



GUH HOLDINGS BERHAD

(4104-W)

Annual Report 2018

VISION

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

SHAREHOLDERS

EMPLOYEES

CUSTOMERS

COMMUNITY

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 CUSTOMERS

- Respond to the changing demands of the customers
- Improve products quality and technical innovations to fulfill customers' needs and satisfactions in the market place

FOR ITS COMMUNITY

- Participate in environmental protection
- Uphold its corporate responsibilities for the benefits of the community



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

CORPORATE INFORMATION

Board of Directors

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

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

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

Datin Jessica H'ng Hsieh Ling
Non-Executive Director

Mr. Chew Hock Lin
Independent Non-Executive Director

Dato' Ismail Bin Hamzah
Independent Non-Executive Director

Mr. 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 (LS0008988)
Kee Gim Tee (MAICSA 7014866)

Share Registrar

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

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

Independent Auditors

Crowe Malaysia PLT (AF 1018)
(Formerly known as Crowe Horwath)
Chartered Accountants
Level 6, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel: 04-2277061
Fax: 04-2278011
Website: www.crowe.my

Principal Bankers

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

Stock Exchange Listing

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

Stock Code: 3247
Stock Name: GUH

CONTENTS

1	Corporate Profile	42	Additional Disclosure
2	Corporate Information	43	Statement on Risk Management and Internal Control
4	Profile of Directors	46	Audit Committee Report
10	Profile of Management Team	51	Financial Statements
12	Executive Chairman's Statement	127	Analysis of Shareholdings
14	Management's Discussion and Analysis	130	List of Properties
21	Corporate Structure	131	Notice of Annual General Meeting
22	Financial Highlights	137	Statement Accompanying Notice of Annual General Meeting
24	Sustainability Statement		
28	Corporate Governance Overview Statement		• Proxy Form

PROFILE OF DIRECTORS

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

PSM, DPPN, DGPN, DSPN, PKT, PJK

Executive Chairman

79 years old, Malaysian

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

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

Tan Sri Dato' Seri H'ng's daughter, Datin Jessica H'ng Hsieh Ling and his two brothers, Dato' Harry H'ng Bak Seah and Datuk Seri Kenneth H'ng Bak Tee are also the Directors of GUH. Tan Sri Dato' Seri H'ng is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 55th 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 pages 119 to 120 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 2018.

PROFILE OF DIRECTORS

Datuk Seri Kenneth H'ng Bak Tee

DGSM, DPNS, DSPN, PKT, PJM

Chief Executive Officer/Group Managing Director

59 years old, Malaysian

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

Prior to that, he was with International Business Machines (IBM) in Kuala Lumpur and IBM in Asia South Pacific Area (ASPA) HQ in Hong Kong. He was also with Leader Universal Holdings Berhad ("Leader") for 16 years.

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

Datuk Seri Kenneth is the brother of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San and the Non-Executive Director, Dato' Harry H'ng Bak Seah. His niece, Datin Jessica H'ng Hsieh Ling is also a Non-Executive Director of GUH. Datuk Seri Kenneth is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 55th 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 pages 119 to 120 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 2018.

PROFILE OF DIRECTORS

Dato' Harry H'ng Bak Seah

DSPN, PJK

Non-Executive Director

69 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 which is involved in the field of pewter and magnet wire manufacturing and operations. 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 and enhanced the knowledge in the manufacturing operations and diversified business environment over the years.

Dato' Harry is the brother of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San and the Chief Executive Officer/Group Managing Director, Datuk Seri Kenneth H'ng Bak Tee. His niece, Datin Jessica H'ng Hsieh Ling is also a Non-Executive Director of GUH. Dato' Harry is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 55th 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 pages 119 to 120 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 2018.

Datin Jessica H'ng Hsieh Ling

Non-Executive Director

53 years old, Malaysian

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

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

Datin Jessica is the daughter of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San. Both her uncles, Dato' Harry is the Non-Executive Director and Datuk Seri Kenneth is the Chief Executive Officer/Group Managing Director of GUH. Datin Jessica is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 55th 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 pages 119 to 120 of the Annual Report.

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

Datin Jessica attended all of the 4 Board meetings which were held in the financial year ended 31 December 2018.

PROFILE OF DIRECTORS

Mr. Chew Hock Lin

Independent Non-Executive Director
75 years old, Malaysian

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

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

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

Mr. Chew attended all of the 4 Board meetings which were held in the financial year ended 31 December 2018.

Dato' Ismail Bin Hamzah

AMN, KMN, DIMP

Independent Non-Executive Director
72 years old, Malaysian

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

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

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

Dato' Ismail attended all of the 4 Board meetings which were held in the financial year ended 31 December 2018.

PROFILE OF DIRECTORS

Mr. Lai Chang Hun

DJN, PKT

Independent Non-Executive Director

81 years old, Malaysian

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

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

Save as aforesaid disclosed, Mr. 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.

Mr. Lai attended all of the 4 Board meetings which were held in the financial year ended 31 December 2018.

En. W Ismail Bin W Nik

Independent Non-Executive Director

72 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 that involved in various industries, he has gained extensive knowledge and diversified business experience including commercial banking, investment, property development, manufacturing and trading. He previously served as a Director in a few public listed companies and he is knowledgeable, competent and able to give independent judgment to the Board and to facilitate a more fair, balanced and effective governance of the Board and the Company.

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

En. W Ismail attended all of the 4 Board meetings which were held in the financial year ended 31 December 2018.

PROFILE OF DIRECTORS

Dato' Dr. Gan Kong Meng

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

Independent Non-Executive Director

64 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 is currently a Senior Vice President for corporate integrity/surveillance & security and Chairman for credit review and risk assessment/investor relations of a private limited company. Key responsibilities include implementing internal controls, working with relevant authorities and adopting important rules such as those relating to business relations and those relating to the prevention of money laundering and terrorist financing.

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

Dato' Dr. Gan served in the Royal Malaysia Police for more than 30 over years before retiring in early January 2015. He was the OCPD of Georgetown, Penang, OCCI of Kuala Lumpur City and he also held various positions in special branch, management as well as public order. Dato' Dr. Gan's vast experience will benefit the Group in beefing 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 2018.

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

PROFILE OF MANAGEMENT TEAM

MR. LEWIS H'NG CHUN LI

Chief Operating Officer – Corporate Office
Aged 31, Malaysian

Qualifications:

- Bachelor Degree in Economics, Monash University, Australia

Working experiences:

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

Appointment to the current position:

- 1 October 2017

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

Mr. Lewis H'ng sits on the board of majority of subsidiaries of GUH. He is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 55th Annual General Meeting.

MS. YEOH SAW GAIK

General Manager – Corporate Office
Aged 49, Malaysian

Qualifications:

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

Working experiences:

- More than 21 years of experience in the field of accounting, costing, taxation, finance, auditing and risk management
- Began her career with Arthur Andersen & Co

Appointment to the current position:

- 1 October 2017

DR. BRIAN KOK SIEW FOONG

General Manager – Electronic Division
Aged 62, 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 40, Malaysian*

Qualifications:

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

Working experiences:

- More than 17 years of experience in planning and implementation of large scale water and wastewater projects, having worked in among others, Biwater, Hyflux and MMC
- Identification and acquisition of water and wastewater treatment plants

Appointment to the current position:

- 1 January 2018

MR. SUNNY LIM HIONG CHAI

*Deputy General Manager – Properties Division
Aged 57, Malaysian*

Qualifications:

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

Working experiences:

- More than 31 years of experience and knowledge in the building construction and property development industry

Appointment to the current position:

- 1 January 2018

MR. LEOW CHEE JIAN

*Deputy General Manager – Properties Division
Aged 53, Malaysian*

Qualifications:

- Certificate in Architecture
- Diploma in Civil and Structure Engineering

Working experiences:

- More than 29 years of experience in construction and property development inclusive of design, planning, implementation, marketing and sale administration

Appointment to the current position:

- 1 January 2018

Additional notes on the above Management Team

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

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

EXECUTIVE CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of GUH Holdings Berhad ("GUH" or "the Company"), I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018.

Performance Overview

For the financial year ended 31 December 2018, the revenue for GUH Group was RM349.1 million, RM3.8 million lower than the revenue for year 2017 of RM352.9 million. Nevertheless, the Group recorded a profit before tax of RM0.8 million in contrast to a loss before tax of RM0.1 million for the preceding year mainly due to lower loss suffered by Utilities Division which was partly offset by negative contribution from Properties Division and lower contribution from Electronic Division.

Significant Event

During the financial year, GUH Holdings Berhad announced that it has incorporated a new subsidiary company in Yancheng, Province of Jiangsu, People's Republic of China, namely GUH Electronic (Yancheng) Co. Ltd. ("GUH Yancheng"). The incorporation of GUH Yancheng is part of GUH Group's business plan to further expand its investment in the manufacturing and sale of printed circuit boards.

The total investment for the project will be USD22.0 million (approximately RMB150.0 million). The amount of USD10.0 million among the total investment will be the registered capital of GUH Yancheng. The registered capital shall be paid by installments within three (3) years. Upon the full investment fund being contributed, GUH

Yancheng is expected to start its full operation in year 2020. GUH Group is expected to reap the potential huge domestic market and continues to deliver high quality products at a competitive price in China subsequent to the implementation of its expansion programme in its new plant.

Sustainability of Business

The Board of Directors of GUH ("the Board") always acknowledges that maintaining a good business is not just about achieving the desired financial bottom line, but also being ethical and sustainable. Therefore, GUH Group will continue to embrace sustainability in carrying out its business conduct and operations, impact on the environment and society it operates.

More information on GUH's initiatives is disclosed in the Sustainability Statement of the Company's Annual Report 2018.

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. Therefore, the Board

EXECUTIVE CHAIRMAN'S STATEMENT

is always mindful of its duties and will continue to uphold and foster a strong culture on corporate governance as the Board believes that it is the platform to safeguard the best interest of the Company and its shareholders while ensuring that the interests of other stakeholders are not compromised.

More information in relation to corporate governance can be found in the Corporate Governance Overview Statement of the Company's Annual Report 2018.

Dividend

The Company has consistently paid dividends while allocating funds for business growth and investment. For the financial year ended 31 December 2018, GUH declared distribution of one (1) treasury share for every eighty (80) existing ordinary shares held ("share dividend"). A total of 3,427,207 share dividends have been credited into the respective Depositors' Securities Accounts of the entitled shareholders maintained with Bursa Malaysia Depository Sdn. Bhd. on 16 January 2019.

Related Party Transactions

The related party transactions of the Group are disclosed in Note 30 of the Notes to the Financial Statements which also set out the recurrent related party transactions conducted during the year in accordance with the renewal mandate obtained from the shareholders at GUH's Annual General Meeting held on 22 May 2018. Except as aforesaid disclosed, there is no other material contract involving the interest of the Directors and major shareholders during the period.

Outlook and Prospects

Notwithstanding the continuous challenging and volatile market condition forecast in year 2019, the Company will strive through the adverse situation by adopting a cautious approach. The Electronic Division anticipates a positive growth in demand for printed circuit boards in year 2019 whereas the Properties Division foresees property sales to remain slow in tandem with the tough property market condition. Utilities Division also expects a tough operating environment in year 2019 due to stiff competition on open market tendering. Overall, the Group foresees to be facing a more challenging year ahead.

Appreciation

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the financial year ended 31 December 2018, GUH Group generated lower revenue of RM349.1 million compared to RM352.9 million for year 2017.

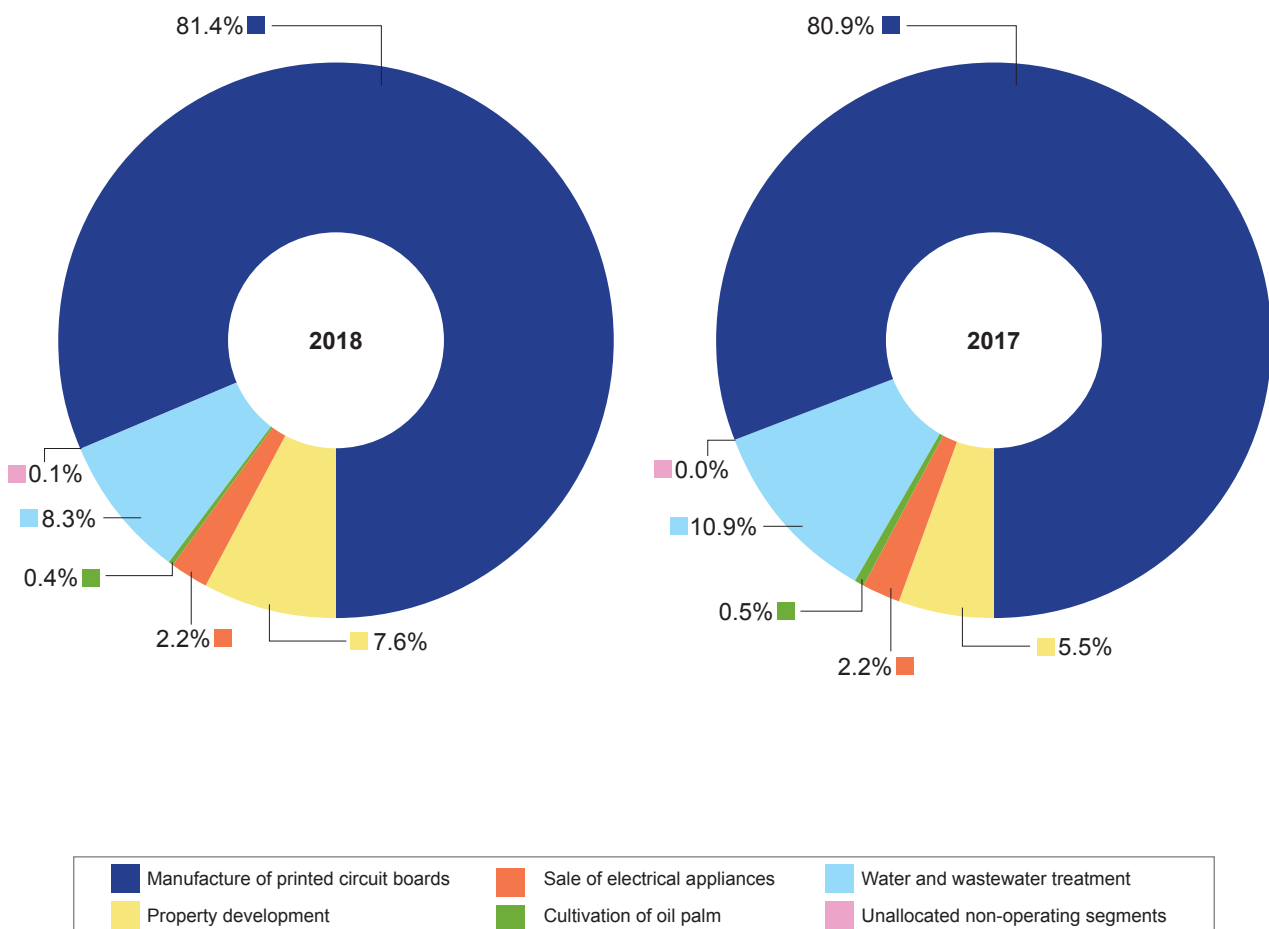
There was a drop in revenue from Utilities Division of RM29.0 million or 8.3% of Group revenue (year 2017: RM38.7 million or 10.9%) mainly due to slower construction progress for water projects of its subsidiary known as Teknoserv Engineering Sdn. Bhd.

Electronic Division had a lower contribution of RM284.0 million or 81.4% of Group revenue (year 2017: RM285.3 million or 80.9%).

In addition, Plantation and Electrical Divisions revenue had dropped slightly to RM1.3 million and RM7.6 million or 0.4% and 2.2% of Group revenue respectively (year 2017: RM1.9 million and RM7.7 million or 0.5% and 2.2% respectively).

Nevertheless, Properties Division improved its contribution to RM26.7 million or 7.6% of Group revenue (year 2017: RM19.3 million or 5.5%) in line with higher sales of residential property units. Meanwhile, Investment Division made RM0.5 million or 0.1% of Group revenue for year 2018.

GUH GROUP REVENUE BY SEGMENT



MANAGEMENT'S DISCUSSION AND ANALYSIS

Despite the challenging business environment, GUH Group managed to record a profit before tax of RM0.8 million for year 2018 compared to a loss before tax of RM0.1 million for year 2017. Excluding the impairment loss on goodwill of RM3.3 million in year 2017, Utilities Division had narrowed the loss before tax to RM2.2 million from RM6.4 million for year 2017 mainly due to lower liquidated ascertained damages and actual costs incurred for water projects coupled with reversal of provision for onerous contract.

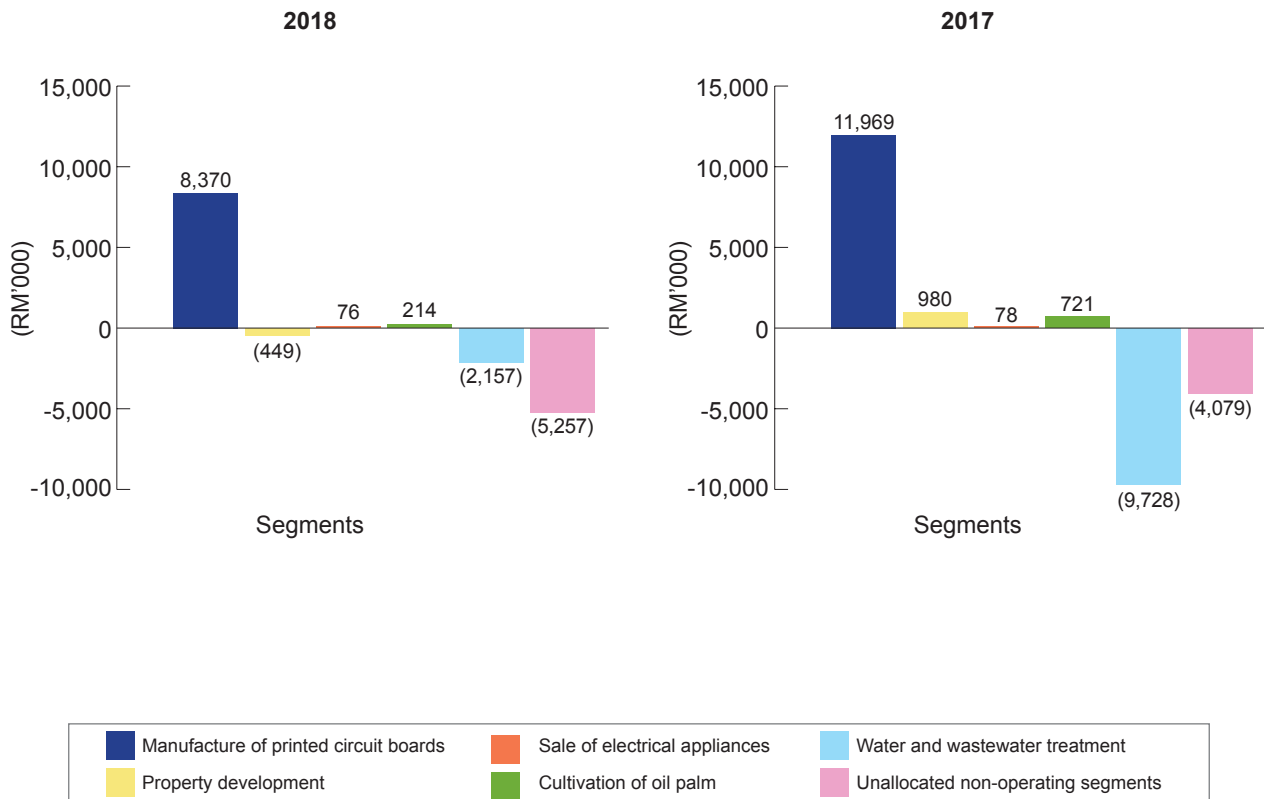
Properties Division incurred a loss before tax of RM0.5 million for year 2018 compared to a profit before tax of RM1.0 million for year 2017 mainly due to liquidated ascertained damages claim of RM2.0 million in year 2017. Investment Division reported a loss before tax of RM5.3 million compared to RM4.1 million for year 2017 mainly due to unfavourable foreign exchange and fair value losses on financial instruments.

In addition, there was a decline of RM3.6 million in profit before tax to RM8.4 million from RM12.0 million achieved in year 2017 for Electronic Division mainly due to the drop in contribution from Malaysian operation on unfavourable foreign exchange and higher production costs.

Profit before tax for Plantation Division also dropped by RM0.5 million to RM0.2 million compared to RM0.7 million for year 2017 mainly due to lower output of fresh fruit bunches and average CPO prices.

As for Electrical Division, the profit before tax was almost the same as year 2017.

GUH GROUP PROFIT/(LOSS) BEFORE TAX BY SEGMENT



MANAGEMENT'S DISCUSSION AND ANALYSIS

ELECTRONIC DIVISION

Manufacturing of Printed Circuit Boards (PCBs)

GUH Circuit Industry (PG) Sdn. Bhd. (GUH PG)
GUH Circuit Industry (Suzhou) Co. Ltd. (GUH SZ)

Aspirations

GUH PG, the manufacturing plant of printed circuit boards (PCBs) located in Penang, Malaysia pledges continuous effort towards “Best in Class” standards in its products and to ingrain in its team the principles of uncompromised quality, customer peace of mind and responsibility for every PCB that is produced from its factory. The quality objectives of reliable service, quality products, timely delivery and competitive pricing are seen as attractions to its customers. As an example of efficacious effects, GUH PG sees an upward trend in customer confidence and in testimony won the ROLAND Best Performance Award of year 2018 following on the ROLAND Malaysia Best Quality Award of year 2017, a strong endorsement of the quality pedigree of its products and customer first mind-set.

Similarly, GUH SZ another manufacturing plant of PCBs in Suzhou, has positioned itself in China as a quality product manufacturer and has stood staunch and steadfast through the years amidst the abundance of high volume PCBs manufacturers many times its size. As an attestation to its reputation, its customers’ list includes many from the Fortune Global 500 which plays an important role in maintaining its sustainability in China market. The major customers of the Company consist of Mitsubishi, Panasonic, Canon, Hitachi, Fujitsu, Samsung and etc. GUH SZ will continue to develop new potential customers especially Japanese based customers.

