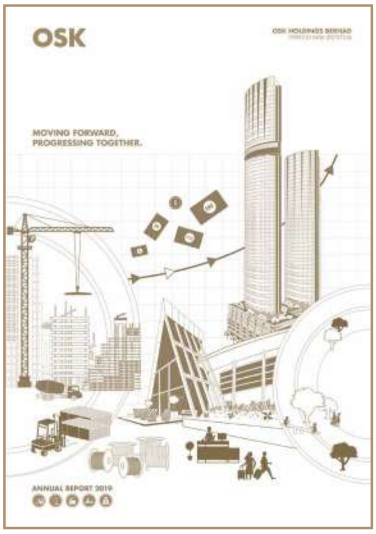
OSK

OSK HOLDINGS BERHAD
199001015406 (207075-U)

MOVING FORWARD, PROGRESSING TOGETHER.

ANNUAL REPORT 2019

ABOUT THIS REPORT



THE COVER DESIGN OF OUR 2019 ANNUAL REPORT

"Moving Forward, Progressing Together" has been an ongoing theme that resonates with OSK Group, encapsulating our journey as we strive and progress together as a Group towards our vision of being a long-term business builder and delivering value to our stakeholders.

This year, the cover design of our annual report features a seamless overview of our five core business segments, namely, Property, Construction, Financial Services, Industries and Hospitality, with an added touch of carefully curated gold specks to signify continuous growth and success.

The illustration also seamlessly transitions into the cover design of OSK Group's 2019 Sustainability Report, showcasing alignment of our core values and culture.

Our Annual Report is an important communication tool with our stakeholders, in which we showcase our financial and non-financial performance during 2019 including our achievements and challenges faced in an open and transparent manner. The Group also disseminates information regularly via the quarterly financial results and announcements made on Bursa Malaysia Securities Berhad's ("Bursa Malaysia") website, which are also accessible through our website:

http://www.oskgroup.com/corporate-announcements/

and via press releases issued to the media.

Our financial statements are independently audited by BDO PLT Malaysia and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards, International Financial Reporting Standards and Companies Act 2016 in Malaysia.

Our non-financial statements are aligned to the reporting requirements of the Malaysian Code on Corporate Governance and Bursa Malaysia's Main Market Listing Requirements. In this report, the Group also adopted certain principles and concepts under the International Integrated Reporting Framework.

FEATURES IN THIS ANNUAL REPORT

This icon indicates where more details can be accessed elsewhere in our Annual Report or Sustainability Report 2019.

This icon indicates where more details can be accessed online.

CORPORATE INFORMATION

For more information on OSK Group, please visit our corporate website:

http://www.oskgroup.com/

ONLINE REPORT

Kindly scan the above QR code for a direct link to our Annual Report 2019 online or log on to:

http://www.oskgroup.com/corporate-announcements/

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CHAIRMAN'S STATEMENT

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Executive Chairman

"Dear Valued Shareholders,

On behalf of the Board of Directors, it is my great pleasure and honour to present to you OSK Holdings Berhad's ("OSK" or "the Company") Annual Report for the financial year ended 31 December 2019 ("FY2019")."

PERFORMANCE HIGHLIGHT

The year 2019 was a challenging one as our core property markets in Malaysia and Australia continued to remain lacklustre.

Fortunately, the Malaysian Government introduced several supportive measures, such as the Home Ownership Campaign 2019, to help support the market.

In Australia, a definitive outcome from the general elections in 2019 coupled with an accommodative monetary policy by the Reserve Bank of Australia helped the market to turn around after two very challenging years for the property market.

Despite the continued challenging business environment, the Company and its subsidiaries ("the Group") generated a total revenue of RM1,207.5 million, profit before tax ("PBT") of RM470.5 million, profit after tax ("PAT") of RM418.7 million, and profit attributable to Owners of RM412.0 million.

For a detailed discussion on the Company's business and financial performance, please refer to the Group Managing Director's Review on pages 6-27 in this annual report.

DIVIDEND

Upon deliberation on the Company's performance in FY2019, the Board has recommended a total single-tier dividend of 5.0 sen per share for the financial year, comprising a single-tier interim dividend of 2.0 sen per share paid on 3 October 2019; and a proposed single-tier final dividend of 3.0 sen per share. The proposed dividend is subject to Shareholders' approval at the upcoming Annual General Meeting.

For further information on the Group's dividend track record, please refer to page 31 in this Annual Report.

CORPORATE DEVELOPMENTS

For the year under review, the Group's core property development business performed well in spite of the challenging environment mainly due to the successful marketing efforts by the team, and an effective cost rationalisation approach taken by the property-construction partnership, which we term internally as the "Prop-Con" model.

CHAIRMAN'S STATEMENT

Revenue
RM1,207.5 million

Profit Before Tax
RM470.5 million

Profit Attributable to Owners
RM412.0 million

During the year, we have focused a lot of time and resources on clearing unsold properties. As a result of a series of successful marketing campaigns, we continue to retain only a minimal amount of unsold inventory, enabling us to sustain our strong balance sheet and stay agile as new opportunities arise.

Over in Australia, the first phase of our Melbourne Square development in Southbank, Melbourne, is 77% complete, with progressive handover of completed units expected to commence by early 2020. The retail podium is also reaching completion, while works for the 3,700 square meter urban park has been completed.

Melbourne Square Commercial

Artist's impression

In Malaysia, our newest development project, You City III, located in Cheras 9th mile, started construction in June 2019. The final phase of the You City development is a transit-oriented development with a direct link-bridge to the Taman Suntex MRT Station to offer residents good connectivity and convenience. To add to the holistic living proposition, the freehold development also includes the Atria-managed You City Retail, which provides one-stop convenience for residents and the public.

Construction progress of both our "Ryan & Miho" development project in Petaling Jaya, Selangor, and "Iringan Bayu" township project in Seremban, Negeri Sembilan, went smoothly and are currently at various stages of completion.

I am proud that we delivered on our promise of quality products and services to our customers with three of our projects being awarded commendable Quality Assessment System in Construction ("QLASSIC") scores in 2019. In addition to both the "Luminari" project in Butterworth and the "Windmill Upon Hills" project in Genting Permai achieving a QLASSIC score of 80%, "Luminari" was also handed over ahead of schedule by 10 months, while "Windmill Upon Hills" was completed 3.5 months ahead of schedule. Our "TimurBay" project in Kuantan also registered a QLASSIC score of 76% and delivered vacant possession 2 months ahead of schedule.

In striving to ensure a continuous pipeline of exciting projects in the coming years, the Group maintains an active interest in acquiring potential land bank in Malaysia, particularly in the Klang Valley.

In our hospitality segment, we signed a Branding and Management Agreement with Hilton Worldwide on 26 June 2019 to operate and manage our Swiss-Garden Beach Resort Damai Laut under the DoubleTree by Hilton brand.

Upon in the completion in 3rd quarter of 2020, the 295-room resort will be known as DoubleTree by Hilton Damai Laut Resort – the first internationally branded resort managed by Hilton in Damai Laut, Perak. I am confident that this partnership will continue to enhance the value of our asset, while setting new benchmarks of service excellence with the iconic Hilton brand.

During the year, we have also commenced expansion of capacity at Olympic Cable Company's Melaka factory. We expect the new capacity to come on stream by the 3rd quarter of 2020.

Our investment in RHB Bank continues to deliver value to our shareholders as the investment generated dividends of RM107.1 million to OSK Group (including capital distribution from liquidation of RHB Capital Berhad) . The capital financing business in OSK Group has also grown significantly, with our portfolio growing to RM777.2 million.

In all that we do, we remain cognisant of our vision to be a business builder that delivers long term and superior value to all our stakeholders.

CHAIRMAN'S STATEMENT

RECOGNITION

The Company continued to receive accolades during FY2019 for its commendable performance in various aspects of the business. Among the notable ones include OSK Property ("OSKP") being once again recognised as among the Top 15 (ranked 14th) property developers in Malaysia for the second consecutive year in The Edge Malaysia Top Property Developers Awards 2019.

OSKP was also awarded the "Property Excellence Award" and the "CSR Excellence Award" at the Sin Chew Business Excellence Awards 2019.

Meanwhile, our Melbourne Square development project in Melbourne, Australia, won two awards for its architecture and design at the Asia Pacific Property Awards 2019-20, namely the "Residential High-rise Architecture Australia" and the "Mixed-use Development Australia" Awards.

On corporate disclosure, our constant drive to ensure transparency and improvement in our reporting were recognised, as our Annual Report 2018 clinched a "Certificate of Merit" in the National Annual Corporate Report Awards 2019.

I am also most proud that we were acknowledged as among the "Best Companies to Work for in Asia 2019" by industry leading human resources publication, HR Asia. The award bears testament to our focus on nurturing an inclusive culture and providing a healthy and harmonious workplace for our employees.

SUSTAINABILITY JOURNEY

Our sustainability agenda gained further momentum this year, as reflected in the fourth edition of the Company's Sustainability Report. In response to changing stakeholder expectations, regulatory updates and business priorities, we carried out a Materiality Study and further streamlined our Material Matters into five Most Material Matters for implementation next year.

We also started to adopt a wider perspective on the sustainability impacts that we create at the local level. In ensuring a more holistic approach to our sustainability practices, we renewed our view towards emerging risks and opportunities as we incorporated Enterprise Risk Management measures into our corporate strategy.

These actions are collectively outlined in our enhanced "Sustainability Guiding Principle", which we shall put into practice from the financial year ending 31 December 2020 ("FY2020") onwards. It is our intent to constantly improve the effectiveness of our sustainability actions and disclosures to support business and investor decision-making.

Our philanthropy arm, OSK Foundation continued with its mission to deliver positive impact to our community. During FY2019, we supported 39 non-profit organisations, social enterprises and charitable causes benefitting 526 beneficiaries.

Some of our notable activities include a partnership with the Women's Institute of Management to jointly organise a series of Small Business Training and Financial Management workshops for underprivileged women across all states in the country and our continued support towards "Teach for Malaysia" ("TFM") where the Chief Executive Officer of our property division, Mr. Ong Ghee Bin spent a day co-teaching with a TFM fellow during the TFM Week at SMK Pulau Ketam in Selangor.

For further details on the Company's sustainability efforts, please refer to our Sustainability Statement on pages 78-89 of this Annual Report, or our Sustainability Report 2019.

TFM Week

CHAIRMAN'S STATEMENT

The Edge Top Property Developers Awards 2019

Artist's impression

> **Year 2020 marks the 55th anniversary of our involvement in the property development industry in Malaysia.**

ACKNOWLEDGEMENT

The Group has come a long way since we became a public listed entity in 1991. Since then, we have grown to become one of the leading players in our respective business segments, namely in Property, Financial Services, Construction, Industries and Hospitality.

Year 2020 marks the 55th anniversary of our involvement in the property development industry in Malaysia. We are proud and honoured to have served our customers by delivering top quality products and services throughout these years.

On behalf of the Board, I wish to express my gratitude to all our employees for their commitment and dedication in taking OSK Group to where we are today.

To our shareholders, customers, regulators and Government authorities, business partners and bankers, as well as organisations with whom we collaborate with, we thank you for your trust and continued support.

My appreciation also extends to our esteemed members of the Board for your wisdom and valuable insights in steering the Group.

As we move ahead amidst a challenging operating environment, I believe the Group will be able to continue to create long term value for all our stakeholders.

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Executive Chairman
28 February 2020

Updates (22 April 2020)

The paragraphs below intend to provide an updated view of the current developments and prospects of the Group, following events that took place after 28 February 2020.

The rapid spread of Covid-19 in Malaysia after the first reported case on 25 January 2020 has delivered an unprecedented impact on major sectors of the economy.

In Malaysia, the Group temporarily closed all our premises on 18 March 2020, except those which provided essential services to the public during the Movement Control Order ("MCO") period. It is worth mentioning that three of our hotels under Swiss-Garden International have been selected as quarantine centers for the Ministry of Health.

In Australia, our Melbourne-based associate company Yarra Park City also fully abided by the Limited Restriction order that was implemented since mid-March 2020 by the Government of Australia.

This crisis has proved to be a test of resilience and preparedness for many companies across the world. While we are thankful that most of our businesses have resumed operations during the third phase of the MCO, we also recognise the prevailing uncertainty in the global economy as the fight against Covid-19 continues. The Group remains prudent in leading the organisation through this crisis by strengthening our ongoing precautionary and business recovery measures moving forward.

GROUP MANAGING DIRECTOR'S REVIEW

OSK Group is a conglomerate with active interests in five key segments, namely: Property (Property Development and Property Investment); Financial Services; Construction; Industries (Cables and Industrialised Building System ("IBS")); and Hospitality (Hotels and Resorts, and Vacation Club) with operations in Malaysia, Australia and Vietnam.

The year 2019 was marked by a number of challenges that affected the segments in which we operate. In particular, both the Malaysia and Australia property markets were lacklustre for most of the year. Amidst this challenging environment, our team did our best to deliver satisfactory results. With careful strategic planning and efficient execution, we were able to deliver Group Revenue of RM1,207.5 million and Profit Before Tax ("PBT") of RM470.5 million.


Windmill Upon Hills

GROUP FINANCIAL PERFORMANCE

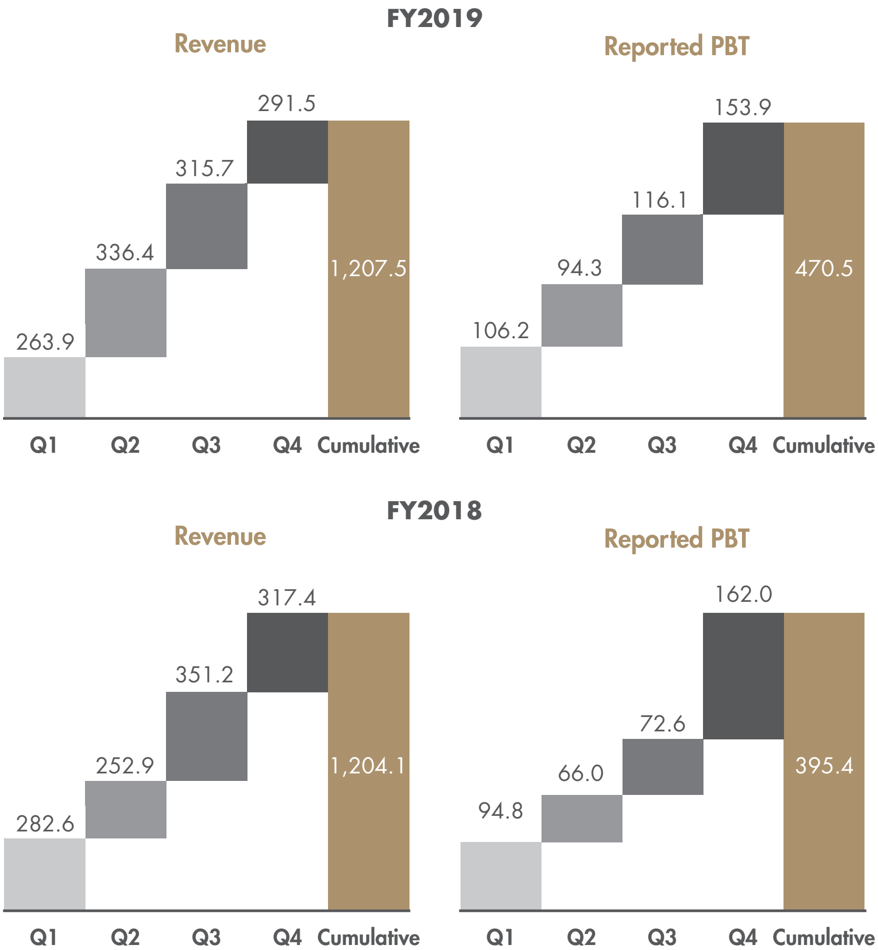
The Group registered a total revenue of RM1,207.5 million in the financial year ended 31 December 2019 ("FY2019") compared with a revenue of RM1,204.1 million for the financial year ended 31 December 2018 ("FY2018"), representing a year-on-year increase of 0.3% or RM3.4 million. PBT increased to RM470.5 million compared with RM395.4 million a year ago, equivalent to an increase of 19% or RM75.1 million.

Excluding one-off gains from the disposal of hotel properties at RM93.5 million in FY2018, our FY2019 core PBT of RM470.5 million represents an increase of 56% or RM168.6 million from FY2018 at RM301.9 million. The improvement in core PBT was contributed by all business segments, with the exception of the Construction and Hospitality segments.

Our Group's key financial results are summarised below:

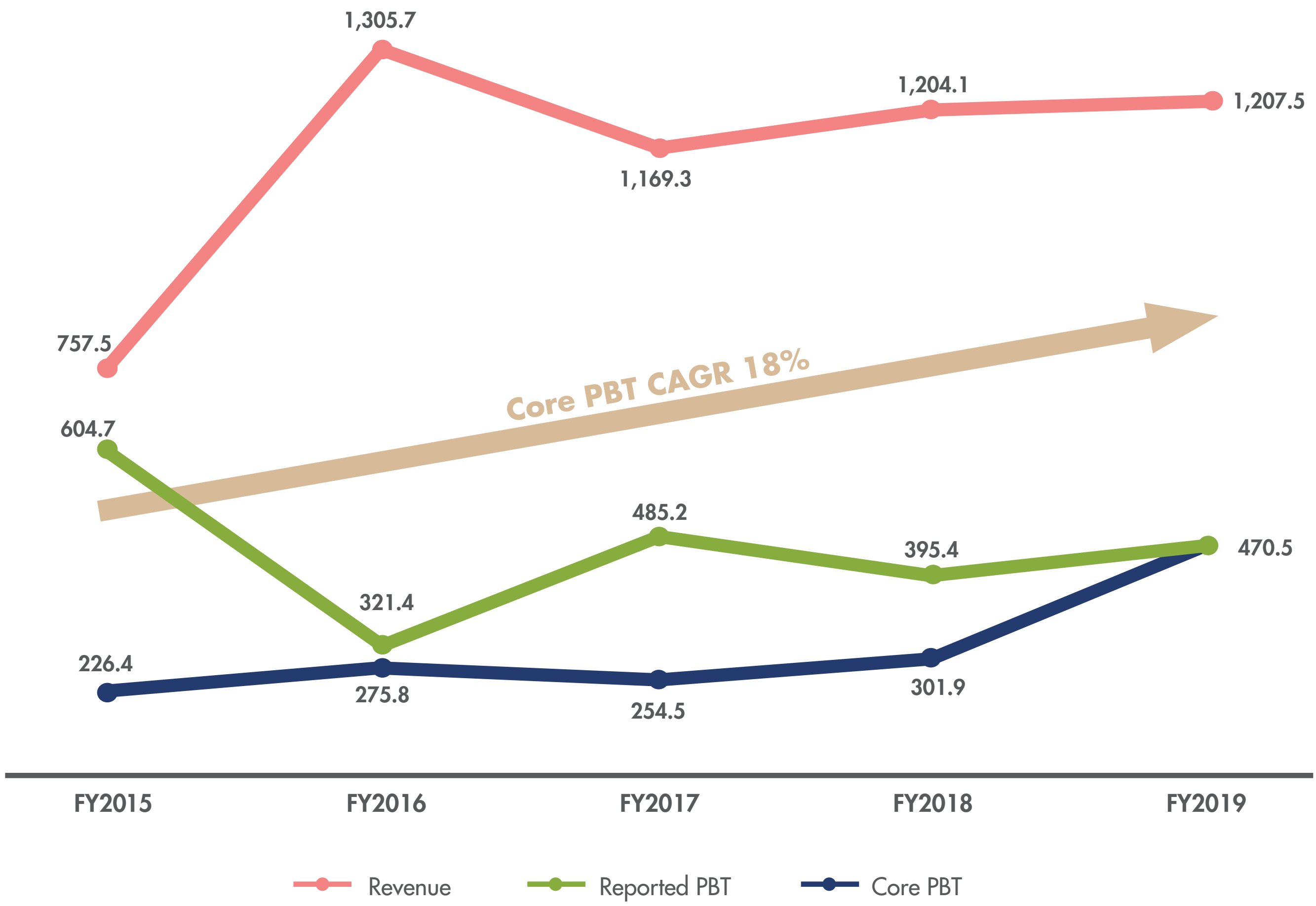
RM'million	FY2019	FY2018	Variance	
Revenue	1,207.5	1,204.1	+	3.4
Reported PBT	470.5	395.4	+	75.1
One-off gains	-	93.5		
Core PBT	470.5	301.9	+	168.6
EPS (sen)	19.84	16.66	+	3.18

Quarterly Performance (RM'million)



GROUP MANAGING DIRECTOR'S REVIEW

Revenue, Reported PBT and Core PBT – Five-Year Trend (RM'million)



The Core PBT excludes:

FY2018: A RM93.5 million gain on disposal of Swiss-Garden Hotel Kuala Lumpur in Malaysia and Garden Lodge in Sydney, Australia.

FY2017: A RM177.6 million gain on deemed disposal arising from dilution of equity interest in a subsidiary company in Melbourne, Australia, and realisation of foreign currency translation gains; as well as a RM53.1 million gain from fair valuation of investment properties.

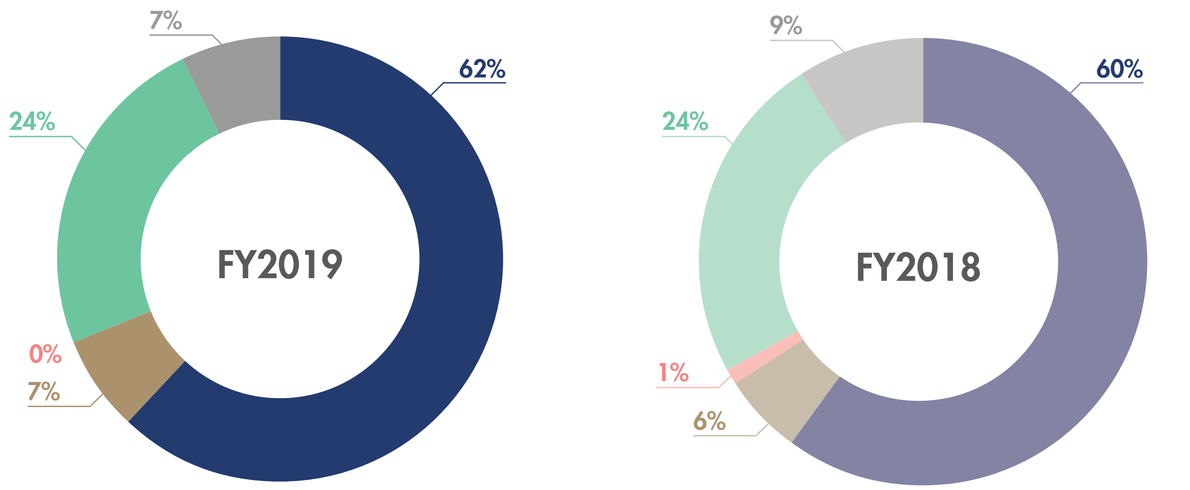
FY2016: A RM56.0 million gain from fair valuation of investment properties and a RM10.4 million impairment loss on infrastructure development costs.

FY2015: The acquisition of OSK Property Holdings Berhad ("OSKPH") and PJ Development Holdings Berhad ("PJDH") was fully completed in July 2015. A RM375.3 million negative goodwill was recognised from the acquisition of OSKPH and PJDH, and the subscription of rights issue in RHB; as well as a RM3.0 million gain from fair valuation of investment properties.

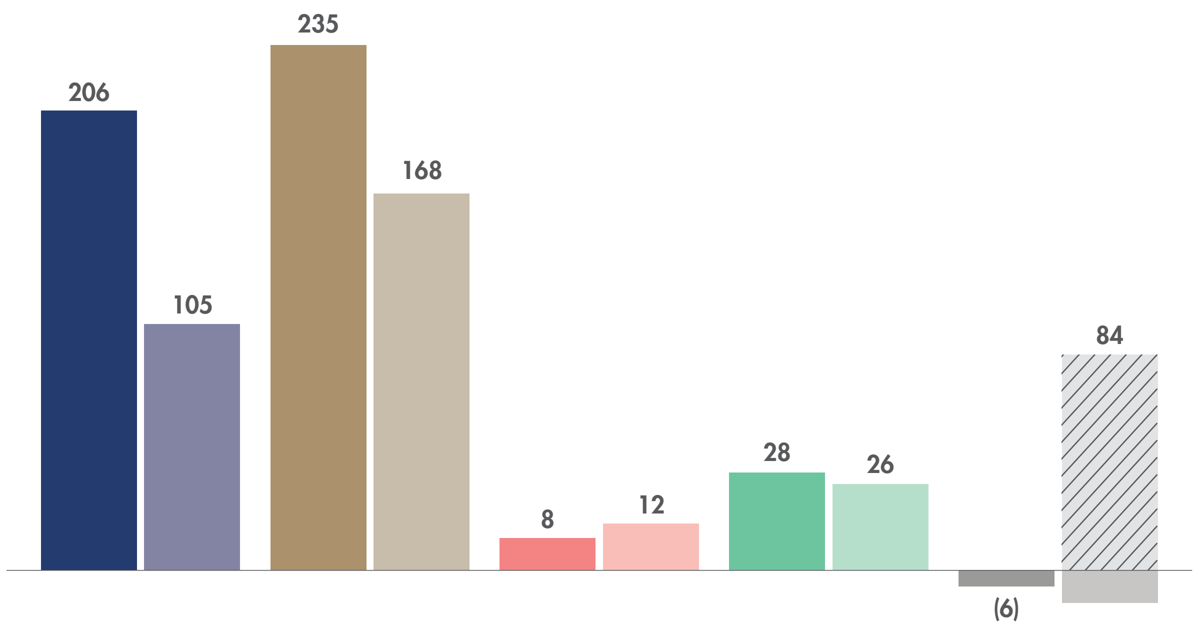
GROUP MANAGING DIRECTOR'S REVIEW

Revenue and PBT analysed by Business Segments

Revenue



PBT (RM'million)



	Property	Financial Services	Construction	Industries	Hospitality
FY2019					
FY2018					

FY2018: A RM93.5 million gain from disposal of hotel properties

GROUP MANAGING DIRECTOR'S REVIEW

GROUP FINANCIAL POSITION

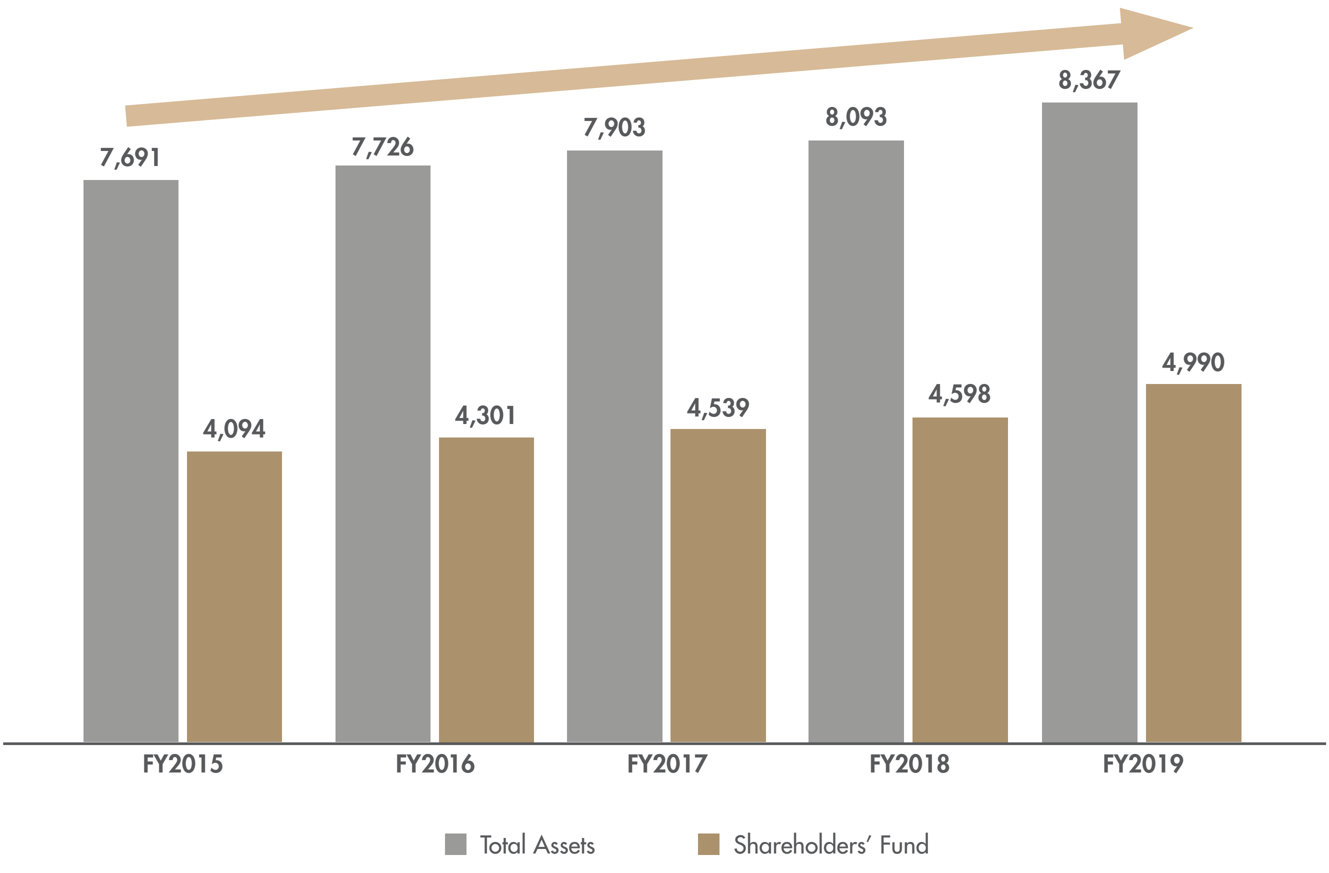
The Group's shareholders' funds stood at RM5.0 billion as at 31 December 2019, which translates to RM2.41 of net assets per share compared with RM4.6 billion and RM2.21 of net assets per share respectively in FY2018. Our total assets grew to RM8.4 billion in FY2019 from RM8.1 billion in FY2018, mainly from an increase in cash, bank balances and short term funds, investments in associated companies, joint ventures and our capital financing portfolio.

Key Financial Statistics

RM'million	FY2019	FY2018	Variance
Shareholders' funds	4,989.5	4,597.5	+ 392.0
Total equity	5,063.4	4,669.5	+ 393.9
Total assets	8,367.4	8,093.0	+ 274.4
Total borrowings*	2,408.2	2,474.7	- 66.5
Cash, bank balances and short term funds	585.8	528.6	+ 57.2
Net gearing (times)	0.37	0.42	- 0.05
Net assets per share (RM)	2.41	2.21	+ 0.20
Share price at year end (RM)	1.04	0.87	+ 0.17

* Total borrowings include lease liabilities.

Total Assets and Shareholders' Funds – Five-Year Trend (RM'million)



GROUP MANAGING DIRECTOR'S REVIEW

CAPITAL MANAGEMENT

The Group's total borrowings was reduced from RM2.5 billion in FY2018 to RM2.4 billion in FY2019. Proceeds from the sale of hotel properties were partly used to pare down the Group's bank borrowings. The net cash inflow from operating activities also contributed to the increase in our cash, bank balances and short term funds from RM528.6 million in FY2018 to RM585.8 million in FY2019. As a result, our net borrowings reduced by RM123.7 million in FY2019.

The combined growth in Shareholders' funds and reduction in net borrowings brought down our net gearing ratio to 0.37 times in FY2019 compared with 0.42 times in FY2018. Despite the net reduction in the Group's net borrowings, an amount of RM667.8 million was drawn down for working capital purposes. A significant amount of capital expenditure incurred in the refurbishment of some of our hotels was financed through internally generated funds.

In April 2019, the Group's treasury management subsidiary, OSK I CM Sdn. Bhd. ("OSKICM"), initiated a Medium Term Notes Programme (MTN 3) for the issuance of medium term notes of up to RM980.0 million in nominal value with a perpetual tenure.

In January 2019, May 2019 and September 2019, OSKICM issued RM200.0 million, RM164.2 million and RM100.0 million medium term notes, respectively, where proceeds were utilised for the purposes of refinancing the Group's existing credit facilities and working capital requirements. The maturity of each series in every tranche issued was appropriately structured to manage our liquidity risks.

The Group maintained a prudent approach in managing our capital, whilst maintaining a robust balance sheet to support our future business growth. The Group secures its borrowings from various financial institutions and the borrowings are appropriately structured in terms of maturity to mitigate interest rate and liquidity risks, and at the same time lower the cost of funding. OSK's centralised treasury operations closely monitors the interest rates and proactively manages the placement of idle cash and bank balances to ensure high capital efficiency.

REWARDING SHAREHOLDERS

For FY2019, the Group recommended an annual dividend payout of 5.0 sen per share to its Shareholders. This represents the sum of:

i) A single-tier interim dividend of 2.0 sen per share that was paid on 3 October 2019; and
ii) A proposed single-tier final dividend of 3.0 sen per share, subject to Shareholders' approval in the forthcoming Annual General Meeting.

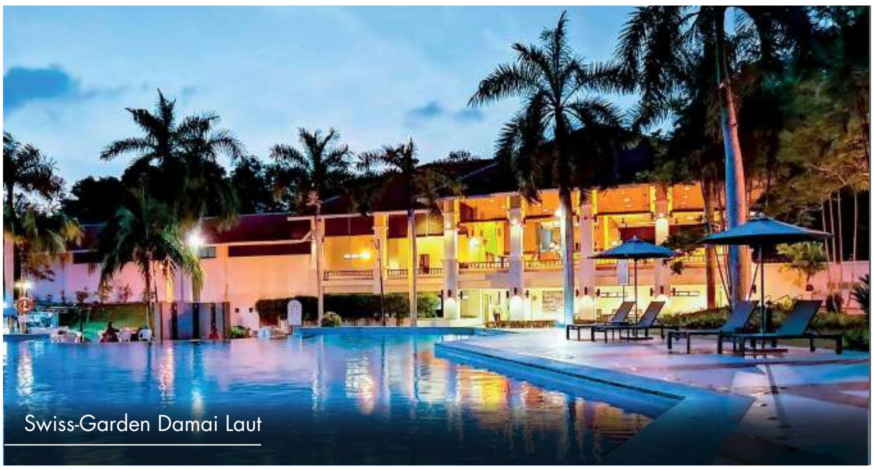
The total amount of dividend to be paid from the above stands at approximately RM103.7 million (FY2018: RM103.9 million).

