</b>	<b>263,316</b>	<b>17,324</b>	<b>80,641</b>	<b>612,594</b>
Additions to non-current assets	7,861	5	2,278	0	69	10,213
Segment liabilities	35,514	48	18,564	10,402	11,177	75,705
Loans and borrowings	6,575	0	5,611	0	23,869	36,055
Lease liabilities	0	0	347	83	143	573
Income tax liabilities	8,446	0	1,597	0	1,003	11,046
<b>Total liabilities</b>	<b>50,535</b>	<b>48</b>	<b>26,119</b>	<b>10,485</b>	<b>36,192</b>	<b>123,379</b>
External revenue	210,910	1,708	46,759	16,816	2,603	278,796
Intersegment revenue	0	0	0	604	12,248	12,852
<b>Total revenue</b>	<b>210,910</b>	<b>1,708</b>	<b>46,759</b>	<b>17,420</b>	<b>14,851</b>	<b>291,648</b>
Segment profit/(loss)	7,244	(21)	10,225	(1,326)	2,023	18,145
Interest income	917	0	37	15	241	1,210
Interest expense	(89)	0	(361)	(60)	(919)	(1,429)
Share of associates' profit	0	0	0	0	172	172
Share of joint venture's loss	0	0	0	0	(40)	(40)
Profit/(Loss) before tax	8,072	(21)	9,901	(1,371)	1,477	18,058
Tax expense	(572)	0	(2,529)	0	(388)	(3,489)
<b>Profit/(Loss) for the financial year</b>	<b>7,500</b>	<b>(21)</b>	<b>7,372</b>	<b>(1,371)</b>	<b>1,089</b>	<b>14,569</b>
Non-cash income	2,374	73	16	15	1,282	3,760
Depreciation	13,370	38	381	200	1,059	15,048
Other non-cash expenses	675	0	116	7	1,688	2,486

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**33. Segment reporting (cont'd)**
**Operating segments (cont'd)**

	Manufacture of printed circuit boards RM'000	Cultivation of oil palm RM'000	Property development RM'000	Construction contracts RM'000	Unallocated non-operating segments RM'000	Total RM'000
<b>2020</b>						
Segment assets	224,972	18,441	273,784	33,343	40,319	590,859
Investments in associates	0	0	0	0	5,794	5,794
Income tax assets	3	80	690	28	0	801
<b>Total assets</b>	<b>224,975</b>	<b>18,521</b>	<b>274,474</b>	<b>33,371</b>	<b>46,113</b>	<b>597,454</b>
Additions to non-current assets	4,427	12	1,297	122	25	5,883
Segment liabilities	33,053	44	18,022	10,407	11,152	72,678
Loans and borrowings	5,622	0	12,954	1,296	24,225	44,097
Lease liabilities	0	0	181	114	273	568
Income tax liabilities	11,143	0	132	0	929	12,204
<b>Total liabilities</b>	<b>49,818</b>	<b>44</b>	<b>31,289</b>	<b>11,817</b>	<b>36,579</b>	<b>129,547</b>
External revenue	214,212	916	13,984	8,734	2,026	239,872
Intersegment revenue	0	0	49	1,858	42,089	43,996
<b>Total revenue</b>	<b>214,212</b>	<b>916</b>	<b>14,033</b>	<b>10,592</b>	<b>44,115</b>	<b>283,868</b>
Segment (loss)/profit	(30,714)	(676)	463	(3,751)	(3,813)	(38,491)
Interest income	1,193	0	88	0	164	1,445
Interest expense	(659)	0	(566)	(166)	(1,064)	(2,455)
Share of associates' loss	0	0	0	0	(757)	(757)
Loss before tax	(30,180)	(676)	(15)	(3,917)	(5,470)	(40,258)
Tax (expense)/income	(4,371)	0	(952)	0	609	(4,714)
<b>Loss for the financial year</b>	<b>(34,551)</b>	<b>(676)</b>	<b>(967)</b>	<b>(3,917)</b>	<b>(4,861)</b>	<b>(44,972)</b>
Non-cash income	707	34	0	(11)	3,046	3,776
Depreciation	14,502	53	464	266	1,055	16,340
Other non-cash expenses	7,762	0	0	0	4,319	12,081

**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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	168,609	112,182	292,312	307,758
China	2,338	43,587	39,604	39,343
Indonesia	32,165	30,398	0	0
Singapore	64,109	41,484	0	0
Others	11,575	12,221	0	0
	<b>278,796</b>	<b>239,872</b>	<b>331,916</b>	<b>347,101</b>



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

**Major customers**

The major groups of customers of the manufacture of printed circuit boards segment that contributed 10% or more of the Group's total revenue are as follows:-

	External revenue	
	2021 RM'000	2020 RM'000
Group of customers I	61,163	37,354
Group of customers II	22,605	25,045
	<u>83,768</u>	<u>62,399</u>

**34. Contractual commitments**

Group

	2021 RM'000	2020 RM'000
Acquisition of property, plant and equipment	8,293	1,699
Additions of investment properties	413	2,096
	<u>8,706</u>	<u>3,795</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.