Strategies and Value Creation

GUH PG’s main strategy is to remain relevant and as customers’ first choice in their annual sourcing activity. As part of its marketing drive, it has been visiting the headquarters of major customers presenting its “advantages” and 5 year plan investments in machines and know-how as further assurance of its commitment to long-term sustainability and top-driven commitment towards customers’ needs. On a pragmatic aspect, its presentations were tuned towards the objective of getting the customers’ interest in the new GUH PG investments of the Automated Layering, SUS Plate recovery, and polishing and oven entry processes and in tandem to market 4 layers and 6 layers multi-layered PCBs which has a better selling price to cost ratio over the double sided PCBs and more so over the single sided PCBs. GUH PG presented its end-product dominance as the PCB supplier of choice in Malaysia in the traditional audio and car-audio customers and in newer segments,

it highlighted and marketed advantage, understanding and new samples R&D support in air conditioned PCBs and digital music PCBs.

GUH PG took on the slogan of “we sell more than PCBs” and hence adopted the “Hoshin Kanri” methodology, it penned customer expectations and drove the message down to each and every staff. GUH PG showed evidential drivers towards the above in its Quality Management System as education, motivation, inculcation, training and reward systems as a compulsory continuous improvement culture of the company. Its value creation include developing and improving on technical capabilities that consist of fine line/fine pitch, dense BGA arrays, multiple designed-in impedance control, plug hole designs, masking-free via hole walls techniques and gold plating evenness capable of meeting precision communication equipment standards. Apart from its single sided, double sided, 4 layers multi-layers PCBs, GUH PG has added 6 layers multi-layered PCBs to its production line.

Its China counterpart, GUH SZ faces stiff competition from similar well-managed PCBs manufacturers in China. Measures taken by GUH SZ include the improvement of its products quality, aggressive pricing strategy, extension of longer payment terms, cheaper tooling cost and engineering cost to secure new business share allocations. Without doubt, GUH SZ is affected by the significant growth of other local China PCBs manufacturers in recent years but it has the advantage of having an experienced and knowledgeable team that is always ready to take up challenges with forward preparations and implementing actions that attract customers who demand stability, quality and delivery over low price strategy. GUH SZ has proven effective strategies and actions which include well-managed internal cost control in manufacturing operations, supplier management, logistic and stringent budgetary which gives it the competitiveness as a profitable company.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenue, Profit Sustainability and Investments

The revenue of GUH PG for year 2018 improved significantly and profit before tax was stabilized comparing with others PCBs manufacturer with its earnest compulsion to grow customers' portfolio on precision double sided and multi-layered PCBs for future business sustainability and at the same time with consideration on the factors of pricing and mitigating market dependency on certain customers.

GUH PG's profit sustainability is very much dependent on the two interdependent domains of market and pricing. On the market domain, its current strategy is to dilute the dependence on traditional audio and visual products such that the factory will be utilized fully throughout the year to alleviate operating cost. In a practical move to smoothen capacity versus demand, it made insistent and determined efforts to market and sell to air-conditioner manufacturers and music instrument manufacturers because the demand troughs and the peak seasons are different to those of the audio and video domain thus introducing a balance leveling effect on its capacity utilization KPI. These marketing initiatives are implemented in the Malaysian scenario as well as taking aggressive marketing presence in Thailand. On pricing, GUH PG negotiated for fair pricing across its major customers reflecting CCL shortage and price increase condition in year 2018 but taking caution in order not to be overzealous and by way customers may turn to cheaper sources.

The revenue of GUH SZ for year 2018 was slightly lower than year 2017 but with good management practices profit before tax increased discernably. Benchmarking GUH SZ with similar industries, it demonstrates continuity in stability, moderate growth and profitability. Going forward, GUH SZ will target niche market applications to garner a better price segmentation as well as to dilute its risks factor on a high concentration of the air-conditioner end-product domain. Forward strategies include focusing on diverge range of end products to include automotive and home appliances while maintaining existing products. This new business expansion is expected to generate additional sales revenue with better profit margin while maximizing the utilization of production capacity. GUH SZ has put in plans to upgrade its production capability and in concurrent its operation excellence in order to gain customers' confidence and future business sustainability.

Threats and Mitigating Actions

PCB manufacturers were greatly affected by the drastic increase of Copper Clad Laminate (CCL) prices from year 2016 to year 2018 due to the copper foil material being used for producing batteries. Both GUH PG and

GUH SZ faced the same situation of frequent CCL price increase as well as shortages in that period. With careful management, both companies managed to weather the adverse situation well with customers' appreciation to both plants for not stopping their production lines. The division mitigated the threat by close monitoring at the highest management level based on customer demand and forecast, material in hand, MRL (minimum reorder level) plus calculated safety stock, material in transit and daily communications to suppliers and customers. With this, GUH PG and GUH SZ negotiated with customers for fairer cost in reflecting CCL price increase situations.

The new rules on human resources within home ground has affected its cost management such as the multi-tier levy, a minimum wage of RM1,100.00 per month and the continued implementation of new policies on new foreign workers application. GUH PG views these preambles as input drivers to its forward strategies to gradually implement automation of identified areas to mitigate and to reduce reliance on workers for repetitive tasks. Likewise despite that, GUH SZ has the advantage of local workers and talent, and the concern of rising labor cost has driven the company to consider automation of some key processes as a modern best in class factory.

Overall Prospects

Nevertheless, the Group expects the overall prospects of both GUH PG and GUH SZ in year 2019 to be sustainable judging from key business indicators. In years 2016, 2017 and 2018, both plants showed sustainable growth in revenue and stability in performance.

GUH PG won top awards from major Japanese companies in every single year from 2014 to 2018 and worthy of mention were the latest prestigious awards from ROLAND for 2017 Best Quality Award in November 2017 followed by the Year 2018 Best Vendor Performance Award in November 2018.

On the China front, riding on GUH SZ's reputation as a quality PCBs supplier, exemplary customers' confidence and PCBs demand growth, the Group will invest approximately USD22.0 million (RM89.6 million) for its new plant in Yancheng, the Province of Jiangsu, China, scheduled for completion in year 2020. The forward strategy is to supply to the multinational corporations (MNCs) and the local electronic manufacturing companies supplying to the domestic and global markets in Jiangsu. The new plant is expected to raise GUH's PCBs production capacity from 310,000 sq/m per month (or 3.7 million sq/m per annum) to 410,000 sq/m month (or 4.9 million sq/m per annum).

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROPERTIES DIVISION

Property Development

GUH Properties Sdn. Bhd. (GUH Properties)
GUH Land Sdn. Bhd. (GUH Land)
GUH Development Sdn. Bhd. (GUH Development)
GUH Realty Sdn. Bhd. (GUH Realty)
Milan Diamond Sdn. Bhd. (Milan Diamond)

The revenue of GUH Properties has improved by RM7.4m (increased by 38%) from year 2017. Despite the improvement of its revenue, the profit before tax has decreased by RM0.9 million. This is explained by the liquidated and ascertained damage income of RM2.0 million during year 2018, which the company does not have during year 2018, and the increase in borrowing cost of RM0.47 million during year 2018. The increase in revenue can be explained by numerous efforts that the company has put into advertising as well as promotion to attract sales volume during the year. As the current market sentiment which is negatively affected by factors such as fluctuated oil price, weak currency and tight borrowing requirements of housing loan, soft property market is anticipated. GUH Properties strives to sustain the market share by identifying and supplying the current market demands and enhancing its products.

GUH Properties has also embarked on high-end landed guarded residential development situated on higher ground and commercial development which is strategically located beside Labu/Seremban highway. The said development, which is augmented by impressive landscape, is strategically located where shopping malls, medical centres, commercial hubs and sports centres are within the vicinity.

GUH Development is currently planning the overall master development plan for the 46 acres development land at Simpang Ampat, Penang. It will be an integrated township development with vast landscape, integrated infrastructures to accommodate public transport system, lifestyle shops, housing projects and commercial hub. Launches are scheduled in the near future.

GUH Realty has acquired the relevant authority approvals and soft launched a light industry project for approximately 17 acres land at Sungai Bakap, Penang. Part of the land is also being re-planned for components with recurring source of income.



Milan Diamond, the wholly-owned subsidiary of GUH Asset Holdings Sdn Bhd, has completed the construction of an international school buildings which is located at Taman Sari, Rawang, Selangor. The Certificate of Completion and Compliance (CCC) has been obtained in October 2018. The land and buildings are leased to KK Straits International Education Sdn. Bhd. on a long term lease.

Owing to the current challenging economic environment and rising living cost, Properties Division will be adopting further agile and aggressive marketing strategies to enhance sales and withstand competition of local property market. Events, road shows, exhibitions, private previews, and other forms of marketing will be continuously organized in order to capture market attention and awareness towards branding of the division. With these continuous efforts, GUH believes the Properties Division will achieve its business objectives for the year ahead.

Moving forward, Properties Division will strive into integrated commercial projects with retail outlets, recreation and leisure facilities, food and beverage outlets, shops and offices as its strategic location is an advantage and will spur greater demand.

With the diverse range of property development, different market needs and demands will be captured. Therefore, Properties Division has strategized its position to diversify its source of income and profit from different range of property development products.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

UTILITIES DIVISION

Water & Wastewater Solutions

Teknoserv Engineering Sdn.Bhd. (Teknoserv)

The company's revenue decreased from RM38.7 million in year 2017 to RM29.0 million in year 2018. Delay in projects progress, due to unforeseen circumstances, was the main contributor of lower revenue than projected. However, the Group anticipates the project delay issues will be resolved in year 2019.

Teknoserv has six on-going projects, which consist of two water treatment plant projects and four sewerage related projects. The company order book stands at RM135.0 million as at December 2018, with unbilled balance of RM44.0 million. Currently, Teknoserv has total active tender value of around RM500.0 million.



Teknoserv strives to further expand its portfolio in coming years particularly in East Malaysia and SEA countries. Meantime, the company is actively exploring and looking forward to make its foray into growing SEA countries via Build, Operate, Transfer (BOT) investment in the countries' water and wastewater projects. With the materialization of such investments, it is anticipated to generate recurrent and stable income to the Group in the near future.

PLANTATION DIVISION

Cultivation of Oil Palm

GUH Plantations Sdn. Bhd. (GUH Plantations)

GUH Plantations is committed to achieve its target by completing two rounds of harvesting each month with all harvested fresh fruits bunches reaching the oil mill within 24 hours to ensure good quality fresh fruits bunches in order to obtain highest oil extraction rate.

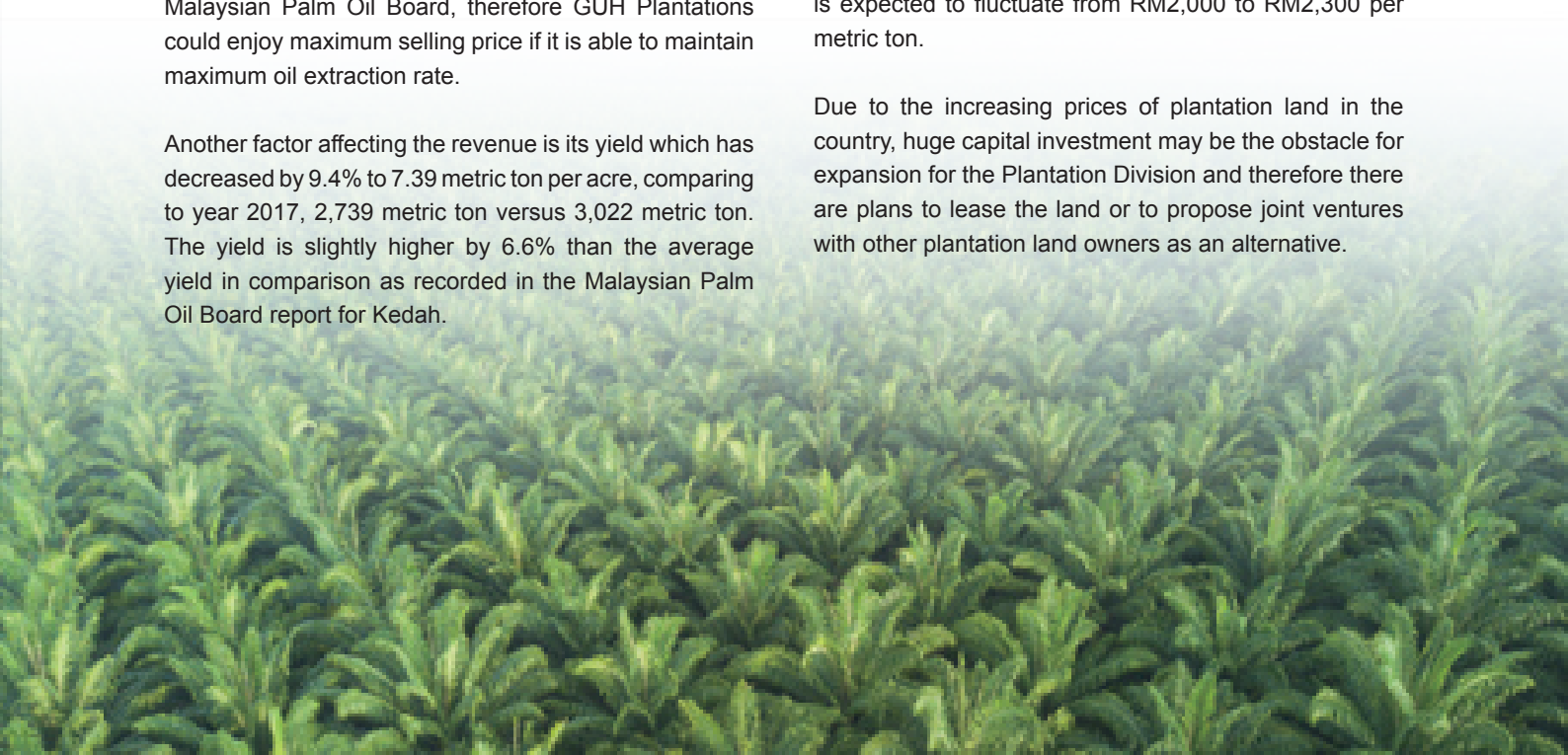
The selling price of Crude Palm Oil is determined by Malaysian Palm Oil Board, therefore GUH Plantations could enjoy maximum selling price if it is able to maintain maximum oil extraction rate.

Another factor affecting the revenue is its yield which has decreased by 9.4% to 7.39 metric ton per acre, comparing to year 2017, 2,739 metric ton versus 3,022 metric ton. The yield is slightly higher by 6.6% than the average yield in comparison as recorded in the Malaysian Palm Oil Board report for Kedah.

Plantation yield is directly influenced by weather and rainfall. Major cost for GUH Plantation is purchasing of fertilizers. Fertilizers prices could be affected by foreign currency exchange rate and fluctuation of crude oil prices.

Overall prospects in year 2019, Crude Palm Oil price is expected to fluctuate from RM2,000 to RM2,300 per metric ton.

Due to the increasing prices of plantation land in the country, huge capital investment may be the obstacle for expansion for the Plantation Division and therefore there are plans to lease the land or to propose joint ventures with other plantation land owners as an alternative.



MANAGEMENT'S DISCUSSION AND ANALYSIS

ELECTRICAL DIVISION

Trading of Electrical goods and construction materials

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

GUH BW is principally engaged in the trading of various electrical goods and construction materials such as tiles, paints and sanitary ware.

During the year, the company went through a challenging environment due to soften economy market, the revenue decreased 1.0%, from RM7.7 million in year 2017 to RM7.6 million in year 2018. The decrease is mainly due to lower revenue from electrical products, however offset by growth in building material products' revenue. The company has been widening its range of products under the house-brand "LEB", to maximize margin, in addition to the current product range of fittings, ballasts, industrial fans, LED tubes, flexible cables, etc. The LEB brand has expanded to include LED flood lights, LED bulbs, VDE cables, etc.

GUH BW continues to be reseller of established brands of electrical installation materials such as Schneider and



will strive to source and engage for new and established products that will contribute to its revenue.

GUH BW maintains an optimistic outlook for the Electrical Division. Year 2018 was a year of macroeconomic difficulty and challenging with unpredictable markets. GUH BW enters 2019 with engaged and committed team with its main focus on realizing operational efficiencies to drive profitability growth.

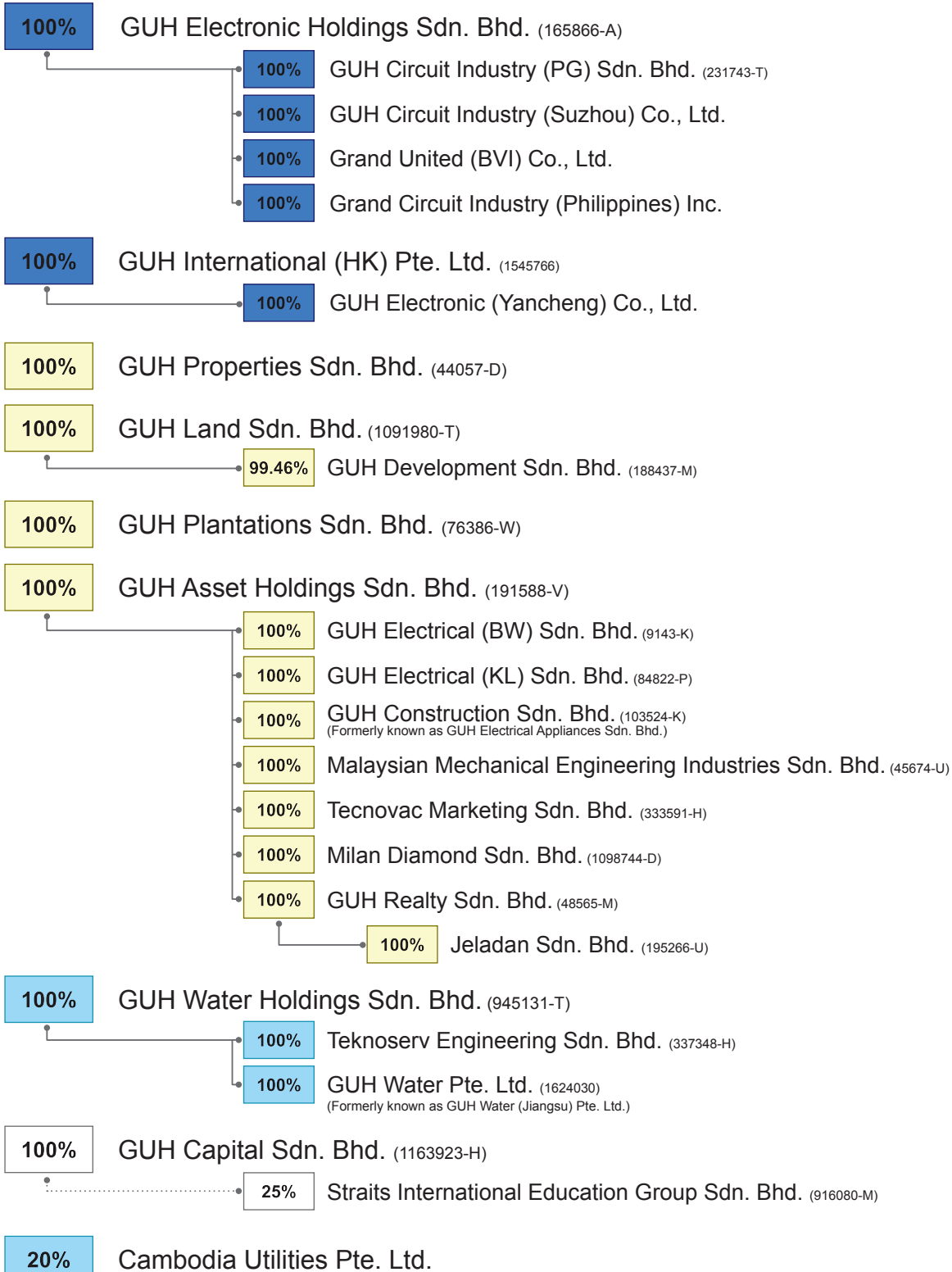
FINANCIAL POSITION OF GUH GROUP

As at 31 December 2018, GUH Group's total assets were RM689.7 million, an increase of 1.8% from RM677.3 million at end of the previous financial year. The increase was mainly attributed to the additions of investment properties, which was funded through externally generated funds. GUH Group's total receivables decreased by 11.1% to RM71.2 million as at 31 December 2018 from RM80.1 million at end of the previous financial year in line with higher collection. Consequently, GUH Group recorded higher cash and cash equivalents of RM106.5 million as at 31 December 2018 compared to RM96.2 million at end of the previous financial year.

GUH Group's total liabilities rose by 11.6% to RM184.0 million as at 31 December 2018 from RM164.9 million as at end of the previous financial year mainly due to the hike in loans and borrowings to RM66.8 million from RM45.2 million at end of previous financial year to finance property development projects and purchase of machineries. With the additional loans and borrowings, GUH Group's gearing ratio increased to 13.2% as at 31 December 2018 compared to 8.8% as at 31 December 2017.

Overall, GUH Group registered lower net assets per share attributable to owners of the Company of RM1.84 as at 31 December 2018 compared to RM1.87 as at 31 December 2017.