CORPORATE DEVELOPMENTS

Rebranding of Swiss-Garden Beach Resort Damai Laut ("Swiss-Garden Damai Laut")

The Group continuously evaluates and rationalises its portfolio of investments as part of our efforts to ensure we generate optimal returns for our Shareholders. We track the performance of each investment by balancing their risk-adjusted returns to ensure effective capital allocation, while optimising value creation to achieve long-term business sustainability.

In June 2019, we inked a Hotel Branding and Management Agreement with Hilton Worldwide, through which Swiss-Garden Damai Laut will be rebranded and managed under the DoubleTree by Hilton brand. As part of the process, the Group has allocated a refurbishment budget of RM35.0 million to Swiss-Garden Damai Laut, which will undergo an extensive renovation in stages, commencing in early 2020. Set to complete in phases starting from mid 2020, the resort will be renamed as DoubleTree by Hilton Damai Laut Resort. This marks a significant milestone in the Group's hospitality business.



Swiss-Garden Damai Laut

GROUP MANAGING DIRECTOR'S REVIEW

HUMAN CAPITAL

Human capital is one of the Group's most valuable assets and we are committed to invest in human capital development to nurture our 2,000-strong workforce that is diverse in age, race and gender. We continue to develop our talent pool across all levels through various training and development programs. Driven by OSK's core values of People Driven, Integrity, Humility and Respect, and Excellence, our efforts in nurturing a collaborative, engaging and inclusive workplace have come a long way as OSK Group was named by HR Asia as one of the "Best Companies to Work for in Asia 2019".

"Road to Excellence" Recruitment Roadshow by TalentCorp

AWARDS AND ACCOLADES

During the year, the Group was honoured with a number of awards. We believe these awards reflect our team's continuous efforts to improve our products and services.

Corporate

1. National Annual Corporate Report Awards (NACRA 2019) – Certificate of Merit (Annual Report 2018)
2. HR Asia – Best Companies to Work for in Asia 2019

Property Development

1. Sin Chew Business Excellence Awards 2019
   – OSK Property (Property Excellence Awards & CSR Excellence Awards)
2. The Edge Property Excellence Awards
   – Top Property Developers Awards 2019 (Ranked 14th)
3. Luminari, Butterworth, Penang
   – QLASSIC score of 80% (delivered 10 months ahead of schedule)
4. Windmill Upon Hills, Genting Permai, Pahang
   – QLASSIC score of 80% (delivered 3.5 months ahead of schedule for Tower A and B)
5. Timurbay, Kuantan, Pahang
   – QLASSIC score of 76% (delivered 2 months ahead of schedule)
6. Ryan & Miho, Petaling Jaya, Selangor
   – Green Building Index (GBI) Gold Certification
7. Melbourne Square, Melbourne, Australia
   – "Residential High-rise Architecture Australia" and "Mixed-use Development Australia" Awards by Asia Pacific Property Awards

NACRA 2019

HR Asia Award 2019


Asia Pacific Property Awards

GROUP MANAGING DIRECTOR'S REVIEW

8. Iringan Bayu Pastura Phase 2A and 2B, Seremban, Negeri Sembilan
   – 5-Star in SHASSIC Assessment by Construction Industry Development Board

Property Investment

9. Atria Shopping Gallery
   – Best Family Friendly Mall - BabyTalk and MamaPapa Readers' Choice Awards 2019

Hotel & Resorts

10. Swiss-Garden Beach Resort Kuantan
    – Agoda's 2019 Gold Circle Awards
    – Asia-Pacific Tourism & Travel (APTTF) Awards Year 2019: Best Family Retreat Destination in Malaysia
    – Hotel of the Year Awards – Top 100 Luxury Resorts Worldwide 2019: Best Family Beach Resort Asia 2019

11. Swiss-Garden Hotel Bukit Bintang Kuala Lumpur
    – Asia-Pacific Tourism & Travel (APTTF) Awards Year 2019: Best City Hotel in Kuala Lumpur
    – Experts' Choice Award 2019 by tripexpert.com (Booking.com)

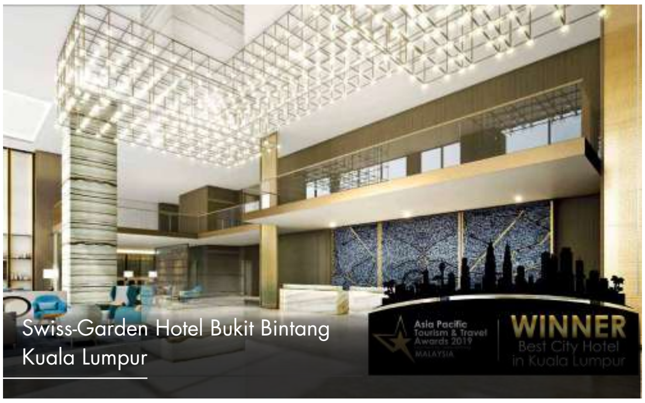
12. Swiss-Garden Beach Resort Damai Laut
    – Hotel of the Year Awards – Top 100 Luxury Resorts Worldwide 2019: Best Beach Resort for Families Asia 2019

13. Swiss-Inn Johor Bahru
    – Agoda's 2019 Gold Circle Awards

14. Swiss-Inn Chinatown Kuala Lumpur
    – Experts' Choice Award 2019 by tripexpert.com (Booking.com)

BabyTalk and MamaPapa Readers' Choice Awards 2019


Agoda's 2019 Gold Circle Awards



Swiss-Garden Hotel Bukit Bintang Kuala Lumpur


Swiss-Garden Beach Resort Kuantan

Melbourne Square Residential Towers

GROUP MANAGING DIRECTOR'S REVIEW

BUSINESS AND OPERATIONS REVIEW

PROPERTY

OSK Property is a leading award-winning property developer with a track record of more than five decades.

PROFIT BEFORE TAX
RM206.1 MILLION

We aim to deliver affordable, high quality products to our customers in a timely manner, in line with the brand promise of OSK Property.

PROPERTY

The Group's Property segment comprises of two divisions, namely, the Property Development division and the Property Investment division.

Property Development Division

http://www.oskproperty.com.my/

The Property Development division focuses on residential developments across high-rise projects and townships, and where applicable, encompasses commercial and retail components. It aims to deliver affordable, high quality products to our customers in a timely manner, in line with the brand promise of OSK Property. The Group's property development footprint spans across the Klang Valley, Kedah, Penang, Negeri Sembilan and Pahang in Peninsular Malaysia, as well as in Melbourne, Australia.

The Property Development division recorded a revenue of RM714.3 million and a PBT of RM200.0 million in FY2019, compared with a revenue of RM684.6 million and a PBT of RM103.9 million in FY2018. Despite having to cope with the property overhang in Malaysia and the challenging property market environment in Australia, the division recorded a net sales of RM1.1 billion from ongoing projects and new launches in Malaysia and Australia. The division's PBT jumped 92% or RM96.1 million, due to strong sales from all our projects, improved profits recognised upon finalisation of completed projects and reversal of provision for costs no longer required. As at 31 December 2019, the Group's effective unbilled sales stood at RM1.6 billion.

Our unsold inventory from completed projects stood at a nominal value, reflecting our team's ability to deliver products that are well received by the market.

In March 2019, the Government launched the Home Ownership Campaign 2019 ("HOC") which aimed to increase home ownership among Malaysians and also to address the property overhang issue. Under the HOC, buyers for eligible residential

GROUP MANAGING DIRECTOR'S REVIEW

properties registered under the HOC campaign were granted stamp duty waivers on the instrument of transfer and loan agreements, as well as attractive discounts from participating developers. The campaign was conducted throughout the year in 2019. All qualified OSK Property projects took part in the campaign and this helped boost our property sales for the year.

Iringan Bayu, Semaya phase

Artist's impression

In Malaysia, the Group launched RM683.7 million worth of properties during the year, compared with RM748.6 million in FY2018. New launches in FY2019 included You City III (**http://www.youcity3.com/**) in Cheras, comprising 800 units of freehold serviced apartments with an estimated Gross Development Value ("GDV") of RM490.0 million. The retail component which will be kept as an investment property in the near future was introduced in the second quarter of FY2019.

The take-up rate of You City III has been very encouraging with more than 78% of Tower A and 41% of Tower B apartments sold since their launch in May 2019 and August 2019 respectively. You City III is a transit-oriented integrated development that is strategically located in a matured neighbourhood in Cheras. The project is directly linked to the Taman Suntex MRT Station and offers good connectivity and convenience for its residents. You City Retail consists of about 159,674 square feet of retail space managed by Atria Shopping Gallery. You City Retail features a complete urban retail experience where residents can live, ride, shop and eat all in one place.

Iringan Bayu (**http://www.iringanbayu.com.my/**) is our second township development after Bandar Puteri Jaya in Sungai Petani, Kedah. The 770-acre township in Seremban is designed to enable residents to enjoy suburban serenity captured in an urban design concept. As a guarded neighbourhood, Iringan Bayu also features a 22-acre verdant central park – making it one of the largest public recreational parks in Seremban with dedicated pedestrian walkways and bicycle tracks.

You City III

Artist's impression

Iringan Bayu's Pastura 2A and 2B; and Astera in Seremban offering a total of 761 units of residential homes with an estimated GDV of RM310.0 million are currently at advanced stages of construction and have achieved healthy take-up rates of 99%, 89% and 97%, respectively since they were launched in FY2018.

Phase 3A of Iringan Bayu, known as Semaya, comprising 312 units of single-storey terrace homes with an estimated GDV of RM115.9 million, was launched in October 2019, after the take-up rate of the single-storey Astera terrace homes, launched in November 2018, surpassed 97%.

GROUP MANAGING DIRECTOR'S REVIEW

To-date, OSK Property has launched a total of 1,073 units of landed residences in Iringan Bayu and is slated to deliver vacant possession of the Pastura phase in early 2020.

OSK Property celebrated the 20th anniversary of Bandar Puteri Jaya (**http://www.bandarputerijaya.com.my/**) township development in Sungai Petani at Kedah this year. Over the 20-year period, we have delivered in excess of 11,000 homes in the 2,591-acre township development, from single-storey terrace houses and PR1MA units to gated and guarded semi-detached homes and bungalows.

In FY2019, OSK Property launched two new phases, named Westfield and Somerville, with a combined GDV of RM77.8 million.

Westfield comprises 120 units of semi-detached homes that come with single and double-storey options and two practical floor plans. Somerville, on the other hand, comprises 32 units of single-storey bungalows. Following the two launches, Bandar Puteri Jaya continued with its social responsibility efforts by developing 500 units of low-cost homes, of which construction began during the year.

In November 2019, the 30-acre Ujana Park in Bandar Puteri Jaya, Sungai Petani in Kedah was officiated together by the Chief Minister of Kedah and the Minister of Federal Territories. The park is the township's central attraction with well landscaped gardens.

During FY2019, OSK Property successfully handed over 2,353 units of residential homes with the completion of Windmill Upon Hills in Genting Permai, Pahang; TimurBay Seafront Residences in Kuantan, Pahang; and Luminari, Harbour Place, in Butterworth, Penang.


TimurBay
Artist's impression

Since the completion of our merger exercise with PJ Development Holdings Berhad and OSK Property Holdings Berhad in year 2015, substantial efforts were made towards improving the Group's Property-Construction ("Prop-Con") partnership, an in-house initiative aimed at driving deep collaboration between the Property Development and Construction divisions to achieve the objective of delivering quality homes on time and optimising construction costs by involving the construction team at an early stage during the design and planning of the development projects.

The strong synergy achieved, as a result of our successful Prop-Con model, enabled us to complete our Luminari, Windmill Upon Hills and TimurBay projects ahead of schedule by 10 months, 3.5 months and 2 months respectively. Proudly, we also accomplished a Quality Assessment System in Construction ("QLASSIC") score of 80%, 80% and 76% respectively for these projects.

Another major on-going property development project strategically located at the matured neighbourhood of Petaling Jaya, Ryan & Miho in Section 13 (**http://www.ryanandmiho.com.my/**), offering a total of 1,084 units of residential homes with an estimated GDV of RM803.2 million has achieved a take-up rate of 65% as at 31 December 2019.

In recent years, the Group has made a conscious effort to carefully time the release of new launches, while managing unsold inventory in ongoing projects, as well as unsold completed units.

Our new products' designs are carefully thought through to suit the needs of the rapidly evolving market.

Through innovative marketing strategies, the Group's unsold completed inventory in Malaysia stood at a nominal value while unsold GDV of ongoing Malaysian projects stood at RM500.2 million as at end FY2019.

The high sell-through rate of our projects has allowed us to stay nimble amidst the current challenging property market.

GROUP MANAGING DIRECTOR'S REVIEW

Partnership Ventures in Malaysia and Australia

Apart from wholly owned projects, the Group also entered into joint ventures with reputable partners to jointly undertake property development projects. The Group's joint venture partners include Agile Group Holdings Limited (a Hong Kong based public listed company via a wholly-owned subsidiary in Malaysia) and the Employees Provident Fund ("EPF") to undertake the Agile Mont Kiara development (**http://www.agilemalaysia.com.my/mont-kiara/**) in Kuala Lumpur and the Melbourne Square ("MSQ") development (**http://www.melbournesquare.com.au/**) in Melbourne, Australia, respectively.

Agile Mont Kiara comprises 813 units of serviced apartments with an estimated GDV of RM1.2 billion. As at end FY2019, Agile Mont Kiara had achieved an encouraging take-up rate of 92% and is targeted to be completed and handed over to purchasers in early 2020.

MSQ, on the other hand, is our first development project in Australia. The iconic mixed-use development consists of residential, retail, office and hotel components strategically located in Southbank, Melbourne. MSQ is located within walking distance from the Crown Casino, the Melbourne Convention and Exhibition Centre, and the Flinders Street Railway Station.

Phase 1 of MSQ, with a total GDV of approximately AUD960.0 million (approximately RM2.8 billion, AUD1.0 = RM2.8660 as at 31 December 2019), comprises two towers (East Tower and West Tower) with 1,054 units of residential apartments and a retail podium with a comprehensive range of amenities for the residents. The project also offers a 3,700 square meter urban park with lush green space and water features. In addition, the retail podium will be occupied by Southbank's first full-line Woolworths supermarket, a childcare facility and restaurants. As at 31 December 2019, Phase 1 registered a take-up rate of 74% from both local and international purchasers.

Agile Mont Kiara

Artist's impression

Construction of the two MSQ towers has reached above level 50 at the date of this report. The first stage of handover (out of a total of three stages) from level 2 to level 30 for both towers is in the process of handing over to purchasers. The settlement process has commenced in January 2020. The subsequent two stages of completion and handing over are targeted to take place in the second half of financial year ending 31 December 2020 ("FY2020"). Upon successful handover and settlement by the purchasers in FY2020, OSK Property will record its maiden profit from the MSQ development.

At the same time, planning for the subsequent MSQ phases, comprising the hotel and office components, is underway. Key features of the hotel include a capacity of 600 rooms, ballrooms, meeting rooms, executive lounges, a 25-meter swimming pool, a roof-top bar and restaurants. A hotel management agreement was signed with Hilton Worldwide in October 2018, bringing the 5-star Hilton brand to MSQ.

The office tower will be designed to cater for the needs of the market and is positioned to attract tenants who want a differentiated office offering in Southbank. The Grade A building has a total net lettable area of approximately 38,000 square meters with a wellness concept incorporated into the building.

MSQ was a dual winner at the 2019/2020 Asia Pacific Property Awards, winning both the Residential High-rise Architecture and Mixed-use Development categories.

Melbourne Square Residential Tower

Artist's impression

GROUP MANAGING DIRECTOR'S REVIEW

Land Banking for Sustainable Growth

Despite challenges in the property market, the Property Development division took cognisance of the importance of replenishing its land bank to ensure we have sustainable future growth, especially in the Klang Valley. Careful feasibility studies and deliberations were carried out before any decision to purchase new land was made.

During FY2019, the Group signed a Sale and Purchase Agreement to acquire two parcels of land, comprising one parcel of 15.4-acre leasehold land in Shah Alam and another parcel of 27.8-acre freehold land in Puchong for a total consideration of RM144.0 million and RM127.0 million, respectively.

The planned development will be mainly for residential apartments delivered over a few phases with a combined estimated GDV of RM3.1 billion. Phase 1 of the Puchong development is targeted to be launched in the first half of FY2021. Both acquisitions are pending fulfilment of conditions precedent by the vendors.

The Group will continue to pursue strategic land banking opportunities for long-term growth. As at end FY2019, the Group has a land bank of 1,464 acres of developable land with an estimated GDV of RM10.5 billion in Malaysia, and an effective GDV of RM2.3 billion in Melbourne, Australia, representing OSK's share in the MSQ project.

Moving Forward

We foresee FY2020 to remain challenging for the Property Development division due to the lacklustre property market with continued challenges in the ability of purchasers to obtain end-financing, amidst concerns of a property supply overhang.

While the division emphasises on selling our unsold inventories in ongoing and completed projects through effective marketing strategies, we will continue to develop innovative products that meet the needs of prospective buyers and at the same time focus our efforts on cost optimisation.

In view of the market sentiment, the Group planned fewer launches in FY2020 which will deliver a combined GDV of RM311.9 million, namely:

(i) Iringan Bayu Mekary Phase 3B comprising double-storey terrace homes and Phase 3C comprising single-storey terrace homes in Seremban, Negeri Sembilan; and
(ii) Bandar Puteri Jaya Precincts 4 and 5 in Sungai Petani, Kedah.

Our team will focus on delivering properties launched and sold in FY2018 and FY2019 which should generate a healthy level of profits for our Property division in FY2020.

Iringan Bayu, Mekary phase

Artist's impression

GROUP MANAGING DIRECTOR'S REVIEW

Property Investment Division

(i) Atria Shopping Gallery http://www.atria.com.my/
(ii) Plaza OSK
(iii) Faber Towers http://www.fabertowers.com.my/

The properties owned by the Property Investment division includes Atria Shopping Gallery ("Atria") in Damansara Jaya, Petaling Jaya; Plaza OSK in Jalan Ampang, Kuala Lumpur; and Faber Towers in Taman Desa, Kuala Lumpur, with a total net lettable area of 1.2 million square feet. The size and occupancy rate of our investment properties are as follows:

Property	Net Lettable Area (Square feet)	Area Leased Out (Square feet)	Occupancy Rate (%)
Atria	444,466	425,042	96
Plaza OSK	236,325	232,153	98
Faber Towers			
- Retail	77,179	75,500	98
- Office	404,113	283,878	70

Atria is a neighbourhood mall comprising over 179 retail stores offering a wide array of quality products and services such as groceries, food and beverage, health, beauty, entertainment, sports, fashion and education. Atria's key tenants include MBO Cinemas, Village Grocer, CHI Fitness, Dynasty Dragon, Ace Hardware, Mr DIY, Mango, Jungle Gym and Sports Direct.

In FY2019, the mall hosted a variety of events to attract footfall and tenants. Among the key events held include the Atria Makan Fun Run 3.0, Atria Calligraphy Competition 3.0, "A Gift of Hope Christmas Party" and "Paint A Brighter Future" Fund Drive Campaign. Some of these events were held in partnership with OSK Foundation.

Additionally, Atria provides a dedicated space at Level 3 of the mall for the Alzheimer's Disease Foundation Malaysia ("ADFM"), known as the Atria-ADFM Community Corner, which is the first dementia-friendly community corner in Malaysia that was launched in September 2017. The community corner organises activities to assist residents in the vicinity who require assistance in adapting to and managing the ailment.

Despite the competitive retail landscape and the proliferation of online shopping, the mall's occupancy rate increased from 92% in FY2018 to 96% in FY2019. The mall's footfall also increased to an average of 625,000 per month in FY2019 from 552,000 per month in FY2018. This was due to concerted efforts in promoting the mall through various marketing and community-centric events, particularly during the festive season.

Plaza OSK is a 24-storey building comprising offices and two banking halls operated by RHB Bank and Bank of China. Plaza OSK is strategically located in the heart of Kuala Lumpur, sandwiched by two LRT stations along the Kelana Jaya Line, namely the KLCC and Ampang Park stations. Apart from being our headquarters and occupied by the Group's subsidiary companies, other reputable organisations who occupy the building include Bank of China and the Embassy of the People's Republic of China.

Plaza OSK is 98% tenanted as at end FY2019, an increase from 89% in FY2018. Various upgrading initiatives including lift modernisation and toilet refurbishment are in the pipeline to improve the comfort and security of our tenants and to secure the asset's rental sustainability. A new facility, known as the OSK Wellness and Chillax Zone, was opened during the year.

Faber Towers, a building located in Taman Desa, Kuala Lumpur, comprises a retail podium and two office towers. Completion of the second phase of the building's enhancement entailing the modernisation of the lifts in FY2018 brought positive results, as evidenced by a 2% increase in the occupancy rate from an average of 73% in FY2018 to 75% in FY2019.

The influx of new office and retail space within the vicinity of our properties will continue to exert pressure on occupancy and rental rates. To remain relevant, OSK Property will continue to roll out building improvement initiatives aimed at providing value-added services and convenience for our customers and tenants.

GROUP MANAGING DIRECTOR'S REVIEW

FINANCIAL SERVICES

OSK's Capital Financing division runs an established financing business that provides reliable financing and money lending services for its customers.

PROFIT BEFORE TAX **RM234.5 MILLION**

"Our Capital Financing business aspires to continue its growth trajectory through organic loan disbursement growth."

FINANCIAL SERVICES

http://www.oskgroup.com/businesses/

The Group's Financial Services segment comprises the Capital Financing division and the Group's strategic long-term investment in RHB Bank Berhad ("RHB").

Capital Financing Division

Licensed under the Money Lending Act 1951 (Act 400), our Capital Financing division continues to provide short-term financing for corporates, businesses and individuals for the purposes of equity investments, bridge financing, and working capital funding.

The division accomplished a revenue of RM70.1 million and a PBT of RM34.4 million in FY2019 compared with a revenue of RM60.9 million and a PBT of RM26.9 million in FY2018. Our financing portfolio size stood at RM777.2 million as at end FY2019, soared 37% from a year ago. In FY2019, the division expanded its sales and marketing activities to cater for a wider range of customers. All financing facilities are vetted thoroughly via a thorough credit evaluation process. A complete risk due diligence is required prior to any loan disbursement. In addition, our team conducts continuous credit and risk monitoring of our portfolio of loans.

Moving forward, our Capital Financing business aspires to continue its growth trajectory through organic loan disbursement growth. In doing so, we will remain vigilant in our lending policy and maintain a prudent risk appetite.

Equity Investment in RHB

Our strategic equity stake of 10.13% in RHB is a long-term investment for the Group. The investment generated cash flow for the Group via dividends declared and paid by RHB, which amounted to RM107.1 million in FY2019 (including capital distribution from the successful liquidation of RHB Capital Berhad for RM3.5 million) compared with RM83.0 million in FY2018, in line with the improved performance by RHB. The share of profits from RHB grew to RM234.1 million in FY2019 compared with RM215.1 million in FY2018, an increase of 9%.

GROUP MANAGING DIRECTOR'S REVIEW

CONSTRUCTION

Operating in tandem with OSK Property, OSK Construction has over four decades of expertise in building construction services.

PROFIT BEFORE TAX **RM8.5 MILLION**

OSKCon registered a QLASSIC score that exceeded our internal benchmark of 75% for Luminari, Windmill Upon Hills and TimurBay.

CONSTRUCTION

http://www.oskconstruction.com/

OSK Construction ("OSKCon") is a registered contractor with the Pusat Khidmat Kontractor (PKK) and the Construction Industry Development Board ("CIDB") classified under the Class A and G7 categories, respectively.

OSKCon's construction order book comprises solely of property development projects by OSK Property.

In FY2019, OSKCon recorded a revenue of RM250.1 million and a PBT of RM8.5 million, compared with a revenue of RM281.6 million and a PBT of RM12.1 million in the preceding year, representing a decline of 11% and 30%, respectively. Revenue in FY2019 was affected by the slower than expected award of new contracts by the Property division, due to a cautious approach in the launching of new developments.

In addition, the ongoing construction of existing projects have also reached an advanced stage, which saw the completion of three projects, namely Windmill Upon Hills, Luminari and TimurBay.

In FY2019, the Construction division successfully secured new projects that were launched by the Property Development division, including You City III's substructure and a few phases in Iringan Bayu, with contracts worth approximately RM69.4 million.

The outstanding order book as at end FY2019 stood at RM204.0 million, encompassing mainly residential property projects in Iringan Bayu and Ryan & Miho.

The successful Prop-Con model, which was introduced four years ago to merge the Property and Construction teams to deliver improved quality and speedier construction, has enabled OSKCon to complete and hand over three property projects during the year, each registering a QLASSIC score that exceeded our internal benchmark of 75%.

GROUP MANAGING DIRECTOR'S REVIEW

QLASSIC is a system used to measure and evaluate the quality of building construction works, based on the Construction Industry Standard (CIS 7:2006).

Both Windmill Upon Hills in Genting Permai, Pahang, and Luminari in Butterworth, Penang, received a QLASSIC score of 80% and were delivered 3.5 months and 10 months ahead of schedule, respectively; while TimurBay in Kuantan, Pahang, was completed and handed over 2 months ahead of schedule with a QLASSIC score of 76%. This marked a significant milestone for OSKCon in its ability to construct and deliver quality homes.

OSKCon was also accorded a 5-Star Safety & Health Assessment in Construction (SHASSIC) rating from CIDB for its safety, health and environmental compliance during the construction of Iringan Bayu's Pastura Phase 2A and 2B. The awarded scores were 87% and 90% respectively, serving as yet another testament to our continuous improvement efforts.

In October 2019, OSKCon successfully achieved the internationally-benchmarked ISO 14001:2015 certification for its effective Environmental Management System ("EMS"). The first EMS initiative we rolled out in FY2019 was the implementation of "ZERO Plastic Water Bottles" at all our construction sites, where we distribute and enforced the use of reusable water containers. Our EMS measures will be expanded to include other best practices in the near future.

OSKCon's Integrated Management System ("IMS"), which incorporates the ISO 9001:2015 (Quality Management System) and the OHSAS 18001:2007 (Occupational Health and Safety Management System), underwent its 1st surveillance audit on 4 December 2019. The surveillance audit showed a zero Non-Conformance Report (NCR), reflecting our full commitment in implementing the IMS.

While our internal quality manual, the OSK Quality System ("OQS"), was launched two years ago as a means to enhance our quality standards, we are working towards developing our OSK Safety Standard ("OSS"), expected to be launched in FY2020. One of the major objectives of the OSS is to improve on-site working conditions in the areas of safety, health and environment.

The standard includes specification for the maximum use of lightweight, precast concrete IBS materials in our projects, such as wall panels from our IBS division (ACOTEC) and the continued adoption of the Aco-Built system that reduces construction time and minimises wastage. This, in turn, ensures efficient site management and, more importantly, provides high quality finishes for our property products.

Effective planning plays an essential role in the upgrading of our project management and delivery capability. Moving forward, OSKCon will be looking at digitisation, in particular, the adoption of the Building Information Modelling (BIM) system, which industrialises processes and operating procedures, and enables real-time crucial building information to be shared among all stakeholders, including employees at the project site.

In addition, OSKCon will also continue to implement best practices in the construction industry for our internal projects. We took the opportunity during this challenging time to focus on improving our internal processes to be more efficient and effective, while enhancing our operating synergy with the Property division.

Construction of Ryan & Miho in progress

GROUP MANAGING DIRECTOR'S REVIEW

INDUSTRIES

OSK Industries Segment produces pre-cast concrete wall panels, and innovative Industrialised Building System solution, as well as high quality power cables for various industries.

PROFIT BEFORE TAX
RM27.8 MILLION

"OCC's power cable products are used in the power transmission sector and other general industries, including oil and gas, infrastructure development, utilities, construction and manufacturing."

INDUSTRIES

The Group's Industries segment comprises the cable manufacturing business under the Olympic Cable brand ("OCC") and the IBS manufacturing business under the ACOTEC brand ("ACOTEC").

Cables Division

http://www.olympic-cable.com.my/

OCC is a leading manufacturer of high quality cables in Malaysia, where a wide variety of its products are certified and registered by the Loss Prevention Certification Board, TÜV SÜD PSB, SIRIM QAS International, and the Fire and Rescue Department of Malaysia to meet the specifications and statutory requirements of its customers. OCC's power cable products are used in the power transmission sector and other general industries, including oil and gas, infrastructure development, utilities, construction and manufacturing. OCC's production facilities are located in Melaka, Malaysia, and in Binh Duong, Vietnam.

The Cables division maintained its PBT at RM25.1 million in FY2019 by tapping into other segments in the market, with the slowdown in the property market. OCC's products is primarily categorised into three types, namely:

(i) low voltage power cables;
(ii) medium voltage power cables; and
(iii) fire-resistant power cables.

These are produced in a variety of sizes, materials (i.e. copper or aluminium) and features such as fire resistance, flame retardant, water-blocking and many more.

To remain competitive in the market and to ensure the division's sustainable growth, we conduct continuous research and development ("R&D") to improve the quality of our offerings, to increase the efficiency of our machines, and to expand into new product segments that meet our customers' evolving needs. The division has successfully obtained endorsements for its new aluminium fire-resistant cables from various authorities and certification boards a year ago. The new product has received a good market response thus far.

GROUP MANAGING DIRECTOR'S REVIEW

ACOTEC factory

We noted that our existing factory in Melaka has been operating at almost full capacity and, at times, has been unable to cope with our customers' demand, due to high utilisation of the existing machinery. Our Melaka factory is currently undergoing an expansion plan to increase its production capacity by 20-25% over the next few years.

We believe our new aluminium fire-resistant cables and other new products in the pipeline, together with our well-established high-quality cables will propel the division to gain a bigger market share and achieve sustainable growth moving forward. Concurrently, we are also broadening our market reach by expanding our sales and marketing team and improving our sales approach.

Operationally, we strive to constantly improve our factories' efficiency and employees are encouraged to propose new workflow and/or processes to facilitate continuous improvement under the Japanese "Kaizen" philosophy.

IBS Division

http://www.acotec.com.my/

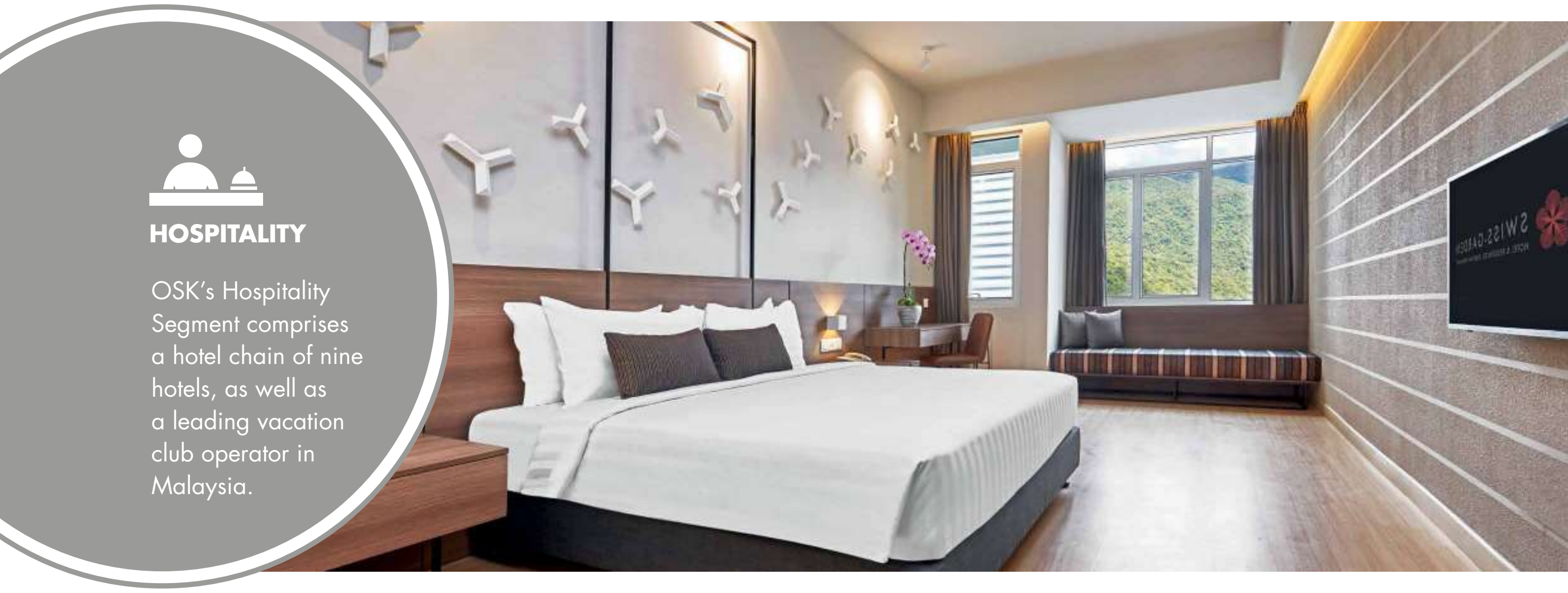
Our IBS products, manufactured under the ACOTEC brand, is used in the construction of high-rise as well as landed properties. Lightweight in nature, ACOTEC is easy to install and saves construction time, especially when the innovative Aco-Built system is used. Our IBS products can be produced in standard and customised sizes to fit construction requirements, offering high quality finishes and compliance with fire ratings, thermal resistance and sound insulation statutory requirements.

During FY2019, our IBS division improved its pre-tax profit on the back of higher revenue from both the local and Singapore markets. The increase was mainly attributed by expansion into markets in other states in Peninsular Malaysia where we do not yet have a presence. In addition, the division also promoted our supply and install services, and engaged with contractors to ensure that they learn the right method of installation to further enhance their efficiency and cost.

Moving forward, we endeavour to continue with our R&D to improve the quality of our products and explore new mechanised installation methods to be deployed at project sites. Our sales and marketing plans, currently covering a wide spectrum of products, specifications and geographical areas, is constantly reviewed to adapt to changing market conditions.


ACOTEC production

GROUP MANAGING DIRECTOR'S REVIEW



HOSPITALITY

OSK's Hospitality Segment comprises a hotel chain of nine hotels, as well as a leading vacation club operator in Malaysia.

9 Hotel Properties

12,000+ Vacation Club Members

> **The Hotels and Resorts division comprises properties operating under our "Swiss-Garden" and "Swiss-Inn" brands, and are managed by Swiss-Garden International Hotels, Resorts and Inns ("SGI").**

HOSPITALITY

Our Hospitality segment comprises the Hotels and Resorts division and the Vacation Club division.

Hotels and Resorts Division

http://www.swissgarden.com/

The Hotels and Resorts division comprises properties operating under our "Swiss-Garden" and "Swiss-Inn" brands, and are managed by Swiss-Garden International Hotels, Resorts and Inns ("SGI"). SGI's portfolio of nine hospitality properties has a combined room inventory of over 1,650 rooms, multiple meeting facilities and an 18-hole golf course. Our resorts are located in Damai Laut, Kuantan and Genting Highlands. Our city hotels are located in Kuala Lumpur, Melaka, Johor Bahru and Sungai Petani.