**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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Receivables	27,745	28,693	0	0
Cash and cash equivalents	18,454	14,474	149	144
Payables	(17,693)	(16,053)	0	0
Loans and borrowings	(3,575)	0	0	0
	<u>24,931</u>	<u>27,114</u>	<u>149</u>	<u>144</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) in profit 2021 RM'000	(Increase)/ Decrease in loss 2020 RM'000	Increase/ (Decrease) in profit 2021 RM'000	Increase/ (Decrease) in profit 2020 RM'000
Appreciation of USD against RM by 1% (2020 : 3%)	157	514	1	4
Depreciation of USD against RM by 1% (2020 : 3%)	(157)	(514)	(1)	(4)
Appreciation of USD against RMB by 1% (2020 : 3%)	42	137	0	0
Depreciation of USD against RMB by 1% (2020 : 3%)	<u>(42)</u>	<u>(137)</u>	<u>0</u>	<u>0</u>

**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.

**NOTES TO THE  
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

**Interest rate risk (cont'd)**

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Fixed rate instruments</b>				
Financial assets	53,183	38,035	15,210	3,850
Financial liabilities	(7,148)	(1,864)	(143)	(273)
<b>Floating rate instruments</b>				
Financial liabilities	<u>(29,480)</u>	<u>(42,801)</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 profit 2021 RM'000	(Increase)/ Decrease in loss 2020 RM'000
Increase in interest rates by 0 <sup>(a)</sup> (2020 : 40) basis point(s)	0	(135)
Decrease in interest rates by 0 <sup>(a)</sup> (2020 : 40) basis point(s)	<u>0</u>	<u>135</u>

(a) Using standard deviation to measure interest rate volatility for the past 12 months, the Group did not foresee any reasonably possible change in interest rate at the end of the reporting period.

**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.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans and borrowings	36,055	44,097	0	0
Lease liabilities	573	568	143	273
Total interest-bearing debts	<u>36,628</u>	<u>44,665</u>	<u>143</u>	<u>273</u>
Total equity	<u>489,215</u>	<u>467,907</u>	<u>448,321</u>	<u>440,217</u>
Total capital	<u>525,843</u>	<u>512,572</u>	<u>448,464</u>	<u>440,490</u>
Debt-to-equity ratio	<u>7.49%</u>	<u>9.55%</u>	<u>0.03%</u>	<u>0.06%</u>

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

## ANALYSIS OF SHAREHOLDINGS

Total number of issued shares	:	280,271,301 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

### Distribution Schedule of Shares

As at 31 March 2022

Holdings	No. of Holders	Total Holdings	%
Less than 100	1,325	69,333	0.02
100 - 1,000	2,439	1,091,860	0.39
1,001 – 10,000	7,003	26,558,515	9.48
10,001 – 100,000	1,984	54,526,037	19.46
100,001 – less than 5% of issued shares	209	117,734,845	42.03
5% and above of issued shares	2	80,175,447	28.62
	<b>12,962</b>	<b>280,156,037</b>	<b>100.00</b>

Note: Excluding 115,264 treasury shares

## ANALYSIS OF SHAREHOLDINGS

### Substantial Shareholders

As at 31 March 2022

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	17.04	-	-
2.	Zun Holdings Sdn. Bhd.	32,435,375	11.58	-	-
3.	Puan Sri Datin Seri Ang Gaik Nga	12,103,708	4.32	32,435,375 <sup>a</sup>	11.58
4.	Datin Seri Jessica H'ng Hsieh Ling	3,598,465	1.28	32,435,375 <sup>a</sup>	11.58
5.	Dato' H'ng Chun Hsiang	2,438,748	0.87	32,435,375 <sup>a</sup>	11.58
6.	H'ng Chun Ching	1,965,200	0.70	32,435,375 <sup>a</sup>	11.58
7.	H'ng Hsieh Fern	894,199	0.32	32,435,375 <sup>a</sup>	11.58
8.	Tan Sri Dato' Seri H'ng Bok San	402,794	0.14	53,435,695 <sup>b</sup>	19.07