CORPORATE STRUCTURE



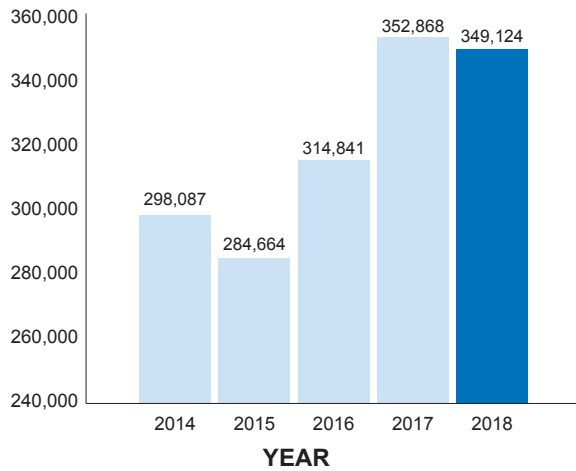
Electronic Division

Properties & Plantation Division

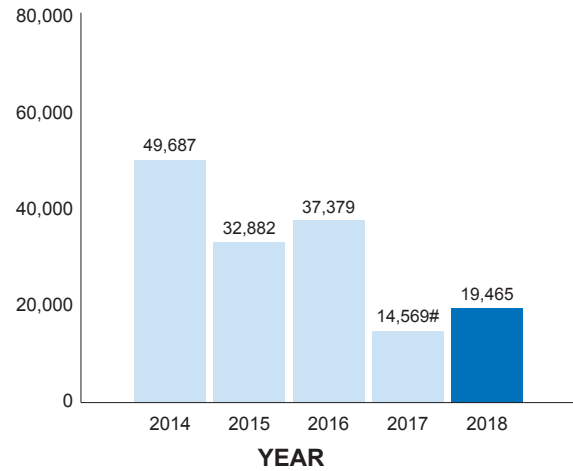
Utilities Division

FINANCIAL HIGHLIGHTS

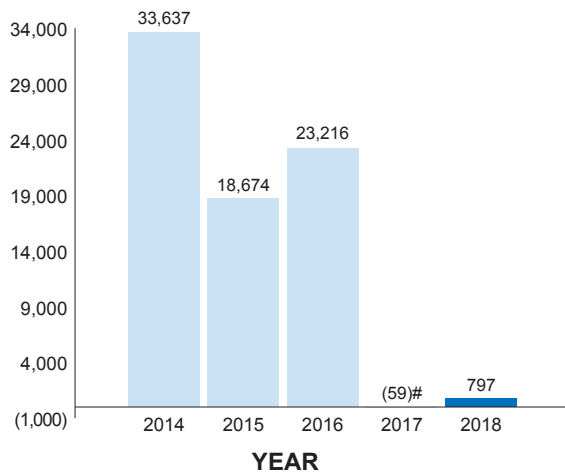
REVENUE (RM'000)



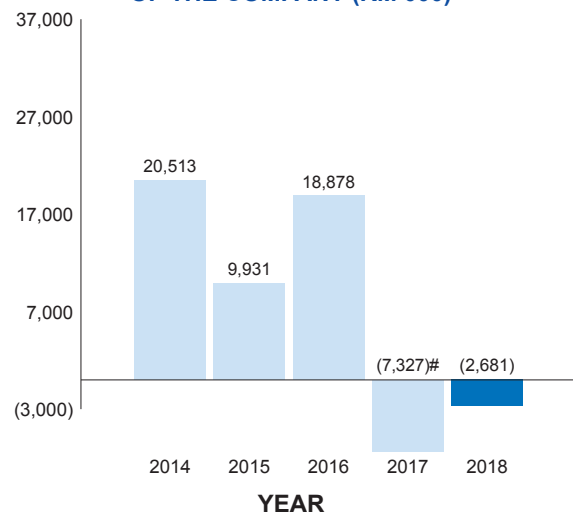
EBITDA (RM'000)



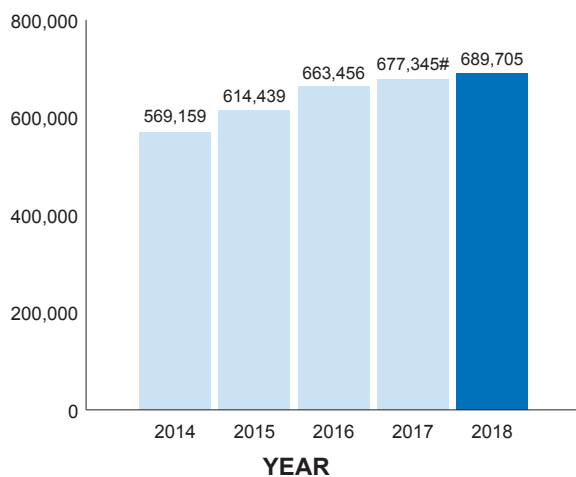
PROFIT/ (LOSS) BEFORE TAX (RM'000)



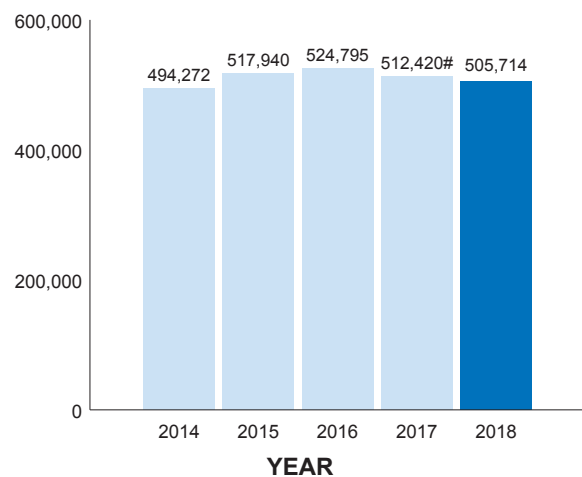
PROFIT/ (LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



TOTAL ASSETS (RM'000)



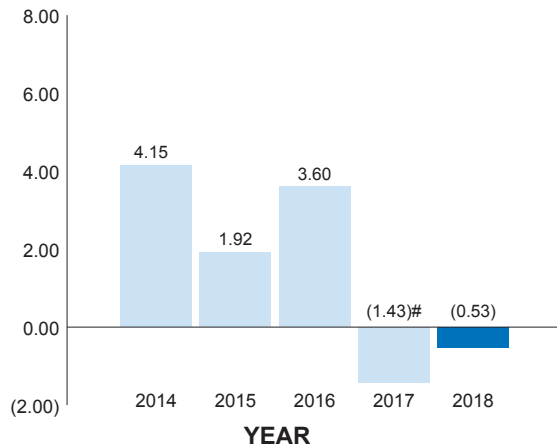
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



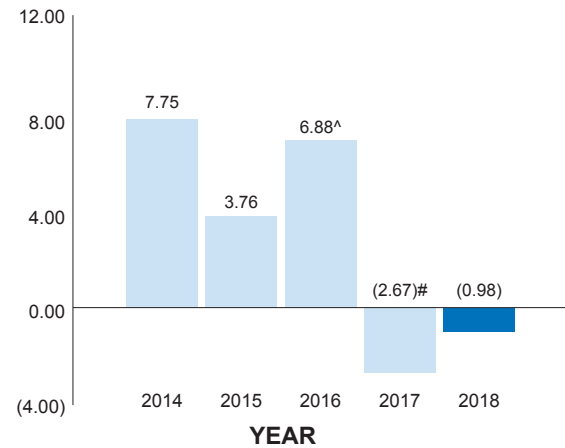
Restated retrospectively due to application of MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017.

FINANCIAL HIGHLIGHTS

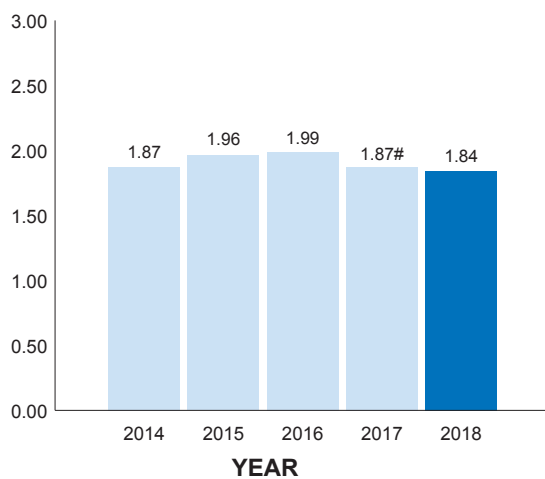
RETURN ON TOTAL EQUITY (%)



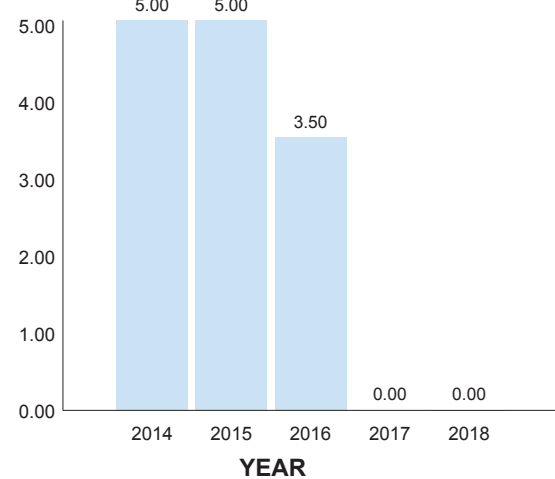
BASIC EARNINGS/ (LOSS) PER SHARE (SEN)



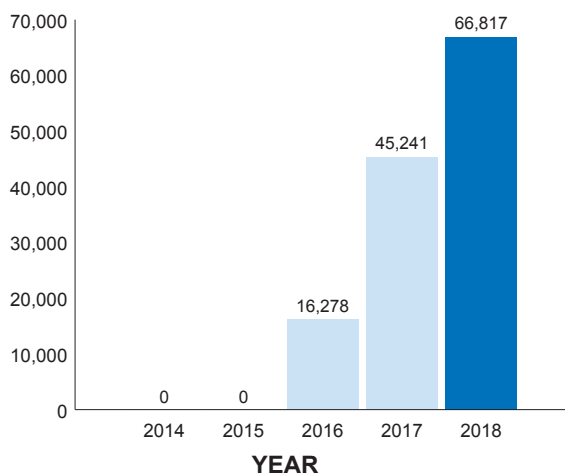
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)



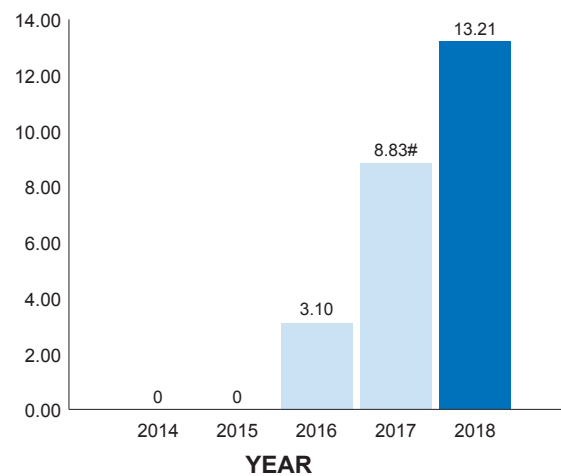
GROSS DIVIDEND PER SHARE (SEN)



LOANS AND BORROWINGS (RM'000)



GEARING RATIO (%)



Restated retrospectively due to application of MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017.

^ Adjusted retrospectively to reflect the changes in the number of shares as a result of the distribution of 1 treasury share for every 25 existing ordinary shares in issue in October 2017.

SUSTAINABILITY STATEMENT

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

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

The Risk Management & Sustainability Committee consists of three (3) members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors. Meeting shall be held at least once a year and may be requested as and when necessary.

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

- To oversee the risk management activities of the Group and approve appropriate risk management procedures and measurement methodologies across the organization;
- To review reports on operational risks from all divisions of the Group;
- To assess the risks in new investment and/or divestment;
- To review the effectiveness of overall risk management at the divisional level;
- To review and make recommendations to the Board in relation to risk management;
- To monitor the risk management exposure of the Group;
- To recommend or advise on significant proposed changes to risk management policies and strategies;
- To review together with other Committees, the Management, Group internal audit and external auditors, any significant risks and exposure that exist and assess the steps that Management has taken to minimize such risk to the Group;
- To assess whether the Group’s risk management and sustainability policies are communicated effectively to ensure they are embedded as part of the Group’s corporate culture;
- To align the Group’s sustainability strategy with its corporate 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 recommend or advise on significant proposed changes to sustainability policies and strategies;
- 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.

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

SUSTAINABILITY STATEMENT

Care for the Marketplace

From the economic perspective, GUH Circuit Industry (PG) Sdn. Bhd. ("GUH PG"), the major manufacturing plant of GUH Group manufactures high end printed circuit boards (PCBs) for locally sited factories and also for export to Thailand and Indonesia. Being located in Penang, Malaysia it is mainly reliant on the local human resources and people from local universities for the management and engineering talent and thus its responsibilities go further than being a quality PCBs manufacturer. Hence, in order to repay the local community, it places as priority in its operations the betterment of the knowledge of people and welfare, nurture engineering talent by its internship programmes and take a profound interest in the continued livelihood of the staff and workers. As part of its contributions to the local business community GUH sources for supplies and services locally including high technology supplies like delicate chemical compounds whenever possible. In technology contribution to the local community GUH develops products and services which offer advance designs and good value in pricing, quality safety and environment to ensure future sustainment of the business and the industrial zone where it operates in. GUH has made substantial investments in its PCBs manufacturing plant from years 2008 to 2018 in machineries, technology and automation and has therefore contributed significantly to technical advancement and capabilities of the local

factories fraternity. In show-casing a good example of its contribution to the local economy, GUH adapted its supply chain to encompass purchases from major local suppliers, add value by its processes and technical know-how and supply to over thirty (30) electronic product manufacturers with physical sites in Malaysia.

GUH lays claim to be the first PCBs manufacturer in Malaysia able to co-design and perform local sourcing on sensitive PCBs manufacturing chemicals after an exhaustive investment in time, development efforts and learning curve.

Similarly, GUH Circuit Industry (Suzhou) Co. Ltd. ("GUH SZ"), the Group's manufacturing plant in China is committed to upholding GUH corporate mission of benefiting the community it operates by utilizing efficiently its invested state of the art assets and superior know-how to benefit the community as well as remain profitable for shareholders. With the background of rapid development in the China environment, GUH SZ's mission is aligned to the three main pillars in sustainability which is economic, environmental and social. Thus the forward plans include investment into a new factory with the aim of even higher technology superiority and a working place that is conducive for staff at world standards.

Care for the Workplace

In order to get its people to embrace the vision and mission, the Group organizes social and team building events to "soft sell" the spirit of belonging. The Group also sponsored sporting events and indoor activities such as bowling, yoga classes, futsal, badminton and team building to reinforce team spirit in the company. To add cheer and promote teamwork, seasonal festive decoration competitions with participation from all departments and subsidiaries of the Group, best decoration judging events and company lunch invitations. The Management, Executive and technical team always look forward to the annual dinner with the CEO/Group MD.

GUH is proud of the employees it sponsored during the half marathon event organized by Asia Pacific

Masters Games 2018 held in Penang. They displayed great camaraderie encouraging each other in the harsh weather condition during the run.

GUH always believes in that "Employees Are the Best Assets" and this philosophy is top driven in the GUH Group and ever present in the ambience of the whole company. The Group understands that its people spend most of their time at work and hence creates a feeling of home for its staff is important to business sustainability. GUH efforts include a subsidized canteen and a comfortable pantry in the office equipped with facilities to create the feeling of home at work. Other amenities include air-conditioned prayer rooms for Muslims. In GUH SZ, staff and workers enjoy a fully



SUSTAINABILITY STATEMENT

subsidized canteen, free meals and lodgings in company hostels. The management of GUH SZ also puts in effort in scheduling and production run time arrangements to ensure workers can return home for long holidays during the Chinese New Year season. The Group is committed to building an environment of happiness, understanding and a community feeling that supports and nurtures positive relationships.

Training is vested as an important principle of the Group and its continuous training programmes apply to both GUH PG and GUH SZ. Numerous scheduled trainings were carried out across both Management and operational level to keep up with the latest technology and management advancements. Training programmes are structured such that it includes technical aspects as well as leadership development aspects from the GAP analysis and tailored with the concept of nurturing talent for the company's sustainability. On a formal platform,

Care for the Environment

For GUH PG, it hired an Energy Manager certified by Suruhanjaya Tenaga to analyze and implement energy saving projects as its commitment towards reducing carbon footprint. Noteworthy projects in year 2018 include energy saving efforts by training workers to detect air leaks and reduce air compressor run time resulting in a 25% reduction. The other noteworthy actions are improving constant running machines to detect work in progress and programme run-stop systems to save on electricity and water, changing analog controlled air compressors to the latest inverter technology, setting of office air conditioners not lower than 24°C, the purchase of the latest ERP system in order to attain manufacturing to a high accuracy of scheduling and production efficiency to eliminate waste and idle time. GUH PG reported a 449,732.58 kWh of electricity savings and an 8% savings on water consumption against its output in meter squares. GUH PG also has an ongoing project to replace traditional florescent lights to LED tubes with the dual purpose of reducing electricity as well as reducing environment contamination of mercury gas and is pleased to report that 2,943 fluorescent lights were changed to LED lights.

Both plants are certified to the latest environmental management system and the air discharges are cleansed with gas scrubbers equipped with water sprays containing neutralizer chemicals before discharging. All air scrubbers are monitored by an external certified body. The air scrubbers performed well in accordance to the Clean Air Regulations 1978 with result of 1.158mg/Nm³ against Sulphuric Acid of 200mg/Nm³ and result of 2.647mg/Nm³ against Hydrogen Chloride of 400mg/Nm³. Water discharges are cleansed by the waste water systems before being discharged. The reports from



the Group endeavours to recruit people from diverse backgrounds as well as to build a gender balanced organization in the quest of equal opportunities. The Group is constantly on the lookout for potential people to be promoted internally and there is a systematic review procedure that recognizes people performances and rewards accordingly.

its external certified body monitoring the discharges showed in average a good and stable performance eg. Copper content was in average of 0.6mg/L against the limit of 1.0mg/L. In turn, top Management reviews both plants' performances on environment management and also ensures a good environment management team is always in place to conform strictly to the environment regulations.

Occupational health and safety is another priority aspect of the Group. Both manufacturing plants have mandatory Personal Protective Equipment regulations and compulsory training of usage to protect the workers. The assurance of people adhering to the PPE and Safety Rules is driven by internal roadshows, training and strict disciplinary measures taken. GUH PG has a permanent ERT Team consisting of thirty (30) volunteers from own staff who are trained by the BOMBA and Penyelamat department every year with an internal evacuation and fire drill being practiced twice a year by the same government body. GUH PG is certified to ISO14001 since year 2004 which is the platform for environmental protection, management and review. Safety tools and equipments are provided at the properties site as well as for the plantation workers. Apart from the 3R practice of reduce, reuse and recycle, open burning is prohibited in the Group and all Divisions comply strictly with this policy.

The Group strives to achieve a low rate of lost-work time injuries and has established "zero serious accident" target. For the financial year under review, the Group has recorded zero fatality and zero serious accidents from its business operations.

SUSTAINABILITY STATEMENT

Care for the Community

GUH believes that caring for the community is a principle that every responsible company should have and that the continual education of its people in all aspects is still the best way to spread the culture of caring. GUH upholds the commitment that every staff it hires contributes not only sustenance to their immediate family but also carries home the right culture of diligence and determination to succeed and that this good mindset is being proliferated into society. The Group's training programmes for all is tailored on both the technical and knowledge as well as the motivation aspect. GUH Group proudly acclaims in the loyalty index that many of its staff has been working with the Group for more than twenty (20) years and thus is evidential of its commitment to the principle that "People are the Best Assets". GUH Group takes pride on being able to identify, train, motivate and create leaders from the high performance group and also able to motivate and transform people from lackadaisical to being excellent performers. The Group maintains an exemplary track record of paying incentives and bonus based on company, team and individual performances. In year 2018, GUH hired twenty six (26) fresh graduates as part of its commitment towards society and the economy at large. GUH Group is also a keen supporter of local talent and has taken on the responsibility to train interns in preparation for industrial life. The Group practices a proper performance review system for its staff in order to reward people who have contributed to company performance and forward business sustainability.

GUH is committed to continue its contributions and sponsorships towards community through financial assistance to various organizations, schools, NGOs, religious organizations, dialysis centre and associations in various states of Malaysia. GUH will unceasingly



do its part to contribute to society as it believes giving back is among the most important and valuable act an organization can do.

Festive events were organized for the residents and surrounding community of Taman Bukit Kepayang of Properties Division where its project is ongoing. "Gotong-royong" and preserving the environment with the residents were also carried out at the Kepayang Hill situated at the Kanni Kovil. These events besides fostering better awareness of eco-preservation, also unites community.

GUH Group and its Board will certainly continue to uphold sustainability practices in creating long-term economic, environmental and social value with regard to its business.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board is pleased to present this Corporate Governance Overview Statement for the financial year ended 31 December 2018 that summarized the overview application and corporate governance practices with reference to the three (3) principles as set out in the Malaysian Code on Corporate Governance (MCCG) under the stewardship of the Board:

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

The Corporate Governance Overview Statement should be read in tandem with the other Statements in the Annual Report 2018, i.e. the Sustainability Statement, Statement on Risk Management and Internal Control and Audit Committee Report. It is also augmented with a Corporate Governance Report of the Company which is published on the Company’s website at www.guh.com.my; based on a prescribed format as specified in Paragraph 15.25(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) so as to provide detailed information on the application of the Group’s corporate governance practices with regard to MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD’S ROLES AND RESPONSIBILITIES

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

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

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

The Board Charter is reviewed annually with its latest update being made in November 2018.

The details of the Board Charter are available for reference at www.guh.com.my.