In FY2019, the division recorded a revenue of RM58.8 million and a LBT of RM14.9 million, compared with a revenue of RM81.0 million and a PBT of RM73.6 million in the previous year. Included in FY2018's PBT were gains from the disposal of two hotel assets amounting to a total of RM93.5 million. Excluding the one-off gains, the division's LBT was RM19.9 million in FY2018. Despite the high occupancy rates of our hotels and resorts during weekends and holiday seasons, the overall performance continued to be dragged down by low occupancy rates on weekdays.

The hospitality industry in Malaysia is experiencing soft tourist arrivals, coupled with increasing competition from unconventional hospitality offerings such as Airbnb, homestay properties and boutique hotels. International brands have also expanded their presence in Malaysia. This has resulted in a very difficult business environment for the industry in the recent years.

In the meantime, the division has put in place strategies to increase our visibility among travellers, including offering innovative accommodation packages and developing our own internet booking engine. We will further build relationships with travel agents and corporate bodies to bring in tour groups and large-scale meeting events to increase our occupancy rates.

GROUP MANAGING DIRECTOR'S REVIEW

SGI Vacation Club

As highlighted in the aforementioned Corporate Development section, we signed a hotel management agreement with Hilton Worldwide in June 2019 to manage our Swiss-Garden Beach Resort Damai Laut. The Group has allocated a budget of RM35.0 million for the refurbishment of the resort and upon completion, it will be rebranded as "DoubleTree by Hilton Damai Laut Resort". The collaboration with Hilton Worldwide allows the resort to tap into Hilton's global customer database and attract a wider visitor base.

Besides ongoing rebranding efforts, we also officiated the opening of our Swiss-Garden Hotel & Residences Genting Highlands ("SGGH") in June 2019. The new hotel, which is about a 45-minute car drive from Kuala Lumpur City Center and a 10-minute driving distance from Genting Premium Outlets, comprises 561 rooms, a ballroom and meeting facilities. We expect SGGH to perform well as a family holiday destination and an ideal location for retreats, seminars and conferences.

As the Group continues to review, evaluate and rationalise its portfolio of fixed assets on a regular basis to optimise returns for our Shareholders, assets which do not meet the required returns will be identified for gradual divestment.

The outbreak of Covid-19 at the date of this report has affected future bookings and tourist arrivals.

Whilst various precautionary measures were taken at the respective hotels and resorts, it is anticipated that the outbreak may potentially have a heavy impact on the division's revenue if the epidemic is prolonged.

Vacation Club Division

http://sgivacationclub.com/

SGI Vacation Club ("SGI VC") is one of the leading vacation clubs in Malaysia, with over 12,000 members as at end FY2019.

These members have chosen SGI VC's value-added vacation stay programmes to enjoy years of quality holidays around the world. With the cessation of the 30-year Membership Scheme ("S1"), which started in year 2001, SGI VC launched a new product with a shorter 15-year membership in December 2018, known as the SGI Vacation Club Membership Scheme 2 ("S2"). Despite the initial slow take-up rate, the number of S2 membership sales increased gradually towards the 3rd quarter of FY2019 reaching 1,279 memberships sold at the close of FY2019.

During the year, SGI VC's revenue declined by RM6.7 million, with a total revenue of RM24.7 million compared with RM31.4 million in FY2018; while PBT decreased to RM8.6 million from RM10.2 million in FY2018. To sustain our market leadership, SGI VC continues to strengthen its sales performance by venturing into new markets, diversifying our sales channel and forming strategic partnerships with overseas agents.

SGI VC registered a 22% reduction in total new memberships in FY2019 to 1,330 from 1,707 in FY2018. The lower number of memberships sold during the year was partly due to the time required by our sales force to familiarise themselves with the features of the new S2 and for customers to accept a shorter-duration membership scheme.

Moving forward, SGI VC will focus on selling the remaining S2 inventory as the scheme is more attractive due to its affordability, shorter tenure and appealing resort destinations.

GROUP MANAGING DIRECTOR'S REVIEW

BUILDING OUR FOUNDATION FOR THE LONG TERM

As we shared with our Shareholders last year, we have put in considerable efforts to strengthen the Group's operations. Within the Group, we refer to our back-office operation units as the Support Function Group, or SFGs in short. Our SFGs are made up of several functions, namely: Group Finance, Group Human Resources and Administration, Group Information Technology, Group Internal Audit, Group Corporate Services, and Group Legal.

As a Group, we have invested significant amounts of time and resources to build up a strong organisational core that is represented by our SFGs. It is our belief that with a strong core, OSK Group can continue to grow in a systematic and orderly manner. Also, if our core functions are strong, our business units can spend their time and energy growing our business rather than fire-fighting day-to-day operational issues.

As we move ahead, we will continue to develop our talent pool. Our Group Human Resources and leaders in the respective divisions play a pivotal role in talent development and retention. Learning and development programmes will be carefully structured to ensure our employees continue to grow with us.

We have a healthy balance sheet to facilitate business growth. As we explore new business opportunities, we will continue to rationalise our balance sheet by divestment of assets that do not meet our investment targets. The asset rationalisation that began five years ago will continue to be carried out to improve the overall returns to our Shareholders.

In keeping with the Group's digitisation initiative, we shall invest in technologies that will improve workflow, accuracy of reporting and productivity to relieve employees from monotonous, labour-oriented tasks that could be automated, as we refocus our human capital on value-added activities.

As we move ahead into the new decade, many uncertainties and challenges lie ahead of us. But along with those challenges come opportunities. It is important that OSK Group is ready to identify and capitalise on these opportunities for the benefit of all our stakeholders.

It has been a privilege for the management team and I to have served our stakeholders in FY2019. On behalf of the Management team, I would like to express my gratitude to you, our Shareholders, for your support. We would also like to thank our board of directors and our staff for their dedication and commitment to the Group. Lastly, we would like to thank all the relevant government departments and authorities, our regulators, our business partners, business associates and suppliers for all their support and cooperation.

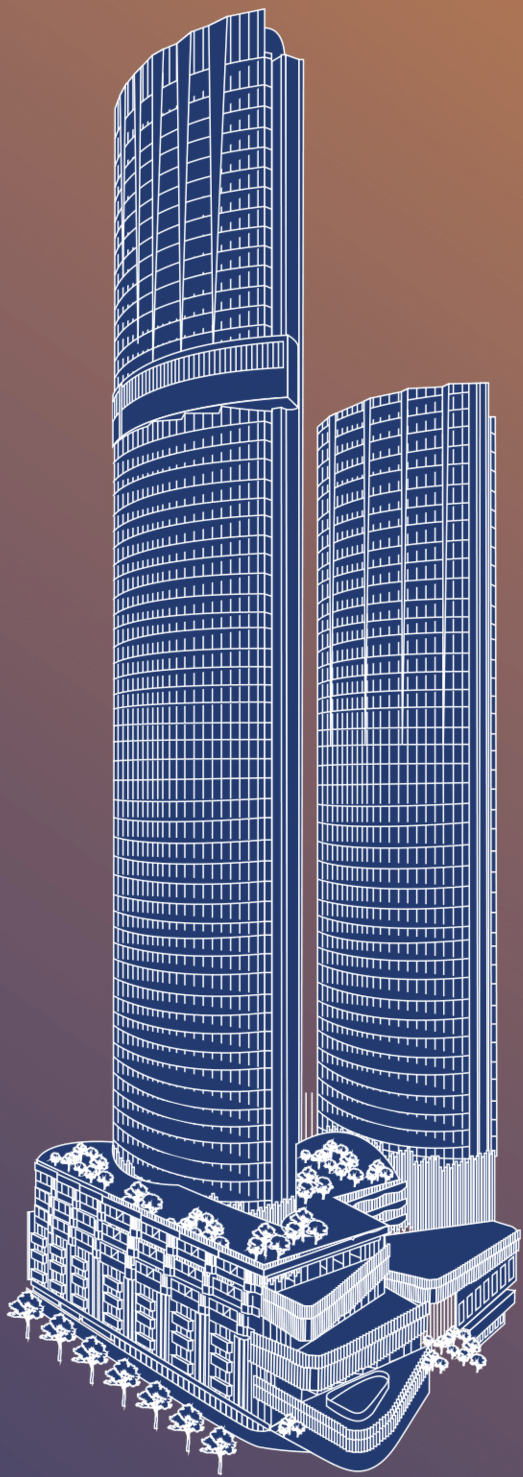
Ong Ju Yan
Group Managing Director

JobStreet Malaysia Career & Training Fair 2019

A Legacy of Excellence

PROPERTY

Property development is the core business interest of the OSK Group. Coming under the brand of OSK Property, we are today, one of Malaysia's leading property groups. Our property development's presence spans across Peninsular Malaysia and we have also launched our first overseas development project "Melbourne Square" in Melbourne, Australia, in a joint-venture partnership with Employees Provident Fund Malaysia.



02 Our Performance

FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM'000)	2019	2018	2017	2016	2015
FINANCIAL POSITION					
TOTAL ASSETS					
Investments in associated companies and a joint venture	3,681,201	3,423,984	3,443,134	2,896,737	2,791,783
Inventories	1,553,893	1,629,667	1,376,732	1,713,326	1,609,802
Property, plant and equipment	605,518	660,630	752,444	778,257	802,393
Investment properties	464,780	451,301	712,943	649,780	570,342
Capital financing	777,186	565,974	512,890	351,313	382,118
Trade receivables	280,613	281,453	309,530	326,628	430,886
Contract assets	129,742	299,909	125,918	276,919	384,807
Cash, bank balances and short term funds	585,844	528,611	424,676	418,452	455,699
Deferred tax assets	93,891	87,712	74,018	100,883	84,487
Other assets	194,762	163,757	170,384	213,855	178,736
Total assets	8,367,430	8,092,998	7,902,669	7,726,150	7,691,053
TOTAL LIABILITIES					
Borrowings	1,197,604	1,365,195	1,428,706	1,393,290	1,451,407
Medium term notes and Sukuk	1,180,928	1,109,519	838,210	837,604	746,837
Trade payables	97,622	136,638	183,836	202,858	402,504
Contract liabilities	140,647	174,131	228,855	264,037	347,094
Deferred tax liabilities	115,546	119,495	143,120	156,916	136,772
Other liabilities	571,634	518,488	473,018	428,555	298,745
Total liabilities	3,303,981	3,423,466	3,295,745	3,283,260	3,383,359
TOTAL EQUITY					
Share capital	2,095,310	2,095,310	2,095,310	1,402,891	1,402,891
Treasury shares, at cost	(35,636)	(30,237)	(30,237)	(30,237)	(30,234)
Share premium	-	-	-	336,481	336,481
Retained profits	2,743,327	2,435,791	2,363,172	2,405,394	2,222,071
Other reserves	186,462	96,674	110,445	185,981	162,823
Net assets attributable to Owners of the company (Shareholders' funds)	4,989,463	4,597,538	4,538,690	4,300,510	4,094,032
Non-controlling interests	73,986	71,994	68,234	142,380	213,662
Total equity	5,063,449	4,669,532	4,606,924	4,442,890	4,307,694
Total number of outstanding Ordinary Shares in Issue ('000)	2,071,836	2,077,200	2,077,200	1,384,791	1,384,793

FIVE-YEAR GROUP FINANCIAL SUMMARY

(RM'000)	2019	2018	2017	2016	2015
FINANCIAL PERFORMANCE					
Revenue	1,207,523	1,204,087	1,169,279	1,305,671	757,484
Cost of sales	(787,354)	(862,325)	(865,652)	(904,777)	(513,787)
Operating expenses	(194,554)	(224,823)	(207,543)	(249,045)	(146,666)
Operating profit	225,615	116,939	96,084	151,849	97,031
Other income	34,196	121,763	279,601	98,687	412,861
Finance costs	(63,875)	(80,035)	(72,971)	(77,681)	(26,865)
Share of results of associated companies and a joint venture	274,592	236,743	182,466	148,558	121,695
Profit before tax	470,528	395,410	485,180	321,413	604,722
Core PBT*	470,528	301,960	254,441	275,865	226,470
Profit after tax	418,659	352,268	403,606	252,028	569,802
Profit attributable to Owners of the Company	412,003	346,053	400,219	247,273	561,528
SHARE INFORMATION					
Basic and diluted earnings per share (sen)	19.84	16.66	19.27	11.90	33.21
Gross dividends per share Declared/Proposed (sen)	5.00[(a)]	5.00	6.00[(b)]	7.50	20.00[(c)]
Net assets per share attributable to Owners of the Company (RM)	2.41	2.21	2.19	2.07	1.97
Share price at the end of the year (RM)	1.04	0.87	1.07	0.93	1.09
Market capitalisation (RM'million)	2,155	1,807	2,223	1,939	2,257
VALUATION					
Dividend yield	4.81%	5.75%	5.61%	5.36%	12.27%
Price to earnings multiple (times)	5.24	5.22	5.55	7.82	3.28
Price to book multiple (times)	0.43	0.39	0.49	0.45	0.55
FINANCIAL RATIOS					
Return on equity	8.60%	7.58%	9.06%	5.89%	16.51%
Return on assets	5.01%	4.33%	5.12%	3.21%	10.39%
Net gearing (times)	0.37	0.42	0.40	0.41	0.42

Notes:

(a) 5.0 sen consists of a single-tier interim dividend of 2.0 sen and a proposed single-tier final dividend of 3.0 sen per share. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting.

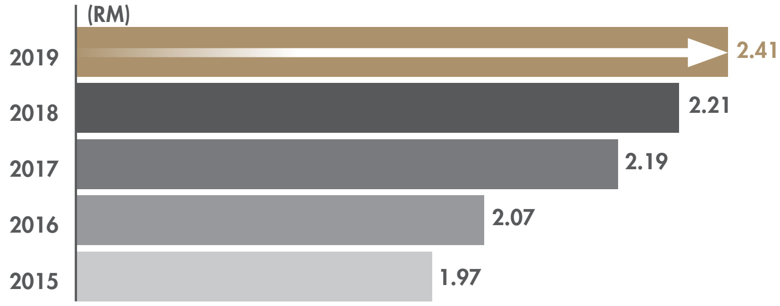
(b) 6.0 sen consists of a single-tier interim dividend of 2.5 sen and a single-tier final dividend of 3.5 sen per share. The single tier final dividend of 3.5 sen per share is based on the enlarged number of ordinary shares after the bonus issue.

(c) 20.0 sen consists of a single-tier special dividend of 15.0 sen, a single-tier interim dividend of 2.5 sen and a single-tier final dividend of 2.5 sen per share.

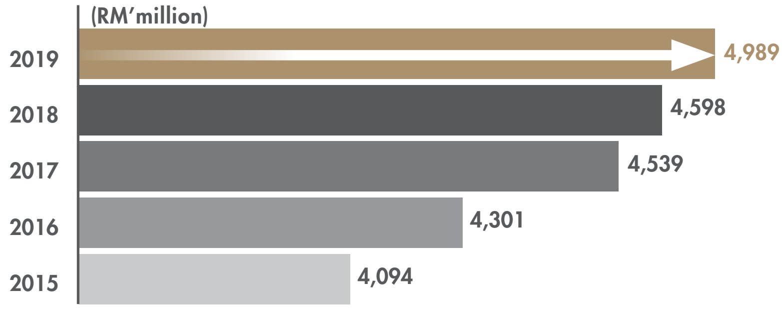
* The Core PBT excludes the items as disclosed in the Group Managing Director's Review on page 7 of this annual report.

FIVE-YEAR GROUP FINANCIAL SUMMARY

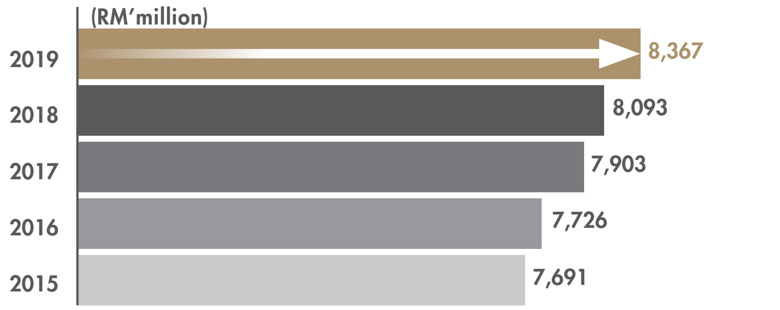
Net Assets Per Share Attributable To Owners Of The Company
RM2.41



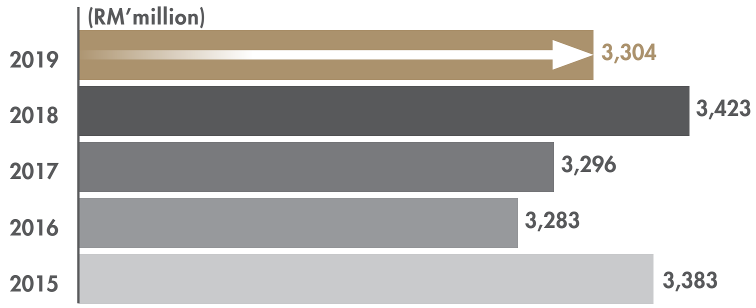
Net Assets Attributable To Owners Of The Company (Shareholders' Funds)
RM4,989 million



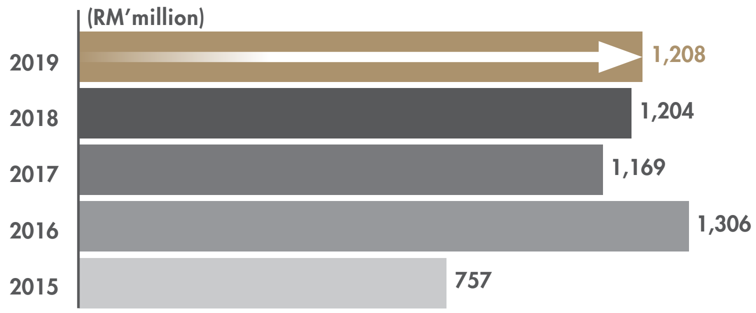
Total Assets
RM8,367 million



Total Liabilities
RM3,304 million

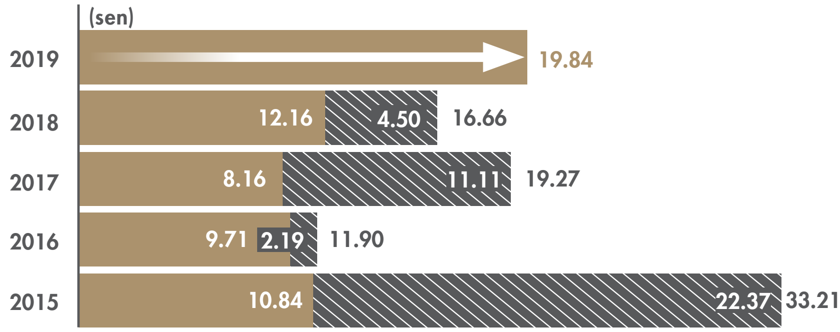


Revenue
RM1,208 million

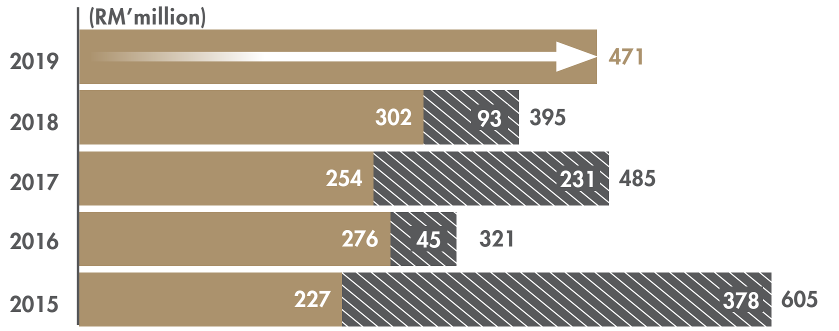


FIVE-YEAR GROUP FINANCIAL SUMMARY

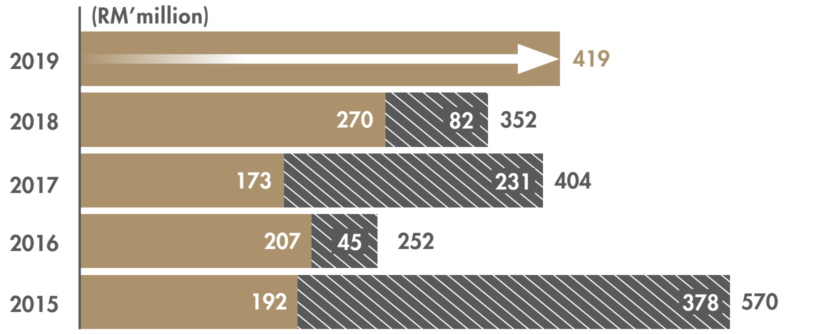
Basic Earnings Per Share
19.84 sen



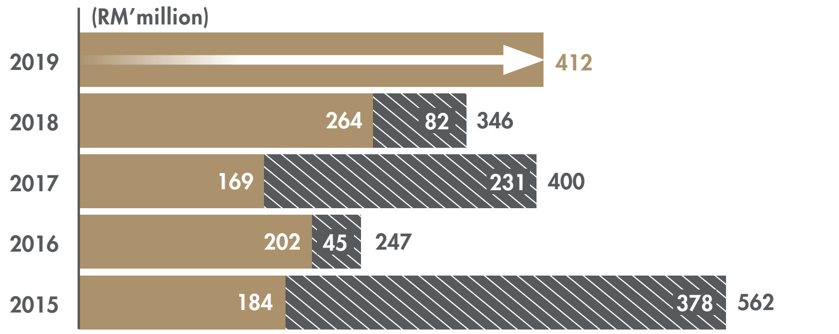
Profit Before Tax
RM471 million



Profit After Tax
RM419 million



Profit Attributable To Owners Of The Company
RM412 million



One-off items include:

FY2018: Gains on disposals of hotel properties.

FY2017: Gain on deemed disposal arising from the dilution of equity interest in a subsidiary company in Melbourne, Australia, and realisation of foreign currency translation gains; and a gain from fair valuation of investment properties.

FY2016: Gain from fair valuation of investment properties and an impairment loss on infrastructure development costs.

FY2015: Negative goodwill arising from the acquisition of OSK Property Holdings Berhad and PJ Development Holdings Berhad, and subscription of rights issue in RHB; and a gain from fair valuation of investment properties.

STATEMENT OF VALUE ADDED AND DISTRIBUTION

(RM'000)	2019	2018	2017	2016	2015
VALUE ADDED:					
Revenue	1,207,523	1,204,087	1,169,279	1,305,671	757,484
Purchase of goods and services	(814,515)	(911,231)	(906,765)	(984,346)	(582,641)
Value added by the Group	393,008	292,856	262,514	321,325	174,843
Other income	34,196	121,763	101,989	98,687	37,609
Gain on deemed disposal of a subsidiary company	-	-	177,612	-	-
Negative goodwill	-	-	-	-	375,252
Share of results of associated companies and a joint venture	274,592	236,743	182,466	148,558	121,695
Total value added	701,796	651,362	724,581	568,570	709,399
RECONCILIATION:					
Profit after tax	418,659	352,268	403,606	252,028	569,802
Add: Depreciation and amortisation	29,102	27,855	29,260	29,435	10,986
Finance costs	63,875	80,035	72,971	77,681	26,865
Salaries and other staff costs	138,291	148,062	137,170	140,041	66,826
Tax expense	51,869	43,142	81,574	69,385	34,920
Total value added	701,796	651,362	724,581	568,570	709,399
DISTRIBUTION:					
To employees					
Salaries and other staff costs	138,291	148,062	137,170	140,041	66,826
To the Government					
Corporate taxation	51,869	43,142	81,574	69,385	34,920
To providers of capital					
Dividends to the Owners of the Company	103,860	114,246	103,860	69,240	224,815
Profit attributable to non-controlling interests	6,656	6,215	3,387	4,755	8,274
Finance costs	63,875	80,035	72,971	77,681	26,865
	174,391	200,496	180,218	151,676	259,954
To reinvest for future growth of the Group					
Depreciation and amortisation	29,102	27,855	29,260	29,435	10,986
Profits retained by the group	308,143	231,807	296,359	178,033	336,713
	337,245	259,662	325,619	207,468	347,699
Total value distributed	701,796	651,362	724,581	568,570	709,399

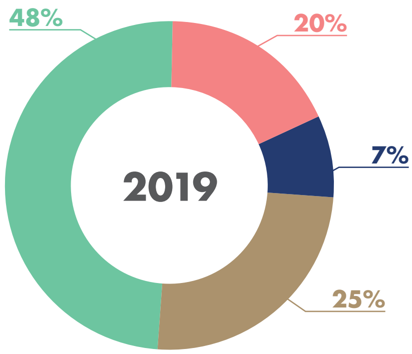
TOTAL VALUE DISTRIBUTED

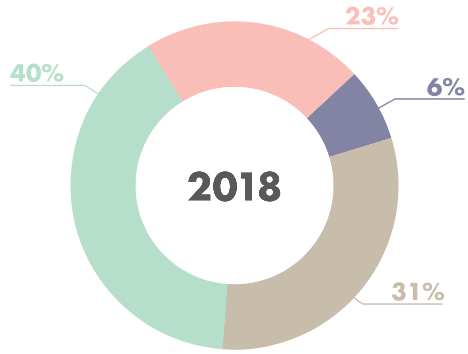
Employees

Governments

Providers of capital

Reinvestment





KEY FINANCIAL DATES

ANNUAL GENERAL MEETING				
Annual General Meeting ("AGM")	30th AGM	29th AGM	28th AGM	27th AGM
Notice date	TBD^	27 March 2019	2 April 2018	23 March 2017
Meeting date	TBD^	30 April 2019	24 May 2018	19 April 2017

QUARTERLY RESULTS				
Unaudited consolidated results	4th Quarter 2019	3rd Quarter 2019	2nd Quarter 2019	1st Quarter 2019
Quarter ended	31 December 2019	30 September 2019	30 June 2019	31 March 2019
Announcement date	27 February 2020	25 November 2019	29 August 2019	27 May 2019

DIVIDENDS TO SHAREHOLDERS				
Proposed or declared and paid	Proposed	Declared and paid	Declared and paid	Declared and paid
Dividend description	Single-tier final dividend of **3.0 sen** per ordinary share*	Single-tier interim dividend of **2.0 sen** per ordinary share	Single-tier final dividend of **3.0 sen** per ordinary share	Single-tier interim dividend of **2.0 sen** per ordinary share
Financial year ended	31 December 2019	31 December 2019	31 December 2018	31 December 2018
Announcement date on the notice of entitlement and payment	TBD^	29 August 2019	26 March 2019	6 September 2018
Entitlement date	TBD^	18 September 2019	7 May 2019	26 September 2018
Payment date	TBD^	3 October 2019	23 May 2019	10 October 2018

^ *To be determined ("TBD") and announced in due course.*
* *The proposed final dividend is subject to the Shareholders' approval at the upcoming 30th AGM.*

INVESTOR RELATIONS

OSK's Investor Relations ("IR") aims to provide and disseminate effective and timely information related to the Group's business strategies, financial performance and business initiatives. Such engagement with investors, analysts and shareholders is essential in establishing transparency and instilling confidence, allowing them to make informed and timely investment decisions.

The Group has adopted the following communication channels with the investment community:

MEETINGS AND CONFERENCE CALLS

The Group's senior management held numerous meetings and/or conference calls with both local and foreign institutional shareholders, fund managers, analysts and investors to share operational developments whilst adhering to regulatory guidelines for information disclosure.

ANNUAL AND QUARTERLY REPORTS

OSK publishes quarterly financial reports and annual report aimed to describe the details of financial and operating performance of the Group to the investment community. This is complemented by our Sustainability Report, which details the Group's management of sustainability issues. In addition, we provide information on key corporate activities via the announcement made to Bursa Malaysia Securities Berhad. These reports and links can be accessed via the Group's website at **http://www.oskgroup.com/corporate-announcements/**.

GENERAL MEETINGS

The Annual General Meeting ("AGM") represents the most important platform for formal communications between our Shareholders, Board of Directors ("the Board") and senior management of the Group. During the meeting, our Shareholders are able to raise questions and provide feedbacks to the Board and senior management as well as exercise their voting rights during these meetings. Shareholders who are unable to attend could appoint their proxies to represent them to attend the meeting and vote on their behalf.

WEBSITE AND E-MAIL

The Group's IR team comprises the Group Managing Director, Deputy Group Managing Director and the Group Chief Financial Officer. The Group IR portal is integrated with the Group's website at **http://www.oskgroup.com/overview/** and it is established to facilitate communications between the Group and the investment community on a timely manner. Any queries to the Group's senior management and IR team can be submitted via e-mail to **ir@oskgroup.com.**

SHARE PRICE AND VOLUME TRADED

SHARE PERFORMANCE

RETURN ANALYSIS

	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19
Closing Price (RM)	0.91	0.97	0.94	0.99	0.87	0.94	0.94	0.92	0.97	0.96	0.94	1.04
Volume ('000)	5,924	5,062	6,281	8,459	46,976	9,826	15,951	5,546	11,046	6,131	12,033	17,639
FTSE BM KLCI Index	1,683.53	1,707.73	1,643.63	1,642.29	1,650.76	1,672.13	1,634.87	1,612.14	1,583.91	1,597.98	1,561.74	1,588.76
Bursa Malaysia Property Index	928.14	923.61	909.18	938.34	896.53	900.92	869.33	800.79	771.06	751.53	778.92	830.62
OSK Return	4.60%	11.49%	8.05%	13.79%	0.00%	8.05%	8.05%	5.75%	11.49%	10.34%	8.05%	19.54%
KLCI Return	(0.42%)	1.01%	(2.78%)	(2.86%)	(2.36%)	(1.09%)	(3.30%)	(4.64%)	(6.31%)	(5.48%)	(7.62%)	(6.02%)

Growing From Strength To Strength

FINANCIAL SERVICES

OSK Group's financial services segment includes a 10.13% equity interest in RHB Banking Group, the fourth largest bank in Malaysia, as well as its capital financing business through OSK Capital.

03 Our Profile

ABOUT US

OSK Holdings Berhad ("OSK" or "the Company") began its stockbroking business in 1963 and was listed on the Kuala Lumpur Stock Exchange ("KLSE", now known as Bursa Malaysia Securities Berhad or "Bursa Malaysia") in 1991. OSK grew over the years to become a regional investment bank under OSK Investment Bank Berhad ("OSKIB").

In 1997, OSK diversified into properties through its subsidiary company, OSK Property Holdings Berhad ("OSKPH"). When OSKIB became a regulated entity in 2007 by Bank Negara Malaysia, the shares of OSKH were distributed to the shareholders of OSK to comply with regulatory requirements.

In 2012, OSKIB merged with RHB Investment Bank Berhad in a share swap exercise resulting in OSK becoming a major shareholder in RHB Banking Group – the 4th largest bank in Malaysia, an investment holding position that OSK continues to hold until today.

Subsequently, OSKPH and PJ Development Holdings Berhad ("PJDH") merged into OSK Group in 2015, which transformed OSK into an enlarged entity with diversified business interests in five key segments, namely, Property, Construction, Financial Services, Industries and Hospitality.

Today, OSK's property development business, under the "OSK Property" brand, is a leading home-grown name that takes pride in providing a range of quality homes from its sprawling township in Sungai Petani, Kedah, to high-rise city condominiums and mixed-use developments in the Klang Valley to modern affordable landed residences in the Iringan Bayu township in Seremban, Negeri Sembilan.

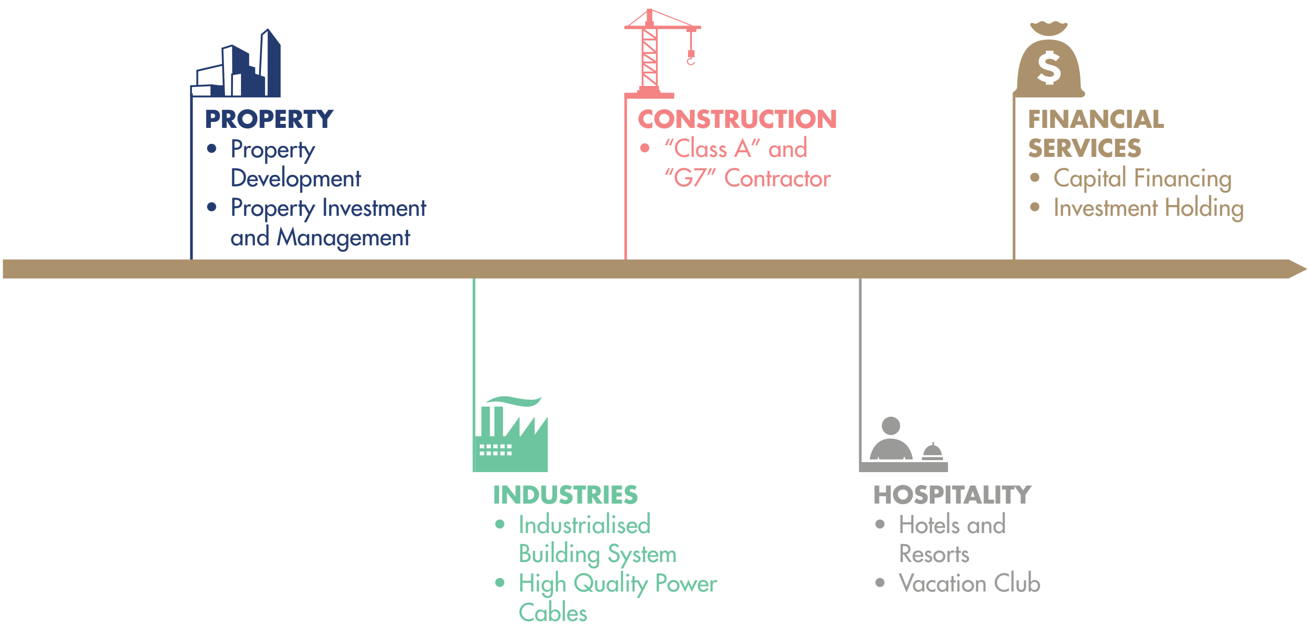
OSK is also expanding its overseas presence beginning with its maiden project in Melbourne, Australia, known as Melbourne Square. A joint-venture partnership with Employees Provident Fund Malaysia ("EPF"), Melbourne Square is a connected, live-work-play precinct that is set to transform the city's evolving skyline.

In addition to the property development segment, other businesses under OSK Group are also well established in their respective industries, including OSK Construction, a "Class A" and "G7" certified contractor which operates in tandem with OSK Property under the "Prop-Con" model.