### Directors' Shareholding

As at 31 March 2022

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Seri H'ng Bok San	402,794	0.14	53,435,695 <sup>b</sup>	19.07
2.	Datuk Seri Kenneth H'ng Bak Tee	402,794	0.14	1,626,880 <sup>c</sup>	0.58
3.	Dato' Harry H'ng Bak Seah	2,497,710	0.89	-	-
4.	Datin Seri Jessica H'ng Hsieh Ling	3,598,465	1.28	32,435,375 <sup>a</sup>	11.58
5.	Dato' Lai Chang Hun	2,883,042	1.03	3,766,453 <sup>d</sup>	1.34
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:

- a Deemed interested by virtue of shareholdings held through Zun Holdings Sdn. Bhd., pursuant to Section 8 of the Companies Act 2016
- b 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
- c Deemed interested by virtue of his spouse's and son's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016
- d 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
- e 2,388,645 shares are held via HLB Nominees (Tempatan) Sdn. Bhd.

**ANALYSIS OF SHAREHOLDINGS**
**Thirty (30) Largest Shareholders**

As at 31 March 2022

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	17.04
2	Zun Holdings Sdn Bhd	32,435,375	11.58
3	Puan Sri Datin Seri Ang Gaik Nga	12,103,708	4.32
4	Song Siew Gnoh	10,321,658	3.68
5.	Tay Teck Ho	5,300,000	1.89
6.	Kan Yu Oi Ling	4,507,445	1.61
7.	Laico Jaya Sdn Bhd	3,647,954	1.30
8	Datin Seri Jessica H'ng Hsieh Ling	3,598,465	1.28
9.	Dato' Lai Chang Hun	2,883,042	1.03
10.	Siaw Poon Keong	2,803,378	1.00
11.	CGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	2,669,348	0.95
12.	Lim Leng Na	2,500,000	0.89
13.	Dato' H'ng Chun Hsiang	2,438,748	0.87
14.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Choy Yang Zhou</i>	2,400,000	0.86
15.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for W Ismail Bin W Nik</i>	2,388,645	0.85
16.	Dato' Harry H'ng Bak Seah	2,360,329	0.84
17.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chee Sai Mun</i>	2,073,850	0.74
18.	H'ng Chun Ching	1,965,200	0.70
19.	Kenanga Nominees (Asing) Sdn Bhd <i>Exempt An for Phillip Securities Pte Ltd (Client Account)</i>	1,793,180	0.64
20.	Shoptra Jaya (M) Sdn Bhd	1,464,128	0.52
21.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Datin Seri Tham Hooi Loon (0151)</i>	1,404,649	0.50
22.	CIMSEC Nominees (Asing) Sdn Bhd <i>CIMB for Yong Jian Hoe (PB)</i>	1,000,000	0.36
23.	Rudy Yeap Ee Kiat	950,000	0.34
24.	Yeo Khee Huat	933,484	0.33
25.	H'ng Hsieh Fern	894,199	0.32
26.	Tan Pak Nang	821,340	0.29
27.	Nyiew Teng Sia @ Yang Ting Chern	810,834	0.29
28.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Gak Jia Weng</i>	800,000	0.29
29.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chee Sai Mun (E-KLC)</i>	742,529	0.27
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Hung Thiam (7000997)</i>	735,000	0.26

## LIST OF PROPERTIES

AS AT 31 DECEMBER 2021

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	35 years	17,978	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	35 years	6,568	31/12/2013
3	160-4-3 Anson Road, 10400 Penang	Freehold	Apartment	153	40 years	517	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	24 years	27,505	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	23 years	778	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	-	67,001	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	-	77,739	27/03/2014
8	Part of Lot No. 1377 Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	15,126	-	7,944	09/09/2015
9	Part of Lot No. 1690, Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	12,747	-	6,558	09/09/2015
10	Part of Lot No. 1692, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	11,357	-	4,407	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	8 years	4,471	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	3 years	30,718	04/06/2015
15	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	34 years	44	31/12/2013
16	1-1-05 No. 1, Persiaran Bukit Jambul 1, Complex Relau, 11900 Penang	Freehold	Shoplot	86	27 years	234	31/12/2016
17	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	23 years	-	31/12/2009
18	PT 666, Pekan Bukit Selambau, Daerah Kuala Muda, Negeri Kedah	Freehold	Industrial Land	3,971	-	522	12/09/2019
19	Lot 20987, Mukim 14 District of Seberang Perai Selatan Pulau Pinang	Freehold	Commercial land	2,793	-	3,447	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 58th 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, 30 May 2022 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 2021 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ fees and benefits up to an amount of RM850,000 with effect from the 58th AGM to the 59th AGM. **Resolution 1**
3. To re-elect the following Directors who retire pursuant to Article 95 of the Company’s Constitution and being eligible, offer themselves for re-election:
  - (i) Datin Seri Jessica H’ng Hsieh Ling **Resolution 2**
  - (ii) Dato’ Dr. Gan Kong Meng **Resolution 3**
4. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorize the Directors to fix their remuneration. **Resolution 4**