The Board assumes the following duties:-

- To review and adopt strategic plans for the growth of the Group and support long term value creation and include strategies on economic, environmental, safety & health, social and governance consideration underpinning sustainability and monitor the implementation of the strategic plans by management;
- To set policies appropriate for the business of the Group;
- To oversee the conduct of the Group’s business and to evaluate whether the business is being properly managed;
- To approve annual budget;
- To set and review budgetary control and conformance strategies;
- To monitor Management performance and business results;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Acquisition and disposal or closure of business;
- Declaration of dividends and approval of financial statements, including accounting policies of the Group;
- To identify principal risks and to ensure the implementation of appropriate systems that encourage enhancement of effectiveness in Board and Management;
- To keep pace with the modern risks of business and other aspects of governance that encourage enhancement of effectiveness in Board and Management;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board and key management;
- Be accountable to the shareholders to ensure the Group has appropriate corporate governance culture that operates efficiently and transparently which reinforce ethical, prudent and professional behaviour;
- To set and review and approve annual reports to the shareholders; and
- To review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

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

Overview of the Roles on the Board is as follows:

Role	Key Responsibilities
Executive Chairman Tan Sri Dato' Seri H'ng Bok San	The Executive Chairman of the Board is to provide leadership so that the Board can perform its responsibilities efficiently and to preside over meetings of Directors and ensure the Board accepts full share of responsibilities of governance.
CEO/Group MD Datuk Seri Kenneth H'ng Bak Tee	The CEO/Group MD assumes overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees day to day operations of the Group and drives the Group's businesses and performance towards achieving the vision and goals set by the Board.
Senior Independent Non-Executive Director Mr. Chew Hock Lin	The Senior Independent Non-Executive Director acts as a point of contact for shareholders and other stakeholders to whom queries or concerns relating to the Group may be conveyed, he also acts as a sounding Board for the Chairman and an intermediary for other Directors when necessary.
Non-Executive Directors	Non-Executive Directors (both Independent and Non-Independent) neither involve in day to day operations nor participate directly in the business dealings. Instead, they monitor and supervise Management's conduct in running the business while bringing their external perspective and wisdom to bear on the decision making process.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

In execution of its duties and responsibilities, the Board is assisted by various Committees. Four (4) Board Committees have been established to assist the Board in the discharge of its statutory and fiduciary responsibilities. Each Committee has its own functions and terms of reference which have been clearly defined by the Board. Each Committee reports its recommendations and decisions to the Board for approval.

Overview of the role of each Committee is as follows:

Board Committee	Role
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. <i>Refer Audit Committee Report on pages 46 to 50 for more details on key activities.</i>
Risk Management & Sustainability Committee	Identifies, evaluates and manages the significant risks associated to current business, any new investment and/or divestment and control responsibilities with appropriate action plan and ensures the implementation of appropriate systems to manage the overall risk exposure of the Group. From the perspective of sustainability, identify and manage non-financial issues, greater attention will be given to how businesses impact the economy, environment and social risks and opportunities alongside financial implication. <i>Refer Statement on Risk Management and Internal Control on pages 43 to 45 for more details.</i>
Nomination Committee	Reviews annually the required mix of skills, experience and other qualities including core competencies of individual Director, evaluates the assessment of effectiveness of the Board as a whole, and also all other Committees appointed by the Board.
Remuneration Committee	Reviews remuneration of Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

During the financial year ended 2018, Tan Sri Dato' Seri H'ng Bok San had:

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Currently, the Board does not have any formalized Board Diversity Policy or Gender Diversity Policy. Nevertheless, the Board is aware that women's participation in decision making positions should not be focused on Board positions alone, but also be broadened to include women in Senior Management as the same benefits apply. The Board believes that diversity, when extended to Senior Management, will also serve as a talent pipeline for Board candidacy. Therefore, women representation on the Board and Senior Management will be taken into consideration when vacancies arise. The Board has a good mix of commercial, technical and governmental experience relevant to the operations of the Group. These include, inter alia, entrepreneurship, economics, finance, tax management, accountancy, marketing, public administration and human resource management.

During the financial year ended 2018, the Board had convened a total of four (4) Board meetings for the purpose of deliberating on the Company's quarterly financial results and discussing other strategic and pertinent matters. Relevant Senior Management were invited to attend the Board meetings to provide the Board with their views and clarifications on issues raised on the operations and performance of the Group and other strategic issues that may affect its business.

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

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

The Board had carried out the following activities:

- Reviewed the Company's performance in 2018 and the business outlook for 2019;
- 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 2017;
- Approved Annual Report 2017;
- 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 2018 and announcements;
- Reviewed the quarterly reports from the CEO/Group MD on the progress of all business divisions and any significant change in the business and the external environment, which affected the operations;
- Approved the annual budget and capital expenditure budget;
- Reviewed the Company's strategies and plans;
- Proposed the re-appointment of Group's External Auditors and ensured that the External Auditors meet the criteria provided by the Listing Requirements;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Approved the reports of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management & Sustainability Committee;
- Reviewed the risk management framework of GUH;
- Reviewed the succession planning for the Group's continuity in leadership for all key positions; and
- Noted the updates and any amendments made to the Listing Requirements, laws and regulations.

The attendance record of each member of the Board during the financial year ended 2018 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 Managing Director	•	•	•	•	4/4
Dato' Harry H'ng Bak Seah Non-Executive Director	•	•	•	•	4/4
Datin Jessica H'ng Hsieh Ling Non-Executive Director	•	•	•	•	4/4
Mr. Chew Hock Lin Senior Independent Non-Executive Director	•	•	•	•	4/4
Dato' Ismail Bin Hamzah Independent Non-Executive Director	•	•	•	•	4/4
Mr. Lai Chang Hun Independent Non-Executive Director	•	•	•	•	4/4
En. W Ismail Bin W Nik Independent Non-Executive Director	•	•	•	•	4/4
Dato' Dr. Gan Kong Meng Independent Non-Executive Director	•	•	•	•	4/4

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

The summary of courses and training attended by respective Directors of the Company during the financial year ended 31 December 2018 are set out as follows:

<p>Tan Sri Dato' Seri H'ng Bok San</p> <ul style="list-style-type: none"> • Essentials of Share Capital Under Companies Act 2016 • Nuts and Bolts of Disclosure Obligations of Directors
<p>Datuk Seri Kenneth H'ng Bak Tee</p> <ul style="list-style-type: none"> • The Company Director – Expanded duties & responsibilities under Companies Act 2016 • Seminar on “Read, Interpret & Analyse Financial Statements” • Corporate Rescue : Corporate Voluntary Arrangements and Judicial Management • Corporate Business Presentation Skills • Preference Shares – An Alternative to borrowing • Nuts and Bolts of Disclosure Obligations of Directors

CORPORATE GOVERNANCE OVERVIEW STATEMENT

<p>Dato' Harry H'ng Bak Seah</p> <ul style="list-style-type: none"> • Essentials of Share Capital Under Companies Act 2016 • Nuts and Bolts of Disclosure Obligations of Directors
<p>Datin Jessica H'ng Hsieh Ling</p> <ul style="list-style-type: none"> • Essentials of Share Capital Under Companies Act 2016 • Nuts and Bolts of Disclosure Obligations of Directors
<p>Mr. Chew Hock Lin</p> <ul style="list-style-type: none"> • Practical Application of the Three New Standards and Their Interactions – MFRS 9, 15 & 16
<p>Dato' Ismail Bin Hamzah</p> <ul style="list-style-type: none"> • Rethinking – Independent Directors : Board Best Practices • Sustainable Investing : Non-Financial • Nuts and Bolts of Disclosure Obligations of Directors
<p>Mr. Lai Chang Hun</p> <ul style="list-style-type: none"> • Essentials of Share Capital Under Companies Act 2016 • Nuts and Bolts of Disclosure Obligations of Directors
<p>En. W Ismail Bin W Nik</p> <ul style="list-style-type: none"> • Rethinking – Independent Directors : Board Best Practices • Nuts and Bolts of Disclosure Obligations of Directors
<p>Dato' Dr. Gan Kong Meng</p> <ul style="list-style-type: none"> • Practical Application of the Three New Standards and Their Interactions – MFRS 9, 15 & 16

NOMINATION COMMITTEE

The Nomination Committee of GUH currently consists exclusively of Independent Non-Executive Directors.

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

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

During the financial year ended 2018, the Nomination Committee carried out the following activities:

- Reviewed and confirmed the minutes of the Nomination Committee meeting held;
- Assessed the effectiveness of the Board as a whole;
- Reviewed the effectiveness of the Board Committees;
- Reviewed the contribution and performance of individual Director;
- Reviewed the level of independence of the Independent Directors and assessed their ability to bring independent and objective judgment to Board's deliberation;

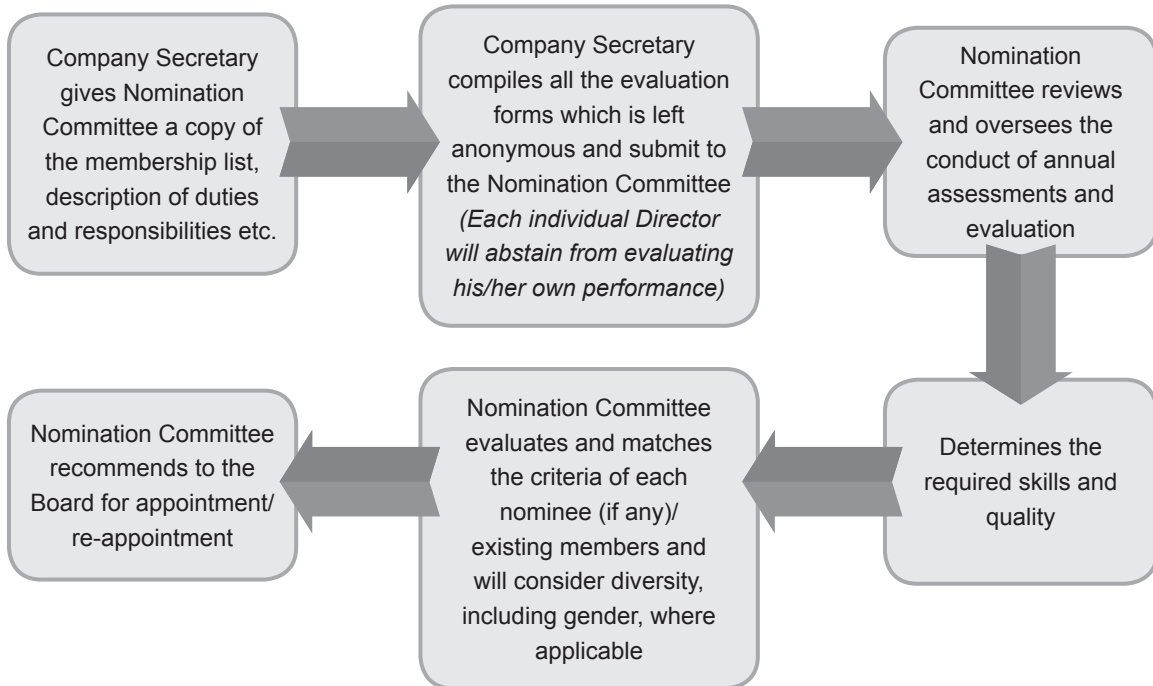
CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Recommended on the retention of Independent Directors who have served the Company for more than nine (9) years, and recommended the two-tier voting process for the Independent Directors who have served for more than twelve (12) years; and
- Recommended on the re-election of the Directors who are to retire by rotation at the 55th Annual General Meeting.

The Board through the Nomination Committee has also conducted the following annual assessments to determine the effectiveness and contribution of each individual Director, each Committee as well as the Board as a whole:

- Directors peer evaluation;
- Board and Board Committee performance evaluation; and
- Assessment of Independent Directors.

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



Based on the aforesaid activities carried out and the annual assessment and evaluation conducted on the Board, its Committees and each individual Director, the Nomination Committee and the Board were satisfied with the existing Board members to continue acting as Directors. Nomination Committee did not recommend new candidate by other outsources as the Board believes that the effectiveness on the annual assessment have not been impaired. In addition, cost efficiency is the main reason due to the current performance.

The attendance record of each member of the Nomination Committee during the financial year ended 2018 is set out below:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

REMUNERATION

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

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

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

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

During the financial year ended 31 December 2018, the Remuneration Committee had one meeting to discuss and recommend to the Board for approval the remuneration package of the Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter of the Board as a whole. Payment of Directors' fees is one of the salient elements. The Director's fee is proposed at RM66,000 per Director and the shareholders approval had been sought at the last Annual General Meeting held in year 2018. During the year, the Remuneration Committee also recommended the Directors' fee for the period from year 2019 to the next Annual General Meeting in year 2020, subject to the shareholders' approval at the forthcoming Annual General Meeting. The Company reimburses expenses incurred by the Directors for attending the Board and Committee meetings. All meeting minutes, including meeting papers that had been deliberated by the Remuneration Committee are reported to the Board by the Chairman of the Remuneration Committee for the Board's consideration and approval.

The attendance record of each member of the Remuneration Committee during the financial year ended 2018 is set out below:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The breakdown of the remuneration of each individual Director for the financial year ended 2018 for the Group/Company level is as follows:

Name of Director	Directors' fees RM	Salaries & EPF RM	Bonus RM	Meeting allowance RM	Ex-gratia benefits receivables RM	Benefits-in-kind RM
Executive Directors						
Tan Sri Dato' Seri H'ng Bok San	73,000	912,000	360,000	-	115,000	28,000
Datuk Seri Kenneth H'ng Bak Tee	92,000	1,856,000	804,000	-	427,000	28,000
Total	165,000	2,768,000	1,164,000	-	542,000	56,000

Name of Director	Directors' fees RM	Salaries & EPF RM	Bonus RM	Meeting allowance RM	Ex-gratia benefits receivables RM	Benefits-in-kind RM
Non-Executive Directors						
Dato' Harry H'ng Bak Seah	66,000	-	-	4,000	-	-
Datin Jessica H'ng Hsieh Ling	66,000	-	-	5,000	-	-
Mr. Chew Hock Lin	66,000	-	-	8,000	-	-
Dato' Ismail Bin Hamzah	66,000	-	-	8,000	-	-
Mr. Lai Chang Hun	66,000	-	-	4,500	-	-
En. W Ismail Bin W Nik	66,000	-	-	4,000	-	-
Dato' Dr. Gan Kong Meng	66,000	-	-	6,500	-	-
Total	462,000	-	-	40,000	-	-

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

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

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

The Audit Committee has policies and procedures in place to assess the suitability, objectivity and independence of the External Auditors. The Audit Committee has undertaken an assessment to assess the suitability and independence of External Auditors during the financial year. The criteria for the assessment include among others, quality of services, sufficiency of resources, communication, independence and interaction. In addition, the External Auditors have given assurance to the Audit Committee confirming their independence and the Audit Committee is satisfied with the result of the assessment and henceforth recommended to the Board for the re-appointment of Messrs. Crowe Malaysia PLT (formerly known as Crowe Horwath) for shareholders approval at the forthcoming 55th Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

The Statement on Risk Management and Internal Control which provides an overview of the risk management framework and the state of internal control within the Group is disclosed on pages 43 to 45.

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

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

Details of the Group's Internal Audit Function and responsibilities are set out in the statement of Internal Audit Function of the Audit Committee Report on pages 46 to 50.

C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

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

The shareholders and investors are also encouraged to visit the Group's website at www.guh.com.my 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. As the Company is not categorized as a "Large Company" and hence, has not adopted integrated reporting based on a globally recognized framework.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

The Board approved and released the quarterly financial results (including full year results) for the financial year ended 31 December 2018 on the following dates:

2018 Quarterly Results	Date of Release	Listing Requirements Deadline
1st Quarter	22 May 2018	31 May 2018
2nd Quarter	20 August 2018	31 August 2018
3rd Quarter	27 November 2018	30 November 2018
4th Quarter	28 February 2019	28 February 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

In preparing the Group's consolidated annual audited financial statements for the financial year ended 31 December 2018, 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 2018. The Directors' Report for the audited financial statements of the Company and the Group are set out on pages 52 to 55 of this Annual Report 2018.

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;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Judgments and estimates are made on a reasonable and prudent basis; and
- Due inquiry into the state of affairs of the Company, there are no material matters that may affect the ability of the Company to continue in business on a going concern basis.

COMPLIANCE INFORMATION AS AT 31 DECEMBER 2018

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 2018, 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	46,000	157,500
Non-audit fees	7,000	61,608

Related Party Transactions

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

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

Significant related party transactions of the Group for the financial year are disclosed in Note 30 to the Financial Statements and the Additional Disclosure on page 42.

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 has not entered into any material contract during the financial year ended 31 December 2018 except for the related party transaction in relation to Lease Agreement signed on 23 February 2018 between GUH Holdings Berhad and Leader Solar Energy II Sdn. Bhd. to lease part of its agricultural land measuring approximately 71.967 acres or 3,134,865 square feet situated at Lot No. 5, Pekan Bukit Selambau, Daerah Kuala Muda, Kedah held under Geran No. 87076 for a period of 23 years for the lessee to develop, operate and maintain the large scale solar power generation plant on a build-operate-own basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Additional Information

Save as aforesaid disclosed, none of the following transactions have been entered by the Company during the financial year ended 31 December 2018:

- 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.

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 54th Annual General Meeting held on 22 May 2018, 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 27 April 2018.

Details of the recurrent related party transactions transacted during the financial year ended 31 December 2018 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 22 May 2018 to 31 December 2018
GUH Circuit Industry (PG) Sdn. Bhd. (Recipient & Provider)	Kiyamas Chemical Sdn. Bhd. ["KCSB"] (Provider & Recipient)	Lizheng Holdings Sdn. Bhd. ("Lizheng") has a direct shareholding of approximately 28.3% in * Kiyamas Holdings Sdn. Bhd. Gan Chern Nee has a direct shareholding of approximately 8.3% in Kiyamas H'ng Chun Li is a Director of Lizheng, Kiyamas and KCSB	Transactions of raw materials, goods and services	RM7,904,917.00 (Approved Limit: RM12,000,000.00)
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	RM686,588.00 (Approved Limit: RM1,500,000.00)

Notes:

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors (“the Board”) of GUH Holdings Berhad (“GUH”) is committed to uphold throughout the Group a sound system of risk management and 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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 faced by the company 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 likely to impact the company and its achievement of its objectives and strategies and actions taken in response to the risks reported. The Risk Management & Sustainability Committee also meets with the Divisional heads once a year for an annual assessment of any significant aspects of risks and internal control matters.

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

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

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

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

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

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

Key Features of Risk Management and Internal Control Processes

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

1. Clear definition of the terms of reference, functions, authorities and responsibilities of the various Committees of the Board.
2. Well defined organisational structure with clear lines of accountability and responsibility to enable the Group's vision, mission, strategies and operational objectives to be achieved.
3. Documented internal policies and procedures are set out in the Group Policies to govern the financial and operational functions; which are subject to regular review and improvement.
4. Where appropriate, certain subsidiaries have ISO 9001: 2015, ISO 14001: 2015 and IATF 16949: 2016 accreditations for their operational processes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 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.
12. The Group's Internal Audit Function perform regular reviews, monitor compliance with policies and procedures and recommend action plans to improve on areas where control deficiencies are identified during the field audits. Thus, providing an independent assurance on the adequacy and effectiveness of the Group's system of internal control.
13. The Audit Committee, on behalf of the Board, reviews report from the Group Internal Auditor 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, General Manager of Corporate Office and all the Divisional heads that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, during the financial year under review and up to the date of this Statement.

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

The External Auditors have reviewed this Statement on Risk Management and Internal Control as required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. Based on their review, nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control set out above is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed issuers 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 Board has delegated the Nomination Committee to conduct an annual review of the term of office and annual assessment of the composition, performance effectiveness of the Audit Committee. The Board is satisfied that the

AUDIT COMMITTEE REPORT

Audit Committee and its members have efficiently discharged its duties in accordance with the terms of reference as well as having appropriate level of knowledge and experience to contribute to the effective functioning of the Audit Committee. The Board is of the view that the Audit Committee has provided recommendations to assist the Board in making informed decisions in the Board meetings.

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

THE PROCESS OF THE AUDIT COMMITTEE

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

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

During the financial year, the Audit Committee met on a quarterly basis to carry out their duties which include the discussion of proposed disclosures in the quarterly announcement and matters falling within the Audit Committee's terms of reference and recommended to the Board for public release. Audit Committee also met and held a meeting to discuss the annual report before recommendation to the Board for circulating to Bursa Malaysia Securities Berhad and all the shareholders. The CEO/Group MD, the Senior Management and the Internal Auditor have attended the meetings. Upon invitation by the Audit Committee, representatives of the External Auditors have attended three (3) meetings held in February, March and November 2018. 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 his/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	Mar	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 2018

1. Financial Reporting

- Reviewed the unaudited quarterly financial results and year-end financial statements of the Company and the Group which include discussion among others, any change of implementation of major accounting policies; the going concern assumption and significant matters;

AUDIT COMMITTEE REPORT

- 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;
- Met and discussed with the External Auditors if any important and major issue need to be highlighted without the presence of Management of the Company. During the private session held with the External Auditors, they confirmed that there was no major concern to be highlighted and they had been receiving full co-operation from the Management and the staff of the Group when carrying out their audit work;
- Reviewed and approved the provision of non-audit services carried out by the External Auditors. The amount of external audit fees and non-audit fees incurred for the financial year ended 31 December 2018 are as follows:

2018 Fees incurred	Company	Group
Audit services	RM46,000	RM157,500
Non-Audit services	RM7,000	RM61,608

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

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

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

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

AUDIT COMMITTEE REPORT

3. Internal Audit

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

4. Risk Management

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

5. Related Party Transactions

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

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;

AUDIT COMMITTEE REPORT

- Reviewed the Audit Committee Report, reports on related party transactions and recurrent related party transactions, Corporate Governance Statement, Statement on Risk Management and Internal Control, Sustainability Report, record on Share Buy-Back and any other statements of the Annual Report and recommended to the Board for approval.

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit Department that is independent of the activities and operations it audits. The head of Internal Audit reports directly to the Audit Committee who reviews and approves the Internal Audit Department's annual risk-based audit plan.

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

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 WORK UNDERTAKEN BY THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

The total costs incurred by the Internal Audit Function of the Group for year 2018 is RM180,540 (2017:RM253,087).