OSK's industries segment, on the other hand, involves the manufacturing of power cables under the Olympic Cable brand and precast concrete wall panels, an industrialised building system solution, under the Acotec brand.

OSK Capital, the financial services arm, provides capital financing; while our hospitality segment comprises hotels under the "Swiss-Garden International" brand, as well as a vacation club under the "SGI Vacation Club" brand.

Capitalising on our business building expertise, OSK Group is focused on improving the performance of our business portfolios to deliver strong sustainable returns to our shareholders.



ABOUT US

OUR VISION & MISSION

At OSK, our vision is to be a long-term business builder that delivers superior value to all our internal and external stakeholders.

SHAREHOLDERS

We seek to create long-term value for our shareholders through delivering strong and sustainable returns.

BUSINESS UNITS

We help our businesses deliver unique and high quality products and services to our customers through the expertise of our business leaders, our willingness to invest in talent, our efficient infrastructure and our effective operational processes.

BUSINESS PARTNERS

We create and nurture mutually rewarding long-term partnerships with our suppliers, consultants, business associates and customers.

EMPLOYEES

We aim to be an employer of choice through maintaining a good work culture and adopting a genuine interest in the long-term career development of our employees.

COMMUNITY

We aim to enrich the lives of the communities in which we operate.

OUR VALUES

We aim to achieve our vision by embracing these values in our daily work.

EXCELLENCE

We make decisions and formulate strategies based on objective facts. We try our best to have a thorough understanding of our businesses and the markets in which we operate so that we make decisions that are well thought-through.

We adopt high standards in all that we do so that our businesses consistently deliver high quality products and services.

FORWARD THINKING

We adopt a long-term view of our businesses and the markets that we operate in, and we are conscious of the long-term effects of the decisions we make.

HUMILITY & RESPECT

In all our internal and external dealings, we seek to create an environment of mutual respect through demonstrating humility, appreciation and cooperation.

INTEGRITY

We are dedicated to building strong relationships that are mutually beneficial to all our stakeholders and us. Even in the most challenging situations, we behave in a professional and ethical manner.

PEOPLE DRIVEN

Our people are the ones who power the organisation. As such, we try our best to recruit, groom and retain people who have good character, are committed to the organisation and are highly skilled in their areas of expertise.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Executive Chairman

Ong Ju Yan
Group Managing Director

Ong Ju Xing
Deputy Group Managing Director

Dato' Saiful Bahri bin Zainuddin
Executive Director

Dato' Thanarajasingam Subramaniam
Senior Independent Non-Executive Director

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
Independent Non-Executive Director

Leong Keng Yuen
Independent Non-Executive Director

Ong Yee Ching
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Leong Keng Yuen - *Chairman*
Dato' Thanarajasingam Subramaniam
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir

RISK MANAGEMENT COMMITTEE

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir - *Chairman*
Dato' Thanarajasingam Subramaniam
Ong Yee Ching

NOMINATION AND REMUNERATION COMMITTEE

Dato' Thanarajasingam Subramaniam - *Chairman*
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
Leong Keng Yuen

KEY SENIOR MANAGEMENT

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Executive Chairman

Ong Ju Yan
Group Managing Director

Ong Ju Xing
Deputy Group Managing Director

Dato' Saiful Bahri bin Zainuddin
Executive Director

Puan Sri Khor Chai Moi
Executive Director, PJ Development Holdings Berhad

Ong Ghee Bin
Chief Executive Officer, Property Development

Ng Lee Huat, John
Chief Operating Officer, Construction

Yeoh Peik Hong, Daidre
Chief Operating Officer, OSK Supplies

Yeat Siew Hong
Chief Executive Officer, Cables

Tan Kheak Chun
Chief Executive Officer, Industrialised Building System

Adrian Ee Soon Kian
Chief Operating Officer, Hotels

Ting Chun Hong, Ivan
Chief Executive Officer, Vacation Club

Chow Hock Kin
Chief Executive Officer, Capital Financing

Ng Lai Ping
Group Chief Financial Officer, OSK Group

Tio Jun Lim
Director/ Head, Corporate Strategy, OSK Group

Mak Pick Wan, Chris
Chief Information Officer, OSK Group

Young Tat Yong
Chief Internal Auditor, OSK Group

Wang Choon Hui, Debbie
Chief Human Resources Officer, OSK Group

Woo Lai Mei
Head, Group Legal, OSK Group

CORPORATE INFORMATION

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
(SSM PC No.: 201908002648)

Chin Mun Yee
(MAICSA 7019243)
(SSM PC No.: 201908002785)

AUDITORS

BDO PLT (LLP0018825-LCA & AF 0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Wilayah Persekutuan

PRINCIPAL BANKERS

Bangkok Bank Berhad
Bank of China (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS

Chooi & Company + Cheang & Ariff
Lee Hishammuddin Allen & Gledhill
Raslan Loong, Shen & Eow

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel. No. : (603) 2084 9000
Fax No. : (603) 2094 9940/
(603) 2095 0292

REGISTERED OFFICE

21st Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Wilayah Persekutuan
Tel. No. : (603) 2177 1999
Fax No. : (603) 2026 6331

PRINCIPAL BUSINESS ADDRESS

7th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Wilayah Persekutuan
Tel. No. : (603) 2177 1999
Fax No. : (603) 2166 6220

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

Sector : Property
Stock Name : OSK
Stock Code : 5053
ISIN Code : MYL5053OO003

CORPORATE WEBSITE

http://www.oskgroup.com/

CORPORATE INFORMATION

PRINCIPAL BUSINESS ADDRESSES BY SEGMENT

PROPERTY SEGMENT

Property Development

OSK Property Holdings Berhad
9th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2177 1668
Fax No. : (603) 2177 1686
http://www.oskproperty.com.my/

Yarra Park City Pty. Ltd.
Level 2, 99 Queensbridge St
Melbourne, VIC 3006
Australia
Tel No. : (61) 3 9686 5566
Fax No. : (61) 3 9686 5544
http://www.melbournesquare.com.au/

Sales Galleries

OSK Property Sales Gallery
Lot G32 & 33, Ground Floor
Atria Shopping Gallery
Jalan SS22/23, Damansara Jaya
47400 Petaling Jaya
Selangor
Tel No. : (603) 7733 1231

Bandar Puteri Jaya & Hill Park
No. 1A, Jalan Puteri Heights 1/1
Bandar Puteri Jaya
08000 Sungai Petani
Kedah
Tel No. : (604) 425 1818
Fax No. : (604) 425 8030
http://www.bandarputerijaya.com.my/

Harbour Place Sales Gallery
Lot 2449 & 2450
Jalan Chain Ferry
Seberang Perai Utara
12100 Butterworth
Penang
Tel No. : (604) 332 1188
Fax No. : (604) 332 3128
http://www.luminari.com.my/

Iringan Bayu Show Village
Persiaran Iringan Bayu 3
Taman Iringan Bayu
70300 Seremban
Negeri Sembilan
Tel No. : (606) 630 4656
http://www.iringanbayu.com.my/

Melbourne Square Display Gallery
Corner Power & Kavanagh Streets
Southbank, VIC 3006
Australia
http://www.melbournesquare.com.au/

Ryan & Miho Sales Gallery
9-P1 Block A, Jaya One
72A Jalan Universiti
46200 Petaling Jaya
Selangor
Tel No. : (603) 7955 9888
http://www.ryanmiho.com.my/

TimurBay Kuantan Sales Gallery
Jalan Kuantan-Kemaman
Mukim Sungai Karang
26100, Balok, Kuantan, Pahang
Tel No. : (609) 544 8833
http://www.timurbay.com/

You City III Sales Gallery
VG-01 & VG-02
Jalan You City, You City Cheras
43200 Cheras
Selangor
Tel No. : (603) 9081 9900
http://www.youcity3.com/

Property Investment and Management

Atria Shopping Gallery
Jalan SS 22/23
Damansara Jaya
47400 Petaling Jaya
Selangor
Tel No. : (603) 7733 5156
Fax No. : (603) 7733 5157
http://www.atria.com.my/
http://www.facebook.com/atriadj/
http://www.instagram.com/atriadj/

Plaza OSK
17th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2177 1968
Fax No. : (603) 2177 1963
http://www.oskgroup.com/

Faber Towers
Lot 201C, Level 2, Faber Towers
Jalan Desa Bahagia, Taman Desa
58100 Kuala Lumpur
Tel No. : (603) 7980 1311
Fax No. : (603) 7980 1310
http://www.fabertowers.com.my/

Atria Shopping Gallery

CORPORATE INFORMATION

PRINCIPAL BUSINESS ADDRESSES BY SEGMENT (CONT'D)

CONSTRUCTION SEGMENT

OSK Construction Sdn. Bhd.
12th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2177 1668
Fax No. : (603) 2078 6688
http://www.oskconstruction.com/

Olympic Cable factory

INDUSTRIES SEGMENT

Cables

Malaysia Factory
Olympic Cable Company Sdn. Bhd.
Lot PT 2126-2131, Jalan PK1
Taman Perindustrian Krubong
75250 Melaka
Tel No. : (606) 337 3088/3090
Fax No. : (606) 337 3099
http://www.olympic-cable.com.my/

Marketing & Sales Office
Olympic Cable Company Sdn. Bhd.
16th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2177 1698
Fax No. : (603) 2177 1693

Vietnam Factory
OVI Cables (Vietnam) Co., Ltd
Lot E-4A1-CN & Lot E-4B-CN
My Phuoc 2 Industrial Park
Street NA2, Ben Cat District
Binh Duong Province, Vietnam
Tel No. : (84)(0650) 3553 683/684
Fax No. : (84)(0650) 3553 685

Industrialised Building System

Acotec Sdn. Bhd.
16th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2177 1838
Fax No. : (603) 2177 1833
http://www.acotec.com.my/

Factory
Central Region
Lot C38, Block C
Kawasan Nilai Industrial
71800 Nilai, Negeri Sembilan

Sales Office
Northern Region
No. 2746 (1st Floor)
Jalan Chain Ferry
Taman Inderawasih
13600 Prai, Penang
Tel No. : (604) 398 9733
Fax No. : (604) 398 1733

Factory
Northern Region
76 Km, Butterworth-Ipoh
Main Trunk Road
P.O.Box 9, Taiping
Perak 34007

Sales Office
Southern Region
No. 02-11, Blok 4
Danga Bay, Jalan Skudai
80200 Johor Bahru
Johor
Tel No. : (607) 244 2447
Fax No. : (607) 244 6588

Factory
Southern Region
Lot PTB 12090-1298
Jalan Tun Mutahir 5
Kawasan Perindustrial Bandar Tenggara
81000 Kulai, Johor

Melbourne Square skyline

Artist's impression

CORPORATE INFORMATION

PRINCIPAL BUSINESS ADDRESSES BY SEGMENT (CONT'D)

HOSPITALITY SEGMENT

Hotels and Resorts

Swiss-Garden International Hotels, Resorts and Inns (Head Office)
14th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 9078 2688
Fax No. : (603) 9078 2600
http://www.swissgarden.com/

Swiss-Garden Hotel Bukit Bintang Kuala Lumpur
117, Jalan Pudu
55100 Kuala Lumpur
Tel No. : (603) 2141 3333
Fax No. : (603) 2141 5555

Swiss-Inn Chinatown Kuala Lumpur
62, Jalan Sultan
50000 Kuala Lumpur
Tel No. : (603) 2072 3333
Fax No. : (603) 2715 2021

Swiss-Garden Hotel Melaka
T2, The Shore @ Melaka River
Jalan Persisiran Bunga Raya
75300 Melaka Tengah
Melaka
Tel No. : (606) 288 3131
Fax No. : (606) 288 3377

Swiss-Garden Hotel & Residences, Genting Highlands
Windmill Upon Hills
Genting Permai
69000 Genting Highlands
Pahang
Tel No. : (603) 9213 0777
Fax No. : (603) 9078 2600

Swiss-Garden Beach Resort Kuantan
2656-2657, Mukim Sungai Karang
Balok Beach, 26100 Beserah
Kuantan, Pahang
Tel No. : (609) 548 8288
KL Sales Office : (603) 9078 2633
Fax No. : (609) 544 9555
KL Sales Office : (603) 9078 2655

Swiss-Garden Resort Residences
Sungai Karang
Jalan Kuantan-Kemaman
Mukim Sungai Karang
26100 Beserah, Kuantan
Pahang
Tel No. : (609) 518 2888
KL Sales Office : (603) 9078 2633
Fax No. : (609) 518 2999
KL Sales Office : (603) 9078 2655

Swiss-Garden Beach Resort Damai Laut
Persiaran Swiss-Garden
Jalan Damai Laut
Off Jalan Teluk Senangin
32200 Lumut, Perak
Tel No. : (605) 684 3333
KL Sales Office : (603) 9078 2611
Fax No. : (605) 618 3388
KL Sales Office : (603) 9078 2622

Swiss-Inn Sungai Petani
No.1, Jalan Pahlawan
08000 Sungai Petani
Kedah
Tel No. : (604) 422 3333
Fax No. : (604) 423 3423

Swiss-Inn Johor Bahru
Lot 512, Jalan Syed Mohd Mufti
80000 Johor Bahru
Johor
Tel No. : (607) 218 3333
Fax No. : (607) 218 3334

Damai Laut Golf & Country Club
Hala Damai 2, Jalan Damai Laut
Off Jalan Teluk Senangin
32200 Lumut, Perak
Tel No. : (605) 685 9333
KL Sales Office : (603) 9078 2611

Swiss-Garden Hotel Bukit Bintang Kuala Lumpur

CORPORATE INFORMATION

PRINCIPAL BUSINESS ADDRESSES BY SEGMENT (CONT'D)

HOSPITALITY SEGMENT (CONT'D)

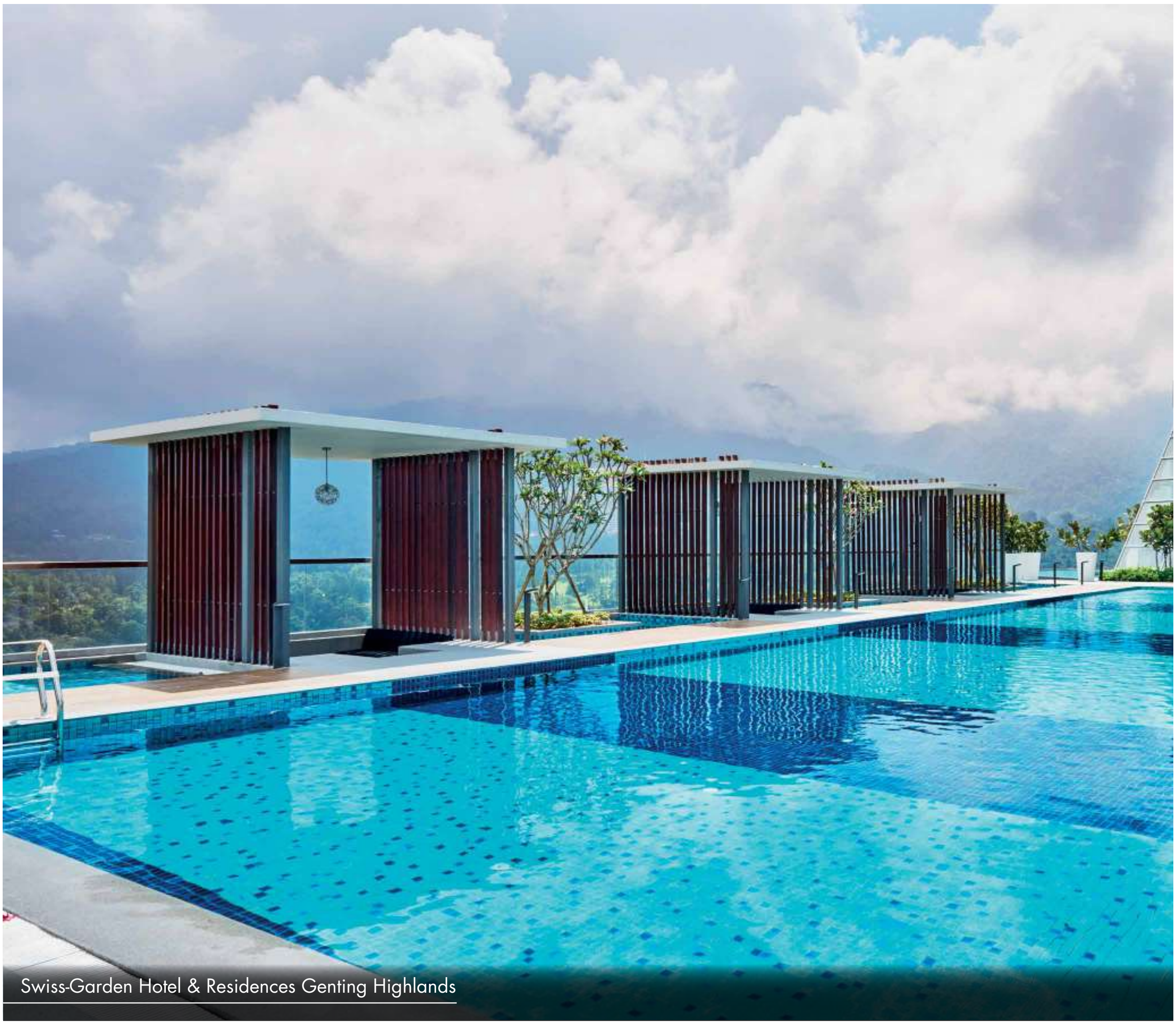
Vacation Club

SGI Vacation Club Berhad
S-7-01 & S-7-02
Swiss Garden Residences
No. 2A, Jalan Galloway
50150 Kuala Lumpur
Tel No. : (603) 2788 6688
Fax No. : (603) 2788 6689
http://www.sgivacationclub.com/

FINANCIAL SERVICES SEGMENT

Capital Financing

OSK Capital Sdn. Bhd.
21st Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel No. : (603) 2177 1938
Fax No. : (603) 2177 1933
http://www.oskgroup.com/



Swiss-Garden Hotel & Residences Genting Highlands

CORPORATE STRUCTURE

AS AT 22 APRIL 2020

OSK

OSK Holdings Berhad

OSK Property Holdings Berhad
99.93%

RHB Bank Berhad (ASC)
10.13%

OSK Capital Sdn. Bhd.
100%

OSK Capital Management Sdn. Bhd.
100%

OSK I CM Sdn. Bhd.
100%

OSK Management Services Sdn. Bhd.
100%

KE-ZAN Holdings Berhad
100%

OSK Realty Sdn. Bhd.
100%

OSK Design Sdn. Bhd. (formerly known as Evolusi Esplanad Sdn. Bhd.)
100%

OSK Supplies Sdn. Bhd. (formerly known as OSK Building Materials Sdn. Bhd. and Pinggiran Prestasi Sdn. Bhd.)
100%

Aspect Potential Sdn. Bhd.
100%

Aspect Synergy Sdn. Bhd.
100%

Atria Damansara Sdn. Bhd.
100%

Country Wheels Sdn. Bhd.
51%

Dikir Dagang Sdn. Bhd.
(in the process of striking off)
100%

Jelang Vista Sdn. Bhd.
100%

L26 Tower Sdn. Bhd.
100%

OSK Properties Sdn. Bhd.
100%

OSK Properties (Seremban) Sdn. Bhd.
100%

OSKP Facilities Management Sdn. Bhd.
100%

Perspektif Vista Sdn. Bhd.
100%

Potensi Rajawali Sdn. Bhd.
100%

Ribuan Ekuiti Sdn. Bhd.
100%

Rimulia Sdn. Bhd.
55%

Semponia Sdn. Bhd.
51%

Warisan Rajawali Sdn. Bhd.
100%

Wawasan Rajawali Sdn. Bhd.
100%

Atria Parking Management Sdn. Bhd.
100%

Atria Shopping Gallery Sdn. Bhd.
100%

OSK Properties Management Sdn. Bhd.
100%

Pine Avenue Sdn. Bhd.
100%

Ancient Capital Sdn. Bhd.
100%

Bindev Sdn. Bhd.
100%

Bunga Development Sdn. Bhd.
100%

Kulai Management Services Sdn. Bhd.
100%

Harbour Place Management Services Sdn. Bhd.
100%

HTR Management Services Sdn. Bhd.
100%

Kota Mulia Sdn. Bhd.
100%

PJD Highland Resort Sdn. Bhd.
100%

PTC Management Services Sdn. Bhd.
100%

PJD Central Sdn. Bhd.
100%

PJD Eastern Land Sdn. Bhd.
100%

PJD Hartamas Sdn. Bhd.
100%

Agile PJD Development Sdn. Bhd. (ASC)
30%

PROPERTY
- Property Development
- Property Investment and Management

CONSTRUCTION
- Construction

HOSPITALITY
- Hotels & Resorts
- Vacation Club

FINANCIAL SERVICES
- Capital Financing
- Investment Holdings and Others

INDUSTRIES
- Cable
- IBS

(ASC) Associated Company
(JV) Joint Venture

PJ Development Holdings Berhad **97.04%**

- PJD Land Sdn. Bhd. **100%**
- PJD Landmarks Sdn. Bhd. **100%**
- PJD Management Services Sdn. Bhd. **100%**
- PJD Properties Management Sdn. Bhd. **100%**
- PJD Realty Sdn. Bhd. **100%**
- PJD Regency Sdn. Bhd. **100%**
- PJD Sejahtera Sdn. Bhd. **100%**
- PKM Management Services Sdn. Bhd. **100%**
- Putri Kulai Sdn. Bhd. **100%**
- Superville Sdn. Bhd. **100%**
- Vibrant Practice Sdn. Bhd. **100%**
- OSK Construction Sdn. Bhd. **100%**
  - PJDC International Sdn. Bhd. **100%**
- OCC Cables Berhad **100%**
  - PJ Exim Sdn. Bhd. **100%**
- OSK Industries Limited [Cayman Islands] **100%**
  - OCC Cables Limited [Cayman Islands] **100%**
    - OCC Malaysia Sdn. Bhd. **100%**
      - Olympic Cable Company Sdn. Bhd. **100%**
        - OVI Cables (Vietnam) Co., Ltd. [Vietnam] **100%**
- Aco Built System Sdn. Bhd. **100%**
- Acotec Sdn. Bhd. **100%**
  - Acotec-Concrete Products Sdn. Bhd. **100%**
  - PJD Concrete Land (JB) Sdn. Bhd. **100%**
  - PJD Concrete Land (South) Sdn. Bhd. **100%**
- PJD Hotels Sdn. Bhd. **100%**
  - Damai Laut Golf Resort Sdn. Bhd. **99.38%**
  - MM Hotels Sdn. Bhd. **100%**
  - Swiss-Garden Management Services Sdn. Bhd. **100%**
- Swiss-Inn JB Sdn. Bhd. **100%**
- Swiss-Garden Hotel Management Sdn. Bhd. **100%**
- Swiss-Garden International Sdn. Bhd. **100%**
  - Swiss-Garden International Limited [British Virgin Islands] **100%**
- SGI Vacation Club Berhad **100%**
- Swiss-Garden Rewards Sdn. Bhd. **100%**
- Eframe Sdn. Bhd. **100%**
- Eframe Solutions Sdn. Bhd. **100%**
- Olympic Properties Sdn. Bhd. **100%**
- PJ Equity Sdn. Bhd. **100%**
- PJD Pravest Sdn. Bhd. **100%**
- Pengerang Jaya Pte. Ltd. [Singapore] **100%**
  - P.J. (A) Pty. Limited [Australia] **100%**
    - Yarra Park City Pty. Limited [Australia] (ASC) **38.25%**
    - Equity & Property Investment Corporation Pty. Limited [Australia] (ASC) **27.4%**
      - **12.75%** (in Yarra Park City Pty. Limited [Australia] (ASC))
- DLHA Management Services Sdn. Bhd. **100%**
  - Scotia Acres Sdn. Bhd. (JV) **50%**
    - Canggih Pesaka Sdn. Bhd. (JV) **100%**

DIRECTORS' PROFILE

TAN SRI ONG LEONG HUAT @ WONG JOO HWA

Executive Chairman

NATIONALITY:

AGE:
76

GENDER:

QUALIFICATION:
- Capital Markets and Services Representative's licence issued by the Securities Commission Malaysia under the Capital Markets and Services Act, 2007 for dealing in securities

BOARD MEETING ATTENDANCE IN FY2019:
4/4

Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong") is the Executive Chairman of the Company. He was first appointed to the Board of the Company on 21 November 1990. He was the former Group Managing Director/ Chief Executive Officer of the Company and was re-designated as a Non-Independent Non-Executive Director on 4 May 2007. Tan Sri Ong was then re-designated as the Chief Executive Officer/ Group Managing Director on 9 November 2012 and re-designated as Executive Chairman on 19 April 2017. He is also a Key Senior Management of the Company.

Tan Sri Ong holds a Capital Markets and Services Representative's licence issued by the Securities Commission Malaysia under the Capital Markets and Services Act, 2007 for dealing in securities. Tan Sri Ong was a Director of Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ) from July 1999 to March 2002, a member of the Capital Market Advisory Council appointed by the Securities Commission Malaysia in 2004 to advise on issues relating to the implementation of the Capital Market Master Plan. He was previously a member of the Securities Market Consultative Panel of Bursa Malaysia.

For over 17 years since 1969, Tan Sri Ong was attached to a leading financial institution where he last held the position of Senior General Manager. He was the Managing Director/ Chief Executive Officer of OSK Securities Berhad (which was later known as OSK Investment Bank Berhad) from July 1985 to January 2007 and was thereafter appointed as the Group Managing Director/ Chief Executive Officer of OSK Investment Bank Berhad.

Tan Sri Ong was then re-designated as a Non-Independent Non-Executive Director of OSK Investment Bank Berhad (which was later known as OSKIB Sdn. Bhd.) on 18 January 2011, a position he held until 30 April 2013. He was appointed as a Non-Independent Non-Executive Director of OSK Ventures International Berhad from December 2003 to April 2010 and re-appointed as a Non-Independent Non-Executive Director from February 2013 to April 2017.

Tan Sri Ong is also the Chairman of PJ Development Holdings Berhad, the Managing Director/ Chief Executive Officer of OSK Property Holdings Berhad, a Non-Independent Non-Executive Director of RHB Bank Berhad and RHB Investment Bank Berhad, a Trustee of OSK Foundation and a Director of KE-ZAN Holdings Berhad.

Tan Sri Ong is the father of Mr. Ong Ju Yan, the Group Managing Director of the Company, Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company, and the spouse of Puan Sri Khor Chai Moi, a major shareholder of the Company. He has no conflict of interest other than as disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) of this Annual Report. He has no conviction for any offences within the past five years other than traffic offences, if any.

Tan Sri Ong attended all the four Board Meetings of the Company held during the financial year ended 31 December 2019.

DIRECTORS' PROFILE

ONG JU YAN

Group Managing Director

NATIONALITY:

AGE:
40

GENDER:

QUALIFICATION:
- Bachelor of Arts in Economics from Yale University

BOARD MEETING ATTENDANCE IN FY2019:
4/4

Ong Ju Yan ("Mr. Ong") was appointed to the Board of the Company on 9 October 2015 as the Deputy Group Managing Director and was re-designated as Group Managing Director on 19 April 2017. He is also a Key Senior Management of the Company.

Mr. Ong graduated with a Bachelor of Arts in Economics from Yale University in 2001 and currently serves as Yale's Alumni Schools Committee Director for Malaysia.

Mr. Ong has over 14 years of experience in financial services, having worked in Citibank Malaysia and Morgan Stanley in New York, Hong Kong and Singapore. In 2004, he joined OSK Investment Bank Berhad ("OSKIB") in Malaysia where he last held the position of Chief Operating Officer and Head of Investment Banking. He was a key senior management team member who helped to build up OSKIB's regional business through acquisitions and aggressive organic growth throughout ASEAN and in Hong Kong. Following the disposal of OSKIB by the Company to RHB Capital Berhad in November 2012, Mr. Ong joined RHB Investment Bank Berhad as Executive Director and Head of Group Corporate and Investment Banking Services, where he managed the investment banking origination and wholesale equities businesses until April 2015.

Mr. Ong is also an Executive Director of PJ Development Holdings Berhad and OSK Property Holdings Berhad and a Director of KE-ZAN Holdings Berhad, OCC Cables Berhad and SGI Vacation Club Berhad.

Mr. Ong is the son of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company and Puan Sri Khor Chai Moi, a major shareholder of the Company. He is also the brother of Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company other than as disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) of this Annual Report. He has no conviction for any offences within the past five years other than traffic offences, if any.

Mr. Ong attended all the four Board Meetings of the Company held during the financial year ended 31 December 2019.

DIRECTORS' PROFILE

ONG JU XING

Deputy Group Managing Director

NATIONALITY:

AGE:
35

GENDER:

QUALIFICATION:
- Master of Philosophy in Land Economy from University of Cambridge, United Kingdom
- Bachelor of Science in Business Management from University of London, United Kingdom

BOARD MEETING ATTENDANCE IN FY2019:
4/4

Ong Ju Xing ("Mr. Ong") was appointed to the Board of the Company on 9 October 2015 as an Executive Director and was re-designated as the Deputy Group Managing Director on 19 April 2017. He is also a Key Senior Management of the Company.

Mr. Ong holds a Bachelor of Science in Business Management from University of London, United Kingdom and a Master of Philosophy in Land Economy from University of Cambridge, United Kingdom.

Mr. Ong has worked with multinational corporations across a variety of industries namely corporate restructuring with Ernst & Young, consumer banking with HSBC, investment banking with Credit Suisse and management consulting with Accenture. His experience in the various fields expands to management consulting in the process and systems re-engineering of financial institutions, real estate investment banking, private fund raising, REITS IPO, financial valuation, modelling and analysis, personal financial services, banking product development and management as well as corporate restructuring advisory services.

Since 2009, Mr. Ong has been instrumental to the development and achievements of OSK Property. He continues to provide strategic leadership and helm the overall property and construction pillars for the Group.

Mr. Ong is also an Executive Director of PJ Development Holdings Berhad and OSK Property Holdings Berhad and a Director of KE-ZAN Holdings Berhad.

Mr. Ong is the son of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company, and Puan Sri Khor Chai Moi, a major shareholder of the Company. He is also the brother of Mr. Ong Ju Yan, the Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company other than as disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) of this Annual Report. He has no conviction for any offences within the past five years other than traffic offences, if any.

Mr. Ong attended all the four Board Meetings of the Company held during the financial year ended 31 December 2019.

DIRECTORS' PROFILE

DATO' SAIFUL BAHRI BIN ZAINUDDIN

Executive Director

NATIONALITY:

AGE:
58

GENDER:

QUALIFICATION:
- Bachelor of Science in Economics & Finance from Western Michigan University, United States of America

BOARD MEETING ATTENDANCE IN FY2019:
4/4

Dato' Saiful Bahri bin Zainuddin ("Dato' Saiful Bahri") was appointed to the Board of the Company on 9 October 2015 as an Executive Director. He is also a Key Senior Management of the Company.

Dato' Saiful Bahri graduated with a Bachelor of Science in Economics & Finance from Western Michigan University, United States of America in 1985, and has attended the Global Leadership Development Programme at Stanford University, United States of America.

Currently, Dato' Saiful Bahri's other directorships are Independent Non-Executive Director of KAF Investment Bank Berhad where he chairs the Nomination and Remuneration Committee and sits on KAF Investment Board, Audit Committee and Risk Committee. He is the Chairman of PT KAF Securitas Indonesia. He also sits on the Investment Committee Board of Eastspring Investments Berhad; Board Member of Securities Industry Dispute Resolution Centre (SIDREC), appointed to the Board on 28 April 2010. He was the Financial Adviser to the State Government of Negeri Sembilan and a member of the Negeri Sembilan State Government Think Tank and most recent appointment, Audit Committee Member for Universiti Sains Islam Malaysia (USIM).

Dato' Saiful Bahri was appointed by the Minister of Finance as Independent Non-Executive Director of Bursa Malaysia Berhad in 2008 and a Board Member of Bursa Malaysia Securities Berhad and Bursa Malaysia Securities Clearing Sdn. Bhd. from April 2015. Dato' Saiful Bahri was then appointed as Senior Independent Director for his active role as a Director and in addition to his Board member role, he also sits on Committees for Market Participation, Risk Management and Nomination & Remuneration. He is a former Member of the Securities Commission's Securities Law Consultative Committee and he was previously on the Board of Trustee for the Bumiputera Dealer Representative Education Fund and the Bumiputera Training Fund. Dato' Saiful Bahri was appointed as an Advisory Council Member of the Secondary Market for the Securities Commission Malaysia.

Dato' Saiful Bahri's previously held positions include Executive Director of Affin Hwang Investment Bank, Executive Director of Affin Holdings, Managing Director of Affin Securities, Executive Director Dealing of Rashid Hussain Securities, and Chief Executive Officer/ Executive Director Dealing of Fima Securities Sdn. Bhd. He was also attached to the Corporate Planning Division of Heavy Industries Corp. of Malaysia (HICOM).

Dato' Saiful Bahri does not have any family relationship with the other Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past five years other than traffic offences, if any.

Dato' Saiful Bahri attended all the four Board Meetings of the Company held during the financial year ended 31 December 2019.

DIRECTORS' PROFILE

DATO' THANARAJASINGAM SUBRAMANIAM

Senior Independent Non-Executive Director

NATIONALITY:

AGE:
69

GENDER:

QUALIFICATION:
- Master of Arts from New York University
- Bachelor of Arts from University of Malaya

BOARD MEETING ATTENDANCE IN FY2019:
4/4

Dato' Thanarajasingam Subramaniam ("Dato' Thanarajasingam") was appointed to the Board of the Company on 19 April 2016 as an Independent Non-Executive Director and re-designated as Senior Independent Non-Executive Director on 25 May 2018. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee and Risk Management Committee of the Company.

Dato' Thanarajasingam graduated from University of Malaya with a Bachelor of Arts in 1973 and also holds a Master of Arts from New York University in 1985.

Dato' Thanarajasingam has extensive experience in both the public and private sectors. He has served as a Malaysian diplomat for more than 37 years including as Malaysian Ambassador to Brazil, Venezuela, Suriname and Guyana from 1998 to 2001 and Ambassador to France and Portugal from 2006 to 2010. He was previously the Chief of Staff to the President of the United Nations General Assembly in 1997. After being the Director-General of ASEAN Malaysia, Ministry of Foreign Affairs from 2003 to 2004, he rose to become the Deputy Secretary-General for Multilateral Affairs from 2004 to 2006.

Upon his retirement from the Malaysian Foreign Service in 2010, he became a Director of OSK Investment Bank Berhad from 2010 to 2011. He was also the Malaysian Eminent Person to the ASEAN-India Eminent Persons Group from 2010 to 2012 and also served as Commissioner at the Malaysian Communications and Multimedia Commission from 2010 to 2013.