**As Special Business**

To consider and if thought fit, to pass with or without any modifications, the following resolutions:

5. **ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Resolution 5**

“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.”
6. **ORDINARY RESOLUTION – PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** **Resolution 6**

“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 utilise 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”).



## NOTICE OF ANNUAL GENERAL MEETING

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."

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

**Resolution 7**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties, which are necessary for the day to day operations, in the ordinary course of business, made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those normally available to the public and are not to the detriment of the minority shareholders, details are set out in Part B of the Circular to Shareholders dated 29 April 2022; 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:

**NOTICE OF  
ANNUAL GENERAL MEETING**

- (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.”

- 8. To transact any other business of the Company for which due notice shall have been given.

By Order of the Board,

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

Company Secretaries  
Penang  
Dated this 29 April 2022

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## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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 23 May 2022 shall be regarded as member to attend, speak and vote at this meeting.
6. 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 2021**

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 from 58th AGM up to the 59th AGM to be held in 2023**

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 58th AGM for the payment of Directors' fees and benefits from 58th AGM up to the 59th AGM of the Company to be held in 2023.

The payment of fixed fees to the Directors is to 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 2021 are disclosed in Note 28 to the financial statements on page 112 of the Company's Annual Report 2021.

**Resolution 2, & 3 – Re-election of retiring Directors**

Article 95 of the Company's Constitution – An election of Directors shall take place each year. All Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election. The retiring Directors, Datin Seri Jessica H'ng Hsieh Ling and Dato' Dr. Gan Kong Meng being eligible, have offered themselves for re-election.

**Resolution 4 – 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 2022. The Proposed Resolution 4, if passed, will also give the Directors, authority to determine the remuneration of the Auditors.

**Resolution 5 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Resolution 5 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 57th AGM held on 28 June 2021. 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 58th AGM to be held on 30 May 2022. The proposed Resolution 5, 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 6 – Proposed renewal of Share Buy-Back authority**

The proposed Resolution 6, if passed, would empower the Directors of the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to 10% of the total number of issued shares of the Company. Further information is set out in Part A of the Share Buy-Back Statement dated 29 April 2022.

**Resolution 7 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed Resolution 7, if passed, would allow the Company and/or its subsidiaries and related companies to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations with the related parties.

This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, or revoked or varied by an ordinary resolution passed by the shareholders of the Company in general meeting, whichever is earlier. Further information is set out in Part B of the Circular to Shareholders dated 29 April 2022.

## 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 58th 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 5 of the Notice of AGM.

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No. of Shares Held	
CDS Account No.	

	Shareholder	Proxy 1	Proxy 2
Name			
NRIC No.			
Phone No.			
Email			
Address			
%			

or failing him, the Chairman of the Meeting as my/our proxy(ies) to vote for me/us and on my/our behalf at the 58th 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, 30 May 2022 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 RM850,000 with effect from 58th AGM up to 59th AGM of the Company	Resolution 1		
To re-elect Datin Seri Jessica H'ng Hsieh Ling who is retiring pursuant to Article 95 of the Company's Constitution	Resolution 2		
To re-elect Dato' Dr. Gan Kong Meng who is retiring pursuant to Article 95 of the Company's Constitution	Resolution 3		
To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorize the Directors to fix their remuneration	Resolution 4		
Special Business		For	Against
Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 5		
Proposed renewal of Share Buy-Back Authority	Resolution 6		
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Resolution 7		

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

.....  
Signature of Member/Common Seal

**Notes:**

- 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.
- 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.
- 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.
- 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.
- 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 23 May 2022 shall be regarded as member to attend, speak and vote at this meeting.
- 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.

Fold this flag sealing

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Affix  
stamp here

# 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)**