Financial Statements

52	Directors' Report	66	Consolidated Statement of Cash Flows
56	Statement by Directors	68	Statement of Financial Position
56	Statutory Declaration	69	Statement of Profit or Loss
57	Independent Auditors' Report	70	Statement of Comprehensive Income
61	Consolidated Statement of Financial Position	71	Statement of Changes in Equity
62	Consolidated Statement of Profit or Loss	72	Statement of Cash Flows
63	Consolidated Statement of Comprehensive Income	73	Notes to the Financial Statements
64	Consolidated Statement of Changes in Equity		

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 2018. All values shown in this report are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

Principal activities

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

Results

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year attributable to:-		
- Owners of the Company	(2,681)	10,982
- Non-controlling interests	(5)	0
	<u>(2,686)</u>	<u>10,982</u>

Dividends

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

In January 2019, the Company distributed 3,427,000 treasury shares as share dividends on the basis of 1 treasury share for every 80 existing ordinary shares in issue.

Reserves and provisions

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

Issue of shares or debentures

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

Share options

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

Bad and doubtful debts

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

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

DIRECTORS' REPORT

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' REPORT

Directors

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

Directors of the Company

Tan Sri Dato' Seri H'ng Bok San, JP, PSM, DPPN, DGPN, DSPN, PKT, PJK
 Datuk Seri Kenneth H'ng Bak Tee, DGSM, DPNS, DSPN, PKT, PJM
 Dato' Harry H'ng Bak Seah, DSPN, PJK
 Datin Jessica H'ng Hsieh Ling
 Chew Hock Lin
 Dato' Ismail Bin Hamzah, AMN, KMN, DIMP
 Lai Chang Hun, 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 (appointed on 24.4.2018)

Directors' interests

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

Name of director	Number of ordinary shares			At 31.12.2018
	At 1.1.2018	Bought	(Sold)	
Tan Sri Dato' Seri H'ng Bok San				
- Indirect ^(a)	32,034,938	0	0	32,034,938
- Indirect ^(b)	18,786,080	0	(1,380,000)	17,406,080
Datuk Seri Kenneth H'ng Bak Tee				
- Indirect ^(b)	1,387,308	0	0	1,387,308
Dato' Harry H'ng Bak Seah				
- Direct	2,664,405	0	0	2,664,405
Datin Jessica H'ng Hsieh Ling				
- Direct	2,354,040	1,200,000	0	3,554,040
- Indirect ^(c)	32,034,938	0	0	32,034,938
Lai Chang Hun				
- Direct	2,847,449	0	0	2,847,449
- Indirect ^(b)	117,037	0	0	117,037
- Indirect ^(c)	3,602,918	0	0	3,602,918
W Ismail Bin W Nik				
- Direct	2,359,156	0	0	2,359,156

^(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' REPORT

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 26 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 30 to the financial statements.

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

Indemnity and insurance for directors and officers

There was no indemnity given to any director or officer of the Group or the Company during the financial year. The Group maintains a liability insurance for certain directors and officers and the insurance costs incurred during the financial year amounted to RM11,000.

Auditors

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 25 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 2 April 2019

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

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

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 61 to 126 give a true and fair view of the financial position of the Group and the Company as at 31 December 2018 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 2 April 2019**

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

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

STATUTORY DECLARATION

I, Yeoh Saw Gaik (MIA membership no.: 13104), being the officer primarily responsible for the financial management of GUH Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 126 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 2 April 2019

Yeoh Saw Gaik

Before me
Mok Cheng Yoon, PJK
No: P140
Commissioner for Oath

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GUH HOLDINGS BERHAD

Company No: 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 2018 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 61 to 126.

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 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GUH HOLDINGS BERHAD

Company No: 4104-W (Incorporated in Malaysia)

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

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

Information other than the financial statements and auditors' report thereon

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

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

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GUH HOLDINGS BERHAD

Company No: 4104-W (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GUH HOLDINGS BERHAD

Company No: 4104-W (Incorporated in Malaysia)

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

- (i) As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017 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 ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the financial year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.
- (ii) 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
LLP0018817-LCA & AF 1018
Chartered Accountants

Eddy Chan Wai Hun
02182/10/2019 J
Chartered Accountant

Date: 2 April 2019

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current assets				
Property, plant and equipment	4	152,326	156,057	151,386
Investment properties	5	36,091	16,459	9,432
Goodwill	6	0	0	3,348
Investments in associates	8	17,463	17,358	18,282
Other investments	9	1	641	4,458
Inventories	10	167,332	166,594	153,942
Deferred tax assets	12	1,069	55	973
		<u>374,282</u>	<u>357,164</u>	<u>341,821</u>
Current assets				
Assets held for sale		0	0	400
Biological assets	13	346	397	569
Inventories	10	124,246	127,117	110,370
Contract costs	14	60	0	0
Contract assets	15	8,130	12,420	14,768
Receivables	11	71,228	80,130	76,275
Prepayments		2,188	1,683	5,450
Current tax assets		2,711	2,214	3,732
Cash and cash equivalents	16	106,514	96,220	110,640
		<u>315,423</u>	<u>320,181</u>	<u>322,204</u>
Current liabilities				
Contract liabilities	15	8,353	3,371	4,841
Payables	17	94,232	99,347	100,674
Loans and borrowings	18	22,508	25,328	1,144
Derivatives	19	37	0	0
Provision for onerous contract	20	144	1,004	0
Current tax liabilities		1,943	3,811	3,115
		<u>127,217</u>	<u>132,861</u>	<u>109,774</u>
Net current assets		188,206	187,320	212,430
Non-current liabilities				
Loans and borrowings	18	44,309	19,913	15,134
Deferred tax liabilities	12	12,468	12,149	13,882
		<u>56,777</u>	<u>32,062</u>	<u>29,016</u>
Net assets		505,711	512,422	525,235
Equity				
Share capital	21	277,992	277,992	277,905
Treasury shares	21	(4,546)	(4,546)	(18,089)
Reserves		232,268	238,974	265,412
Equity attributable to owners of the Company		<u>505,714</u>	<u>512,420</u>	<u>525,228</u>
Non-controlling interests	22	(3)	2	7
Total equity		505,711	512,422	525,235

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Revenue	23	349,124	352,868
Cost of revenue		(321,252)	(322,202)
Gross profit		<u>27,872</u>	<u>30,666</u>
Interest income		2,393	2,786
Other income		1,558	3,893
Administrative expenses		(19,898)	(23,285)
Distribution expenses		(6,000)	(5,686)
Impairment losses on financial assets	24	(76)	(631)
Finance costs		(3,098)	(661)
Other expenses		(1,903)	(7,010)
Share of associates' loss		(51)	(131)
Profit/(Loss) before tax	25	<u>797</u>	<u>(59)</u>
Tax expense	27	(3,483)	(7,273)
Loss for the financial year		<u>(2,686)</u>	<u>(7,332)</u>
Loss for the financial year attributable to:-			
- Owners of the Company		(2,681)	(7,327)
- Non-controlling interests	22	<u>(5)</u>	<u>(5)</u>
		<u>(2,686)</u>	<u>(7,332)</u>
Loss per share:-	28		
- Basic (sen)		(0.98)	(2.67)
- Diluted (sen)		<u>(0.98)</u>	<u>(2.67)</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018	2017
	RM'000	RM'000
Loss for the financial year	(2,686)	(7,332)
Other comprehensive income:-		
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- Fair value losses on available-for-sale financial assets	0	(454)
- Currency translation differences for foreign operations	(4,025)	(5,541)
- Reclassification adjustments on:-		
- Derecognition of available-for-sale financial assets	0	(170)
- Impairment of available-for-sale financial assets	0	684
Total other comprehensive income for the financial year	(4,025)	(5,481)
Comprehensive income for the financial year	(6,711)	(12,813)
Comprehensive income for the financial year attributable to:-		
- Owners of the Company	(6,706)	(12,808)
- Non-controlling interests	(5)	(5)
	(6,711)	(12,813)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	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	Share premium RM'000	Capital reserve* RM'000	Fair value reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000			
At 1 January 2017	277,905	(18,089)	87	12,741	(59)	43,478	209,165	525,228	7	525,235	
Transfer of share premium	87	0	(87)	0	0	0	0	0	0	0	
Fair value losses on available-for-sale financial assets	0	0	0	0	(454)	0	0	(454)	0	(454)	
Currency translation differences for foreign operations	0	0	0	0	0	(5,541)	0	(5,541)	0	(5,541)	
Reclassification adjustments on:-											
- Derecognition of available-for-sale financial assets	0	0	0	0	(170)	0	0	(170)	0	(170)	
- Impairment of available-for-sale financial assets	0	0	0	0	684	0	0	684	0	684	
Total other comprehensive income for the financial year	0	0	0	0	60	(5,541)	0	(5,481)	0	(5,481)	
Loss for the financial year	0	0	0	0	0	0	(7,327)	(7,327)	(5)	(7,332)	
Comprehensive income for the financial year	0	0	0	0	60	(5,541)	(7,327)	(12,808)	(5)	(12,813)	
Distribution of treasury shares as share dividends (representing total transactions with owners)	0	13,543	0	0	0	0	(13,543)	0	0	0	
Transfer to capital reserve	0	0	0	66	0	0	(66)	0	0	0	
At 31 December 2017	277,992	(4,546)	0	12,807	1	37,937	188,229	512,420	2	512,422	

* 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 CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Non-distributable					Distributable		Equity		
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital reserve* RM'000	Fair value reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018	277,992	(4,546)	0	12,807	1	37,937	188,229	512,420	2	512,422
- Brought forward from preceding year	0	0	0	0	(1)	0	1	0	0	0
- Changes in accounting policies (Note 2.2)	277,992	(4,546)	0	12,807	0	37,937	188,230	512,420	2	512,422
- Adjusted										
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	0	0	0	(4,025)	0	(4,025)	0	(4,025)
Loss for the financial year	0	0	0	0	0	0	(2,681)	(2,681)	(5)	(2,686)
Comprehensive income for the financial year	0	0	0	0	0	(4,025)	(2,681)	(6,706)	(5)	(6,711)
Transfer to capital reserve	0	0	0	930	0	0	(930)	0	0	0
At 31 December 2018	277,992	(4,546)	0	13,737	0	33,912	184,619	505,714	(3)	505,711

* 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 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
Profit/(Loss) before tax		797	(59)
Adjustments for:-			
Depreciation		15,570	13,967
Dividend income		0	(9)
Fair value changes in biological assets		51	172
Fair value losses on financial instruments		286	391
Gain on derecognition of other investments		0	(170)
Gain on disposal of investment property		0	(60)
(Gain)/Loss on disposal of property, plant and equipment		(24)	72
Impairment loss on goodwill		0	3,348
Impairment losses on financial assets		76	631
Interest expense		3,098	661
Interest income		(2,393)	(2,786)
Inventories written down		273	264
Property, plant and equipment written off		9	0
Reversal of inventories written down		(309)	(184)
Share of associates' loss		51	131
Unrealised loss on foreign exchange		304	1,473
Waiver of debt		0	(34)
Operating profit before working capital changes		17,789	17,808
Changes in:-			
Inventories		2,169	(20,469)
Contract costs		(60)	0
Contract assets		4,290	2,348
Receivables		9,242	(6,097)
Prepayments		(505)	120
Contract liabilities		4,982	(1,470)
Payables		(5,525)	2,953
Provision		(860)	1,004
Cash generated from/(absorbed by) operations		31,522	(3,803)
Tax paid		(6,402)	(6,161)
Tax refunded		39	721
Net cash from/(used in) operating activities		25,159	(9,243)
Cash flows from investing activities			
Additions of investment properties		(19,927)	(11,412)
Contingent consideration paid		0	(3,000)
Dividends received		0	9
Interest received		2,393	2,786
Proceeds from disposal of investment property		0	460
Proceeds from disposal of other investments		407	3,313
Proceeds from disposal of property, plant and equipment		69	204
Purchase of property, plant and equipment	29	(13,181)	(20,593)
Net cash used in investing activities		(30,239)	(28,233)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Note	2018 RM'000	2017 RM'000
Cash flows from financing activities			
Changes in term deposits pledged as security		(713)	84
(Decrease)/Increase in short-term loans and borrowings (net)	29	(4,832)	14,832
Drawdown of term loans	29	36,874	14,288
Interest paid		(3,242)	(1,671)
Repayment of hire purchase obligations	29	(253)	(164)
Repayment of term loans	29	(9,671)	(1,052)
Net cash from financing activities		<u>18,163</u>	<u>26,317</u>
Currency translation differences		(2,941)	(3,738)
Net increase/(decrease) in cash and cash equivalents		10,142	(14,897)
Cash and cash equivalents brought forward		92,788	107,685
Cash and cash equivalents carried forward	16	<u>102,930</u>	<u>92,788</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current assets				
Property, plant and equipment	4	713	1,058	860
Investment properties	5	23,125	23,125	23,125
Investments in subsidiaries	7	212,836	205,468	203,717
Investment in associate	8	3,023	3,023	3,023
Other investments	9	1	641	4,408
Receivables	11	195,883	208,596	179,904
		<u>435,581</u>	<u>441,911</u>	<u>415,037</u>
Current assets				
Receivables	11	3,155	2,848	3,337
Prepayments		5	7	44
Current tax assets		1	1	1
Cash and cash equivalents	16	5,399	11,483	4,367
		<u>8,560</u>	<u>14,339</u>	<u>7,749</u>
Current liabilities				
Payables	17	26,620	38,150	27,329
Loans and borrowings	18	116	148	0
		<u>26,736</u>	<u>38,298</u>	<u>27,329</u>
Net current assets		(18,176)	(23,959)	(19,580)
Non-current liabilities				
Loans and borrowings	18	204	320	0
Deferred tax liabilities	12	1,099	550	550
		<u>1,303</u>	<u>870</u>	<u>550</u>
Net assets		<u>416,102</u>	<u>417,082</u>	<u>394,907</u>
Equity				
Share capital	21	277,992	277,992	277,905
Treasury shares	21	(4,546)	(4,546)	(18,089)
Reserves		142,656	143,636	135,091
Total equity		<u>416,102</u>	<u>417,082</u>	<u>394,907</u>

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

STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Revenue	23	18,722	29,165
Cost of services rendered		(6,791)	(6,666)
Gross profit		<u>11,931</u>	<u>22,499</u>
Interest income		245	574
Other income		7,372	2,737
Administrative expenses		(2,102)	(2,336)
Impairment losses on financial assets	24	(4,803)	(684)
Finance costs		(19)	(12)
Other expenses		(1,093)	(663)
Profit before tax	25	<u>11,531</u>	<u>22,115</u>
Tax expense	27	(549)	0
Profit for the financial year		<u>10,982</u>	<u>22,115</u>

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 RM'000	2017 RM'000
Profit for the financial year	10,982	22,115
Other comprehensive income:-		
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- Fair value losses on available-for-sale financial assets	0	(454)
- Reclassification adjustments on:-		
- Derecognition of available-for-sale financial assets	0	(170)
- Impairment of available-for-sale financial assets	0	684
Total other comprehensive income for the financial year	0	60
Comprehensive income for the financial year	<u>10,982</u>	<u>22,175</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital		Treasury shares	Non-distributable		Distributable		Total equity
	RM'000	RM'000		Share premium	Fair value reserve	Retained profits	RM'000	
At 1 January 2017	277,905	(18,089)	87	(59)	135,063	394,907		
Transfer of share premium	87	0	(87)	0	0	0		
Fair value losses on available-for-sale financial assets	0	0	0	(454)	0	(454)		
Reclassification adjustments on:-								
- Derecognition of available-for-sale financial assets	0	0	0	(170)	0	(170)		
- Impairment of available-for-sale financial assets	0	0	0	684	0	684		
Total other comprehensive income for the financial year	0	0	0	60	0	60		
Profit for the financial year	0	0	0	0	22,115	22,115		
Comprehensive income for the financial year	0	0	0	60	22,115	22,175		
Distribution of treasury shares as share dividends (representing total transactions with owners)	0	13,543	0	0	(13,543)	0		
At 31 December 2017	277,992	(4,546)	0	1	143,635	417,082		
At 1 January 2018	277,992	(4,546)	0	1	143,635	417,082		
- Brought forward from preceding year	0	0	0	(1)	(11,961)	(11,962)		
- Changes in accounting policies (Note 2.2)	277,992	(4,546)	0	0	131,674	405,120		
- Adjusted	0	0	0	0	10,982	10,982		
Profit (representing comprehensive income) for the financial year	277,992	(4,546)	0	0	142,656	416,102		
At 31 December 2018	277,992	(4,546)	0	0	142,656	416,102		

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
Profit before tax		11,531	22,115
Adjustments for:-			
Depreciation		353	370
Dividend income		(13,468)	(23,917)
Fair value losses on financial instruments		233	0
Gain on derecognition of other investments		0	(170)
Gain on disposal of property, plant and equipment		0	(51)
Impairment losses on financial assets		4,803	684
Interest expense		19	12
Interest income		(245)	(574)
Reversal of impairment loss on investments in subsidiaries		(7,368)	(1,751)
Unrealised loss/(gain) on foreign exchange		154	(765)
Operating loss before working capital changes		(3,988)	(4,047)
Changes in:-			
Receivables		(3,582)	(28,203)
Prepayments		2	37
Payables		(12,461)	11,586
Net cash used in operating activities		(20,029)	(20,627)
Cash flows from investing activities			
Dividends received		13,468	23,917
Interest received		245	574
Proceeds from disposal of other investments		407	3,313
Proceeds from disposal of property, plant and equipment		0	113
Purchase of property, plant and equipment	29	(8)	(90)
Net cash from investing activities		14,112	27,827
Cash flows from financing activities			
Interest paid		(19)	(12)
Repayment of hire purchase obligations	29	(148)	(72)
Net cash used in financing activities		(167)	(84)
Net (decrease)/increase in cash and cash equivalents		(6,084)	7,116
Cash and cash equivalents brought forward		11,483	4,367
Cash and cash equivalents carried forward	16	5,399	11,483

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 61 to 67 together with the notes thereto cover the Company and its subsidiaries (“the Group”) and the Group’s interests in associates. 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 by the Board of Directors in accordance with a resolution of the directors dated 2 April 2019.

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.

These are the first MFRS financial statements of the Group and the Company, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The Group and the Company adopted MFRSs on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017 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 ended 31 December 2017 and related disclosures. The Group and the Company prepared their previous financial statements in accordance with Financial Reporting Standards (“FRSs”). The transition from FRSs to MFRSs did not have any significant impacts on the financial statements except as disclosed in Note 2.2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

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

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

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
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 11 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 112 <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Borrowing Costs Eligible for Capitalisation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements except as follows:-

MFRS 16 *Leases*

MFRS 16, which replaces MFRS 117 *Leases* and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group and the Company will apply the new requirements of MFRS 16 from 1 January 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.2 Transition to MFRSs

The effects of transition from FRSs to MFRSs on the reported financial position and financial performance are as follows:-

	Note	FRSs RM'000	Effects of transition RM'000	MFRSs RM'000
Consolidated statement of financial position as at 1 January 2017 (extract)				
Investment properties	(i)	9,432	0	9,432
Biological assets	(ii)	0	569	569
Deferred tax liabilities	(ii)	13,746	136	13,882
Revaluation surplus	(iii)	38,929	(38,929)	0
Retained profits	(i)-(v)	169,803	39,362	209,165
Total equity		<u>524,802</u>	<u>433</u>	<u>525,235</u>
Consolidated statement of financial position as at 31 December 2017 (extract)				
Investment properties	(i)	18,714	(2,255)	16,459
Biological assets	(i)	0	397	397
Contract assets	(iv)	12,665	(245)	12,420
Contract liabilities	(iv)	1,378	1,993	3,371
Provision for onerous contract	(iv)	0	1,004	1,004
Deferred tax liabilities	(v)	12,099	50	12,149
Revaluation surplus	(ii)	38,929	(38,929)	0
Retained profits	(i)-(v)	154,450	33,779	188,229
Total equity		<u>517,572</u>	<u>(5,150)</u>	<u>512,422</u>
Consolidated statement of comprehensive income for the financial year ended 31 December 2017 (extract)				
Revenue	(iv)	355,486	(2,618)	352,868
Cost of revenue	(iv)	321,198	1,004	322,202
Other income	(i)	6,116	(2,223)	3,893
Administrative expenses	(iii)-(iv)	23,633	(348)	23,285
Other expenses	(i)	6,838	172	7,010
Tax expense	(v)	7,359	(86)	7,273
Comprehensive income		<u>(7,230)</u>	<u>(5,583)</u>	<u>(12,813)</u>
Statement of financial position as at 1 January 2017 (extract)				
Investment properties	(i)	23,125	0	23,125
Revaluation surplus	(ii)	8,615	(8,615)	0
Retained profits	(i)-(v)	126,448	8,615	135,063
Total equity		<u>394,907</u>	<u>0</u>	<u>394,907</u>
Statement of financial position as at 31 December 2017 (extract)				
Investment properties	(i)	25,310	(2,185)	23,125
Deferred tax liabilities	(v)	659	(109)	550
Revaluation surplus	(ii)	8,615	(8,615)	0
Retained profits	(i)-(v)	137,096	6,539	143,635
Total equity		<u>419,158</u>	<u>(2,076)</u>	<u>417,082</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.2 Transition to MFRSs (cont'd)

	Note	FRSs RM'000	Effects of transition RM'000	MFRSs RM'000
Statement of comprehensive income				
for the financial year ended 31 December 2017 (extract)				
Other income	(iii)	4,922	(2,185)	2,737
Tax expense	(v)	109	(109)	0
Comprehensive income		<u>24,251</u>	<u>(2,076)</u>	<u>22,175</u>

- (i) Under FRSs, investment properties were stated at fair value. Upon transition to MFRSs, the Group and the Company elected to apply the cost model and use the fair value at the transition date as deemed cost at that date. The fair values of investment properties of the Group and the Company as at 1 January 2017 were determined to be RM9,432,000 and RM23,125,000 respectively. Other income of the Group and the Company for the financial year ended 31 December 2017 decreased by RM2,223,000 and RM2,185,000 due to the reversal of fair value gains, whereas administrative and general expenses of the Group increased by RM32,000 due to the depreciation charge. Tax effect at 5% to 24% applied.
- (ii) Biological assets of the Group represent fresh fruit bunches growing on oil palm trees. Under FRSs, such assets were not recognised. Upon transition to MFRSs, the Group applied MFRS 141 *Agriculture* which requires the biological assets to be recognised and measured at fair value less costs of disposal. The fair values less costs of disposal as at 1 January 2017 and 31 December 2017 were determined to be RM569,000 and RM397,000 respectively, with a net increase in other expenses of RM172,000 during the financial year ended 31 December 2017. Tax effect at 24% applied.
- (iii) Under FRSs, certain property, plant and equipment were stated at valuation less accumulated depreciation and accumulated impairment losses, if any. The last revaluation of these property, plant and equipment was made in 2013. Upon transition to MFRSs, the Group and the Company elected to use this revaluation as deemed cost at the date of revaluation. Accordingly, the revaluation surplus as at 1 January 2017 and 31 December 2017 has been adjusted to retained profits.
- (iv) MFRS 15 has established certain principles to determine the transaction price for revenue recognition. The differences arising from applying these principles to contracts in progress as at 1 January 2017 have been adjusted to contract assets, contract liabilities, provision for onerous contract and retained profits.
- (v) Being the cumulative tax effects of (i) to (iv) at 5% to 24%.