Dato' Thanarajasingam had also served on MRCB Quill Management Board until January 2019.

Currently, he is a member of Ambassadorial Advisory Panel, InvestKL.

Dato' Thanarajasingam is also an Independent Non-Executive Director of OSK Ventures International Berhad.

Dato' Thanarajasingam does not have any family relationship with the other Directors and/ or major shareholders of the Company. He has no conviction for any offences within the past five years other than traffic offences, if any.

Dato' Thanarajasingam attended all the four Board Meetings of the Company held during the financial year ended 31 December 2019.

DIRECTORS' PROFILE

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR

Independent Non-Executive Director

NATIONALITY:

AGE:

67

GENDER:

QUALIFICATION:

- Honorary Doctor of Letters from University of Reading
- Honorary Doctor of Philosophy (Management) University Utara Malaysia
- MBA from Henley Business School University of Reading from London, United Kingdom
- Bachelor of Economics from University of Malaya

BOARD MEETING ATTENDANCE IN FY2019:

4/4

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir ("Tan Sri Siti Sa'diah") was appointed to the Board of the Company on 19 April 2016 as an Independent Non-Executive Director. She is the Chairman of the Risk Management Committee and a member of the Audit Committee and Nomination and Remuneration Committee of the Company.

Tan Sri Siti Sa'diah holds a Bachelor of Economics from University of Malaya and a MBA from Henley Business School, University of Reading, London, United Kingdom. She was awarded with the Honorary Doctor of Letters from University of Reading in July 2018 and Honorary Doctor of Philosophy (Management) University Utara Malaysia in October 2019.

Tan Sri Siti Sa'diah served as a Non-Independent Non-Executive Director of KPJ Healthcare Berhad ("KPJ") since 1 January 2013 until 31 March 2020. Prior to that, she served as the Managing Director of KPJ from 1 March 1993 until her retirement on 31 December 2012. She had also served as KPJ's Corporate Advisor from 1 January 2013 until 31 December 2014. She was the Chairman of KPJ Healthcare University College ("KPJUC") from 1 August 2011 to December 2016 and the Pro-Chancellor of KPJUC from August 2011 to December 2018. She has been appointed as the Chancellor of KPJUC with effect from 1 January 2019.

Tan Sri Siti Sa'diah's career with Johor Corporation ("JCorp") commenced in 1974 and she has been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn. Bhd. since 1989 until the listing of KPJ in November 1994. Throughout her career in KPJ, Tan Sri Siti Sa'diah was directly involved in developing and implementing the transformational strategies which made KPJ one of Malaysia's leading private healthcare services providers today.

Tan Sri Siti Sa'diah currently sits as the Chairman of Duopharma Biotech Berhad and served as the Chairman of Nationwide Express Holdings Berhad until December 2019. She has been appointed as an Independent Director of Lotte Chemical Titan Holding Berhad effective from 1 February 2019. She served as a Director of a few other public listed companies under JCorp Group such as Al-'Aqar Healthcare REIT, Kulim (M) Berhad, KFC Holdings Berhad and QSR Brands (M) Holdings Bhd from 2006 to 2016. She was an Independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and a Board member of Malaysia External Trade Development Corporation (MATRADE) from 1999 to 2010. She was a Director of Chemical Company of Malaysia Berhad from 2014 until its demerger in 2017.

Committed to promoting excellence in healthcare, Tan Sri Siti Sa'diah was the President of Malaysian Society for Quality in Health (MSQH), the national accreditation body for healthcare services, elected since its inception in 1997 until her retirement in December 2018. She was appointed as a Director of University Utara Malaysia ("UUM") in January 2016 and as the Chairman of Board of UUM from June 2016 to September 2018. She was a member of the Academic Committee of the Razak School of Government (RSOG) until March 2019.

Tan Sri Siti Sa'diah is currently the Pro-Chancellor of University Technology Malaysia (UTM) since October 2016 and is a member of Azman Hashim International Business School UTM since July 2019.

In 2010, Tan Sri Siti Sa'diah was named the "CEO of the Year 2009" by the New Straits Times Press and the American Express. She has also received many more awards and accolades from 2011 to 2015, due to her contributions to the healthcare industry in Malaysia.

Tan Sri Siti Sa'diah launched her biography entitled "Siti Sa'diah: Driven by Vision, Mission and Passion", penned by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013.

Tan Sri Siti Sa'diah does not have any family relationship with the other Directors and/ or major shareholders of the Company. She has no conflict of interest with the Company. She has no conviction for any offences within the past five years other than traffic offences, if any.

Tan Sri Siti Sa'diah attended all the four Board Meetings of the Company held during the financial year ended 31 December 2019.

DIRECTORS' PROFILE

LEONG KENG YUEN

Independent Non-Executive Director

NATIONALITY:

AGE:
69

GENDER:

QUALIFICATION:

- Chartered Accountant and member of the Malaysian Institute of Accountants
- Master of Science in Management from Massachusetts Institute of Technology
- Bachelor of Engineering (First Class Honours) from University of Queensland, Australia

BOARD MEETING ATTENDANCE IN FY2019:
4/4

Leong Keng Yuen ("Mr. Leong") is the Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 25 May 2018. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company.

Mr. Leong retired as a partner of Ernst & Young Malaysia at the end of 2005. He has over 30 years of involvement in the accounting profession.

Mr. Leong is a Chartered Accountant and a member of the Malaysian Institute of Accountants. Mr. Leong holds a Master of Science in Management from Massachusetts Institute of Technology and a Bachelor of Engineering (First Class Honours) from University of Queensland, Australia.

Mr. Leong is currently the Independent Non-Executive Chairman of OSK Ventures International Berhad, a Director of Hexza Corporation Berhad, The Perak Chinese Welfare Association and a Trustee of Datin Seri Ting Sui Ngit Foundation.

Mr. Leong does not have any family relationship with the other Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past five years other than traffic offences, if any.

Mr. Leong attended all the four Board Meetings of the Company held during the financial year ended 31 December 2019 .

DIRECTORS' PROFILE

ONG YEE CHING

Non-Independent Non-Executive Director

NATIONALITY:

AGE:
42

GENDER:

QUALIFICATION:
- Master in Commerce, majoring in Finance, from the University of New South Wales, Australia
- Bachelor of Commerce majoring in International Business from Curtin University of Technology, Australia

BOARD MEETING ATTENDANCE IN FY2019:
4/4

Ong Yee Ching ("Ms. Ong") was appointed to the Board of the Company on 19 April 2016 as a Non-Independent Non-Executive Director of the Company. She is a member of the Risk Management Committee of the Company.

Ms. Ong holds a Master in Commerce, majoring in Finance, from the University of New South Wales, Australia and a Bachelor of Commerce majoring in International Business from Curtin University of Technology, Australia. Ms. Ong started her career in KPMG Corporate Finance (Malaysia and Singapore) in 1999 before joining Swiss-Garden International Hotels, Resorts & Inns (Malaysia) in 2005. Ms. Ong was the Assistant Vice President, Group Investment Division (Corporate Development) in OCBC Bank (Singapore) from 2007 to 2009. Ms. Ong is currently the Chief Executive Officer of OSK Foundation and Director of several private companies.

Ms. Ong is the daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company and Puan Sri Khor Chai Moi, the major shareholder of the Company. She is also the sister of Mr. Ong Ju Yan, the Group Managing Director of the Company and Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company. She has no conflict of interest with the Company other than as disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) of this Annual Report. She has no conviction for any offences within the past five years other than traffic offences, if any.

Ms. Ong attended all the four Board Meetings of the Company held during the financial year ended 31 December 2019.

KEY SENIOR MANAGEMENT'S PROFILE

For Key Senior Management Profiles of Tan Sri Ong Leong Huat @ Wong Joo Hwa, Mr. Ong Ju Yan, Mr. Ong Ju Xing and Dato' Saiful Bahri bin Zainuddin, kindly refer to the Directors' Profile in this Annual Report.

PUAN SRI KHOR CHAI MOI

Executive Director, PJ Development Holdings Berhad

NATIONALITY:

AGE:
67

GENDER:

QUALIFICATION:

- Master of Business Administration from the University of Hull, United Kingdom
- Bachelor of Business Degree in Accounting from the University of South Queensland, Australia

Puan Sri Khor Chai Moi ("Puan Sri Khor") was appointed as an Executive Director of PJ Development Holdings Berhad on 19 September 2000.

Puan Sri Khor holds a Master of Business Administration from the University of Hull, United Kingdom and a Bachelor of Business Degree in Accounting from the University of South Queensland, Australia. She was the Managing Director of Willowglen MSC Berhad before her retirement on 31 July 2013.

Puan Sri Khor is a Director of OCC Cables Berhad.

Puan Sri Khor is the wife of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company. She is the mother of Mr. Ong Ju Yan, the Group Managing Director of the Company, Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company.

Puan Sri Khor has no conflict of interest with the Company other than disclosed under Additional Disclosures Section (Recurrent Related Party Transactions) which appears in this Annual Report. She has no conflict of interest with the Company and she has no conviction for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

ONG GHEE BIN

Chief Executive Officer, Property Development

NATIONALITY:

AGE:
58

GENDER:

QUALIFICATION:
- Bachelor of Engineering (Honours) in Civil Engineering from University of Malaya

Mr. Ong Ghee Bin ("Mr. Ong") was appointed the Director, Projects in July 2015 and appointed as the Chief Executive Officer, Property on 2 November 2015 and re-designated as Chief Executive Officer, Property Development on 1 January 2018.

Mr. Ong holds a Bachelor of Engineering (Honours) in Civil Engineering from University of Malaya.

Mr. Ong began his career in a civil and structural consultant engineering firm in 1985 before joining Sunway City Sdn. Bhd. in 1989 as Senior Project Executive. He subsequently rose through the ranks in the organisation over the next 25 years where he held various leadership roles in Property Development including his last held position as the Executive Director for Central Region.

Mr. Ong does not hold any directorship in any public companies.

Mr. Ong does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years other than traffic offences, if any.

NG LEE HUAT, JOHN

Chief Operating Officer, Construction

NATIONALITY:

AGE:
61

GENDER:

QUALIFICATION:
- Certificate in Building Technology from Kolej Tunku Abdul Rahman, Kuala Lumpur

Mr. Ng Lee Huat, John ("Mr. Ng") was appointed the Chief Operating Officer of OSK Construction Sdn. Bhd. in 1 January 2017.

Mr. Ng holds a Certificate in Building Technology from Kolej Tunku Abdul Rahman, Kuala Lumpur.

Mr. Ng began his career in 1980 with Seloga Jaya Sdn. Bhd. He has then joined various construction companies including Taisei Corporation, Monoland Corporation Sdn. Bhd., NCT Building and Civil Engineering Sdn. Bhd. and Ireka Engineering & Construction Sdn. Bhd. where he led the project implementation team in project planning and execution, authority liaison, tendering and contracts management.

He has over 30 years of experience in construction industry, covering project development and construction of infrastructure and building projects, airports, data centres and power stations.

Mr. Ng does not hold any directorship in any public companies.

Mr. Ng does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

YEOH PEIK HONG, DAIDRE

Chief Operating Officer, OSK Supplies

NATIONALITY:

AGE:
45

GENDER:

QUALIFICATION:
- Institute of Chartered Secretaries and Administrators ("ICSA") professional qualification from London, United Kingdom
- Associate of ICSA, London
- Diploma in Business Management from Tunku Abdul Rahman College

Ms. Yeoh Peik Hong, Daidre ("Ms. Yeoh") was appointed as Chief Operating Officer, OSK Supplies on 1 September 2019.

Ms. Yeoh obtained her ICSA professional qualification from London, United Kingdom in 1999. In 2002, she was elected Associate of ICSA, London. She also holds a Diploma in Business Management from Tunku Abdul Rahman College.

Ms. Yeoh began her career with Progress & Precision Sdn. Bhd. in 1998 and subsequently to other companies involved in management services and trading. She has been involved in all facets of human resources and corporate secretarial assignments and appointed as a Company Secretary of Willowglen MSC Berhad from 26 February 2008 to 30 September 2013. She also involved in the operations role with the trading company as a Director.

Ms. Yeoh does not hold any directorship in any public companies.

Ms. Yeoh does not have any family relationship with the Directors and/ or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five years other than traffic offences, if any.

YEAT SIEW HONG

Chief Executive Officer, Cables

NATIONALITY:

AGE:
64

GENDER:

QUALIFICATION:
- Bachelor of Science in Chemistry (Honours) from the University of Malaya
- Associate Diploma from the Incorporated Society of Planters

Mr. Yeat Siew Hong ("Mr. Yeat") was appointed the Chief Executive Officer of Olympic Cable Company Sdn. Bhd. on 1 December 1997.

Mr. Yeat holds a Bachelor of Science in Chemistry (Honours) from the University of Malaya and has additional qualifications of Associate Diploma from the Incorporated Society of Planters.

Mr. Yeat began his career with Associated Pan Malaysia Cement Sdn. Bhd. and subsequently joined Pamol Plantations Sdn. Bhd., a subsidiary of Unilevers PLC where he last held the position of an Estate Manager. Mr. Yeat joined OCC Cables Berhad, a wholly-owned subsidiary of PJ Development Holdings Berhad in 1991 as Head of Manufacturing before he assumed his current position in 1997.

Mr. Yeat is a Director of OCC Cables Berhad.

Mr. Yeat does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

TAN KHEAK CHUN

Chief Executive Officer, Industrialised Building System

NATIONALITY:

AGE:
51

GENDER:

QUALIFICATION:
- Bachelor of Science in Finance from Southeast Missouri State University, Missouri, United States of America

Mr. Tan Kheak Chun ("Mr. Tan") was appointed the Chief Operating Officer of Acotec Sdn. Bhd. on 1 May 2008 and was subsequently appointed the Chief Executive Officer on 1 July 2011.

Mr. Tan holds a Bachelor of Science in Finance from Southeast Missouri State University, Missouri, United States of America.

Mr. Tan began his career with OSK & Partners as a research analyst before joining Dindings Consolidated Group in 1996 where his last held position was Chief Operating Officer before his appointment at Acotec Sdn. Bhd. He has vast experience in the sales and marketing of building materials including Acotec, the manufacturer of Industrialised Building System wall panels.

Mr. Tan does not hold any directorship in any public companies.

Mr. Tan does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years other than traffic offences, if any.

ADRIAN EE SOON KIAN

Chief Operating Officer, Hotels

NATIONALITY:

AGE:
50

GENDER:

QUALIFICATION:
- Diploma in Hotel and Catering Management
- Certification in F&B Management from Cornell University, New York

Mr. Adrian Ee Soon Kian ("Mr. Ee") was appointed the Chief Operating Officer of Swiss-Garden International Sdn Bhd on 23 December 2019.

Mr. Ee holds a Diploma in Hotel and Catering Management and a Certification in F&B Management from Cornell University, New York.

Mr. Ee began his career with various International branded chains namely the Pan Pacific Hotels, Shangri-La International, Regent Four Seasons, The Dorchester Group and most recently has been with Marriott International for the last 15 years. His hospitality journey has had him working in various core locations overseas such as Dubai, Brunei, Bangkok and Bali besides Penang, Langkawi and Kuala Lumpur locally.

Mr. Ee does not hold any directorship in any public companies.

Mr. Ee does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

TING CHUN HONG, IVAN

Chief Executive Officer, Vacation Club

NATIONALITY:

AGE:
54

GENDER:

QUALIFICATION:
- Master of Business Administration from the University of Southern Queensland, Australia
- Postgraduate Diploma in Business Management from Prime College

Mr. Ting Chun Hong, Ivan ("Mr. Ting") was appointed the Chief Operating Officer of SGI Vacation Club Berhad on 1 January 2013 and was subsequently appointed the Chief Executive Officer on 1 December 2014.

Mr. Ting holds a Master of Business Administration from the University of Southern Queensland, Australia and a Postgraduate Diploma in Business Management from Prime College.

Mr. Ting joined SGI Vacation Club, the vacation club arm of the OSK Group in May 2005. He has over 20 years of vacation club experience in all aspects of the business from sales and marketing to overall operations. He is currently the Vice Chairman of the Malaysian Holiday Timeshare Developers' Federation.

Mr. Ting is a Director of SGI Vacation Club Berhad.

Mr. Ting does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years other than traffic offences, if any.

CHOW HOCK KIN

Chief Executive Officer, Capital Financing

NATIONALITY:

AGE:
59

GENDER:

QUALIFICATION:
- Bachelor of Commerce from James Cook University, Queensland, Australia

Mr. Chow Hock Kin ("Mr. Chow") was appointed the Associate Director of Capital Financing on 1 July 2009 and was subsequently appointed as Director, Capital Financing on 1 January 2012. On 1 January 2020, he was appointed as Chief Executive Officer, Capital Financing.

Mr. Chow holds a Bachelor of Commerce from James Cook University, Queensland, Australia.

Mr. Chow brings with him over 25 years of practical experience in commercial banking prior to joining the OSK Group.

Mr. Chow does not hold any directorship in any public companies.

Mr. Chow does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

NG LAI PING

Group Chief Financial Officer, OSK Group

NATIONALITY:

AGE:
50

GENDER:

QUALIFICATION:

- Chartered Accountant and member of the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants

Ms. Ng Lai Ping ("Ms. Ng") was appointed the Group Chief Financial Officer of OSK Group since 16 May 2016.

Ms. Ng is a Chartered Accountant and a member of the Malaysian Institute of Accountants, and a Fellow of the Association of Chartered Certified Accountants.

Ms. Ng began her career with Ernst & Young before joining Sunway Berhad Group in 2004 where she held various leadership positions including her last held position as the Deputy Chief Financial Officer of Sunway Berhad in 2016. She brings with her more than 25 years of experience in accounting and auditing, corporate finance and financial management in various industries including property development and investment, construction, building materials and hospitality.

Ms. Ng does not hold any directorship in any public companies.

Ms. Ng does not have any family relationship with the Directors and/ or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five years other than traffic offences, if any.

TIO JUN LIM

Director/ Head, Corporate Strategy, OSK Group

NATIONALITY:

AGE:
47

GENDER:

QUALIFICATION:

- Chartered Accountant and member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accounts

Mr. Tio Jun Lim ("Mr. Tio") was appointed the Director/ Head, Corporate Strategy of OSK Group on 1 October 2019.

Mr. Tio is a Chartered Accountant and a member of Malaysian Institute of Accountants (MIA), and a member of Malaysian Institute of Certified Public Accounts (MICPA).

Mr. Tio began his career with PwC Consulting before joining IBM in October 2002. He was with IBM until 2009 where his last position held was Senior Managing Consultant. In December 2009, Mr. Tio joined OSK Investment Bank Berhad as Head, Business Process and thereafter, joined RHB Investment Bank Berhad following the completion of its merger with OSK Investment Bank Berhad in November 2012. Mr. Tio rejoined OSK Group as Director/ Head, Business Process in September 2014.

Mr. Tio does not hold any directorship in any public companies.

Mr. Tio does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

MAK PICK WAN, CHRIS

Chief Information Officer, OSK Group

NATIONALITY:

AGE:
55

GENDER:

QUALIFICATION:
- Bachelor of Science in Computer Science and Mathematics from Campbell University, North Carolina, United States of America

Ms. Mak Pick Wan, Chris ("Ms. Mak") was appointed the Chief Information Officer of OSK Group in November 2015.

Ms. Mak holds a Bachelor of Science in Computer Science and Mathematics from Campbell University, North Carolina, United States of America.

Ms. Mak brings with her over 27 years of experience in Information Technology ("IT") managing various IT infrastructure and system deployment projects.

Ms. Mak does not hold any directorship in any public companies.

Ms. Mak does not have any family relationship with the Directors and/ or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five years other than traffic offences, if any.

YOUNG TAT YONG

Chief Internal Auditor, OSK Group

NATIONALITY:

AGE:
63

GENDER:

QUALIFICATION:
- Chartered Fellow of the Institute of Internal Auditors Malaysia
- Associate Member of the Chartered Institute of Management Accountants

Mr. Young Tat Yong ("Mr. Young") was appointed the Chief Internal Auditor of OSK Group on 1 April 2016.

Mr. Young is a Chartered Fellow of the Institute of Internal Auditors Malaysia and an associate member of the Chartered Institute of Management Accountants.

Prior to this appointment, Mr. Young was the Chief Internal Auditor of PJ Development Holdings Group. He had also served as the Vice President Finance of PJ Development Holdings Group's Hotels' Division, where he was responsible for overseeing the overall financial management and corporate strategy for the Hotels' Division. Prior to joining the Group, he had vast experience in both external and internal audit in other well-established organisations.

Mr. Young does not hold any directorship in any public companies.

Mr. Young does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

WANG CHOON HUI, DEBBIE

Chief Human Resources Officer, OSK Group

NATIONALITY:

AGE:
48

GENDER:

QUALIFICATION:
- MSc in Human Resource Management from Portsmouth University, United Kingdom
- Certified Workplace & Business Coach

Ms. Wang Choon Hui, Debbie ("Ms. Wang") is a highly experienced Human Resource ("HR") and People Development practitioner, in overseeing the full spectrum of HR functions in various industries, in both international and local organisations. She began her career more than 25 years ago with Fortune 500 organisations like Intel, Dell, Celestica in both local and regional roles.

Before joining OSK, Ms. Wang held the HR Director position for some local properties' developers and conglomerates. In her many roles in the different capacities, she was instrumental in delivering HR solutions to the respective business units, enhancing people engagement and inculcating an organisation-wide coaching culture.

Ms. Wang holds a MSc in Human Resource Management from Portsmouth University, United Kingdom and she is also a Certified Workplace & Business Coach, and was appointed the Chief Human Resources Officer of OSK Group since 15 October 2019.

Ms. Wang does not hold any directorship in any public companies.

Ms. Wang does not have any family relationship with the Directors and/ or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five years other than traffic offences, if any.

WOO LAI MEI

Head, Group Legal, OSK Group

NATIONALITY:

AGE:
55

GENDER:

QUALIFICATION:
- LLB (Second Class Upper, Honours) from the University of Buckingham, United Kingdom

Ms. Woo Lai Mei ("Ms. Woo") was appointed the Head of Legal of OSK Group on 1 September 2015 and was re-designated as Head, Group Legal on 1 January 2018.

Ms. Woo graduated from the University of Buckingham, United Kingdom with LLB (Second Class Upper, Honours).

Ms. Woo was admitted into the Honourable Society of Lincoln's Inn in 1986 and was called to the Degree of an Utter Barrister (at Law) in 1988. Upon her subsequent admission as an Advocate and Solicitor of the Supreme Court of Singapore in 1989, Ms. Woo practised law in reputable and leading law firms in Singapore such as Messrs Lee & Lee and Messrs Rajah & Tann in Singapore, for 11 years before returning to Malaysia.

Upon her return and admission as an Advocate and Solicitor Malaya, Ms. Woo continued her legal career in leading law firms such as Messrs Zul Rafique & Partners with particular focus on commercial litigation, for another few years before moving in-house as a corporate legal counsel with OSK Securities Berhad (which transformed into OSK Investment Bank Berhad in 2007).

In addition to her professional experience as an Advocate and Solicitor in two jurisdictions, Ms. Woo's multi-disciplinary experience included an assignment as a consultant with the Securities Commission Malaysia and close to four years, as the Chief Operating Officer/ Director of OSK Trustees Berhad. During her tenure as Chief Operating Officer/ Director of OSK Trustees Berhad, Ms. Woo represented OSK Trustees Berhad in many meetings and dialogues with Bank Negara Malaysia, various Ministries and government authorities, regulators and institutional bondholders and had also appeared before the Public Accounts Committee in Parliament.

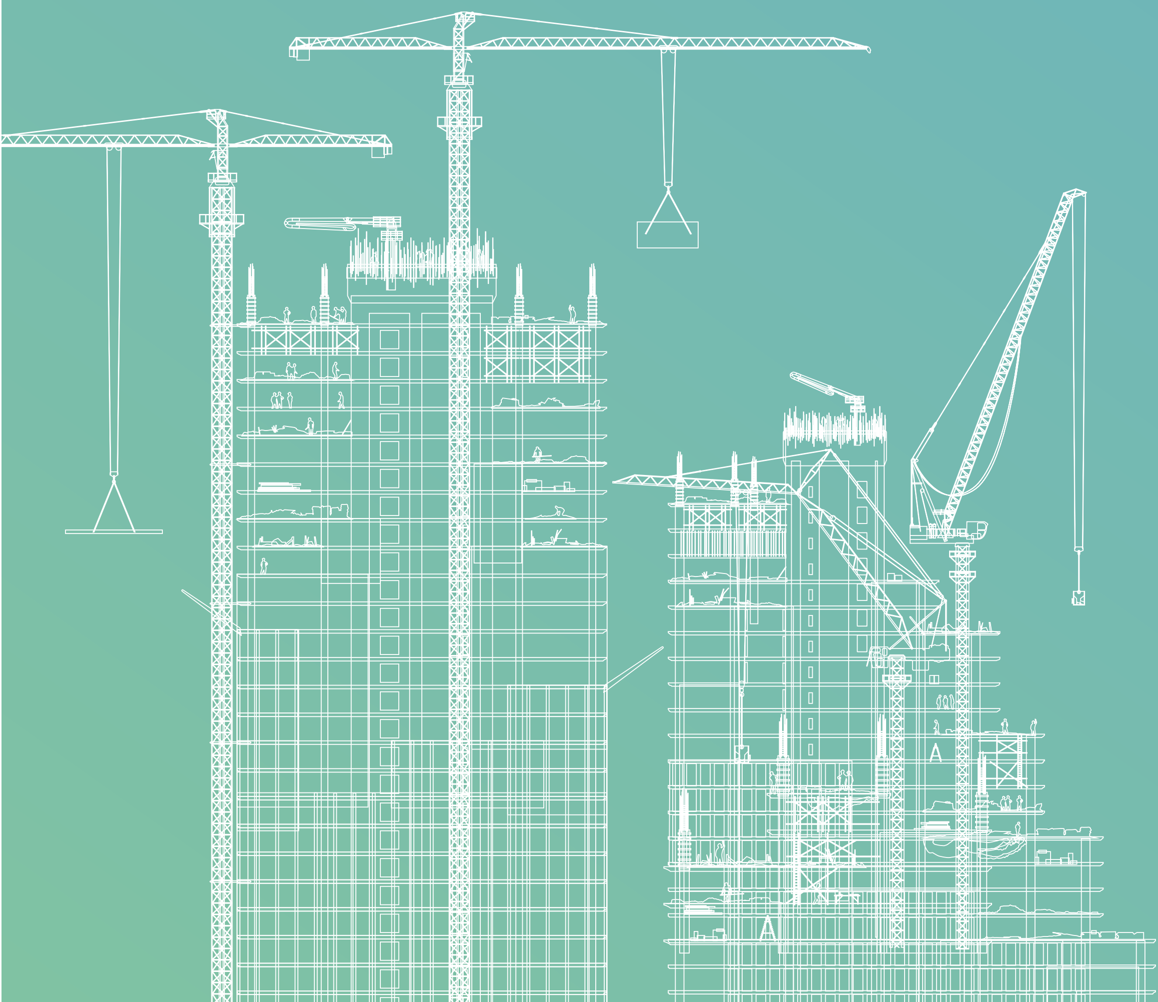
Ms. Woo does not hold any directorship in any public companies.

Ms. Woo does not have any family relationship with the Directors and/ or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five years other than traffic offences, if any.

Building Deep Expertise

CONSTRUCTION

As the construction arm of OSK Group with a "Class A" and "G7" certification, OSK Construction is committed to provide high quality building services and has successfully constructed and built multiple residential and commercial properties in Malaysia.



04 Our Activities

2019 DIARY

JAN 26

OSKers celebrated a meaningful Chinese New Year with 10 single mothers and their children through the Gifts of Hope initiative. To ease the burden of these families before the festive season, OSKers took them to Atria Shopping Gallery for a fun shopping outing for clothes and Chinese New Year essential items.

JAN 28

OSK Property, OSK Construction, OSK Foundation and Iringan Bayu joined hands with SJK (C) Kampung Baru Mambau, Seremban, to support the state council's new dietary requirement through The Lunch Box Project. This project was carried out for a period of one month through a crowdfunding activity within the organisation where OSKers donated a minimum of RM10 to provide each student with a lunch box and cutlery set.

FEB 17

OSK Property is proud to participate in the *Dasar Komuniti Negara* ("DKN") or the National Community Policy launched by the 7th Prime Minister Yang Amat Berhormat Tun Dr Mahathir Mohamad and the Housing and Local Government Minister YB Puan Zuraida Kamaruddin at Padang Puchong Indah, Selangor. DKN is an initiative under the National Housing Policy 2.0 to improve the living standards of *Program Perumahan Rakyat* residents.

MAR 24

Swiss-Garden Beach Resort Damai Laut held its second installment of the Charity Fun Run 2019 in aid of National Cancer Society Malaysia. 400 participants from the surrounding areas of Lumut, Manjung, Sitiawan and Ayer Tawar, as well as runners from other parts of Malaysia took part in the 10km fun run at the multi-award winning beach resort.

MAR 08

OSK Property was a strong supporter of the Malaysian Government's Home Ownership Campaign launched by the 7th Prime Minister Yang Amat Berhormat Tun Dr Mahathir Mohamad. The campaign, a collaborative effort between the Housing and Local Government Ministry (KPKT) and the Real Estate and Housing Developers' Association (REHDA) aimed to reduce the number of unsold properties in the country by offering value-added discounts for homebuyers.

MAR 02 – 03

OSK's Young Leaders, Arthur Yong and Lim Wan Qin together with Talent Acquisition Human Resources team took turns to engage visitors at the JobStreet's Malaysia Career & Training Fair ("MCTF") 2019 held at Mid Valley Exhibition Centre. MCTF is recognised as Malaysia's number one career fair.

2019 DIARY

APR 16 - 17

SGI Vacation Club organised its Team Building & Achiever's Circle Award Night 2019 at Broga Hill Eco Farm Resort in Semenyih, bringing together 125 OSKers under one roof to build rapport and camaraderie among each other.

APR 21

OSK Property announced 20 lucky winners for the 15-Year Holiday Spree! campaign at the Iringan Bayu Show Village in Seremban, Negeri Sembilan. With the tagline 'Seal the Deal, See the View', the campaign which ended in March 2019 offered homebuyers a chance to win exclusive 15-year holiday packages when they purchase any participating projects by OSK Property.

APR 30

OSK Holdings Berhad held its 29th AGM at the Kuala Lumpur Convention Centre.

MAY 11 - 12

The highly anticipated You City III project in Cheras 9th mile was officially unveiled by OSK Property. The launch received warm response from first-time homebuyers and investors alike.

MAY 30

Group Human Resources team organised the Riang Ria Raya Decoration Competition & Iftar Get Together event during Ramadhan, as part of the Group's employee engagement initiatives. The competition was open to all floors in Plaza OSK to celebrate the Group's diverse culture and to uplift the Hari Raya festive mood among all OSKers.

MAY 25

OSK Foundation was delighted to share the joy of *Hari Raya Aidilfitri* with 30 underprivileged children from *Rumah Amal Asnah Al-Barakh* through the Gifts of Hope initiative. The children, aged between two and 17 years old, were elated to be taken for a shopping outing where they were provided the opportunity to choose their new Hari Raya shoes. The children were joined by OSK volunteers during the event.

MAY 14

Melbourne Square clinched two awards for its architecture and design at the Asia Pacific Property Awards 2019-20 in Bangkok. Developed in partnership with Malaysia's Employees Provident Fund, Melbourne Square was awarded the coveted 'Residential High-rise Architecture Australia' and the 'Mixed-use Development Australia' Awards.

2019 DIARY

JUN 11

OSK Group Learning & Talent team launched a group-wide programme known as called Coaching for Peak Performance ("CPP") for all people managers in the Group. Six facilitators from various business units and Group HR were trained and certified by Development Dimensions International ("DDI") to deliver the programme.

JUN 26

OSK Holdings Berhad inked an agreement with Hilton, marking a significant milestone in the Group's hospitality journey. Under the hotel management agreement, Hilton will rebrand and manage Swiss-Garden Beach Resort Damai Laut. Set to open in 2020, the resort will be rebranded as DoubleTree by Hilton Damai Laut Resort, the first if its kind in the state of Perak.

JUL 02

MBO Atria held its grand launch at the concourse of Atria Shopping Gallery, officiated by MBO's Chief Executive Officer, Mr. Lim Eng Hee. The event also saw the introduction of MBO's first Onyx Cinema LED theatre from Samsung. Mr. Yoonsoo Kim, President of Samsung Malaysia Electronics, graced the event to launch the new Onyx hall.

AUG 23

Group Human Resources team organised a futsal tournament at the KSL Sport Centre Setapak in Kuala Lumpur participated by 72 OSKers from various business units and functions.

AUG 15

After an extensive five month renovation, Swiss-Garden Hotel Kuala Lumpur opened its doors as the newly-rebranded Swiss-Garden Hotel Bukit Bintang, Kuala Lumpur. The newly refurbished hotel infused class and stylish enhancements based on the concept of 'Simplicity and Elegance Revisited'.

JUL 18

Teach for Malaysia ("TFM") invited Mr. Ong Ghee Bin, CEO of OSK Property to participate in its TFM Week programme as a co-teacher for a day at SMK Pulau Ketam in Selangor. The inspiring experience was part of OSK Foundation's collaboration with TFM, an independent organisation which aims to empower the nation by narrowing gaps in education inequity.

JUL 12

OSK Group's annual dinner was a glitzy affair at The Majestic Hotel Kuala Lumpur. Themed "Jukebox Night Fever", the annual dinner saw close to 800 OSKers dressed to the nines in vibrant and sparkly costumes from the 60's to the flowery outfits from the 70's, right up to the modern denim looks favoured by K-pop and boy band groups.

2019 DIARY

AUG 24

70 OSKers transformed two deserted building blocks into a bright and lively kindergarten with beautiful mural designs at SJKT Ladang Shanghai in Seremban, Negeri Sembilan. Funded by OSK Foundation in collaboration with KCC Paint Malaysia and Artzland Studio, OSKers from OSK Property and OSK Construction, together with teachers and students of the school painted the entire mural in just one day.

AUG 28

36 young graduates out of 1,200 applicants were selected to join the final assessment of the OSK Graduate Trainee Programme 2019. The newly-introduced Graduate Trainee Programme is an individually tailored 12-month learning platform designed to develop and grow the talent pipeline within the Group.

SEPT 02

The new 40-storey Swiss-Garden Hotel & Residences Genting Highlands was officially opened by the Menteri Besar of Pahang, Yang Amat Berhormat Dato' Sri Haji Wan Rosdy bin Wan Ismail, the third Swiss-Garden hotel in the state of Pahang after Swiss-Garden Beach Resort Kuantan and Swiss-Garden Resort Residences Sungai Karang. Adjacent to Windmill Upon Hills, the hotel is a stone's throw away from the Genting Highlands Peak.

OCT 06

Atria Shopping Gallery hosted a "Paint a Brighter Future" fundraising drive to raise funds for Hospis Malaysia in support of palliative care. Concurrent with the display of our Cik Coklat elephant sculpture, over 150 children aged between 4 and 12 years showcased their creativity and painted plain white mugs into spontaneous masterpieces with their unique interpretation of patterns and images.

SEPT 25

OSKers attended a Lunch & Talk Series titled "Take Charge of Your Personal Safety; During Travelling, Anytime and Anywhere". The one hour talk presented by Mr. Michael Chong, Managing Director of Perfect Protection, focused on practical preventive measures during travelling and solutions for road users, self-defense tips that are applicable to both male and female including the use of personal protection devices.

SEPT 20

Atria Shopping Gallery, the iconic neighbourhood mall in Damansara Jaya, was named Best Family Friendly Mall by readers of BabyTalk and MamaPapa magazines. The BabyTalk & MamaPapa Readers' Choice Awards 2019 recognised brands that have proven their success in terms of quality, trust and consumer appeal. Winners in various categories were voted by readers and were recognised for gaining the loyalty and trust of discerning consumers.

2019 DIARY

OCT 16

OSK Foundation inked a significant partnership with the Women's Institute of Management to organise a series of Small Business Training and Financial Management Workshops for underserved women across all states in Malaysia. The workshops are designed to help women learn basic entrepreneurial skills and guide them toward financial management and independence.

OCT 19

OSK Foundation and OSKers from various business units spent half a day with 40 single mothers and their children from Persatuan Kebajikan Kanak-kanak Kajang to celebrate Deepavali. Like the previous Gifts of Hope programmes, our volunteers brought grocery items such as milk powder, milo, sugar and curry powder donated by OSKers and Plaza OSK tenants for their Deepavali celebration.

NOV 01

OSK Property clinched The Edge Top Property Developers Awards 2019 and was ranked the Top 14 property developers in the country.

NOV 06

OSK Property was awarded the Property Excellence Award and the CSR Excellence Award at the Sin Chew Business Excellence Awards 2019.

NOV 22

Swiss-Garden Beach Resort Kuantan and Swiss-Inn Johor Bahru received the Agoda's 2019 Gold Circle Award. The award recognises elite services, high scoring customer reviews on Agoda, as well as excellence in pricing and room availability.

NOV 17

The Atria Makan Fun Run 3.0 returned in the most delicious way, championing Malaysian diversity and advocating an active lifestyle with over 300 runners participating in the run. True to its Malaysia Day theme, participants experienced various fun activities at the pit stop from receiving a ketupat each and dodol to meeting the Chinese God of Prosperity.

NOV 14

Two teams participated in the 6th edition of the Bursa Bull Charge which took place in the central business district of Kuala Lumpur. In cultivating social activism through sports among corporate citizens, the run aimed at improving the lives of communities including the Orang Asli community, women, children and persons with disabilities.

NOV 08

OSK Group was recognised for its exceptional workplace culture, earning the honour as one of the Best Companies to Work for in Asia 2019. Organised by leading HR publication HR Asia, the award covers 12 markets across Asia, including Hong Kong, Singapore, Malaysia and Indonesia.

2019 DIARY

NOV
19 - 22

OSK celebrated Health Week with a series of health focused activities including health check, lunch talk and blood donation to ensure the health and wellbeing of its employees.

NOV
27

OSK was proud to send two teams with participation from various business units to take part in the 19th edition of The Edge Kuala Lumpur Rat Race at the Perdana Botanical Garden in Kuala Lumpur. Proceeds from the Rat Race were channeled to support the work of 20 NGOs and non-profit organisations in education and training, health and well-being, and the environment.

NOV
28

OSK Holdings Berhad's 2018 Annual Report won a Certificate of Merit awarded by the National Annual Corporate Report Awards ("NACRA") Committee. The award is a recognition of OSK's achievement in meeting NACRA's benchmark for excellence in corporate reporting, corporate accountability and effective communication.

DEC
21

OSK Foundation brought festive joy to 60 underprivileged children from Rumah Kanak-Kanak Trinity, Rumah Kebajikan Karuna Illam and House of Joy at our "A Gift of Hope Christmas Party", with a sumptuous lunch, as well as games and gift exchange. The fun outing also saw the children being treated to a movie screening of the latest Star Wars blockbuster "Star Wars: The Rise of Skywalker" at MBO Cinemas.

DEC
06

Guests at Swiss-Garden Beach Resort Damai Laut in Perak, released endangered turtle hatchlings to the sea in support of the conservation efforts of the Segari Turtle Sanctuary. Supported by OSK Foundation, guests and senior management of SBDL released 50 young green turtles ranging from one to four months old at the beach front, to begin their lifetime journey across the open waters.

DEC
01

OSK Property continued to deliver quality homes with three new projects receiving high Quality Assessment System in Construction (QLASSIC) scores. Both Luminari in Butterworth and Windmill Upon Hills in Genting Permai received a QLASSIC Quality Score of 80% while TimurBay, a seafront residence in Kuantan, which was completed and handed over to buyers two month ahead of schedule scored 78%.

IN THE NEWS

Fun food run at shopping centre

ATRIA Shopping Gallery in Damansara Jaya was the venue for the Makan Fun Run 3.0.

Initially scheduled for Sept 15, the run was postponed to Nov 17 due to the haze.

Participants gathered for a warm-up session led by CHI Fitness instructors before the official flag-off by Bandar Utama assemblyman Jamaliah Jamaluddin.

Also present at the starting point in front of Atria's south entrance were Petaling Jaya City Council councillor Qurratulain Atiqah Norzahirul Anuar, OSK Holdings Bhd deputy group managing director Ong Ju Xing, Atria assistant general manager (leasing) Abby Choo and Panasonic Malaysia Sdn Bhd Marketing Innovation Department general manager Chew Beng Heng.

True to its Malaysia Day theme, participants got to experience various fun activities at the pit stops along the 5km route that showcased Malaysia's diversity, including receiving ketupat and dodol at one pit stop and meeting the Chinese God of Fortune in another.

At the finishing line, they were greeted with local delicacies such as curry puff and kuih-muih.

A selection of free breakfast vouchers ranging from nasi lemak, fried meehoon to kaya butter toast with soft-boiled eggs and RM10 Atria gift vouchers were also given to each participant.

They also went home with sponsored goodies from Brumin, Langkawi's, Tilly, Oyoshi, Sports Direct and Healing Touch.

Some lucky participants also walked away with lucky draw prizes worth a total of over RM20,000 sponsored by Panasonic and Boost.

There was also a photo booth for participants.

Jamaliah (third from left) flagging off the Makan Fun Run 3.0 at Atria Shopping Gallery.

By SIMON KHOO
simonkhoo@thestar.com.my

Front-row seats to turtle hatchlings release on beach

GUESTS and visitors at the Swiss-Garden Beach Resort Damai Laut in Perak were treated to a memorable experience to release sea turtle hatchlings along the beach front.

The unique programme held with the support from OSK Foundation saw more than 50 hatchlings making their way into the open waters.

Located along the southern reaches of Lumut, the resort with its pristine white sandy beach near the only turtle sanctuary on the west coast, is one of the natural places identified to be suitable for the release of these endangered species.

Leading the management team were Swiss-Garden International chief operating officer Peter Gan, its newly-appointed resort general manager Christoph Weidemann and sales and marketing director Linda Evelyn Wong.

Staff from several organisations also collaborated at the event, which saw guests and visitors gathering in line before releasing the hatchlings, provided by Segari Turtle Sanctuary, a local turtle conservation organisation in Lumut.

Perak Fisheries Department director Zaki Mokri was the guest-of-honour.

Gan said as part of its commitment to support social responsibility and wildlife, they worked closely with the sanctuary to ensure the success of the programme.

"It is a privilege for us to participate and play our part in the care and protection of these endangered species.

"As these baby turtles face threats from land predators, they are released in the late evening.

"It was an amazing sight for all, especially children, witnessing them finding their way slowly into the waters," he said.

He added that the resort would continue to work with the sanctuary to raise awareness and share information about the marine reptiles that are in danger of extinction.

A mini exhibition and a colouring event were also held at its main lobby.

After releasing the hatchlings, guests were invited to enjoy refreshments at the Garden Terrace coffee house.

Set against a backdrop of lush tropical forest with a panoramic view of the Straits of Malacca, the resort offers guests an unspoilt nature hideout away from the hustle and bustle of city life.

It is also one of the gateways to the surrounding islands including Pangkor Island.

Among the recreational and leisure facilities are the award-winning 18-hole golf course, free-form swimming pools, a private beach, recreation centre, a gymnasium, kids club, a water sports centre and team-building courses.

The sea turtles hatchlings making their way into the open sea.

僑豐產業You City III
現代優化生活概念

试想像，从住处只需步行约100公尺的路途，即可直接衔接至捷运站，而且无须把自己塞在车龙，只需经过X多个站即可抵达市中心……这，就是以综合公共交通为导向（TOD）的You City III带给住户的城市居住体验。

由侨丰产业房产（OSK Property）精心发展的You City，首期You Residences和第2期的You Vista已建竣和交付予买家，如今第3期亦是最后一期的You City III正式推介，进一步贯彻现代优化生活概念。

占地5.5英亩的You City III拥有永久地契，建有A及B座，楼高39层，共有800间服务式公寓单位及87间户外零售单位。服务式公寓单位建筑面积介于678至1776平方尺，设有2至4间卧室，售入手的价格从35万令吉起。

侨丰产业房产总执行长王义民指出，You City III发展概念将创造充满活力的社区，具有现代化的生活便利设施，大大拉近巴生谷的社区距离，毗邻捷运的公共交通便利，除了为周边产业增值，亦使城市衔接更为轻易。

他说，通过卓越的地理位置和价格点，市场可以综合公共交通为导向的居住方式有很大的需求。

"鉴于首两期的热烈反应，因此，我们相信You City III，凭着入手价格易负担的优势，将吸引许多首次置业者和周边地区的第二代住户。"

出席You City III媒体推介会嘉宾包括侨丰控股两执行董事经理黄祖星、侨丰产业房产总营运长林韶武和销售市场推广副总经理林瑾婷。

▲王义民（左起）、黄祖星和林韶武为You City III主持推介礼。

You City III A座394间单位现已开放销售，符合资格的买家可从"拥有房屋运动（HOC）"中享有更多的优惠和豁免费；HOC仅至2019年6月。

电话：018-311 6000
网站：www.youcity3.com

（XXX）

星洲日報

市場情報

OSK墨爾本廣場
亞太地產獎獲雙殊榮

Atria購物廊辦中華書藝賽
41優勝者贏走獎金

■王义民（右）颁发特别精神奖给马来。

僑豐地產發展項目
品質評估獲高分

侨丰地产控股公司（OSK Property）随着旗下EMIRA住宅项目在建筑品质评估系统（QLASSIC）中取得80.28高分后，另外3个住宅发展项目——槟城北海Luminari、云顶高原Windmill Upon Hills及关丹TimurBay同样在评估中取得80、80和76高分。

值得一提的是，槟城北海Luminari是早10个月竣工，这项成就归功于所实施的"Prop-Con"计划，它将物业和建筑团队整合在一起，以提高组织内部的质量标准。

侨丰地产控股公司首席执行长王义民表示，随着人们对高质量、安全和可持续建筑环境的需求日益增长，他相信优秀公司的竞争优势，专业知识和人才，能够引领公司朝着正确的方向发展。

该公司预计于2019年于吉隆坡交通枢纽本广场首期住宅单位给买主，森州Iringan Bayu首期发展项目Pastura预计2020年1月竣工，目前正在施工的项目有有关Ryan & Miho和也赖YOU CITY III等。

（ML）

☎ 03-7733 1281
🌐 www.oskproperty.com.my

占地5.5英亩，Windmill Upon Hills坐落在凡住优美，尽享宜居的优良环境中。

Empowering women through training and workshops

From left: OSK corporate communication head Foo Wen Sze, Ong, WIM chairperson Toh Puan Zainon Hussain and co-founder Dr Nellie Tan-Wong at the signing ceremony recently

OSK Foundation, the philanthropic arm of OSK Holdings Bhd, has partnered Women's Institute of Management (WIM) to organise a series of small business training and financial management workshops for underserved women groups across Malaysia.

Designed to help the women develop basic entrepreneurial skills and guide them on financial management, the workshops will be held in every state, including Sabah and Sarawak.

The partnership, announced at an MOU signing ceremony recently, aims to unlock the potential of over 500 women nationwide.

The pilot workshop was held on Aug 17-18, and involved 35 women of different ages from the plantations around Seremban.

Twelve more workshops are scheduled to take place into next year.

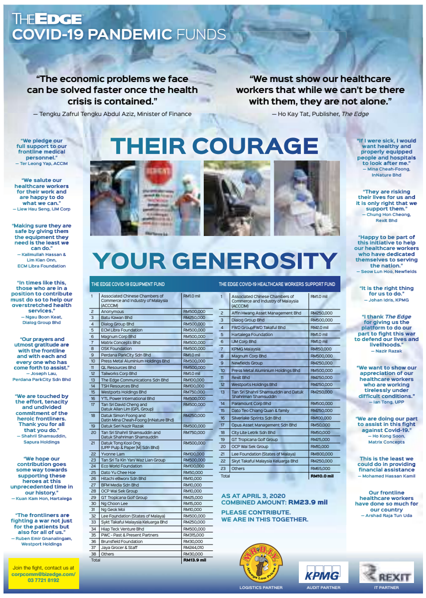
Through this partnership, OSK Foundation and WIM are committed to opening up opportunities to women by recognising their significant role in the marketplace.

By bringing in expert trainers and small business ideas, the workshops aim to open doors for these women to better empower their economy and lead a better quality of life.

Speaking at the MOU signing ceremony, OSK Foundation CEO Cheryl Ong, says: "We have been keen to kickstart a project like this for the underserved women's community and are pleased to have found a partner like WIM that not only shares the same vision, but also has the necessary expertise and commitment to see through this project.

"Through this partnership, we are demonstrating how basic skills can be replicated and scaled across demographics to empower women regardless of background.

"We believe that unlocking the full potential of women in the entrepreneurial ecosystem would bring a lot of changes to their lives as well as to their communities. I can think of no better partner than WIM to help us realise the potential of sustainable income for women."



THE EDGE
COVID-19 PANDEMIC FUNDS

"The economic problems we face can be solved faster once the health crisis is contained."
— Tengku Zafrul Tengku Abdul Aziz, Minister of Finance

"We must show our healthcare workers that while we can't be there with them, they are not alone."
— Ho Kay Tat, Publisher, The Edge

THEIR COURAGE

YOUR GENEROSITY

AS AT APRIL 3, 2020
COMBINED AMOUNT: RM23.9 mil

PLEASE CONTRIBUTE.
WE ARE IN THIS TOGETHER.

KPMG
REXIT

Happy Chinese New Year
2020
Year of the Rat

Festive visit to uplift spirit of underprivileged

Jing Yuan founder Liew Swee Seng receiving a donation from OSK Group group corporate communications head Pang Hong Yee.

OSK Foundation brought festive joy to the residents of Jing Yuan House of Care Welfare Association in Setapak, Kuala Lumpur, in conjunction with Chinese New Year.

Volunteers from OSK spent the afternoon making lanterns and singing karaoke with the residents.

The mood was further enlivened when the God of Prosperity turned up to distribute mandarin oranges, before all present enjoyed lunch.

In addition, the foundation made a cash donation to help pay for the home's operational expenditure, besides giving ang pow to its residents.

Jing Yuan was established in 2013 to provide accommodation and medical care for the underprivileged with serious disabilities and/or life-limiting ailments.

Currently, it has 26 residents at two premises – in Setapak and Cheras.

IN THE NEWS

41%學生體重不達標

萬茂華小推愛心營養餐

OSK捐700套保溫餐盒

HARIAN METRO 25-05-2019

BISNES

RUMAH BERNILAI TOD

■ OSK Property yakin kediaman You City III Cheras bakal dapat sambutan positif

property

Riding on TODs

Staycation in the heart of KL

雲頂瑞園酒店

優質設備 休憩好去處

与云顶娱乐城近在咫尺的全新瑞园酒店（Swiss-Garden Hotels & Residences）于日前举行开幕典礼，特邀彭亨州务大臣拿督斯里旺罗斯迪为主持嘉宾，并由OSK集团执行主席丹斯里黄宗华、OSK集团执行董事拿督赛夫、OSK集团董事经理黄祖阳、瑞园国际总营运长Peter Gan及酒店总经理Sonny Gan陪同。

其他出席嘉宾包括彭亨州重量级人物、酒店商务客户、商业夥伴、网络名人和媒体。

作为瑞园国际大酒店、度假村及酒店集团的第11个成员，该酒店为住客提供优质设备，适合休闲和商务旅客。该酒店拥有561间令住客宾至如归的客房，而位于幽静山区的公寓式酒店预料在10月份开放予大众。

位于酒店5楼的Garden Terrace咖啡厅是让住客在凉风和大自然的包围下，选择室内或室外用餐。在享受本地和国际美食的当儿，住客也可享受映入眼帘的美景。该餐厅也是举办活动和私人会议的理想场地。酒店内还设有健身室及阁楼温水池。

被清澈水池围绕的Alcove宴会厅非常适合举办婚宴、商务会议、私人派对等。

云顶瑞园酒店是适合短暂远离市区繁忙生活的好去处，距离吉隆坡仅40分钟车程。

电询：03-9213 0777

网站：www.swissgarden.com

（JC）

■黄祖阳（左起）、赛夫、黄宗华、旺罗斯迪及其他嘉宾一同为云顶瑞园酒店主持剪彩仪式。

New place to stay in the highlands

Guests can enjoy cool climate and panoramic view at hotel and residences

僑豐控股慶祝國慶日

爲原住民建房子

侨丰控股（OSK）与乌鲁冷岳Kampung Serigala的原住民社区一起庆祝国庆日，并为Petarick一家四口提供了全新的住所。

之前成功建造2栋房子再次启发了侨丰控股继续开展这项计划，并选在这个富有意义的日子为社区做出贡献。这项活动由侨丰控股基金会资助，而侨丰地产（OSK Property）、侨丰建筑（OSK Construction）的义工和EPIC团队合作，在村内展开了为期3天的建屋工作，与当地原住民共同庆祝国庆日。

这个全新的房子是一个4层模块的结构，建有起居室、门厅、厨房和两间卧室，为Petarick的整个家庭提供更友善而便利的居住环境。随着现代人生活条件的改善，希望这间全新房子提供更舒适安全的居住环境，这不仅能提升原住民的生活质量，也有助孩子的成长和发展。（ML）

侨丰控股义工和EPIC Homes团队为原住民家庭建造住宅，并与当地社区居民共庆国庆日。

末季少赚15%

侨丰控股派息3仙

（吉隆坡28日讯）侨丰控股（OSK，5053，主板产业股）2019财年末季净利年跌14.5%，录得1亿3016万6000令吉；每股派发3仙股息。

侨丰控股昨天向交易所报备，2018财年末季时有一笔7595万令吉的酒店脱售收入。

排除单次收入后，公司在末季的核心税前盈利其实是按年大增79%，旗下所有业务，包括建筑、产业、工业、酒店、金融和投资等的盈利都有改善。

不过，末季营业额滑落8.2%，报2亿9153令吉。

累计全年，侨丰控股净赚4亿1200万3000令吉，按年增19%；营业额报12亿752万3000令吉，按年微扬0.3%。

截至去年12月31日，产业业务的未入账销售有16亿令吉，而建筑业务的未完成订单有2亿395万令吉。

酒店业务预计会受到新冠肺炎的影响，但公司仍谨慎乐观看待。

侨丰控股有信心，虽然全球市场挑战重重，国内政局不稳，但今财年仍可交出称心业绩。

闭市时，侨丰控股报93仙，跌3仙或3.13%，成交量159万3500股。

Foundation shares gift of hope with needy children

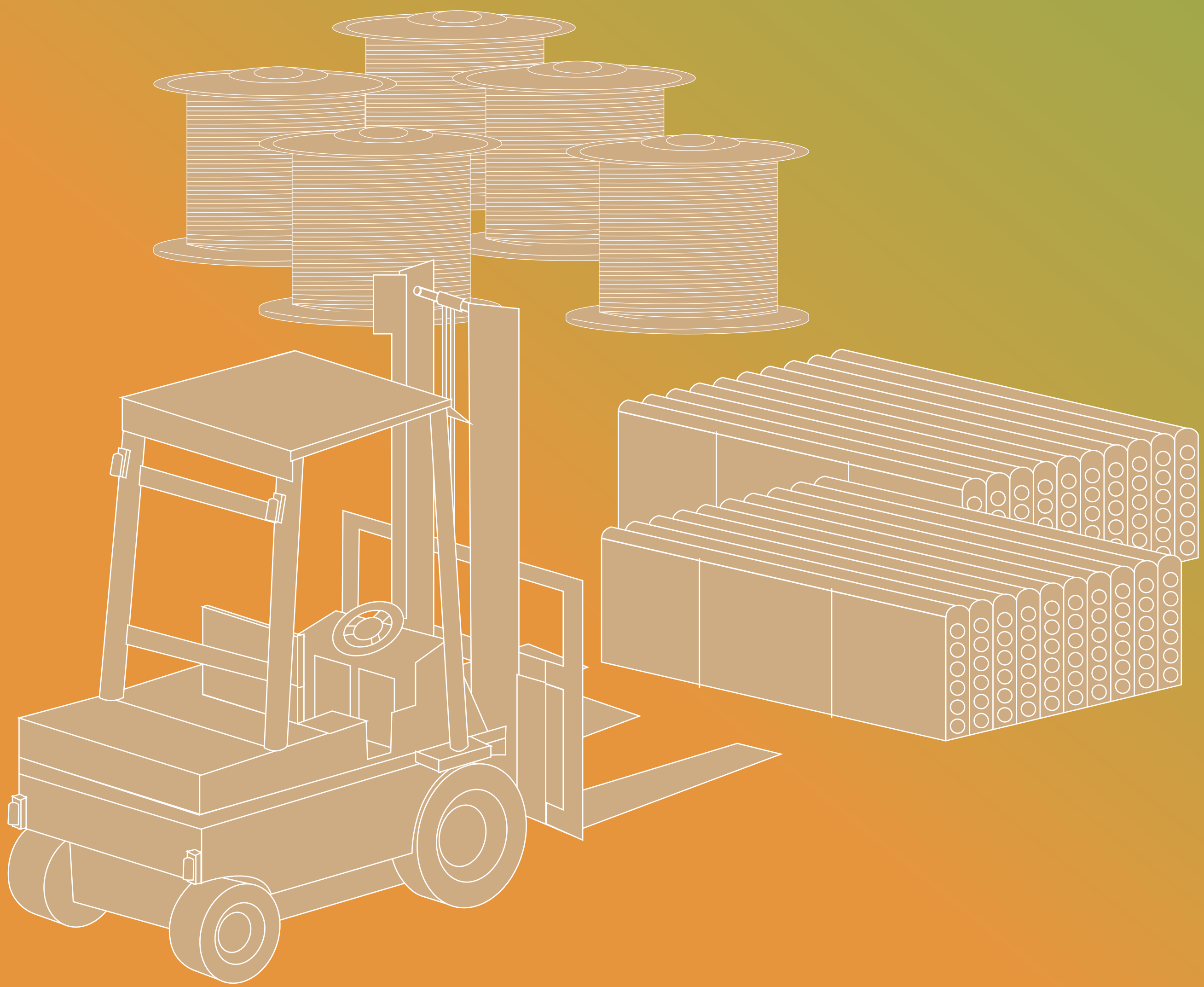
PASSPORT TO GREAT VACATIONS

Efficient and Innovative

INDUSTRIES

The industries business under OSK Group involves the manufacturing of cables and wall panels.

Olympic Cable Company is one of the leading cable producers in Malaysia who manages a sizeable manufacturing plant in both Malaysia and Vietnam. Acotec is a manufacturer of hollow core precast concrete wall panels using the Industrialised Building System technology from Finland and its factories are strategically located in Perak, Negeri Sembilan and Johor.



05 Our Sustainability Journey

SUSTAINABILITY STATEMENT

CREATING SUSTAINABLE VALUE

We are in the business of building businesses to ensure long-term, sustainable returns for our stakeholders. As the risks and impacts of climate change continue to disrupt economies and lives, not only in Malaysia but also in other parts of the world, we are taking steps to strengthen our sustainability resilience by constantly improving the way we conduct our businesses and how we can create meaningful change in society. And in doing so, we strive to ensure that everything we do subscribes not only to the highest standards of ethical conduct, but also takes into consideration the expectations of our shareholders and the community.

SUSTAINABILITY HIGHLIGHTS

Ensuring Good Governance & Accountability

- Introduced the Group's Anti-Bribery and Anti-Corruption Handbook ("ABAC Handbook") that was adopted Group-wide in January 2020.
- Continued to cascade our Code of Conduct and Business Ethics, Whistleblowing Policy and revised Fraud Policy to all existing and new employees.
- Listed on the ASEAN Corporate Governance 2018 List of Top 100 Companies for CG Disclosure (ranked 41st) and for Overall Corporate Governance & Performance (ranked 66th) by the Minority Shareholder Watch Group ("MSWG").
- Organised biannual Group-wide Enterprise Risk Awareness exercise.

Creating Shared Economic Growth

- Generated a net profit of RM418.7 million for FY2019.
- Supporting employment opportunities for over 2,000 employees across the Group and providing an inclusive and equal opportunity work environment.
- Ensuring responsible sourcing, in line with our sustainability approach of "Responsible Behaviour" and to "Limit Our Adverse Impact".
- Received industry recognition during the year, among others – "Best Companies to Work for in Asia 2019" by HR Asia, "The Edge Top Property Developers Awards 2019 – Top 30 Developers" (ranked14th), and "Certificate of Merit" in the National Annual Corporate Report Awards 2019 ("NACRA").

Supporting Environmental Well-being

- Green Building Index ("GBI") Gold Certification for Design Assessment for the Ryan & Miho project.
- Employs "Prop-Con" Model to ensure better quality and higher operational efficiency.
- Utilisation of Industrialised Building System ("IBS") precast wall panels in our property projects for faster construction at a lower cost and better built quality.
- Olympic Cable introduced a "Continuous Vulcanisation" line to reduce production waste.
- Collected a total of 2,862 kg of recyclables in FY2019 (FY2018: 2,013 kg)
- Swiss-Garden Damai Laut collaborated with the Segari Turtle Sanctuary for the release of endangered sea turtles.
- Associate company, Yarra Park City, in Melbourne, Australia, the developer of the iconic Melbourne Square project in the Southbank precinct of Melbourne, donated AU$20,000 to the Victorian Bushfire Appeal.

Creating a Responsible Marketplace & Being a Responsible Employer

- Development projects "Windmill Upon Hills" in Genting Permai, Pahang, and "Luminari" in Butterworth, Penang, achieved a QLASSIC score of 80%, respectively, while "Timurbay" in Kuantan, Pahang, achieved a QLASSIC score of 76%.
- OSK Construction conducted a total of 62 on-the-job training sessions and 161 Toolbox Meetings to ensure all tasks are carried out in the prescribed manner.
- Swiss-Garden International achieved an overall customer service performance score of 3.45/ 5.00.
- SGI Vacation Club achieved a total guest satisfaction score of 65.1/ 100.
- Implemented proactive precautionary measures for Covid-19 across the Group.
- Total number of training hours in FY2019 at 16,590 (FY2018: 15,032 hours)
- Employee Training Satisfaction score of 84%, exceeding internal benchmark by 9 percentage points.
- OSK Foundation supported 526 beneficiaries with contributions exceeding RM1 million.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This statement is a summary of the OSK Group 2019 Sustainability Report, which documents our progress in driving a culture of sustainability and embedding sustainable practices across the Group.

In keeping with Bursa Malaysia Securities Berhad's Main Market Listing Requirements, as well as other additional reference and guidelines listed below, we continue to ensure transparent and effective disclosure of our sustainable development journey to our wide array of stakeholders.

PRINCIPAL GUIDELINES

- Bursa Malaysia Securities Berhad Main Market Listing Requirement
- Bursa Malaysia's Sustainability Reporting Guide

ADDITIONAL GUIDELINES

- Global Reporting Initiative (GRI) Standards

REPORTING PERIOD AND CYCLE

1 January – 31 December 2019 ("FY2019")

- The OSK Group Sustainability Report is published on an annual basis and concurrently with the OSK Group Annual Report.

SCOPE

- Our reporting scope encompasses the operations of OSK, a public listed company on the Main Market of Bursa Malaysia Securities Berhad, and its subsidiaries in Malaysia.

- The content of the report excludes our business and corporate activities conducted outside Malaysia and activities undertaken by the Group's joint venture and collaborative partners, occupants, tenants, sites, as well as 3rd party vendors and suppliers that are beyond the direct and immediate control of OSK Group, unless otherwise stated.

FEEDBACK

- This report, as well as our previous Sustainability Reports, are available in PDF format and can be accessed in our corporate website at **http://www.oskgroup.com/corporate-announcements/**

- As we endeavour to continuously improve our sustainability efforts and disclosure, we welcome feedback, suggestions and comments from all our stakeholders to further strengthen our sustainability performance and reporting.

- Kindly address your feedback to OSK Group Chief Sustainability Officer at **sustainability@oskgroup.com**

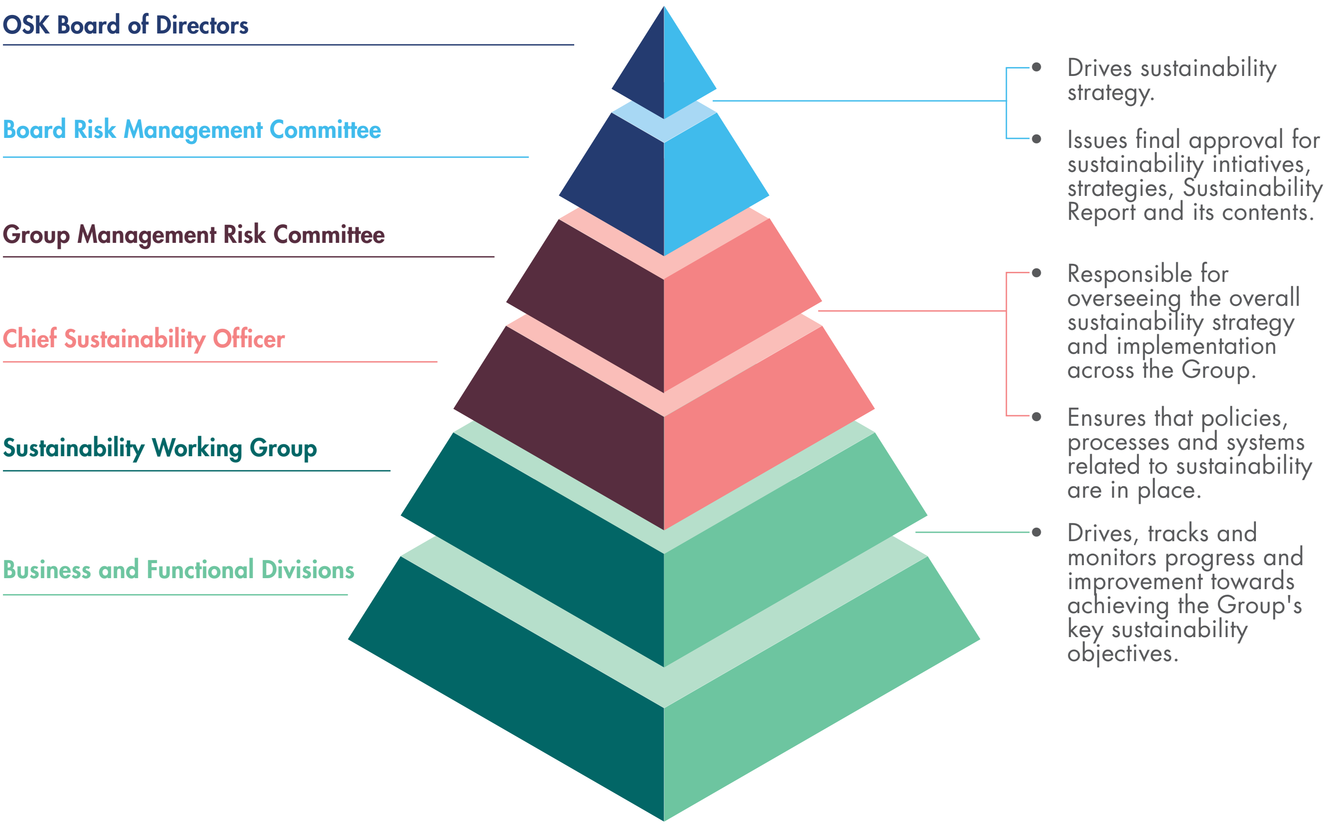
Swiss-Garden Damai Laut guests releasing endangered turtle hatchlings to the sea

Perak Fisheries Department director Zaki Mori (forefront in black shirt) with SBDL guests

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

At OSK, the overarching sustainability culture is cascaded by the Board of Directors ("BOD") who is responsible for driving and ensuring the effectiveness of the Group's sustainability strategy. Supporting the BOD are the Group Management Risk Committee ("GMRC") and the Chief Sustainability Officer ("CSO") who are responsible for overseeing the overall implementation of sustainability strategies and initiatives across the Group. There is also the Sustainability Working Group ("SWG"), which includes business and functional divisions that are responsible for practising sustainability in their daily operations, as well as tracking and monitoring its progress.




EPIC Merdeka 3.0

SUSTAINABILITY STATEMENT

HOW WE DRIVE SUSTAINABLE GROWTH

Guided by our Sustainability Policy and objectives, which was established in 2016, we continue to embed sustainability in the manner we conduct our businesses.

SUSTAINABILITY VISION:

Building Sustainable Businesses of Tomorrow

The spirit and essence of sustainability is integrated into OSK's vision and mission to create long-term sustainable growth in all our businesses.

SUSTAINABILITY MISSION:

A responsible organisation that creates significant value for our stakeholders – for today and tomorrow.

Our sustainability vision and mission support OSK's corporate strategy, as we continually advance and innovate to build resilient and future-ready businesses.

OUR SUSTAINABLE VALUE CREATION STRATEGY

OSK is committed to building sustainable and long-term businesses, while shaping and spearheading impactful change for our customers, our talents, the communities where we operate in, the marketplace and the environment.

SUSTAINABILITY AT OSK

SUSTAINABILITY STATEMENT

SUSTAINABILITY ACTION FOR FY2019

To ensure the continued relevance and impact of our sustainability measures, the Group reviewed its sustainability perspective and processes from which a series of measures were implemented to further improve our sustainability approach, performance and traction.