The transition from FRSs to MFRSs did not have any significant impacts on the reported cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.2 Transition to MFRSs (cont'd)

Application of MFRS 9 *Financial Instruments*

Upon transition to MFRSs, the Group and the Company elected to apply the new requirements of MFRS 9 *Financial Instruments* from 1 January 2018 with the following cumulative effects of initial application recognised at that date without restating the comparative information presented under FRS 139 *Financial Instruments: Recognition and Measurement*:-

	Note	Brought forward from preceding year RM'000	Changes in accounting policies RM'000	Adjusted RM'000
Consolidated statement of financial position as at 1 January 2018 (extract)				
Fair value reserve	(i)	1	(1)	0
Retained profits	(i)	188,229	1	188,230
Total equity		512,422	0	512,422
Statement of financial position as at 1 January 2018 (extract)				
Receivables	(ii)	211,444	(11,962)	199,482
Fair value reserve	(i)	1	(1)	0
Retained profits	(i)-(ii)	143,635	(11,961)	131,674
Total equity		417,082	(11,962)	405,120

- (i) Prior to 1 January 2018, all quoted investments in equity instruments were classified under “available-for-sale financial assets” category and measured at fair value through other comprehensive income in accordance with FRS 139. Upon application of MFRS 9, the investments are measured at fair value through profit or loss. Accordingly, the fair value reserve as at 1 January 2018 has been adjusted to retained profits.
- (ii) Prior to 1 January 2018, impairment losses on receivables were recognised when there was objective evidence of impairment in accordance with FRS 139. Upon application of MFRS 9, expected credit losses are recognised for receivables using reasonable and supportable historical and forward-looking information even before a loss event occurs. Accordingly, the additional loss allowance as at 1 January 2018 has been adjusted to receivables and retained profits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.3 Business combinations

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

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

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

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

- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

2.4 Basis of consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

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

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

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

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

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

2.6 Investment properties

Investment property, being a property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

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

2.7 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 2.9.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.8 Investments in associates (cont'd)

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 2.9.

In the separate financial statements of the Company, investments in associates are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.9.

2.9 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.

2.10 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.

2.11 Inventories

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.11 Inventories (cont'd)

Property development

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

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

2.12 Contract costs

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

2.13 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 2.14. 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.

2.14 Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.14 Financial assets (cont'd)

Initial recognition and measurement

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

Subsequent measurement

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

(i) Amortised cost

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

(ii) Fair value through other comprehensive income

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

(iii) Fair value through profit or loss

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

Prior to 1 January 2018, all investments in equity instruments were classified under “available-for-sale financial assets” category and measured at either fair value through other comprehensive income (for quoted investments) or cost (for unquoted investments) in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.14 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.

2.15 Financial liabilities

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

Initial recognition and measurement

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

Subsequent measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.15 Financial liabilities (cont'd)

Subsequent measurement (cont'd)

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.

2.16 Leases

Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

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

Operating lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

2.17 Provision for onerous contract

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

2.18 Foreign currency transactions and translation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.18 Foreign currency transactions and translation (cont'd)

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

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

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

2.19 Share capital

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

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

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

2.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.20 Fair value measurement (cont'd)

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

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

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

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

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

Non-financial assets

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

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

Financial assets and financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.20 Fair value measurement (cont'd)

Financial assets and financial liabilities (cont'd)

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

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

2.21 Revenue from contracts with customers

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

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.21 Revenue from contracts with customers (cont'd)

Sale of agricultural produce

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

Rendering of services

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

Property development

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

Sale of completed development units

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

Construction contracts

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

2.22 Other income

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.22 Other income (cont'd)

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

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

2.23 Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Ex-gratia benefits

Ex-gratia benefits are directors' resignation compensation and are accrued for certain directors based on their emoluments and length of service as at the end of the reporting period as stated in their Service Agreements with the Group.

2.24 Borrowing costs

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

2.25 Income taxes

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Significant accounting policies (cont'd)

2.25 Income taxes (cont'd)

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

2.26 Cash and cash equivalents

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

3. Judgements and estimation uncertainty

Judgements made in applying accounting policies

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

Sources of estimation uncertainty

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

Impairment of investments in associates

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

Valuation of inventories

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. Judgements and estimation uncertainty (cont'd)

Sources of estimation uncertainty (cont'd)

Property development

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

Impairment of receivables

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

Construction contracts

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Property, plant and equipment

Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Bearer plants RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 1 January 2017	121,977	191,346	8,022	6,596	792	190	328,923
Additions	1,009	14,363	512	1,017	0	4,232	21,133
Disposals/Write-offs	0	(419)	(62)	(1,024)	0	(81)	(1,586)
Reclassifications	0	3,758	357	0	0	(4,115)	0
Currency translation differences	(2,177)	(3,549)	(135)	(31)	0	0	(5,892)
At 31 December 2017	120,809	205,499	8,694	6,558	792	226	342,578
Additions	807	5,619	342	68	0	6,345	13,181
Disposals/Write-offs	0	(7,334)	(63)	(321)	0	0	(7,718)
Reclassifications	0	6,058	0	0	0	(6,058)	0
Currency translation differences	(1,839)	(2,971)	(114)	(23)	0	0	(4,947)
At 31 December 2018	119,777	206,871	8,859	6,282	792	513	343,094
Depreciation and impairment losses							
At 1 January 2017							
Accumulated depreciation	16,963	150,425	5,232	4,103	402	0	177,125
Accumulated impairment losses	379	7	26	0	0	0	412
	17,342	150,432	5,258	4,103	402	0	177,537
Depreciation	5,659	6,619	769	850	38	0	13,935
Disposals/Write-offs	0	(305)	(55)	(950)	0	0	(1,310)
Currency translation differences	(515)	(2,996)	(105)	(25)	0	0	(3,641)
At 31 December 2017							
Accumulated depreciation	22,107	153,743	5,841	3,978	440	0	186,109
Accumulated impairment losses	379	7	26	0	0	0	412
	22,486	153,750	5,867	3,978	440	0	186,521
Depreciation	5,546	7,919	780	832	35	0	15,112
Disposals/Write-offs	0	(7,283)	(60)	(321)	0	0	(7,664)
Currency translation differences	(534)	(2,550)	(96)	(21)	0	0	(3,201)
At 31 December 2018							
Accumulated depreciation	27,119	151,829	6,465	4,468	475	0	190,356
Accumulated impairment losses	379	7	26	0	0	0	412
	27,498	151,836	6,491	4,468	475	0	190,768
Carrying amount							
At 1 January 2017	104,635	40,914	2,764	2,493	390	190	151,386
At 31 December 2017	98,323	51,749	2,827	2,580	352	226	156,057
At 31 December 2018	92,279	55,035	2,368	1,814	317	513	152,326

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

The details of land and buildings are as follows:-

Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2017	24,650	34,521	62,806	121,977
Additions	0	0	1,009	1,009
Currency translation differences	0	(809)	(1,368)	(2,177)
At 31 December 2017	24,650	33,712	62,447	120,809
Additions	0	0	807	807
Currency translation differences	0	(683)	(1,156)	(1,839)
At 31 December 2018	24,650	33,029	62,098	119,777
Depreciation and impairment losses				
At 1 January 2017				
Accumulated depreciation	0	3,324	13,639	16,963
Accumulated impairment losses	0	0	379	379
	0	3,324	14,018	17,342
Depreciation	0	1,097	4,562	5,659
Currency translation differences	0	(90)	(425)	(515)
At 31 December 2017				
Accumulated depreciation	0	4,331	17,776	22,107
Accumulated impairment losses	0	0	379	379
	0	4,331	18,155	22,486
Depreciation	0	1,069	4,477	5,546
Currency translation differences	0	(93)	(441)	(534)
At 31 December 2018				
Accumulated depreciation	0	5,307	21,812	27,119
Accumulated impairment losses	0	0	379	379
	0	5,307	22,191	27,498
Carrying amount				
At 1 January 2017	24,650	31,197	48,788	104,635
At 31 December 2017	24,650	29,381	44,292	98,323
At 31 December 2018	24,650	27,722	39,907	92,279

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Company

	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2017	194	1,635	1,829
Additions	29	601	630
Disposals	0	(621)	(621)
At 31 December 2017	223	1,615	1,838
Additions	8	0	8
At 31 December 2018	231	1,615	1,846
Accumulated depreciation			
At 1 January 2017	116	853	969
Depreciation	25	345	370
Disposals	0	(559)	(559)
At 31 December 2017	141	639	780
Depreciation	30	323	353
At 31 December 2018	171	962	1,133
Carrying amount			
At 1 January 2017	78	782	860
At 31 December 2017	82	976	1,058
At 31 December 2018	60	653	713

The carrying amounts of property, plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Motor vehicles	745	994	411	531

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. Investment properties

Group

	Freehold land RM'000	Buildings RM'000	Building under construction RM'000	Total RM'000
Cost				
At 1 January 2017	8,520	912	0	9,432
Additions	3,457	0	7,955	11,412
Transfer from prepayments	3,308	0	339	3,647
Transfer to inventories	(8,000)	0	0	(8,000)
At 31 December 2017	7,285	912	8,294	16,491
Additions	0	0	19,927	19,927
Borrowing costs capitalised	0	0	163	163
Reclassifications	0	28,384	(28,384)	0
At 31 December 2018	7,285	29,296	0	36,581
Accumulated depreciation				
At 1 January 2017	0	0	0	0
Depreciation	0	32	0	32
At 31 December 2017	0	32	0	32
Depreciation	0	458	0	458
At 31 December 2018	0	490	0	490
Carrying amount				
At 1 January 2017	8,520	912	0	9,432
At 31 December 2017	7,285	880	8,294	16,459
At 31 December 2018	7,285	28,806	0	36,091
Fair value				
Estimated fair value at 31 December 2017	9,460	960	8,294	18,714
Estimated fair value at 31 December 2018	9,500	29,440	0	38,940

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

	2018 RM'000	2017 RM'000
Freehold land	6,749	0
Building	27,958	0
	<u>34,707</u>	<u>0</u>
Company		
		Freehold land RM'000
Cost		
At 1 January 2017 / 31 December 2017 / 31 December 2018		<u>23,125</u>
Fair value		
Estimated fair value at 31 December 2017 / 31 December 2018		<u>25,310</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. Investment properties (cont'd)

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).

6. Goodwill

Group	RM'000
At 1 January 2017	3,348
Impairment loss	<u>(3,348)</u>
At 31 December 2017 / 31 December 2018	<u>0</u>

Goodwill is attributable to a subsidiary, Teknoserv Engineering Sdn. Bhd., which represents a separate cash-generating unit ("CGU").

As at 31 December 2017, the recoverable amount of the CGU was estimated based on its value in use calculated using cash flow projections. The cash flow projections were based on the most recent financial budgets/forecasts approved by management which covered a period of 5 years. However, because of the operating losses incurred by the CGU since 2015, the directors were uncertain about the achievability of the financial budgets/forecasts which showed some improving operating results of the CGU. Accordingly, an impairment loss had been recognised in full for the goodwill as the recoverable amount could not be estimated reliably.

7. Investments in subsidiaries

Company	2018	2017
	RM'000	RM'000
Unquoted shares - at cost	217,476	217,476
Impairment losses	<u>(4,640)</u>	<u>(12,008)</u>
	<u>212,836</u>	<u>205,468</u>

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2018	2017	
GUH Electronic Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Asset Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Properties Sdn. Bhd.	Malaysia	100.00%	100.00%	Property development
GUH Plantations Sdn. Bhd.	Malaysia	100.00%	100.00%	Cultivation of oil palm

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2018	2017	
GUH Water Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Land Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Capital Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH International (HK) Private Limited ^{(a)/(b)}	Hong Kong	100.00%	100.00%	Investment holding
<u>Subsidiaries of GUH Electronic Holdings Sdn. Bhd.</u>				
GUH Circuit Industry (PG) Sdn. Bhd.	Malaysia	100.00%	100.00%	Manufacture and sale of hybrid printed circuit boards
GUH Circuit Industry (Suzhou) Co., Ltd.	People's Republic of China	100.00%	100.00%	Manufacture and sale of hybrid printed circuit boards
Grand United (BVI) Co., Ltd.	British Virgin Islands	100.00%	100.00%	Sale of hybrid printed circuit boards
Grand Circuit Industry (Philippines) Inc. ^(a)	Philippines	100.00%	100.00%	Dormant
<u>Subsidiaries of GUH Asset Holdings Sdn. Bhd.</u>				
GUH Construction Sdn. Bhd. (formerly known as GUH Electrical Appliances Sdn. Bhd.)	Malaysia	100.00%	100.00%	Dormant
GUH Electrical (BW) Sdn. Bhd.	Malaysia	100.00%	100.00%	Trading in electrical goods and appliances
GUH Realty Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment in real estate and property development
GUH Electrical (KL) Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Malaysian Mechanical Engineering Industries Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Tecnovac Marketing Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Milan Diamond Sdn. Bhd.	Malaysia	100.00%	100.00%	Property letting

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2018	2017	
<u>Subsidiaries of GUH Water Holdings Sdn. Bhd.</u>				
GUH Water Pte. Ltd. (formerly known as GUH Water (Jiangsu) Pte. Limited) ^{(a)(b)}	Hong Kong	100.00%	100.00%	Dormant
Teknoserv Engineering Sdn. Bhd.	Malaysia	100.00%	100.00%	Project managers and contractors for installation of water and wastewater treatment plant
<u>Subsidiary of GUH Land Sdn. Bhd.</u>				
GUH Development Sdn. Bhd.	Malaysia	99.46%	99.46%	Property development
<u>Subsidiary of GUH International (HK) Private Limited</u>				
GUH Electronic (Yancheng) Co., Ltd. ^{(a)(b)}	People's Republic of China	100.00%	0.00%	Dormant
<u>Subsidiary of GUH Realty Sdn. Bhd.</u>				
Jeladan Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant

^(a) Not audited by Crowe Malaysia PLT

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

8. Investments in associates

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Unquoted shares - at cost	13,360	13,360	3,023	3,023
Share of post-acquisition changes in net assets	4,103	3,998	0	0
	<u>17,463</u>	<u>17,358</u>	<u>3,023</u>	<u>3,023</u>
Attributable to:-				
Cambodia Utilities Pte. Ltd.	7,323	7,167	3,023	3,023
Straits International Education Group Sdn. Bhd.	10,140	10,191	0	0
	<u>17,463</u>	<u>17,358</u>	<u>3,023</u>	<u>3,023</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Investments in associates (cont'd)

The details of the associates are as follows:-

Name of associate	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2018	2017	
Cambodia Utilities Pte. Ltd. ("CUPL")	Cambodia	20.00%	20.00%	Dormant
Straits International Education Group Sdn. Bhd. ("SIEG")	Malaysia	25.00%	25.00%	Investment holding

Subsidiaries of SIEG

KIM Straits International Education Sdn. Bhd.	Malaysia	25.00%	25.00%	Dormant
KK Straits International Education Sdn. Bhd.	Malaysia	25.00%	25.00%	Provision of education services
SG Straits International Education Sdn. Bhd.	Malaysia	25.00%	25.00%	Provision of education services

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

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

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

	CUPL		SIEG and its subsidiaries	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current assets	0	0	13,434	2,793
Current assets	36,965	36,181	5,675	10,975
Current liabilities	(350)	(343)	(13,363)	(7,889)
Non-current liabilities	0	0	(71)	0
Net assets	36,615	35,838	5,675	5,879
Revenue	0	0	12,887	10,282
(Loss)/Profit (representing comprehensive income) for the year	(1)	(1,878)	(203)	979

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. Investments in associates (cont'd)

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

	CUPL		SIEG	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net assets	36,615	35,838	5,675	5,879
Contingent consideration	0	0	3,000	3,000
	<u>36,615</u>	<u>35,838</u>	<u>8,675</u>	<u>8,879</u>
Effective ownership interest	20%	20%	25%	25%
Share of net assets	<u>7,323</u>	<u>7,167</u>	<u>2,169</u>	<u>2,220</u>
Goodwill	0	0	7,971	7,971
Carrying amount	<u>7,323</u>	<u>7,167</u>	<u>10,140</u>	<u>10,191</u>

9. Other investments

Group and Company

	2018 RM'000	2017 RM'000
Quoted shares - at fair value	<u>1</u>	<u>641</u>

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

As at 31 December 2017, the investments were classified under "available-for-sale financial assets" category and measured at fair value through other comprehensive income in accordance with FRS 139.

10. Inventories

Group

	2018 RM'000	2017 RM'000
<u>Non-current assets</u>		
Land held for property development	<u>167,332</u>	<u>166,594</u>
<u>Current assets</u>		
Property development costs	42,467	60,166
Completed development units	38,751	25,012
Raw materials	22,069	18,948
Work-in-progress	7,759	9,594
Finished goods	6,796	6,571
Consumables	3,721	3,817
Goods-in-transit	<u>2,683</u>	<u>3,009</u>
	<u>124,246</u>	<u>127,117</u>
Total inventories	<u>291,578</u>	<u>293,711</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. Inventories (cont'd)

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

	2018	2017
	RM'000	RM'000
Land held for property development	24,460	24,453
Property development costs	1,012	1,035
	<u>25,472</u>	<u>25,488</u>

11. Receivables

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<u>Non-current assets</u>				
Amounts due from subsidiaries	0	0	212,542	208,596
Loss allowance	0	0	(16,659)	0
	<u>0</u>	<u>0</u>	<u>195,883</u>	<u>208,596</u>
<u>Current assets</u>				
Trade receivables:-				
- Related party ^(a)	121	50	0	0
- Unrelated parties	69,214	79,698	0	0
	69,335	79,748	0	0
- Loss allowance	(2,597)	(2,980)	0	0
	66,738	76,768	0	0
Other receivables	4,490	3,362	12	10
Amounts due from subsidiaries	0	0	3,249	2,838
Loss allowance	0	0	(106)	0
	0	0	3,143	2,838
	<u>71,228</u>	<u>80,130</u>	<u>3,155</u>	<u>2,848</u>
Total receivables	<u>71,228</u>	<u>80,130</u>	<u>199,038</u>	<u>211,444</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Receivables (cont'd)

Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2018, there were 2 (2017 : 1) major groups of customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major groups amounted to RM19,514,000 (2017 : RM10,162,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2018 RM'000	2017 RM'000
Malaysia	27,739	33,640
China	24,112	31,737
Indonesia	12,315	11,580
Others	5,169	2,791
	<u>69,335</u>	<u>79,748</u>

The credit terms of trade receivables range from 21 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	
	2018 RM'000	2017 RM'000
Not past due	57,911	66,892
1 to 30 days past due	6,702	8,145
31 to 90 days past due	2,209	1,564
More than 90 days past due	2,513	3,147
	<u>69,335</u>	<u>79,748</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	
	2018 RM'000	2017 RM'000
At 1 January	2,980	3,175
Impairment losses/(gains)	76	(103)
Write-offs	(380)	0
Currency translation differences	(79)	(92)
At 31 December	<u>2,597</u>	<u>2,980</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Receivables (cont'd)

Trade receivables (cont'd)

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

Amounts due from subsidiaries

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

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

	Company			
	Not credit- impaired RM'000	Credit- impaired RM'000	2018 RM'000	2017 RM'000
Gross carrying amount	175,968	39,823	215,791	211,434
Loss allowance:-				
- At 1 January				
- Brought forward from preceding year under FRS 139	0	0	0	0
- Effect of applying MFRS 9	111	11,851	11,962	0
- Adjusted	111	11,851	11,962	0
- Impairment losses	66	4,737	4,803	0
- At 31 December	177	16,588	16,765	0
	175,791	23,235	199,026	211,434
Disclosed as:-				
- Non-current assets	173,138	22,745	195,883	208,596
- Current assets	2,653	490	3,143	2,838
	175,791	23,235	199,026	211,434

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Deferred tax assets and deferred tax liabilities

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	(12,094)	(12,909)	(550)	(550)
Deferred tax income relating to origination and reversal of temporary differences	1,308	1,397	0	0
Deferred tax expense relating to change in tax rate	(549)	0	(549)	0
Deferred tax liabilities (under)/over provided in prior year	(201)	124	0	0
Derecognition of deferred tax assets	0	(973)	0	0
Currency translation differences	137	267	0	0
At 31 December	<u>(11,399)</u>	<u>(12,094)</u>	<u>(1,099)</u>	<u>(550)</u>
Disclosed as:-				
- Deferred tax assets	1,069	55	0	0
- Deferred tax liabilities	<u>(12,468)</u>	<u>(12,149)</u>	<u>(1,099)</u>	<u>(550)</u>
	<u>(11,399)</u>	<u>(12,094)</u>	<u>(1,099)</u>	<u>(550)</u>
In respect of (taxable)/deductible temporary differences of:-				
- Property, plant and equipment	(12,610)	(12,446)	0	0
- Investment properties	(126)	(107)	(1,099)	(550)
- Investments in associates	(613)	(600)	0	0
- Biological assets	(83)	(95)	0	0
- Inventories	276	307	0	0
- Financial instruments	1,757	847	0	0
	<u>(11,399)</u>	<u>(12,094)</u>	<u>(1,099)</u>	<u>(550)</u>

Save as disclosed above, as at 31 December 2018, 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 RM72,000 and RM17,000 (2017 : RM106,000 and RM28,000) 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deductible temporary differences of:-				
- Inventories	1,732	1,585	0	0
- Financial instruments	4,705	4,163	4,705	4,163
- Contract assets and contract liabilities	2,109	2,238	0	0
- Provision for onerous contract	144	1,004	0	0
Unused capital allowances	2,878	2,710	1,058	1,024
Unused tax losses	48,340	41,656	19,071	16,320
Taxable temporary differences of property, plant and equipment	<u>(301)</u>	<u>(444)</u>	<u>(69)</u>	<u>(118)</u>
	<u>59,607</u>	<u>52,912</u>	<u>24,765</u>	<u>21,389</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

The deductible temporary differences and unused capital allowances have no expiry date, whereas the unused tax losses can be carried forward until the year of assessment 2025.