The sustainability enhancement measures undertaken during 2019 were divided into two main phases:

Phase	Sustainability Measures	Actions Taken
Phase One	Alignment with Group Enterprise Risk Management ("ERM")	Re-examined our sustainability risks and opportunities
Phase Two	Materiality reassessment	Reviewed our material sustainability matters

Results from the above exercise include a renewed way of how we view and manage sustainability material risks, a new materiality matrix and the streamlining of our material matters from 32 to 20 material matters. The 20 material matters are a close reflection of the Group's current business landscape with a more coherent interpretation of the established GRI Standards in terminology and application.

From the 20 material matters, a further analysis was carried out to determine our five most material matters, which will guide our sustainability initiatives and reporting focus from FY2020 onwards.

20 Material Matters FY2020	Five Most Material Matters FY2020	Sustainability Focus Areas
• Regulatory Compliance	• Ethics and Integrity	→ Governance
• Anti-Corruption	• Innovation	→ Economic & Environment
• Quality Products and Services	• Quality Products & Services	→ Economic & Social
• Ethics and Integrity	• Talent Management	→ Social
• Reputation	• Health & Safety	→ Social
• Health and Safety		
• Data Protection		
• Waste		
• Water		
• Biodiversity		
• Energy		
• Climate Change		
• Green Buildings		
• Economic Performance		
• Market Presence		
• Innovation		
• Diversity and Equal Opportunities		
• Talent Management		
• Sustainable Procurement		
• Community Engagement		

SUSTAINABILITY STATEMENT

ENGAGING OUR STAKEHOLDERS

OSK is of the belief that effective and meaningful engagement with our key stakeholder groups is essential to achieving robust strategy development and shared ownership in the Group's success. It also forms the foundation of good governance and trust, allowing us to engage and evaluate diverse perspectives in our decision-making to create sustainable impact.

In 2019, we maintained continuous engagement with our key stakeholders to seek their feedback through various means including meetings, customer surveys, roadshows and social media, as summarised in the table below:

Stakeholder Groups	Areas of Interest	OSK's Stance	Engagement Methods	Frequency of Engagement
Business and Industry Partners	• Industry best practices • Innovation and advances in the industry • New business opportunities • OSK's position within the industry • Fair procurement • Staying connected with the Company • Support of local suppliers and local producers To read more about our response, please refer to the "Economic" section in our Sustainability Report.	Together with our industry peers, OSK is committed to advancing the industry through active participation in the marketplace and sharing updates on our progress, challenges and other developments.	• Annual and Sustainability Reports	Annual
			• Consultation on industry matters	As and when required
			• Corporate presentation	As and when required
			• Events and roadshows	Ongoing
			• Forums and dialogues	As and when required
			• Membership in associations	Annual
			• Satisfaction survey	Annual
Community	• Impact of operations on the community • Local community development • Philanthropy • Staying connected with the Company To read more about our response, please refer to the "Social" and "Community" sections in our Sustainability Report.	As part of our society, OSK understands that our business operations have an impact on the community. We are committed to our role as a contributor and enabler for the communities in which we operate.	• Community engagement activities	Ongoing
			• Community partnerships	Ongoing
			• Social media tools	Ongoing
			• Website, catalogues and brochures	Ongoing
Customers including Tenants, Shoppers and Guests	• Brand reputation • Confidence and trust in the Company • Pleasant experience • Value for money To read more about our response, please refer to the "Economic" and "Community" sections in our Sustainability Report.	Building strong relationships and trust forms the foundation of everything we do. OSK envisions being the partner of its customers and maintaining a long-term perspective of its business operations.	• Events and roadshows	Ongoing
			• Feedback channels	Ongoing
			• Loyalty programmes	Ongoing
			• Market research	As and when required
			• Meetings	Ongoing
			• Social media tools	Ongoing
			• Website, catalogues and brochures	Ongoing

SUSTAINABILITY STATEMENT

Stakeholder Groups	Areas of Interest	OSK's Stance	Engagement Methods	Frequency of Engagement
Employees	• Attractive remuneration • Career development • Work-life balance To read more about our response, please refer to the "Social" section in our Sustainability Report.	OSK is committed to providing an engaging, inclusive and stimulating work environment that encourages quality performance, high employee satisfaction and loyalty.	• Annual dinner	Annual
			• Employee engagement survey	Annual
			• Employee volunteerism	As and when required
			• Internal employee portal	Ongoing
			• Internal engagement activities	Ongoing
			• Training and development	Ongoing
			• Townhall meetings	Ongoing
			• Whistleblowing channel	Ongoing
Government and Regulators	• Compliance • Contributions to the economy, local community and nation-building To read more about our response, please refer to the "Governance", "Economic" and "Community" sections in our Sustainability Report.	Each subsidiary is responsible to comply with all relevant regulations. We support the Government's initiatives and place great emphasis on being an exemplary corporate citizen.	• Formal meetings	As and when required
			• Performance reports	Ongoing
Media	• Corporate updates • Events • Upcoming developments To read more about our response, please refer to the "Economic" and "Community" sections in our Sustainability Report.	Delivering the right message to the media is key, especially at corporate events and launches, where we disseminate first-hand project information, initiatives and updates.	• Events and launches	Ongoing
			• Media networking sessions	Ongoing
			• Media visits	Ongoing
Shareholders and Investors	• Brand reputation • Future competence • Long-term relationship development • OSK's position within the industry • Positive investment growth • Risk management To read more about our response, please refer to the "Economic" section in our Sustainability Report.	OSK's overall goal is to create sustainable shareholder value while fulfilling the expectations of other stakeholders. A strong focus on financial performance, risk management and internal control is instrumental in achieving this goal.	• Annual general meetings	Annual
			• Annual and Sustainability Reports	Annual
			• Bursa announcements	As and when required
			• Investor relation ("IR") briefings or conference calls	As and when required
			• Quarterly financial reports	Quarterly
			• Shareholder updates	As and when required
Supply Chain Partners	• Fair procurement • Staying connected with the Company • Support of local suppliers and local produce To read more about our response, please refer to the "Economic" and "Social" sections in our Sustainability Report.	OSK works across its value chain to minimise risks, maximise future opportunities and ensure sustainable economic growth.	• Satisfaction survey	Ongoing
			• Supplier audits	Ongoing
			• Supplier events	Ongoing

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY PERFORMANCE

In 2017, we formalised our KPIs and have been reporting its achievements in our annual sustainability report. We have ensured that our transition this year will not divert from the progress we have achieved so far to underscore the importance of continuity in reporting. Our reporting themes are selected based on the importance of these material matters to our business operations and the level of interest to our stakeholders.

Material Matters	Owners	KPIs	Targets	Achievements
Governance				
Business Ethics To read more about our performance on this Material Matter, please refer to page 18 of our Sustainability Report.	Company Secretarial ("Co-Sec")/ All	Number of initiatives taken to enhance business ethics practices.	Minimum three initiatives per year.	1. Rolled out the Anti-Bribery and Corruption Handbook ("ABAC Handbook"). 2. Rolled out the revised Fraud Policy. 3. Rolled out e-acknowledgement for ABAC Handbook, revised Fraud Policy, Code of Conduct and Business Ethics and Whistleblowing Policy for all new and existing employees. 4. Existing and new policies are made available to all employees via internal employee portal.
Risk Management To read more about our performance on this Material Matter, please refer to page 19 of our Sustainability Report.	Risk Management	Number of activities conducted to cultivate a positive risk management culture.	Minimum two initiatives per year.	1. Conducted risk awareness training to OSK Group entities. 2. Conducted Business Continuity awareness to OSK Group entities. 3. Conducted cyber security and IT risk awareness.
Transparency To read more about our performance on this Material Matter, please refer to page 19 of our Sustainability Report.	Co-Sec	Maintain good corporate governance ("CG") practices and disclosure.	To be listed in the Minority Shareholder Watch Group ("MSWG") Top 100 Companies for Overall CG & Performance.	1. The Company was listed on the ASEAN Corporate Governance 2018 List of Top 100 Companies for Corporate Governance Disclosure (ranked 41st). *Source: **http://www.mswg.org.my/list-of-top-100-companies-for-cg-disclosure-by-rank** 2. The Company was listed on the ASEAN Corporate Governance 2018 List of Top 100 Companies for Overall Corporate Governance & Performance (ranked 66th). *Source: **http://www.mswg.org.my/overall-cg-performance-by-rank** Note: MSWG has yet to release the lists for FY2019 at time of printing.

SUSTAINABILITY STATEMENT

Material Matters	Owners	KPIs	Targets	Achievements
Economic				
Economic & Business Performance To read more about our performance on this Material Matter, please refer to page 21 of our Sustainability Report.	All	Number of initiatives taken to contribute to local economy/ community.	Minimum three initiatives per year.	1. OSK Foundation supported 526 beneficiaries in 2019 Details are listed in the "Community" section of our Sustainability Report. 2. OSK Property continued to support the well-being of the Orang Asli community by building a home for an Orang Asli family in EPIC 3.0. Details are listed in the "Community" section of our sustainability report. 3. Atria supported and continues to support the Alzheimer's Disease Foundation Malaysia ("ADFM") via a dementia-friendly community corner within the mall.
Environment				
Waste Management To read more about our performance on this Material Matter, please refer to page 26 of our Sustainability Report.	All	Number of waste management initiatives or campaigns conducted.	Minimum two initiatives per year.	1. Recycling Right 2.0 initiative. 2. Recycling excess materials and cuttings from Acotec panels to minimise wastage. 3R (Reduce, Reuse, Recycle) practices encouraged Company-wide.
Social				
Quality To read more about our performance on this Material Matter, please refer to page 29 of our Sustainability Report.	Property Development	Quality Assessment System for Building Construction Works ("QLASSIC") score for development projects.	To achieve average score of 75%.	QLASSIC scores achieved by OSK Property: • "Luminari" in Butterworth, Penang – 80%; • "Windmill Upon Hills" in Genting Permai, Pahang – 80%; and • "TimurBay" in Kuantan, Pahang – 76%.
Public & Customer Safety To read more about our performance on this Material Matter, please refer to page 31 of our Sustainability Report.	Property Investment - Atria	Timely maintenance of public facilities calculated by number of major breakdowns (requiring specialist/ service provider actions) per year.	Keep within the number of allowable major breakdowns per year (not more than eight breakdowns with four being the target allowable).	1. Implemented precautionary measures against Novel Coronavirus (Covid-19) across all retail, hotels, resorts, factories and office premises under the Group. 2. No major breakdown was reported during the year, except toilet maintenance that required change of parts. The issue was promptly addressed.

SUSTAINABILITY STATEMENT

Material Matters	Owners	KPIs	Targets	Achievements
Social (Cont'd)				
Occupational Safety & Health To read more about our performance on this Material Matter, please refer to page 33 of our Sustainability Report.	• Construction • Hospitality • Cables	Number of initiatives conducted to cultivate a safety and health awareness culture.	Minimum two activities per year.	1. Implemented precautionary measures against Novel Coronavirus (Covid-19) at Plaza OSK. 2. OSK Construction conducted 161 toolbox meetings and 62 on-the-job trainings across their sites in 2019. 3. Swiss-Garden Beach Resort Damai Laut • Conducted one-day briefing by Jabatan Bomba (Manjung/ Pantai Remis). • Conducted one-day briefing on the formation of the Occupational Safety and Health Administration & Emergency Response Team ("ERT") Committee. • Conducted two-day Cardiopulmonary Resuscitation ("CPR") & First Respondent Training. • Displayed Hazard Identification, Risk Assessment & Risk Control info to mitigate workplace risk. • Displayed operating manuals at work stations where there is a potential risk when operating machinery or implementing work processes. 4. Swiss-Garden Beach Resort Kuantan • Conducted basic life support and first aid training (CPR & Automated External Defibrillator) at the workplace. • Conducted ERT Training. 5. Olympic Cable Company ("Olympic Cable") • Conducted fire drill. • Conducted ERT training. • Conducted safe work practice briefing. • Conducted forklift safety training. • Conducted hearing conservation training.
Training & Career Development To read more about our performance on this Material Matter, please refer to page 41 of our Sustainability Report .	Group Human Resources ("HR")	Training satisfaction score.	To achieve an average satisfaction score of 75%.	The Group achieved an average score of 84% for training satisfaction.
Employee Engagement To read more about our performance on this Material Matter, please refer to page 37 of our Sustainability Report.	Group HR	Percentage of employee satisfaction score.	Benchmark against the Global Engagement Index ("GEI") of 66%.	1. Conducted OSK Group Virtual Townhall (1Q2020). 2. The Group achieved an overall employee satisfaction score of 75%.

For detailed deliberation on our sustainability initiatives carried out during the year, please refer to our Sustainability Report 2019.

SUSTAINABILITY STATEMENT

LOOKING FORWARD TO FY2020

As we prepare ourselves for yet another exciting year in embedding sustainability resilience within the Group's businesses, amid the changing dynamics of our operating environment, we remain vigilant of our Governance, Economic, Environmental, Social and Community commitments to our stakeholders.

In our endeavour to continuously develop new ways to minimise impacts where possible without compromising the quality of our products and services, we continue to rely on the strong partnerships and the legacy of trust that we have built with our stakeholders to inspire us to pursue sustainable growth in the years ahead.

Here are among the steps that we will take to push the envelope on sustainability and create a brighter future for all our stakeholders:

Five Most Material Matters To Drive Sustainability

Following the completion of our second Materiality Assessment Study this year, the Group had concluded that our five most material matters (distilled from our 20 material matters) shall anchor our sustainability journey and efforts from FY2020 and beyond.

Ryan & Miho, a GBI Gold certified development

SUSTAINABILITY STATEMENT

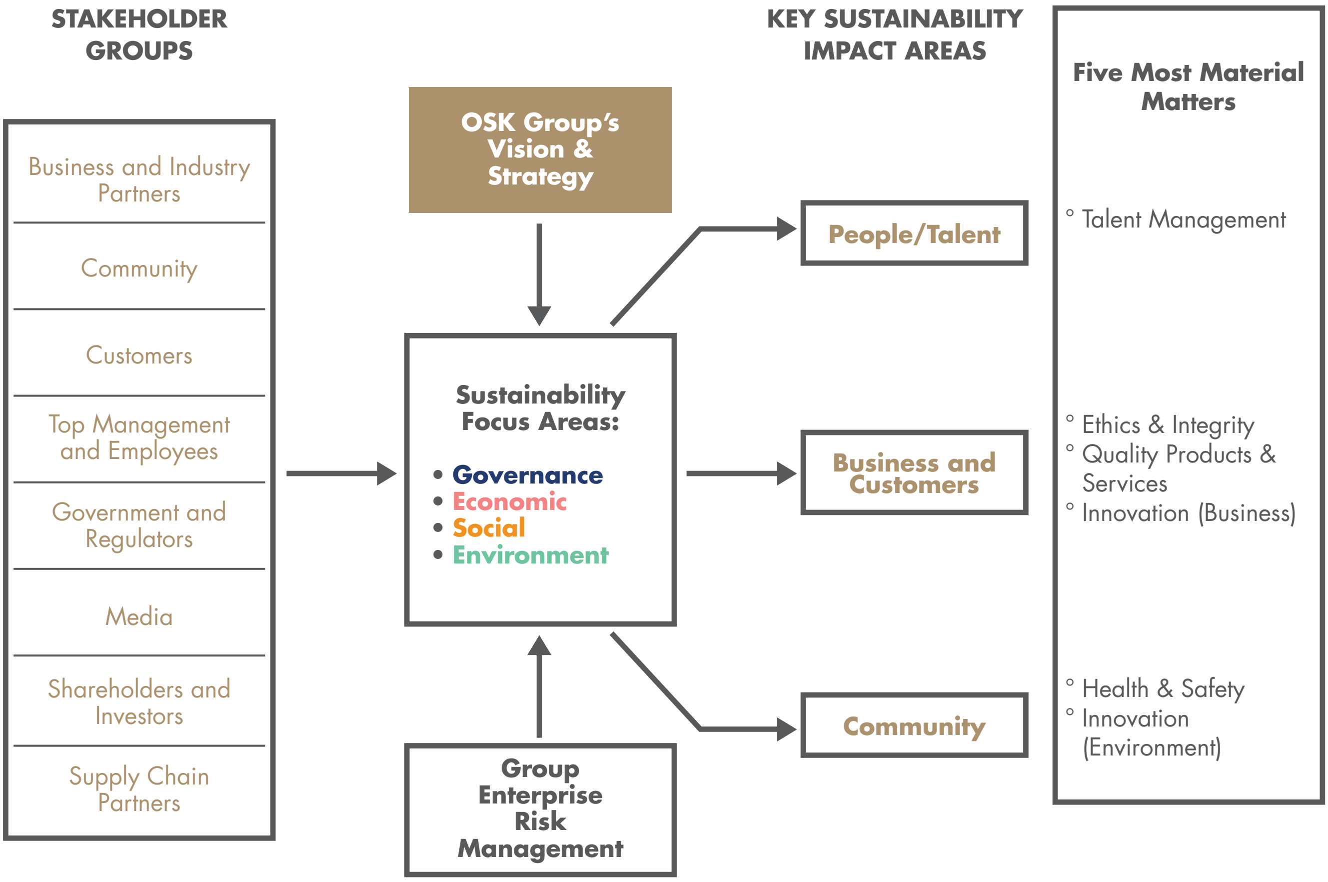
Strengthened Sustainability Guiding Principle

Following the introduction of the Group's Sustainability Guiding Principle as highlighted in our Sustainability Report 2018, the Group had improved it further by:

- Outlining the function of Group ERM as part of our decision-making process to mitigate risks, capture new opportunities and deliver positive Governance, Economic, Environmental, Social and Community impacts from the Group's operations; and
- Mapping our five most material matters against our key sustainability impact areas.

The enhanced "Sustainability Guiding Principle" shall form a comprehensive framework that becomes the basis of our sustainability decision-making and direction as we move forward to realise our aspiration to be a sustainable organisation in the coming years. As we approach 2020, that marks the arrival of a new decade, we look forward to making another meaningful step in our journey towards sustainable growth.

ENHANCED SUSTAINABILITY GUIDING PRINCIPLE FOR FY2020 AND BEYOND

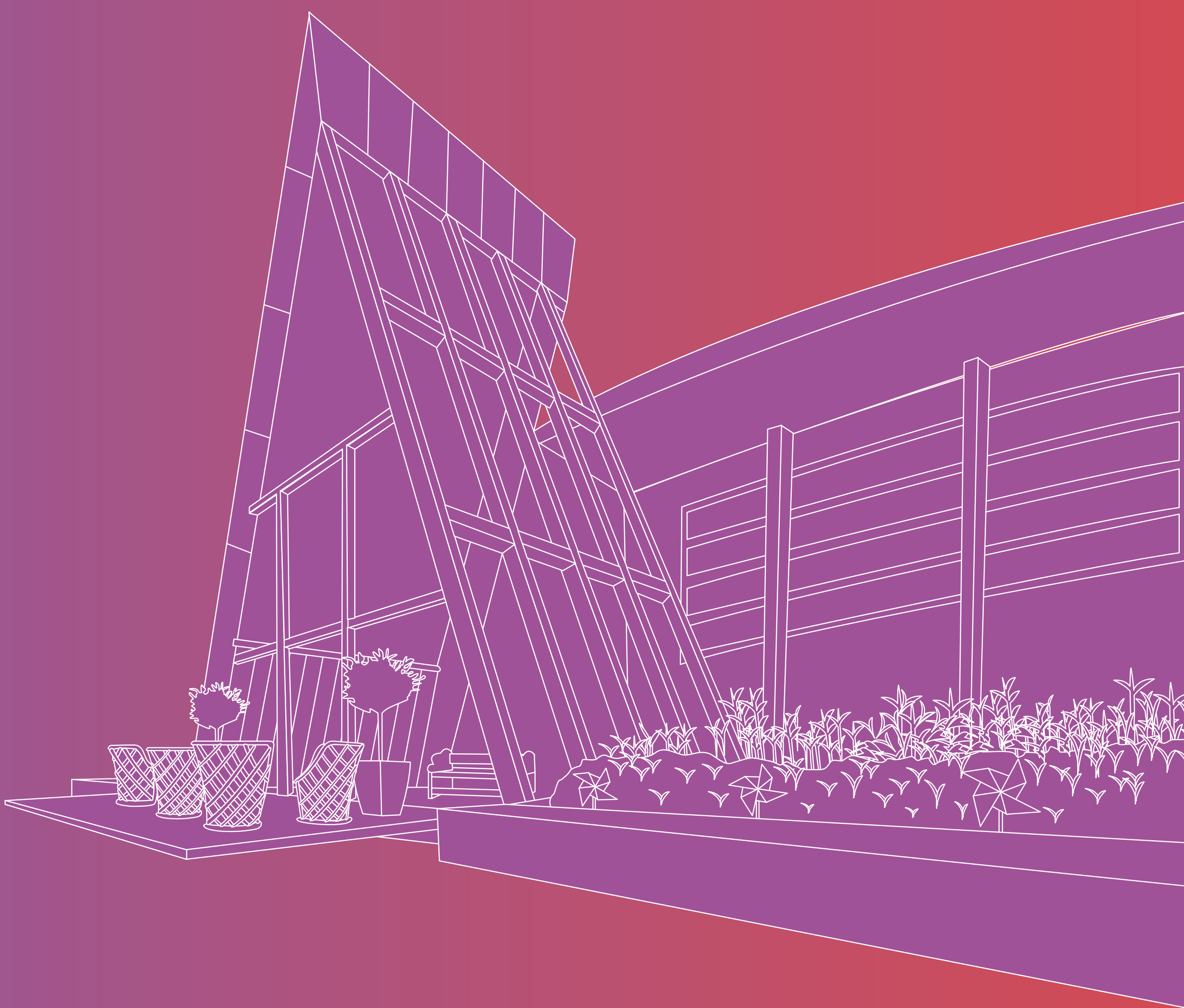


Home Away From Home

HOSPITALITY

The hospitality business under the OSK Group comprises the hotels and resorts and vacation club businesses.

Under the Swiss-Garden International brand, the hotels and resorts division manages nine hotels across Malaysia, while SGI Vacation Club is an award-winning vacation club operator with over 12,000 members.



06

Our Commitment to Governance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of OSK Holdings Berhad ("OSK" or "the Company") is pleased to present our Corporate Governance ("CG") Overview Statement ("Statement") to provide shareholders and investors with an overview of the Company and its subsidiaries' ("OSK Group" or "the Group") CG practices, as set out in the Malaysian Code on Corporate Governance ("MCCG") for the financial year ended 31 December 2019 ("FY2019").

This Statement is prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements ("Listing Requirements") and it is to be read in conjunction with the Company's Corporate Governance Report in respect of FY2019 ("CG Report"), which is published on Bursa Malaysia's website at **http://www.bursamalaysia.com/market_information/announcements/company_announcement** and the Company's website at **http://www.oskgroup.com/corporate-announcements/**.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

The Company is led by an experienced Board, with high personal integrity, business acumen and management skills, with whom the primary responsibility of charting the direction of the Group is entrusted.

The major responsibilities of the Board are outlined in the Board's Terms of Reference ("TOR") and Board Charter. In FY2019, the Board discharged its key fiduciary duties, leadership functions and responsibilities as follows:

- Together with Senior Management, promoted good corporate governance culture within the Group, whilst reinforcing ethical, prudent and professional behaviour;
- Reviewed and approved the Company's strategies, business plans and policies;
- Oversaw the conduct of the Company's business and evaluated whether the business is being properly managed and sustained;
- Ensured competency and succession planning of the Board and Key Senior Management;
- Ensured a sound risk management framework;
- Ensured the adequacy and integrity of the Company's internal control system;
- Ensured effective communication with stakeholders; and
- Ensured the integrity of the Company's financial and non-financial reporting.

For the effective functioning of the Board, the Board has established the following Board Committees and Management Committees to assist in the discharge of its responsibilities:

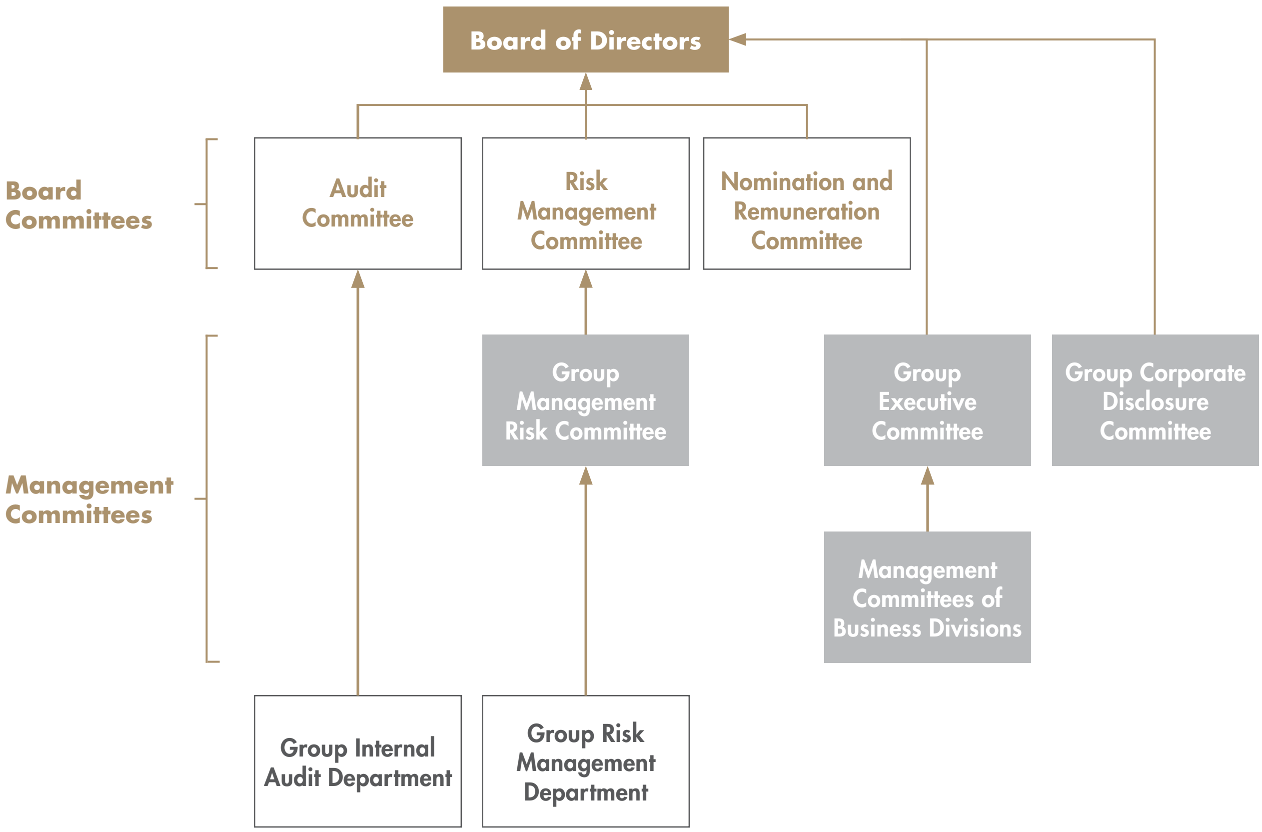
- Audit Committee ("AC");
- Risk Management Committee ("RMC"); and
- Nomination and Remuneration Committee ("NRC").

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(I) Board Responsibilities (Cont'd)

The Group's Governance Structure as at 31 December 2019 is outlined as follows:



The Board Committees and Management Committees operate within clearly defined TOR, which sets out matters relevant to the composition, responsibilities and administration of these committees. The Board regularly reviews the TORs of the Board Committees to ensure they are consistent with the rules and regulations prescribed under the Listing Requirements and MCCG.

The Board is helmed by the Executive Chairman, Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong") who strives to instil good CG practices, demonstrates strong leadership and oversees the effectiveness of the Board. The role of Chief Executive Officer ("CEO") is assumed by Mr. Ong Ju Yan, the Group Managing Director. The positions of Chairman and CEO are held by different individuals and their roles and responsibilities are distinct and clearly defined in the Board Charter.

The Board is supported by two Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and are suitably qualified under the Companies Act 2016, and in all aspects in relation to compliance with the Companies Act 2016, Listing Requirements, MCCG and company secretarial matters. The Company Secretaries are keeping abreast of regulatory changes and corporate governance development. The Company Secretaries observed the Code of Ethics for Company Secretaries. The Board has full access to the advice and services of the Company Secretaries for the Board's, as well as the Company's affairs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(I) Board Responsibilities (Cont'd)

The Board met four times during FY2019. All Directors complied with the minimum attendance requirement for Board meetings, as stipulated in the Listing Requirements (minimum 50% attendance). Details of Directors' attendance at Board and Board Committee meetings during FY2019 are summarised as follows:

No.	Name of Directors	Attendance of Meetings			
		Board	AC	RMC	NRC
1.	Tan Sri Ong Leong Huat @ Wong Joo Hwa	4/4	-	-	-
2.	Ong Ju Yan	4/4	-	-	-
3.	Ong Ju Xing	4/4	-	-	-
4.	Dato' Saiful Bahri bin Zainuddin	4/4	-	-	-
5.	Dato' Thanarajasingam Subramaniam	4/4	4/4	4/4	3/3
6.	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	4/4	3/4	4/4	3/3
7.	Leong Keng Yuen	4/4	4/4	-	3/3
8.	Ong Yee Ching	4/4	-	4/4	-

The Board Charter of the Company documented the governance and structure of the Board, authority, major responsibilities and TOR of the Board and Board Committees, matters reserved for the Board, and guidance on Board's conduct. The Board Charter was last reviewed and approved by the Board in February 2018.

The Group has reviewed and adopted the Code of Conduct and Business Ethics, and Fit and Proper Standards for Directors and Key Senior Management in February 2018. The Code of Conduct and Business Ethics applies to all Directors and employees of the Group. The Company is committed to implementing high ethical standards as its core business principle in its daily business dealings with various business partners and external parties. The Fit and Proper Standards for Directors and Key Senior Management applies to all Directors and Key Senior Management, and sets the tone and standards from the top by exemplifying integrity and good character to promote and support an ethical culture, which engenders ethical conduct throughout all levels of the Group.

The Board approved the adoption of the Anti-Bribery and Anti-Corruption Handbook ("ABAC Handbook") in November 2019. The ABAC Handbook was subsequently rolled out in January 2020 to define and enforce the Group's zero tolerance position on bribery of all forms, matters of corruption and inappropriate conduct that might confront the Group in its day-to-day operations, as well as to ensure the Group's compliance with enforceable anti-bribery and anti-corruption laws.

The ABAC Handbook covers the following areas:
- Anti-bribery and anti-corruption;
- Gifts and hospitality; and
- Dealing with third parties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(I) Board Responsibilities (Cont'd)

The Group established its Fraud Policy in August 2017, which was reviewed and approved by the Board in November 2019 to supplement its stand on anti-bribery and anti-corruption matters. The Fraud Policy spelt out the Group's commitment in promoting good business conduct and maintaining a healthy corporate culture in alignment with OSK Group's core values. All Directors and employees are expected to share this commitment.

In addition, the Company has put in place the Whistleblowing Policy to foster an environment where integrity and ethical behaviour are maintained and any potentially illegal or improper conduct and/ or wrongdoing within the Group may be exposed. The AC oversees the administration of the Whistleblowing Policy in an impartial manner, under the purview of the Board.

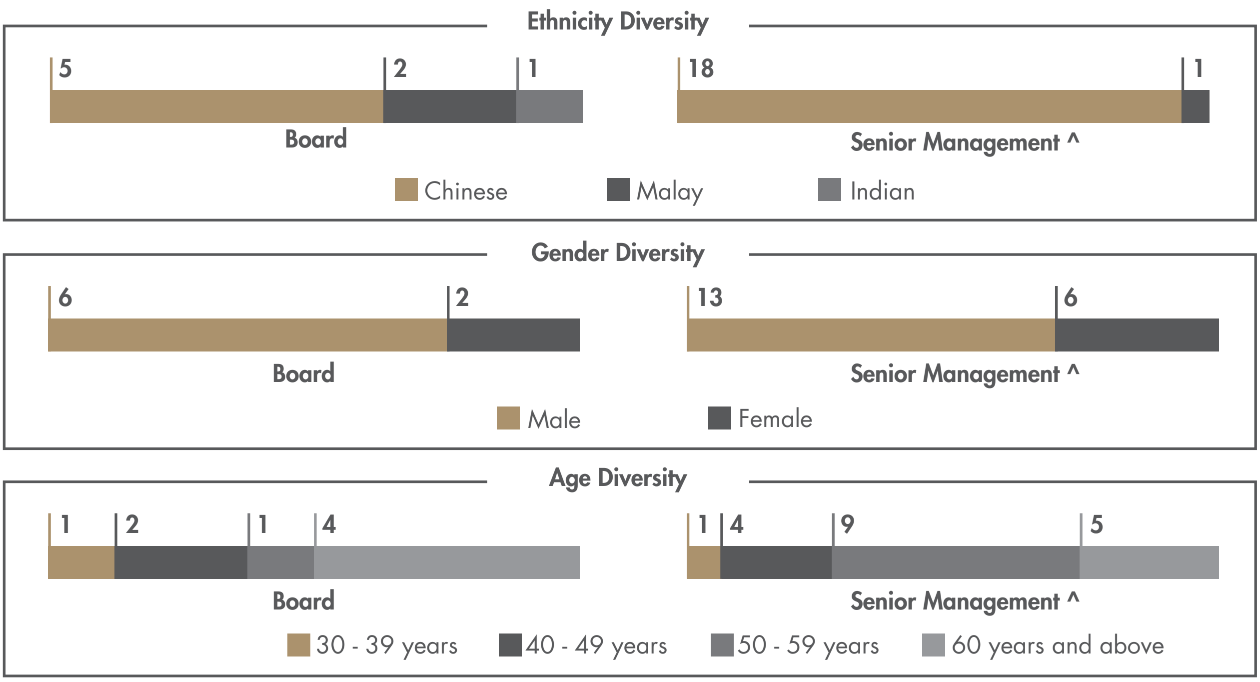
The Board Charter, Code of Conduct and Business Ethics, Fit and Proper Standards for Directors and Key Senior Management, ABAC Handbook and the Whistleblowing Policy are available for viewing on the Company's website **http://www.oskgroup.com/corporate-governance/**.

(II) Board Composition

The composition of the Board and Senior Management, as at 31 December 2019, is illustrated as below:

Board Membership

Board and Senior Management Diversity



Note:
^ includes four Executive Directors

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(II) Board Composition (Cont'd)

The Group is led by an experienced and competent Board with different expertise and skillsets. The Board deems its composition as appropriate in terms of its membership and size. There is a good mix of skills and core competencies among members of the Board. The Board is well represented by individuals with diverse professional backgrounds, experience and skills, as per the Board's Combined Skillsets mentioned at the later part of this section. Every individual Director may possess one or more skillsets.