13. Biological assets

Group

	2018 RM'000	2017 RM'000
At 1 January	397	569
Fair value gains	1,202	1,710
Harvest and sales	(1,253)	(1,882)
At 31 December	<u>346</u>	<u>397</u>
Estimated quantities:-		
- Harvested during the year (metric tonnes)	2,739	3,022
- Unharvested at 31 December (metric tonnes)	<u>1,050</u>	<u>818</u>

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

14. Contract costs

Group

	2018 RM'000	2017 RM'000
Costs of obtaining contracts	<u>60</u>	<u>0</u>

15. Contract assets and contract liabilities

Group

Contract assets

	2018 RM'000	2017 RM'000
Sale of goods (Note (i))	4,106	4,423
Property development (Note (ii))	4,024	7,761
Construction contracts (Note (iii))	0	236
	<u>8,130</u>	<u>12,420</u>

Contract liabilities

	2018 RM'000	2017 RM'000
Construction contracts (Note (iii))	<u>8,353</u>	<u>3,371</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

(i) Contract assets from sale of goods

	2018	2017
	RM'000	RM'000
At 1 January	4,423	6,822
Reclassification to receivables	(4,423)	(6,822)
Excess of revenue recognised over receivables	4,106	4,423
At 31 December	<u>4,106</u>	<u>4,423</u>

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

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

(ii) Contract assets from property development

	2018	2017
	RM'000	RM'000
At 1 January	7,761	6,103
Revenue recognised during the year	16,879	17,896
Progress billings during the year	(20,616)	(16,238)
At 31 December	<u>4,024</u>	<u>7,761</u>

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

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

Remaining performance obligations

As at 31 December 2018, the aggregate transaction price allocated to the remaining performance obligations amounted to RM2,900,000 (2017 : RM6,279,000) and the Group expects to recognise this revenue when the projects are completed over the next 1 to 2 (2017 : 1 to 2) years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

(iii) Contract assets and contract liabilities from construction contracts

	2018	2017
	RM'000	RM'000
At 1 January	(3,135)	(2,998)
Revenue recognised during the year	29,041	38,690
Progress billings during the year	(34,259)	(38,827)
At 31 December	(8,353)	(3,135)
Disclosed as:-		
- Contract assets	0	236
- Contract liabilities	(8,353)	(3,371)
	(8,353)	(3,135)

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

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

Remaining performance obligations

As at 31 December 2018, the aggregate transaction price allocated to the remaining performance obligations amounted to RM44,216,000 (2017 : RM59,424,000) and the Group expects to recognise this revenue when the projects are completed over the next 1 to 2 (2017 : 1 to 2) years.

16. Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Short-term investments	1,827	5,256	1,827	5,256
Term deposits (fixed rate)	71,604	66,770	3,324	5,922
Cash and bank balances	33,083	24,194	248	305
	106,514	96,220	5,399	11,483

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 RM3,584,000 (2017 : RM2,871,000) have been pledged as security for banking facilities granted to the Group. Accordingly, these term deposits are not freely available for use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. Cash and cash equivalents (cont'd)

The effective interest rates of term deposits as at 31 December 2018 ranged from 0.05% to 4.85% (2017 : 0.35% to 4.65%) 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and cash equivalents	106,514	96,220	5,399	11,483
Bank overdraft	0	(561)	0	0
Term deposits pledged as security	(3,584)	(2,871)	0	0
	<u>102,930</u>	<u>92,788</u>	<u>5,399</u>	<u>11,483</u>

17. Payables

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables:-				
- Related party ^(a)	1,595	1,382	0	0
- Related party ^(b)	636	636	0	0
- Unrelated parties	56,372	58,829	0	0
	58,603	60,847	0	0
Other payables	25,431	28,472	6,339	5,816
Amounts due to subsidiaries	0	0	13,040	25,247
Amounts due to associates	7,241	7,087	7,241	7,087
	91,275	96,406	26,620	38,150
Contingent consideration - at fair value	2,957	2,941	0	0
	<u>94,232</u>	<u>99,347</u>	<u>26,620</u>	<u>38,150</u>

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

^(b) Being company in which 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 and associates

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. Payables (cont'd)

Contingent consideration

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

18. Loans and borrowings

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Secured</u>				
Hire purchase payables (fixed rate)	601	854	320	468
Bank overdraft (floating rate)	0	561	0	0
Term loans (floating rate)	40,522	23,994	0	0
<u>Unsecured</u>				
Revolving credit (fixed rate)	10,000	10,000	0	0
Trade facilities (fixed rate)	0	4,832	0	0
Term loans (floating rate)	15,694	5,000	0	0
	66,817	45,241	320	468
Disclosed as:-				
- Current liabilities	22,508	25,328	116	148
- Non-current liabilities	44,309	19,913	204	320
	66,817	45,241	320	468

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

The effective interest rates of loans and borrowings as at 31 December 2018 ranged from 4.61% to 6.16% (2017 : 2.42% to 5.88%) per annum.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. Loans and borrowings (cont'd)

Hire purchase payables

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Minimum hire purchase payments:-				
- Within 1 year	241	280	128	168
- Later than 1 year and not later than 2 years	201	241	89	128
- Later than 2 years and not later than 5 years	202	413	128	216
Total contractual undiscounted cash flows	644	934	345	512
Future finance charges	(43)	(80)	(25)	(44)
Present value of hire purchase payables:-				
- Within 1 year	217	245	116	148
- Later than 1 year and not later than 2 years	187	217	81	116
- Later than 2 years and not later than 5 years	197	392	123	204
	601	854	320	468

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

Term loans

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

	Group	
	2018 RM'000	2017 RM'000
Gross loan instalments:-		
- Within 1 year	14,436	10,804
- Later than 1 year and not later than 2 years	14,556	10,968
- Later than 2 years and not later than 5 years	15,615	9,798
- Later than 5 years	24,762	0
Total contractual undiscounted cash flows	69,369	31,570
Future finance charges	(13,153)	(2,576)
Present value of term loans:-		
- Within 1 year	12,291	9,690
- Later than 1 year and not later than 2 years	12,520	10,137
- Later than 2 years and not later than 5 years	11,796	9,167
- Later than 5 years	19,609	0
	56,216	28,994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. Loans and borrowings (cont'd)

Term loans (cont'd)

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

19. Derivatives

Group

	2018	2017
	RM'000	RM'000
Forward exchange contracts - at fair value	37	0

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2018, the Group had contracts with a financial institution due within 1 year to buy USD600,000 (2017 : nil) and sell RM2,521,000 (2017 : nil) at contractual forward rates.

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

20. Provision for onerous contract

Group

	2018	2017
	RM'000	RM'000
At 1 January	1,004	0
Provision made during the year	0	1,004
Provision reversed during the year	(860)	0
At 31 December	144	1,004

21. Share capital

	No. of ordinary shares '000	RM'000
<u>Issued and fully paid</u>		
At 1 January 2017 ^(a)	277,905	277,905
Transfer from share premium upon abolition of par value	0	87
At 31 December 2017 ^(b) / 31 December 2018 ^(b)	277,905	277,992

^(a) Ordinary shares of RM1 each

^(b) Ordinary shares with no par value

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. Share capital (cont'd)

Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon the commencement of the Act on 31 January 2017 shall have no par value. Accordingly, the amount standing to the credit of share premium has been transferred to share capital.

Treasury shares

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 19 May 2010, approved the Company's plan to purchase its own shares. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

	2018		2017	
	No. of ordinary shares '000	Cost RM'000	No. of ordinary shares '000	Cost RM'000
At 1 January	3,543	4,546	14,095	18,089
Shares distributed	0	0	(10,552)	(13,543)
At 31 December	<u>3,543</u>	<u>4,546</u>	<u>3,543</u>	<u>4,546</u>

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

	2018	2017
	No. of ordinary shares '000	No. of ordinary shares '000
At 1 January	274,362	263,810
Shares distributed	0	10,552
At 31 December	<u>274,362</u>	<u>274,362</u>

22. Non-controlling interests ("NCI")

Group

	Accumulated NCI		Loss allocated to NCI	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
GUH Development Sdn. Bhd.	<u>(3)</u>	<u>2</u>	<u>(5)</u>	<u>(5)</u>

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

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by non-controlling interests		Principal activity
		2018	2017	
GUH Development Sdn. Bhd.	Malaysia	0.54%	0.54%	Property development

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Revenue

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from contracts with customers:-				
- Sale of goods	291,649	293,018	0	0
- Sale of agricultural produce	1,253	1,882	0	0
- Rendering of services	0	0	5,210	5,210
- Property development	16,879	17,896	0	0
- Sale of completed development units	9,768	1,373	0	0
- Construction contracts	29,041	38,690	0	0
	<u>348,590</u>	<u>352,859</u>	<u>5,210</u>	<u>5,210</u>
Other sources of revenue:-				
- Dividend income	0	9	13,468	23,917
- Rental income	534	0	44	38
	<u>534</u>	<u>9</u>	<u>13,512</u>	<u>23,955</u>
	<u>349,124</u>	<u>352,868</u>	<u>18,722</u>	<u>29,165</u>

Disaggregation of revenue from contracts with customers

Group

	Operating segments (Note 31)					Total RM'000
	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	
<u>2018</u>						
Major products/services:-						
- Printed circuit boards	284,030	0	0	0	0	284,030
- Properties under development	0	16,879	0	0	0	16,879
- Completed development units	0	9,768	0	0	0	9,768
- Electrical appliances	0	0	7,619	0	0	7,619
- Fresh fruit bunches	0	0	0	1,253	0	1,253
- Management and construction of water and wastewater treatment plant	0	0	0	0	29,041	29,041
	<u>284,030</u>	<u>26,647</u>	<u>7,619</u>	<u>1,253</u>	<u>29,041</u>	<u>348,590</u>
Geographical areas:-						
- Malaysia	98,871	26,647	7,619	1,253	29,041	163,431
- China	111,117	0	0	0	0	111,117
- Indonesia	39,086	0	0	0	0	39,086
- Others	34,956	0	0	0	0	34,956
	<u>284,030</u>	<u>26,647</u>	<u>7,619</u>	<u>1,253</u>	<u>29,041</u>	<u>348,590</u>
Timing of revenue recognition:-						
- Over time	0	16,879	0	0	29,041	45,920
- At a point in time	284,030	9,768	7,619	1,253	0	302,670
	<u>284,030</u>	<u>26,647</u>	<u>7,619</u>	<u>1,253</u>	<u>29,041</u>	<u>348,590</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Revenue (cont'd)

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

Group

	Operating segments (Note 31)					Total RM'000
	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	
<u>2017</u>						
Major products/services:-						
- Printed circuit boards	285,355	0	0	0	0	285,355
- Properties under development	0	17,896	0	0	0	17,896
- Completed development units	0	1,373	0	0	0	1,373
- Electrical appliances	0	0	7,663	0	0	7,663
- Fresh fruit bunches	0	0	0	1,882	0	1,882
- Management and construction of water and wastewater treatment plant	0	0	0	0	38,690	38,690
	<u>285,355</u>	<u>19,269</u>	<u>7,663</u>	<u>1,882</u>	<u>38,690</u>	<u>352,859</u>
Geographical areas:-						
- Malaysia	97,947	19,269	7,663	1,882	38,690	165,451
- China	124,287	0	0	0	0	124,287
- Indonesia	40,382	0	0	0	0	40,382
- Others	22,739	0	0	0	0	22,739
	<u>285,355</u>	<u>19,269</u>	<u>7,663</u>	<u>1,882</u>	<u>38,690</u>	<u>352,859</u>
Timing of revenue recognition:-						
- Over time	0	17,896	0	0	38,690	56,586
- At a point in time	285,355	1,373	7,663	1,882	0	296,273
	<u>285,355</u>	<u>19,269</u>	<u>7,663</u>	<u>1,882</u>	<u>38,690</u>	<u>352,859</u>

Company

Information about disaggregation of revenue has not been disclosed as the Company derives revenue mainly from rendering management services to subsidiaries.

24. Impairment losses/(gains) on financial assets

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other investments	0	734	0	684
Trade receivables from contracts with customers	76	(103)	0	0
Amounts due from subsidiaries	0	0	4,803	0
	<u>76</u>	<u>631</u>	<u>4,803</u>	<u>684</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. Profit/(Loss) before tax

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging:-				
Amortisation of contract costs	703	0	0	0
Auditors' remuneration	245	219	50	46
Depreciation of investment properties	458	32	0	0
Depreciation of property, plant and equipment	15,112	13,935	353	370
Direct operating expenditure for investment properties generating rental income	41	4	28	23
Employee benefits expense (Note 26)	72,381	70,304	7,425	7,243
Fair value changes in biological assets (net)	51	172	0	0
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss	259	391	233	0
Fee expense for financial instruments not measured at fair value through profit or loss	325	325	2	1
Impairment loss on goodwill ^(a)	0	3,348	0	0
Interest expense for financial liabilities measured at amortised cost	3,098	661	19	12
Inventories written down	273	264	0	0
Loss on disposal of property, plant and equipment	0	72	0	0
Loss on foreign exchange:-				
- Realised	0	302	0	0
- Unrealised	304	1,473	154	0
Property, plant and equipment written off	9	0	0	0
Rental expense	417	329	108	108
and crediting:-				
Gain on derecognition of other investments	0	170	0	170
Gain on disposal of investment property	0	60	0	0
Gain on disposal of property, plant and equipment	24	0	0	51
Gain on foreign exchange:-				
- Realised	804	0	0	0
- Unrealised	0	0	0	765

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income for financial assets measured at amortised cost	2,393	2,786	245	574
Rental income from investment properties	531	6	38	38
Reversal of impairment loss on investments in subsidiaries ^(b)	0	0	7,368	1,751
Reversal of inventories written down	309	184	0	0
Waiver of debt	0	34	0	0

^(a) Included in other expenses

^(b) Included in other income

26. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:-				
- Fees	627	575	594	540
- Other short-term employee benefits	3,359	3,265	3,359	3,265
- Defined contribution plans	613	597	613	597
- Ex-gratia benefits	542	464	542	464
	5,141	4,901	5,108	4,866
Directors of subsidiaries:-				
- Fees	42	37	0	0
- Other short-term employee benefits	885	920	262	236
- Defined contribution plans	75	60	31	30
	1,002	1,017	293	266
Other employees:-				
- Short-term employee benefits	60,970	59,001	1,813	1,894
- Defined contribution plans	5,268	5,385	211	217
	66,238	64,386	2,024	2,111
	72,381	70,304	7,425	7,243

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors of the Company	56	56	56	56
Directors of subsidiaries	22	22	17	17
	78	78	73	73

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. Employee benefits expense (including directors' remuneration) (cont'd)

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.

27. Tax expense

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Tax based on results for the year:-				
- Current tax	4,173	4,346	0	0
- Deferred tax	(759)	(1,397)	549	0
	3,414	2,949	549	0
Tax (over)/under provided in prior year:-				
- Current tax	(132)	819	0	0
- Deferred tax	201	(124)	0	0
Derecognition of deferred tax assets	0	973	0	0
Withholding tax on dividend from foreign subsidiary	0	2,656	0	0
	3,483	7,273	549	0

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) before tax	797	(59)	11,531	22,115
Tax at applicable tax rate of 24%	191	(14)	2,767	5,308
Non-deductible expenses	1,464	2,066	1,440	431
Non-taxable income	(56)	(364)	(5,017)	(6,460)
Reinvestment allowances claimed	(432)	(1,124)	0	0
Effect of differential tax rates	640	45	549	0
Increase in unrecognised deferred tax assets	1,607	2,340	810	721
Tax underprovided in prior year	69	695	0	0
Derecognition of deferred tax assets	0	973	0	0
Withholding tax on dividend from foreign subsidiary	0	2,656	0	0
Tax expense	3,483	7,273	549	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. Loss per share

Group

The basic loss per share is calculated by dividing the Group's 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:-

	2018	2017
Loss for the financial year attributable to owners of the Company (RM'000)	<u>(2,681)</u>	<u>(7,327)</u>
Number of shares in issue at 1 January ('000)	274,362	263,810
Effect of share dividends ('000)	0	10,552
Weighted average number of shares in issue ('000)	<u>274,362</u>	<u>274,362</u>
Basic loss per share (sen)	<u>(0.98)</u>	<u>(2.67)</u>

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

29. Notes to consolidated statement of cash flows

Purchase of property, plant and equipment

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cost of property, plant and equipment purchased	13,181	21,133	8	630
Amount financed through hire purchase	0	(540)	0	(540)
Net cash disbursed	<u>13,181</u>	<u>20,593</u>	<u>8</u>	<u>90</u>

Short-term loans and borrowings

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	14,832	0
Net cash flow changes	<u>(4,832)</u>	<u>14,832</u>
At 31 December	<u>10,000</u>	<u>14,832</u>
Represented by:-		
- Revolving credit (Note 18)	10,000	10,000
- Trade facilities (Note 18)	0	4,832
	<u>10,000</u>	<u>14,832</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. Notes to consolidated statement of cash flows (cont'd)

Term loans

	Group	
	2018 RM'000	2017 RM'000
At 1 January	28,994	15,800
Drawdowns	36,874	14,288
Repayments	(9,671)	(1,052)
Other changes	19	(42)
At 31 December (Note 18)	56,216	28,994

Hire purchase payables

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	854	478	468	0
Drawdowns	0	540	0	540
Repayments	(253)	(164)	(148)	(72)
At 31 December (Note 18)	601	854	320	468

30. Related party disclosures

Other than the directors' remuneration as disclosed in Note 26, transactions with related parties during the financial year are as follows:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Dividends declared from subsidiaries	0	0	13,468	23,908
Rendering of management services to subsidiaries	0	0	5,210	5,210
Rental charged by subsidiary	0	0	108	108
Rental charged to subsidiary	0	0	38	38
Purchase of goods from other related party ^(a)	9,873	8,364	0	0
Purchase of goods from other related party ^(b)	18	34	0	0
Purchase of property, plant and equipment from other related party ^(a)	40	36	0	0
Purchase of property, plant and equipment from other related party ^(b)	30	16	0	0
Receiving of services from other related parties ^(b)	976	895	0	0
Rental charged by other related party ^(a)	126	144	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. Related party disclosures (cont'd)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Rental charged to other related party ^(a)	5	0	5	0
Rental charged to associate	529	0	0	0
Sale of goods to other related party ^(a)	1,858	1,245	0	0
Waiver of debt by associate	0	34	0	0

^(a) Being companies in which certain directors have substantial financial interests

^(b) Being companies in which close family members of certain directors have substantial financial interests

31. Segment reporting

Group

Operating segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:-

- (i) Manufacture of printed circuit boards
- (ii) Property development
- (iii) Sale of electrical appliances
- (iv) Cultivation of oil palm
- (v) Water and wastewater treatment

No operating segments have been aggregated to form the above reportable segments.

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. Segment reporting (cont'd)

Operating segments (cont'd)

	Manufacture				Unallocated		
	of printed circuit boards	Property develop- ment	Sale of electrical appliances	Cultivation of oil palm	Water and wastewater treatment	non- operating segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2018</u>							
Segment assets	312,600	266,539	3,942	23,138	18,783	43,460	668,462
Investments in associates	0	0	0	0	0	17,463	17,463
Income tax assets	414	2,871	15	54	426	0	3,780
Total assets	313,014	269,410	3,957	23,192	19,209	60,923	689,705
Additions to non-current assets	13,099	68	0	0	6	19,935	33,108
Segment liabilities	49,097	19,208	1,157	85	14,677	18,542	102,766
Loans and borrowings	25,694	16,173	0	0	0	24,950	66,817
Income tax liabilities	12,459	116	8	168	0	1,660	14,411
Total liabilities	87,250	35,497	1,165	253	14,677	45,152	183,994
External revenue	284,030	26,647	7,619	1,253	29,041	534	349,124
Intersegment revenue	0	110	8	0	181	18,717	19,016
Total revenue	284,030	26,757	7,627	1,253	29,222	19,251	368,140
Segment profit/(loss)	7,621	594	70	214	(2,215)	(4,731)	1,553
Interest income	1,917	134	6	0	58	278	2,393
Interest expense	(1,168)	(1,177)	0	0	0	(753)	(3,098)
Share of associates' loss	0	0	0	0	0	(51)	(51)
Profit/(Loss) before tax	8,370	(449)	76	214	(2,157)	(5,257)	797
Tax expense	(2,249)	(529)	(1)	(36)	0	(668)	(3,483)
Profit/(Loss) for the financial year	6,121	(978)	75	178	(2,157)	(5,925)	(2,686)
Non-cash income	280	0	29	0	0	0	309
Depreciation	13,977	335	36	68	375	779	15,570
Impairment losses/(gains) on financial assets	119	0	0	0	(43)	0	76
Other non-cash expenses	450	0	0	51	(8)	403	896

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. Segment reporting (cont'd)

Operating segments (cont'd)

	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	Unallocated non- operating segments RM'000	Total RM'000
<u>2017</u>							
Segment assets	312,596	268,449	4,684	23,102	19,760	29,127	657,718
Investments in associates	0	0	0	0	0	17,358	17,358
Income tax assets	225	1,639	28	0	376	1	2,269
Total assets	312,821	270,088	4,712	23,102	20,136	46,486	677,345
Additions to non-current assets	20,058	199	81	0	165	15,689	36,192
Segment liabilities	54,551	16,767	1,124	110	13,408	17,762	103,722
Loans and borrowings	19,832	24,941	0	0	0	468	45,241
Income tax liabilities	14,199	466	8	231	0	1,056	15,960
Total liabilities	88,582	42,174	1,132	341	13,408	19,286	164,923
External revenue	285,355	19,269	7,663	1,882	38,690	9	352,868
Intersegment revenue	0	110	18	0	97	29,157	29,382
Total revenue	285,355	19,379	7,681	1,882	38,787	29,166	382,250
Segment profit/(loss)	10,382	1,050	72	721	(9,768)	(4,510)	(2,053)
Interest income	2,066	76	10	0	60	574	2,786
Interest expense	(479)	(146)	(4)	0	(20)	(12)	(661)
Share of associates' loss	0	0	0	0	0	(131)	(131)
Profit/(Loss) before tax	11,969	980	78	721	(9,728)	(4,079)	(59)
Tax expense/(income)	(5,770)	(431)	(9)	(174)	(973)	84	(7,273)
Profit/(Loss) for the financial year	6,199	549	69	547	(10,701)	(3,995)	(7,332)
Non-cash income	176	0	8	0	0	34	218
Depreciation	12,787	332	33	70	375	370	13,967
Impairment losses/(gains) on financial assets	50	0	0	0	(103)	684	631
Impairment loss on goodwill	0	0	0	0	3,348	0	3,348
Other non-cash expenses	2,451	0	0	172	48	(371)	2,300

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Malaysia	163,965	165,460	307,040	283,771
China	111,117	124,287	48,709	55,339
Indonesia	39,086	40,382	0	0
Other countries	34,956	22,739	0	0
	349,124	352,868	355,749	339,110

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. Segment reporting (cont'd)

Major customers

The Group did not have any major customer that contributed 10% or more of its total revenue.

32. Contractual commitments

Group

	2018	2017
	RM'000	RM'000
Additions of investment properties	0	21,323
Additions of property, plant and equipment	1,747	2,171
	1,747	23,494

33. Guarantee contracts

Company

Financial guarantee contracts

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions and trade suppliers for credit facilities granted to certain subsidiaries up to a total limit of RM162,148,000 (2017 : RM117,518,000). The total utilisation of these credit facilities as at 31 December 2018 amounted to RM92,341,000 (2017 : RM66,189,000).

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 2.15. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

Performance guarantee contract

The Company has also entered into a performance guarantee contract up to a limit of RM35,736,000 (2017 : RM35,736,000) to guarantee the due performance of all the contract works by a subsidiary in a water treatment project.

34. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. Financial risk management (cont'd)

Credit risk

The Group's exposure to credit risk arises mainly from receivables, derivative contracts and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 33.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 11. As the Group only deals with reputable financial institutions, the credit risk associated with derivative contracts and deposits placed with them is low.

Liquidity risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM") and Renminbi ("RMB"), whereas the major foreign currency transacted is US Dollar ("USD"). The gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	Group		Company	
	Denominated in USD		Denominated in USD	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Receivables	31,787	28,626	0	0
Cash and cash equivalents	15,849	16,166	4	4
Payables	29,691	31,055	7,241	7,087
Loans and borrowings	0	4,832	0	0

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. Financial risk management (cont'd)

Currency risk (cont'd)

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group		Company	
	(Increase)/ Decrease in loss 2018 RM'000	(Increase)/ Decrease in loss 2017 RM'000	Increase/ (Decrease) in profit 2018 RM'000	Increase/ (Decrease) in profit 2017 RM'000
Appreciation of USD against RM by 10% (2017 : 10%)	452	(345)	(724)	(708)
Depreciation of USD against RM by 10% (2017 : 10%)	(452)	345	724	708
Appreciation of USD against RMB by 10% (2017 : 10%)	778	798	0	0
Depreciation of USD against RMB by 10% (2017 : 10%)	(778)	(798)	0	0

Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

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 the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	(Increase)/ Decrease in loss 2018 RM'000	(Increase)/ Decrease in loss 2017 RM'000
Increase in interest rates by 50 basis points	(214)	(56)
Decrease in interest rates by 50 basis points	214	56

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. 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 loans and borrowings 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 loans and borrowings divided by total equity as follows:-

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Total loans and borrowings	66,817	45,241	320	468
Total equity	505,711	512,422	416,102	417,082
Total capital	<u>572,528</u>	<u>557,663</u>	<u>416,422</u>	<u>417,550</u>
Debt-to-equity ratio	<u>13.21%</u>	<u>8.83%</u>	<u>0.08%</u>	<u>0.11%</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 : 277,904,539 ordinary shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per ordinary share

Distribution Schedule of Shares

As at 29 March 2019

Holdings	No. of Holders	Total Holdings	%
Less than 100	986	52,716	0.02
100 - 1,000	2,418	1,042,464	0.38
1,001 – 10,000	6,942	24,050,527	8.66
10,001 – 100,000	1,749	44,082,668	15.87
100,001 – less than 5% of issued shares	167	128,385,453	46.21
5% and above of issued shares	2	80,175,447	28.86
Total	12,264	277,789,275	100.00

Note: Excluding the treasury shares of 115,264

ANALYSIS OF SHAREHOLDINGS

Substantial Shareholders

As at 29 March 2019

No.	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	HSBC Nominees (Asing) Sdn. Bhd. <i>HBAP For Gold Connection Assets Limited</i>	47,740,072	17.19	-	-
2.	Zun Holdings Sdn. Bhd.	32,435,375	11.68	-	-
3.	Puan Sri Datin Seri Ang Gaik Nga	12,103,708	4.36	32,435,375 ^a	11.68
4.	Datin Jessica H'ng Hsieh Ling	3,598,465	1.30	32,435,375 ^a	11.68
5.	Dato' H'ng Chun Hsiang	2,438,748	0.88	32,435,375 ^a	11.68
6.	H'ng Chun Ching	2,187,000	0.79	32,435,375 ^a	11.68
7.	H'ng Hsieh Fern	894,199	0.32	32,435,375 ^a	11.68
8.	Tan Sri Dato' Seri H'ng Bok San	-	-	53,657,495 ^b	19.32

Directors' Shareholding

As at 29 March 2019

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Seri H'ng Bok San	-	-	53,657,495 ^b	19.31
2.	Datuk Seri Kenneth H'ng Bak Tee	-	-	1,404,649 ^c	0.51
3.	Dato' Harry H'ng Bak Seah	2,697,710	0.97	-	-
4.	Datin Jessica H'ng Hsieh Ling	3,598,465	1.30	32,435,375 ^a	11.68
5.	Lai Chang Hun	2,883,042	1.04	3,766,453 ^d	1.36
6.	W Ismail Bin W Nik	2,388,645 ^e	0.86	-	-
7.	Chew Hock Lin	-	-	-	-
8.	Dato' Ismail Bin Hamzah	-	-	-	-
9.	Dato' Dr. Gan Kong Meng	-	-	-	-

Notes:

^a Deemed interest via shares held by Zun Holdings Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016^b Deemed interest via shares held by Zun Holdings Sdn. Bhd., his spouse and children by virtue of Sections 8 and 59(11)(c) of the Companies Act 2016^c Deemed interest via shares held by his spouse by virtue of Section 59(11)(c) of the Companies Act 2016^d Deemed interest via shares held by Laico Jaya Sdn. Bhd., and his children by virtue of Sections 8 and 59(11)(c) of the Companies Act 2016^e Shares held via HLB Nominees (Tempatan) Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

Thirty (30) Largest Shareholders

As at 29 March 2019

No.	Name of Securities Account Holders	No. of Shares	%
1	HSBC Nominees (Asing) Sdn Bhd <i>HBAP for Gold Connection Assets Limited (PB-SGDIV501999)</i>	47,740,072	17.19
2	Zun Holdings Sdn Bhd	32,435,375	11.68
3	Puan Sri Datin Seri Ang Gaik Nga	12,103,708	4.36
4	Song Siew Gnoh	10,162,258	3.66
5	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Deutsche Bank AG Singapore for YEOMAN 3-Rights Value Asia Fund (PTSL)</i>	8,795,587	3.17
6	CIMB Group Nominees (Asing) Sdn Bhd <i>Exempt An for DBS Bank Ltd (SFS)</i>	7,129,656	2.57
7	Tay Teck Ho	4,738,500	1.71
8	Kan Yu Oi Ling	4,507,445	1.62
9	Siaw Poon Keong	4,495,678	1.62
10	Laico Jaya Sdn Bhd	3,647,954	1.31
11	Datin Jessica H'ng Hsieh Ling	3,598,465	1.30
12	Lai Chang Hun	2,883,042	1.04
13	Shoptra Jaya (M) Sdn Bhd	2,622,128	0.94
14	CIMSEC Nominees (Asing) Sdn Bhd <i>Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	2,537,604	0.91
15	Teo Kwee Hock	2,476,907	0.89
16	Dato' H'ng Chun Hsiang	2,438,748	0.88
17	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for W Ismail Bin W Nik</i>	2,388,645	0.86
18	Dato' Harry H'ng Bak Seah	2,360,329	0.85
19	H'ng Chun Ching	2,187,000	0.79
20	Affin Hwang Nominees (Asing) Sdn Bhd <i>Exempt An for DBS Vickers Securities (Singapore) Pte Ltd (Clients)</i>	1,880,027	0.68
21	Affin Hwang Nominees (Asing) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa</i>	1,862,696	0.67
22	Zulkifli Bin Hussain	1,539,567	0.55
23	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Tham Hooi Loon (0151)</i>	1,404,649	0.51
24	Alliance Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chong Yiew On (6000006)</i>	1,387,538	0.50
25	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chee Sai Mun</i>	1,289,350	0.46
26	RHB Nominees (Tempatan) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Kuok Khoon Ho</i>	1,283,051	0.46
27	Howell Chen Chung	1,257,432	0.45
28	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teh Kian Lang (E-KLC)</i>	990,057	0.36
29	Lee Sai Kim	937,170	0.34
30	Yeo Khee Huat	933,484	0.34

LIST OF PROPERTIES

As at 31 December 2018

No.	Address/ Location	Tenure	Description	Area t(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	32 years	21,642	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	32 years	7,717	31/12/2013
3	160-4-3 Anson Road, 10400 Penang	Freehold	Apartment	153	37 years	588	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	21 years	35,030	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	20 years	1,318	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	460,187	-	23,567	30/09/2004
7	Along off Jalan Simpang Ampat Mukim 14 & 15 District of Seberang Perai Tengah, Pulau Pinang	Freehold	Ongoing mixed development scheme known as Simpang Ampat	186,246	-	59,324	19/05/2014
8	Lot No. 1377 Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	26,100	-	13,008	09/09/2015
9	Lot No. 1690, Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	22,720	-	10,373	09/09/2015
10	Lot No. 1692, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	21,250	-	8,000	31/12/2016
11	Lot No. 1693, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	1,998	-	520	31/12/2016
12	27 Jalan Serendah 26/40 Kawasan Perindustrian Hicom Seksyen 26, 40400 Shah Alam Selangor	Freehold	3-Storey Semi-D factory	819	5 years	4,543	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	-	34,723	04/06/2015
15	4935 Jalan Siram, 12100 Butterworth, Penang	Freehold	3-storey terrace shophouse	511	27 years	780	31/12/2013
16	Flat No. 27-C, Unit 75, 3rd Floor, Jalan Tembikai, Taman Mutiara, 14000 Bukit Mertajam, Penang	Freehold	3rd floor of a 3-storey shophouse	86	31 years	49	31/12/2013
17	1-1-05 No. 1, Persiaran Bukit Jambul 1, Complex Relau, 11900 Penang	Freehold	Shoplot	86	24 years	260	31/12/2016
18	Unit No. 24, 25, 27, 91, 100, 101 & 103 Lembah Beringin, Sector 26-2, Selangor	Freehold	7 units of double storey terrace houses	1,169	20 years	-	31/12/2009

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 55th 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 on Thursday, 23 May 2019 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 2018 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ fees and benefits of up to an amount of RM755,125 with effect from 1 January 2019 until the next AGM of the Company to be held in 2020. **Resolution 1**
3. To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company’s Articles of Association and being eligible, offer themselves for re-election:
 - (i) Datin Jessica H’ng Hsieh Ling **Resolution 2**
 - (ii) En. W Ismail Bin W Nik **Resolution 3**
 - (iii) Dato’ Dr. Gan Kong Meng **Resolution 4**
4. To re-appoint Messrs. Crowe Malaysia PLT (formerly known as Crowe Horwath) as Auditors of the Company for the financial year ending 31 December 2019 and to authorize the Directors to fix their remuneration. **Resolution 5**

As Special Business

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

5. **ORDINARY RESOLUTION –
CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**
 - (i) “THAT approval be and is hereby given to Mr. Lai Chang Hun who has served as Independent Non-Executive Director for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 6**
 - (ii) “THAT approval be and is hereby given to Mr. Chew Hock Lin who has served as Independent Non-Executive Director for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 7**
 - (iii) “THAT approval be and is hereby given to Dato’ Ismail Bin Hamzah who has served as Independent Non-Executive Director for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 8**
 - (iv) Subject to the approval of Resolution 3 above, “THAT approval be and is hereby given to En. W Ismail Bin W Nik who has served as Independent Non-Executive Director for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING

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

Resolution 10

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorized to issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued, pursuant to this resolution does not exceed 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.”

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

Resolution 11

“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 Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and the approval of all other relevant authorities, the Company be and is hereby authorized to utilize an amount not exceeding the total retained profits of the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Malaysia Securities Berhad at any given point in time (“Proposed Share Buy-Back”).

AND THAT the Directors of the Company be and are hereby authorized to deal with the shares so purchased by the Company pursuant to the Proposed Share Buy-Back in the following manner:

- (i) to retain the shares as treasury shares; and/or
- (ii) to cancel the shares; and/or
- (iii) to resell the shares; and/or
- (iv) to distribute as share dividends; and/or
- (v) to transfer the shares for the purposes of an employees’ shares scheme; and/or
- (vi) to transfer the shares as purchase consideration; and/or
- (vii) any combination of the above; and/or

in any other manner as prescribed by the Act, Listing Requirements and/or any other relevant authority for the time being in force;

AND THAT such authority for the Proposed Share Buy-Back conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM, at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

NOTICE OF ANNUAL GENERAL MEETING

- (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 authorized to take all such steps as are necessary or expedient to implement, finalize and to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.”

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

Resolution 12

“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 24 April 2019; AND THAT the authority conferred by this mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that AGM;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but not extending to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transaction contemplated and/or authorized by this Ordinary Resolution.”

NOTICE OF ANNUAL GENERAL MEETING

9. SPECIAL RESOLUTION – PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

Resolution 13

“THAT approval be and is hereby given for the Company to alter or amend the whole of the existing Memorandum and Articles of Association of the Company by the replacement thereof with a new Constitution of the Company, details are set out in Part C of the Circular to Shareholders dated 24 April 2019;

AND THAT the Directors be and are hereby authorized to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts and things and to take such steps that are necessary to give full effect to the foregoing.”

10. 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 (LS0008988)
Kee Gim Tee (MAICSA 7014866)

Company Secretaries
Penang
Dated this 24 April 2019

Notes:

- Section 334 of the Companies Act 2016 provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may, but need not, be a Member of the Company. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
- A Member shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting and where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized, and in the case of corporation, either under the Common Seal or under the hand of an officer or attorney duly authorized.
- Where a Member of the Company is an Exempt Authorized Nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account (Omnibus Account), there shall be no limit to the number of proxies which the Exempt Authorized Nominee may appoint in respect of each Omnibus Account it holds.
- Any instrument appointing a proxy or the power of attorney or other authority, if any must be deposited at the Company's Registered Office at Part of Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
- Only a Depositor whose name registered in the Record of Depositors as at 13 May 2019 shall be regarded as Member to attend, speak and vote at this Meeting or appoint proxy to attend, speak and vote on his stead.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Audited Financial Statements for the financial year ended 31 December 2018

This Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. Shareholders' approval is not required. Hence, this Agenda item will not be put forward for voting.

Resolution 1 - Payment of Directors' fees and benefits in respect of the current year 2019 until the next AGM

Pursuant to Section 230(1) of the Companies Act, 2016, fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board agreed with the recommendation from the Remuneration Committee that shareholder's approval shall be sought at the Company's 55th AGM for the payment of Directors' fees and benefits in respect of the current year 2019 up till the next AGM of the Company to be held in 2020.

The payment of fixed fees to the Directors is to commensurate and compensate them for their time and effort on an on-going basis for their service to the Company.

The full details of the Directors' fees and other benefits paid during the financial year ended 31 December 2018 are disclosed in Note 26 to the financial statements on pages 116 to 117 of the Company's Annual Report 2018.

Resolution 2, 3 & 4 – Re-election of retiring Directors

The retiring Directors, Datin Jessica H'ng Hsieh Ling, En. W Ismail Bin W Nik and Dato' Dr. Gan Kong Meng are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

Resolution 5 – 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 2019. The Proposed Resolution 5, if passed, will also give the Directors, authority to determine the remuneration of the Auditors.

Resolution 6, 7, 8 & 9 – Continuing in office as Independent Non-Executive Directors

The proposed Resolution 6,7,8 and 9 are to enable Mr. Lai Chang Hun, Mr. Chew Hock Lin, Dato' Ismail Bin Hamzah, and En. W Ismail Bin W Nik to continue serving as Independent Directors of the Company.

The Board of Directors had via the Nomination Committee conducted the annual performance evaluation and assessment of independence of the Directors. The justifications of the Board of Directors for recommending and supporting the resolutions for their continuing in office as Independent Directors are set out below:

Justifications:

- (a) Fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (b) Provide the Board with diverse set of experience, skills and expertise in the relevant field/business industry;
- (c) Sufficient time and attention to their professional obligations for informed and balanced decision making; and
- (d) Able to bring independent and objective judgment to the Board deliberations and their position in the Board has not been compromised by their familiarity and long relationship with other Board members.

NOTICE OF ANNUAL GENERAL MEETING

The Board will seek shareholders' approval through a two-tier voting process in line with recommendation of the Malaysian Code on Corporate Governance.

Resolution 10 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Resolution 10 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 54th AGM held on 22 May 2018. 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 55th AGM to be held on 23 May 2019. The proposed Resolution 10, 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 11 – Proposed renewal of Share Buy-Back authority

The proposed Resolution 11, 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 24 April 2019.

Resolution 12 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

The proposed Resolution 12, 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 24 April 2019.

Resolution 13 – Proposed Adoption of new Constitution of the Company

The Proposed Special Resolution, if passed and approved by at least 75% of the shareholders who are present and entitled to vote at the AGM, will give full effect to the proposed adoption of the Constitution of the Company by substituting the existing Memorandum and Articles of Association with the new set of Constitution.

The rationale of the proposed amendments to the existing Constitution is to ensure continued compliance and to bring the Constitution of the Company in line with the following laws and regulations:

- (i) Companies Act 2016 which came into effect on 31 January 2017; and
- (ii) Amended Main Market Listing Requirements of Bursa Malaysia Securities Berhad which was issued on 29 November 2017;

Please refer to Part C of the Circular to Shareholders dated 24 April 2019 for detailed information.

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 55th Annual General Meeting (AGM) of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The details of the proposed authority for Directors to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note of Resolution 10 of the Notice of AGM.

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PROXY FORM

No. of Shares Held

I/We NRIC/Company No.
Full Name (in BLOCK)

of
Address

being a Member/Members of GUH HOLDINGS BERHAD hereby appoint:

Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy	and/or;
Proxy	;

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 55th 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 on Thursday, 23 May, 2019 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 RM755,125 with effect from 1 January 2019 until the next AGM of the Company	Resolution 1	
To re-elect Datin Jessica H'ng Hsieh Ling who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 2	
To re-elect En. W Ismail Bin W Nik who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 3	
To re-elect Dato' Dr. Gan Kong Meng who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 4	
To re-appoint Messrs. Crowe Malaysia PLT (formerly known as Crowe Horwath) as Auditors of the Company and to authorize the Directors to fix their remuneration	Resolution 5	
Special Business	For	Against
To approve Mr. Lai Chang Hun to continue in office as Independent Non-Executive Director	Resolution 6	
To approve Mr. Chew Hock Lin to continue in office as Independent Non-Executive Director	Resolution 7	
To approve Dato' Ismail Bin Hamzah to continue in office as Independent Non-Executive Director	Resolution 8	
To approve En. W Ismail Bin W Nik to continue in office as Independent Non-Executive Director	Resolution 9	
Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 10	
Proposed renewal of Share Buy-Back Authority	Resolution 11	
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Resolution 12	
Proposed adoption of new Constitution of the Company	Resolution 13	



Dated this day of, 20

.....
 Signature of Member/Common Seal

Fold this flag sealing

Notes:

1. Section 334 of the Companies Act 2016 provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may, but need not, be a Member of the Company. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
2. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting and where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized, and in the case of corporation, either under the Common Seal or under the hand of an officer or attorney duly authorized.
4. Where a Member of the Company is an Exempt Authorized Nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account (Omnibus Account), there shall be no limit to the number of proxies which the Exempt Authorized Nominee may appoint in respect of each Omnibus Account it holds.
5. Any instrument appointing a proxy or the power of attorney or other authority, if any must be deposited at the Company's Registered Office at Part of Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
6. Only a Depositor whose name registered in the Record of Depositors as at 13 May 2019 shall be regarded as Member to attend, speak and vote at this Meeting or appoint proxy to attend, speak and vote on his stead.

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Affix
stamp here

The Company Secretary

GUH HOLDINGS BERHAD

Part of Plot 1240 & 1241,
Bayan Lepas Free Industrial Zone,
Phase 3, Bayan Lepas,
11900 Penang, Malaysia

1st fold here



website: www.guh.com.my