The Independent Non-Executive Directors make up more than one-third (1/3) of the Board and complies with Listing Requirements. Being listed under the category of Large Companies, the Board does not possess the majority presence of Independent Non-Executive Directors, as recommended by MCCG. Notwithstanding the above, the Board views the number of Independent Non-Executive Directors currently enlisted as adequate to provide the necessary check and balance to the Board's decision-making process. The current panel of Independent Non-Executive Directors have fulfilled their role as Independent Directors through objective participation in Board deliberations and exercising unbiased and independent judgement. The Board operates in a manner that ensures all Directors exercise independent judgement and the collective decisions made by the Board are in the best interest of the Group.

The Board has not developed a policy which limits its Independent Directors' tenure to nine years and has targeted to develop such policy by the next financial year. In the course of FY2019, none of the Independent Directors had served more than nine years on the Board.

The Company sees enhancing social and professional diversity among the Board and Senior Management as essential to realising its strategic objectives and to ensure the Group's sustainable growth. For any appointment of Director and Senior Management, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, have been considered to maintain a well-diversified Board and Senior Management to support the Group's vision and uphold governance within the Group.

The Board is also committed to ensure greater diversity in the representation of women within the Board and Senior Management through the adoption of the Diversity and Inclusion Policy.

The Board currently comprises eight Directors, out of whom two are women, which translates to a 25% female representation. The NRC will continue to source for suitably qualified female candidate for appointment to the Board within the next two years to meet the required minimum 30% women Directors representation, as prescribed under MCCG.

The Board-established NRC, is responsible for screening, evaluating and recommending to the Board on suitable candidates for appointment as Directors and Key Senior Management members, as well as filling vacancies on Board Committees. The nomination process for the appointment of Directors and the criteria used by the NRC in the selection process are provided in the Board Charter. The NRC is chaired by Dato' Thanarajasingam Subramaniam, the Senior Independent Non-Executive Director of the Company.

In FY2019, the Board had, under the recommendation of the NRC, adopted the Board Combined Skills Matrix in replacement of the existing Mix of Skills and Experience Matrix, which the Board views as imperative to its ability to provide effective oversight of the Group's affairs and strategic to steer the Company's business, strategy and operations moving forward. The combination of values, experience and knowledge outlined under the Board Combined Skills Matrix would facilitate the NRC in identifying potential skillsets required to further enhance the current Board's competency, and serves as a guide for sourcing suitably qualified candidate(s) to further reinforce the Board's composition and diversity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(II) Board Composition (Cont'd)

Board Combined Skills Matrix

- Senior Leadership Experience
- Financial Expertise / Knowledge
- Human Capital Management
- Entrepreneurial Experience
- Business/ Industry Experience
- Good Corporate Governance
- Legal and Regulatory Requirements
- Global Perspective
- Strategic Planning and Business Development
- Risk Management and Internal Control

The Board, through the NRC, has established a formal assessment mechanism to carry out annual assessment on the effectiveness of Board Committees, the Board as a whole, and the contribution of each individual Director, including the independence of Independent Non-Executive Directors. The assessment criteria for individual Directors was last reviewed and updated in November 2018 and are aligned with practices prescribed under MCCG. The performance aspects included in the assessment criteria for the Board, Board Committees and individual Directors, are described as below:

Evaluation	Assessment Criteria
Board	• Board mix and composition • Understanding of the Group's vision and mission • Succession planning and development • Oversight on risk and internal controls • Effectiveness • Communication to stakeholders
Board Committees	• Composition • Effectiveness in the respective jurisdictions • Group and business support • Contribution to financial and non-financial performance • Communication to Board
Individual Directors	• Overall skillset and competency • Time commitment • Preparation for meetings • Contribution to Board oversight and leadership • Performance in discharge of fiduciary duties

In FY2019, the NRC had carried out the abovementioned assessments. Assessment on Board Committees was conducted by way of self-assessment, whilst assessment on individual Directors was conducted by way of peer assessment. The results indicated that the Board as a whole, the Board Committees, and each individual Director had performed well and were effective in discharging their respective fiduciary duties. The overall composition of the Board in terms of size, combined skills and experience, core competencies and balance between the Executive Directors, Non-Executive Directors and Independent Directors, is deemed appropriate. Independent Directors also performed their role in exercising independence and upheld corporate accountability. In addition, the NRC obtained the annual declaration of independence from each Independent Director to confirm their independent status, pursuant to the Listing Requirements. Post evaluation, each Board member had also been provided with the result of his/ her individual assessment together with accompanying comments, if any, for personal reference and further development.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(II) Board Composition (Cont'd)

In addition, during FY2019, the NRC had conducted its annual assessment covering the following areas:

- The performance of the Directors who will be retiring at the 29th Annual General Meeting ("AGM") in year 2019, prior to recommending them for the Board's approval;
- The diversity of the Board and workforce composition in terms of gender, ethnicity, age and nationality;
- The training programmes attended by the Directors during the financial year;
- The performance of the Group Chief Financial Officer ("Group CFO"), who is primarily responsible for the management of the Company's financial affairs, pursuant to paragraph 2.20A of Listing Requirements; and
- The performance of the Company Secretaries.

The Board views the current evaluation process as adequate to provide an objective assessment on the effectiveness of the Board, the Board Committees, and each individual Director, and that there was no necessity to engage an independent party to conduct the evaluation in FY2019. The Board will review the necessity of engaging an independent party for Board evaluations on an annual basis.

All Directors of the Company had completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Malaysia for directors of listed issuers. Directors' training is an ongoing process as each Director recognises the need to continuously advance their skills and knowledge, and update themselves on current industry developments to effectively lead and navigate the Group in the current dynamic business environment. A dedicated training budget is allocated every year for Directors' continuing education. The Board, via the NRC, has in place an annual learning assessment to determine the training needs of each Director.

Key training programmes attended by each Director during FY2019 are tabled below:

Name of Directors	Training Programmes
Tan Sri Ong Leong Huat @ Wong Joo Hwa	• Revisiting the Misconception of Board Remuneration • Corporate Accountability - "Small Details Big Problems"
Ong Ju Yan	• Group Leaders Program: Coaching for High Performance • Launch of Coaching for Peak Performance • YTI Memorial Lecture "The Diverse Facets of Leaderships" • Corporate Accountability - "Small Details Big Problems"
Ong Ju Xing	• Group Leaders Program: Coaching for High Performance • Lunch & Learn: OSK's Leadership Framework – A Perspective for Frontline Leaders • REHDA IBS Study Tour 2019 to Gamuda IBS Sepang & Cyber Valley • 12th Malaysian Property Summit 2019 – Property Market Outlook for 2019 • C Suite Leaders Development Program – Check In – Peer2Peer Learning and Skill Practice • EdgeProp Malaysia Study Tour on Excellent Building Sustainability, Management and Wellness 2019 in Japan • Budget 2020 Updates by Deloitte
Dato' Saiful Bahri bin Zainuddin	• Invest Malaysia Kuala Lumpur • Introduction to Formal Protocol and Etiquette • Wealth Management Update – Wealth Management Solutions • Dinner Talk – Up Close & Personal with Tan Sri Dato' Seri Rafidah Aziz on "Improving Socio-Economic Growth in Malaysia" • Corporate Accountability - "Small Details Big Problems"
Dato' Thanarajasingam Subramaniam	• Global Business Insight Series – Leap: How to Thrive in a World Where Everything Can Be Copied • Future Business Ideas (FBI) 2019 • MIA's Engagement Session with Audit Committee Members on Integrated Reporting • CG Watch: How Does Malaysia Rank? • Introduction to Formal Protocol and Etiquette

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(II) Board Composition (Cont'd)

Name of Directors	Training Programmes
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	• Til Eleven – Pause for Thought – "The Importance of Integrity" by Datuk Dr. Anis Yusal Yusoff – DG National for Governance Integrity and Anti-Corruption (GIACC) • Talk on Sustainability – "The Compelling Business Case for Sustainability" • Ring the Bell for Gender Equality 2019 (Empower Women for Sustainable Results) • Global Business Insight Series LEAP: How to Thrive in a World Where Everything Can Be Copied • Leadership Forum 2019 – "Positive Autocracy – A Leadership Model for Industry 4.0" • Bursa Malaysia Independent Director Programme – The Essence of Independent • The Role of The Nomination and Remuneration Committee in Human Capital Management • Bursa Malaysia Thought Leadership Series – The Convergence of Digitalization and Sustainability • ICDM Power Talk – How Boards can Build Reputation Resilience • Megatrends Forum 2019 – "From the Past to the Future – Building Our Collective Brain" • ICDM International Directors Summit 2019 – "The Trust Compass: Resetting the Course" • Corporate Summit 2019 – "A Knowledge Sharing Initiative" – "Rebooting Corporate Malaysia" • Executive Talk on Integrity and Governance : The Corporate Liability Provision, the "Adequate Procedures" & The Implementation of the National Anti-Corruption Plan (NACP)
Leong Keng Yuen	• Latest on Employers' Tax Obligations in 2019 • Project Management Essentials • Demystifying the Diversity Conundrum: The Road to Business Excellence • Latest Updates on Practical Tax Issues • Case Study Workshop for Independent Directors • Budget 2020: Key Updates and Changes for Corporate Accountants
Ong Yee Ching	• When you unknowingly Break the Trust • Elevating the AC Role with Analytics and AC Commentary • CTP 2 – Board Leadership for Cyber Resilience • CTP 7 – Business Transformation Through Design Thinking • CTP 8 – Cyber Security Threats and Data Breaches • LED – Board Risk Committee Essentials • Webinar Creating Value Over a Family Business Life Cycle

The Directors will continue to participate in relevant training programmes to keep abreast of the latest developments in the capital markets, changes in laws and regulations, CG matters, as well as current business issues and concerns.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(III) Remuneration

The Board has adopted a Remuneration Policy for the remuneration of Directors and Key Senior Management members. The Board is aware that a fair remuneration is critical to attract, retain and motivate its Directors and Key Senior Management members.

The Remuneration Policy is reviewed periodically with its last review in February 2018. The Remuneration Policy is available for viewing on the Company's website **http://www.oskgroup.com/corporate-governance/**.

In FY2019, the NRC carried out an annual review of the Directors' remuneration, whereupon its recommendations were submitted to the Board for approval. Such annual review is implemented to ensure that the Directors' remuneration package remains sufficiently attractive to continue to attract and retain high-calibre Directors, whilst ensuring that it commensurate with their responsibilities in the effective management and operations of the Group.

The remuneration package for Directors was collectively determined by the Board, in accordance with NRC's recommendations. Each Director concerned abstained from deliberation and voting on his/ her own remuneration.

Details of Directors' remuneration for FY2019, including a breakdown of each individual Director's remuneration such as fees, salaries and bonus, benefits-in-kind and other emoluments are disclosed under Note 41 of the Financial Statements in our Annual Report 2019.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) Audit Committee

The AC comprises exclusively of three Independent Non-Executive Directors. The AC members collectively possess a wide range of necessary skills to discharge their duties in an efficient and effective manner. The AC Chairman, Mr. Leong Keng Yuen, is not the Chairman of the Board as the Board acknowledges that the AC, being an independent and objective body, should function as the Company's independent watchdog to ensure the integrity of the Company's financial controls and financial risk management is upheld at all times. The performance of AC members is reviewed by the NRC annually.

In FY2019, none of the AC members were former key audit partners of the Company.

The AC's composition and details of the key activities carried out by the AC during FY2019 are set out in the AC Report of our Annual Report 2019.

(II) Risk Management and Internal Control Framework

The Group Risk Management Department ("GRM") is responsible for managing, monitoring and reporting all risk management activities within the Group. In providing assurance to the Board on the Group's risk management adequacy and effectiveness, the GRM, under the purview of Group Management Risk Committee ("GMRC"), actively oversees the Group's enterprise risk portfolio determined via the Risk Control Self-Assessment approach. The GMRC reports to RMC on a quarterly basis, presenting its risk evaluations and reports, and highlighting all imminent and existing risks with corresponding mitigation measures enforced by the respective Business Divisions. The RMC, in turn, shares its findings and recommendations with the Board. In order to safeguard its objectivity, the RMC is composed of a majority of Independent Non-Executive Directors and is chaired by an Independent Director.

The AC is established by the Board to provide independent oversight on the Company's internal and external audit functions, financial reporting, internal control systems and to ensure proper checks and balances within the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

(II) Risk Management and Internal Control Framework (Cont'd)

The internal audit function is assumed by the Group Internal Audit Department ("GIAD"), which is responsible for the overall internal audit activities of the Group. It functions independently of the activities it audits. The Head of GIAD reports directly to the AC. The GIAD assists the AC in discharging its duties and responsibilities, providing reasonable assurance on the adequacy and effectiveness of the Group's system of internal controls by conducting independent, regular and systematic reviews of internal processes aimed at addressing identified potential risks, and assuring that established internal policies and procedures, applicable laws and regulations are fully complied with.

The AC is satisfied that the GIAD possesses the necessary competencies, experience and resources needed to carry out its function effectively.

Details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control in our Annual Report 2019.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) Communication with Stakeholders

The Board emphasises the importance of providing timely and reliable disclosure to stakeholders and views the practice as integral to good CG and forms an inseparable part of the Group's operations and culture. As such, the Group maintains an effective communication policy and engagement with our partners, investors and members of the public to build trust, support and understanding between the Group and all our stakeholders.

The Company has adopted the Corporate Disclosure Policy and Procedures, which is applicable to the Board and all employees of the Group, to ensure appropriate handling and disclosure of material information to our shareholders, regulators and the investing public. The policy is put in motion with the formation of the Group Corporate Disclosure Committee that functions under the purview and authority of the Board.

The Board also recognises that effective dissemination of communiques related to the Company's business strategies, financial performance and business initiatives, as essential to uphold transparency and the Group's good standing within the investing community.

To this end, various communication channels are actively employed to share up-to-date information on the Group's developments and successes. These include, but are not limited to, AGM, annual report, quarterly announcements and material disclosures to Bursa Malaysia, press releases, media, customer and investor events, as well as the Company's website.

The Company's designated senior management officer, Group CFO, Ms. Ng Lai Ping, is entrusted to address investment-related enquiries from shareholders, investors and the general public. Dato' Thanarajasingam Subramaniam has been identified by the Board as the Senior Independent Non-Executive Director of the Company to whom concerns of shareholders and other stakeholders may be conveyed. The profile of Dato' Thanarajasingam Subramaniam and Ms. Ng Lai Ping are set out in the Directors' and Key Senior Management's Profiles in our Annual Report 2019, respectively.

The Company has yet to adopt integrated reporting for FY2019. During the financial year, the Management has begun exploring the principles and features of integrated reporting to further enhance the performance of our annual report. Integrated concepts underscoring the inter-dependency/ inter-connectedness between financial and non-financial values will be adopted with a measured approach in the coming years, in tandem with the Company's ongoing transformation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(II) Conduct of General Meetings

The AGM has been the main forum for shareholders to engage with the Board to facilitate greater understanding of the Company's business, governance and performance.

For FY2019, the Notice of 29th AGM, together with the relevant explanatory notes providing background information, reports or recommendations related to the proposed resolutions, as well as the Form of Proxy, were sent to shareholders at least 28 days prior to the date of the 29th AGM, so as to afford shareholders sufficient time to consider the proposed resolutions that were to be discussed and decided during the 29th AGM, as well as to allow for arrangement of proxies to attend the 29th AGM on their behalf, if so required.

All Directors, Chairmen of AC and NRC attended the 29th AGM held on 30 April 2019, except for Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir, who was unable to attend due to prior commitment.

The Chairman of the 29th AGM provided ample time for the Question and Answer sessions during the 29th AGM. The Directors had actively responded to relevant questions addressed to them during the 29th AGM. The Group CFO and representatives from external auditors were also present to respond to queries raised by shareholders.

In addition, written queries raised by the Minority Shareholders Watch Group were presented to shareholders during the 29th AGM together with the Company's responses.

Voting by shareholders and appointed proxies during the 29th AGM was conducted via an electronic voting system. The Company continues to explore new technology and/ or innovative methods to enhance the quality of engagement with its shareholders and to facilitate further participation by shareholders at the Company's general meetings.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is striving to achieve high standards of corporate governance and will continue to implement improvement measures in the CG areas. The Board has identified the following forward-looking areas for improvement:

Tenure of Independent Directors Not to Exceed Nine Years

The Board recognises the risk of familiarity impeding the objectivity of Independent Directors and would establish a policy by the next financial year to limit Independent Directors' tenure to nine years. Currently, no Independent Director has served the Board for more than nine years.

Board's Gender Diversity

The Board through the NRC will continue to source for suitably qualified female candidate for appointment to the Board to achieve the minimum 30% female representation within the next two years.

Board Comprises A Majority of Independent Directors

The Board through the NRC will continue to review the Board's composition on a yearly basis and source for suitably qualified candidates to reinforce its independence within the next three years.

This Statement was approved by the Board of Directors of the Company on 26 February 2020.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") was established by the Board of Directors ("the Board") to assist them to carry out their responsibilities. The AC is guided by its Terms of Reference ("TOR") which sets out the authority, duties and functions of the AC. The TOR is published on the Company's website at **http://www.oskgroup.com/corporate-governance/**.

The AC is pleased to present its Report for the financial year ended 31 December 2019.

COMPOSITION

The AC comprises three members all of whom are Non-Executive and Independent Directors. This meets the requirements of Paragraph 15.09(1) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements").

The Chairman of the AC is not the Chairman of the Board. This is in line with Practice 8.1 under the Malaysian Code on Corporate Governance.

The AC consists of the following members:

- Leong Keng Yuen
  Chairman, Independent Non-Executive Director

- Dato' Thanarajasingam Subramaniam
  Senior Independent Non-Executive Director

- Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
  Independent Non-Executive Director

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2019, the AC held a total of four meetings. The details of attendance of the AC members are as follows:

Name	91st Quarter ACM 22.02.2019	92nd Quarter ACM 23.05.2019	93th Quarter ACM 28.08.2019	94th Quarter ACM 22.11.2019	Attendance (%)
Leong Keng Yuen (Chairman)	√	√	√	√	4/4 (100%)
Dato' Thanarajasingam Subramaniam	√	√	√	√	4/4 (100%)
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	√	Absent with apology	√	√	3/4 (75%)

AUDIT COMMITTEE REPORT

ATTENDANCE OF MEETINGS (C0NT'D)

The AC meetings were also attended by the Group Chief Financial Officer, Head of Finance, the Chief Internal Auditor, senior representatives of the external auditors (when required) and the Company Secretary.

The Company Secretary is responsible for coordinating administrative details such as calling for meetings and keeping the minutes. Minutes of each meeting were recorded and tabled for confirmation at the next following AC's meeting and subsequently presented to the Board for notation. The extract of matters requiring actions arising from the AC meetings were distributed to relevant attendees for them to update the AC in the next meeting and these were properly dealt with and minuted.

SUMMARY OF ACTIVITIES

During the financial year under review, the following were the activities of the AC:

Internal Audit

1. Considered and approved the risk based annual internal audit plan for the Company and the Group to cover the risk areas that have been identified in the audit plan;

2. Reviewed and approved the three years' internal audit plan subject to updates to be made to take into account any significant changes when presenting the subsequent year's annual internal audit plan;

3. Reviewed and discussed the internal audit reports including the corrective actions taken or to be taken to rectify the weaknesses highlighted in the audit reports;

4. Received regular communication from the Chief Internal Auditor on the internal audit activities and performance relative to its plan and on matters related to its manpower;

5. Reviewed the effectiveness of the audit process, the adequacy and competency of the internal audit function, the resource requirements actual versus planned for the year, and assessed the performance of the overall Internal Audit function; and

6. Held a private session with the Chief Internal Auditor in February without the presence of the Management.

Financial Reporting

1. Reviewed the quarterly financial results as well as the year-end financial statements of the Group and ensured that the financial reporting and disclosure requirements had been complied with before recommending them to the Board for approval, focusing particularly on:

    - any changes in or implementation of accounting policies and practices;
    - significant adjustment arising from the audit, if any;
    - the going concern assumption;
    - significant and unusual events; and
    - compliance with accounting standards and other legal requirements.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES (CONT'D)

Financial Reporting (Cont'd)

2. Discussed with Management, amongst others, the accounting principles and standards that were applied and critical judgement exercised, if any that may affect the financial results; and

3. Confirmed with Management and the external auditors that the Group's and the Company's audited financial statements have been prepared in compliance with applicable Financial Reporting Standards.

External Audit

1. Reviewed the interim financial information review plan of the external auditors for the six months financial period from 1 January 2019 to 30 June 2019 and discussed their audit approach, deliverables and engagement team;

2. Reviewed the report from the external auditors for the six months financial period ended 30 June 2019. Reviewed and discussed the management letter for improvement arising from the review;

3. Reviewed the audit plan for the financial year ending 31 December 2019 from the external auditors to discuss their audit approach, areas of significant auditor attention, engagement team, reporting key dates and deliverables, and any updates on financial reporting and/ or changes to listed issuers' reporting requirements prior to the commencement of their annual audit;

4. Reviewed the annual audited financial statements of the Company and the Group prior to submission to the Board for approval;

5. Reviewed and discussed the key audit and accounting matters highlighted by the external auditors including internal control matters and recommendations made by them on their evaluation of the system of internal control and the Management's comments;

6. Assessed the performance of the external auditors, including their capabilities, objectivity and independence, in accordance with the Policy and Guidelines on the Performance Evaluation of External Auditors on an annual basis. The external auditors provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements. Pursuant to the Policy, the engagement and concurring partners responsible for the Group audit are rotated at least every five financial years. Based on this evaluation, the AC is satisfied with the external auditors' performance and their audit independence; and

7. Held two private sessions with the external auditors in February 2019 and August 2019 without the presence of the Management. There were no concerns from the external auditors and they conveyed that they had been receiving full cooperation from the Management and staff.

Whistleblowing and Investigation

1. Reviewed and discussed reports of whistleblowing cases and investigations that were carried out during the year arising from whistleblowers' reports carried out by the internal auditors.

Risk Management and Internal Control

1. Reviewed the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Listing Requirements and recommended to the Board for approval; and

2. Reviewed the effectiveness and efficiency of internal controls and risk management processes.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES (CONT'D)

Related Party Transactions

Reviewed the related party transactions entered into by the Group and any conflict of interest situation that may arise within the Company and its subsidiary companies including any transaction, procedure or course of conduct that raises questions of management's integrity as well as to ensure that the transactions are fair and reasonable, and are not to the detriment of the minority shareholders.

INTERNAL AUDIT FUNCTION

The Internal Audit function is carried out by the Group Internal Audit Department ("GIAD") which is responsible for the overall internal audit activities of the Group. The Internal Audit function is independent of the activities and operations of the Group. During the year, the GIAD operated with a total manpower of 18 staff including the Chief Internal Auditor ("CIA") and all of them were also free from any relationships or conflicts of interest. The CIA reports directly to the AC.

OSK Holdings Berhad is a corporate member of the Institute of Internal Auditors ("IIA") Malaysia. All internal auditors had signed a statement on their employment that they will apply and uphold the principles as set forth in the IIA's Code of Ethics when conducting internal audit services. The GIAD is guided by the International Professional Practices Framework.

The GIAD assists the AC in discharging its duties and responsibilities to provide reasonable assurance on the adequacy and effectiveness of the system of risk management and internal control by conducting independent, regular and systematic review of the internal control processes in addressing the risks identified and that established policies and procedures, applicable laws and regulations are complied with.

A risk-based audit plan for the year was presented to the AC for discussion and approval. The audit plan prioritised the audit review according to the Group's objectives, key risks and core/ priority areas and also covered the review of the adequacy of operational and accounting controls, compliance with applicable laws and regulations, policies and procedures, safeguard of assets as well as governance processes.

During the financial year ended 31 December 2019, the GIAD conducted audits under the various business divisions and corporate functions. Key areas covered were:

- Project management
- Construction management
- Financial management, contract administration and project final accounts
- Sales administration
- Customer service and defects rectification
- Hotels and resorts operations
- Production management and quality control
- Purchasing, receiving and inventory control
- Safety and security
- Fixed assets management
- Shopping mall operations
- Capital financing operations
- Building management services
- Car park operations
- Sales and marketing

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION (CONT'D)

During the financial year ended 31 December 2019, the GIAD conducted audits under the various business divisions and corporate functions. Key areas covered were: (Cont'd)

- Leasing operations
- Credit control, accounts receivable and collection
- Tenancy management
- IT systems review on access security, network and server management, backup and service support.
- Harvesting, weeding and manuring operations at oil palm plantation
- Payment process, accounts payable, bank reconciliations and general accounting control
- Related Party and Recurrent Related Party Transactions monitoring, reporting and disclosure
- Regulatory compliances
- Post implementation review of IT systems
- Head Office Corporate Administration operations
- Group's Risk Management process

GIAD submits audit reports issued during each quarter to the AC members for their review and these are discussed at the quarterly AC meetings with a summary report tabled by the CIA providing his opinion on the adequacy and effectiveness of the systems of risk management and internal control noted on the audits conducted. At the AC meetings, the CIA highlights any significant weaknesses reported and the corrective measures taken as well as the status of the internal audit plan and other administrative matters pertaining to staffing and training.

The CIA also provides a summary of the follow up status on the agreed actions by the Management for corrective measures on risks or internal control weaknesses identified in the audits for implementation. GIAD also conducts follow-up works to check whether the Management has taken the agreed actions to rectify and correct deficient conditions and improve control processes. The AC monitors and reviews the effectiveness of the internal audit activities thereby ensuring that these activities contribute to the ongoing effectiveness of the system of internal control.

The total payroll and related costs incurred for the Internal Audit function of the Group for the financial year ended 31 December 2019 amounted to RM2,251,259. Overall, the AC is satisfied with the performance of the Internal Audit function.

PERFORMANCE OF COMMITTEE

The performance of the AC was assessed annually through self-evaluation and the Nomination and Remuneration Committee reviewed the results of such assessments. During the financial year ended 31 December 2019, the Board is satisfied that the AC has discharged its statutory duties and responsibilities in accordance with the TOR of the AC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of OSK Holdings Berhad ("OSK" or "the Company") and its subsidiaries ("OSK Group" or "the Group") for the financial year ended 31 December 2019.

The objective of establishing a sound risk management framework and an adequate and effective system of internal control is to safeguard shareholders' investment and the Group's assets, as outlined in the Malaysian Code on Corporate Governance.

THE BOARD'S RESPONSIBILITY:

The Board is committed to ensure the effectiveness of risk management and internal control systems by continuously reviewing the completeness and adequacy of controls and integrity of the Group's systems. The Management assists the Board in the implementation of policies and procedures on risk and control by identifying and assessing risks with mitigating controls. The Board also acknowledges that the Group's risk management and internal control systems are designed to mitigate risks threatening the achievement of the Group's business and corporate objectives and that the systems in place can provide only reasonable but not absolute assurance against material misstatement or losses.

To ensure the integration of effective governance structures and processes, the Board has set up a Risk Management Committee ("RMC") which comprises of independent directors in majority to oversee the Group's risk management framework.

RISK MANAGEMENT'S ROLE:

Management is responsible to assist the Board in managing and implementing the risk management process. It also ensures that the risk management framework is embedded and consistently adopted throughout the Group and is within the parameters established by the Board and Oversight Board Committee. In this regard, the Group Managing Director and Group Management Risk Committee ("GMRC") have given their assurance that the risk management and internal controls of the Group are in place, adequate and effective.

The Group's risk management function is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines to embed Enterprise Risk Management ("ERM") into activities and processes of the Group. ERM enables the Group to identify, assess and mitigate risks systematically through the following diagram presentation:

Group Risk Management (GRM) Function

- Ascertain **functional responsibilities and accountabilities** within committees and sub-committees work group for management of risks.
- Establish a **Risk Management Framework** that sets risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group.
- Develop risk strategies which are in line with the **risk appetite and tolerance** of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT'S ROLE: (CONT'D)

In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, Group Risk Management ("GRM"), continually review and enhance the risk management process in identifying and mitigating all major risks of the Group.

On a quarterly basis at the respective business division management committee meetings, major risks and mitigation controls from the various operating subsidiaries are highlighted and deliberated. Thereafter, the consolidated risk profiles are updated in the Group Management Risk Committee ("GMRC") meetings. The consolidated risk profiles are reported to the RMC and the Board of Directors on a quarterly basis while ad-hoc or new critical risks will be escalated to the RMC and Board immediately for deliberation.

INTERNAL AUDIT'S ROLE:

Internal auditing is an independent, objective assurance and consulting activity designed to improve and add value to the Company's operations. The internal auditors review the adequacy and the integrity of the risk management and internal control systems, assess compliance with applicable laws and regulations, ascertain compliance with policies and procedures and make appropriate recommendations in improving the internal control and governance processes in the Group.

The internal auditors report directly to the Audit Committee of the Group. The Audit Committee monitors and reviews the effectiveness of the internal audit activities and that actions have been taken by the Management to correct the deficiencies and improve control processes highlighted by the internal auditors, thereby contributing to the ongoing effectiveness of the systems of risk management and internal control.

RISK MONITORING & REPORTING

The Group determines risks based on the assessment of the operating environment and nature of our property, construction, property investment, hospitality, industries and financial services businesses as well as the Head Office support functions. The identified risks are closely monitored and managed to ensure mitigation plans are in place.

In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, GRM, under the purview of GMRC, actively monitors the Group's portfolio of major risks via the Risk Control Self-Assessment ("RCSA") approach. The quarterly risk reports from all Business Divisions are consolidated and updated to GMRC and RMC for their review and deliberation.

The Board will meet and deliberate on the top risks identified quarterly. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. GRM is accountable for effectiveness of the risk management framework and is independently distinguished from risk owners - the respective heads of operating subsidiaries being such person with vital insight of respective businesses and able to actively influence the identified risks through decisions and actions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MONITORING & REPORTING (CONT'D)

For the financial year under review, GRM has identified the following key risks for the Group. These were presented to the Board where internal controls and risk mitigation strategies were highlighted:

Key Risks	Risk Review	Risk Ratings	Strategic Responses
Softening Market Demand	The risk arising from the weak macroeconomic environment that have an adverse impact on the Group's revenue.	High	Mitigate the effects of these risks through due diligence assessments on product's market to ensure right positioning.
Competition	The risk associated with market competition and brand positioning of our OSK Group products and services.	High	On-going strategic effort to ensure our products and services are of high quality through innovations, research and development.
Changes in Regulatory Requirements and Government Policies	Risk that some changes may negatively impact the Group's operating environment and possibly our financial performance.	Medium	Management actively monitors changes in the legal and regulatory requirements to ensure compliance.
IT and Cyber Security	Potential risk of security breach or loss of critical information.	Medium	Mitigate this risk by continuously monitoring and updating the security set up and by creating prevention awareness across the Group.

Ratings	Remarks
(pink)	High
(yellow)	Medium

INTERNAL CONTROL

The Group's internal control system comprises the network of systems established in the Group to provide reasonable assurance on the following:

√ Effectiveness and efficiency of operations;
√ Reliability of financial reporting;
√ Safeguarding of assets; and
√ Compliance with policies, procedures, laws and regulations.

The components of internal control such as control environment, risk assessment, control activities, information and communication and monitoring, work together to support the organisation's mission, strategies and related business objectives.

The key elements of the Group's internal control system are described below:

- Governance – Ensure conducive control environment established by the Board and Management with strong corporate culture that embraces excellence, humility and respect, forward thinking, integrity and people driven values. The Board demonstrates independence from Management and exercises oversight of the development and performance of internal controls by approving policies and monitoring business performance while individuals are held accountable for their internal control responsibilities in their pursuit of business objectives. Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. In addition, regular management and operation meetings are held to discuss on key business performance, operating statistic, corporate development and other regular matters.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL (CONT'D)

- Operation Internal Controls - There are approved policies, procedures and operations manuals. Limits of Approving Authorities have been established and approved by the Board. This provides a sound framework of authority and accountability within the Group and facilitates proper decision-making.

- Internal audit provides independent and objective assurance on the adequacy and effectiveness of the systems of risk management and internal control. Audit follow-up is carried out to ensure the implementation of corrective action plans in a timely manner.

THE BOARD'S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

As the Group operates in a dynamic business environment, the Board is committed to maintaining a sound system of risk management and internal control and believes that with such system in place, a balanced achievement of its business objectives and operational efficiency can be attained.

The Board has reviewed the system of risk management and internal control operating for the year under review and believes that, up to the date of issuance of this statement, it is effective and adequate to safeguard shareholders' investment, protect the Group's assets, and meet regulatory requirements. The Board has also received assurance from the RMC, GMRC and Group Managing Director that the Group's risk management and internal control system is, in all material aspects, effective and adequate throughout the financial year under review.

The Group will continue to identify, evaluate and monitor all major risks as well as strive to improve and enhance the existing risk management and internal control system. This Statement on Risk Management and Internal Control does not cover joint ventures and associated companies where the risk management and internal control systems of such companies are managed by the respective Management teams.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors had reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3 Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report. It does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was 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 Issues, nor was factually inaccurate.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Overview of Enterprise Risk Management Framework ("ERMF")

The ERMF is consistent with the ISO 31000:2009 Risk Management Principles and guidelines, which is designed to establish the context for an embedded ERM into key departments and business processes of the Company and its subsidiaries ("the Group or "OSK Group"). The **ERMF key elements** are as follows:

1 Business Objective
The Group sets objectives and that the objectives support daily operations and align with the Group's mission.

2 Risk Strategy
The Group pursues strategic objectives in the right direction with prudent risk management.

3 Risk Culture
The Group continues to provide risk management education and trainings and influence the employees to embrace good risk practices in workplace.

4 Governance
The Group has a structured process for identifying, assessing, responding and mitigating key risks across all business units.

Risk Governance

ERMF sets the tone of the Group's approach to enterprise risk management practices. In providing assurance to the Board of Directors ("the Board") on the Group's adequacy and effectiveness of risk management, Group Risk Management ("GRM"), under the purview of Group Management Risk Committee ("GMRC"), actively monitors the Group's portfolio of risks with the following objectives:

a) **Assure** - Provide assurance to the Board that a firm and sound risk management and internal control systems are in place and to meet any requirements of regulatory bodies.

b) **Guide** - Provide guiding risk management principles to management to govern the actions of risk identification and assessment.

c) **Monitor** - To ensure the risk management processes are applied systematically across the Group to identify, assess, treat and manage risks that threaten resources or the achievement of the organisation's objectives.

d) **Implement** - Provide Management with a summary of key risks that may affect the respective Business Divisions and to ensure these risks are adequately managed; and to report on the group risk exposures and mitigation plans.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

OSK Group Risk Governance Structure

Board of Directors

Risk Management Committee (RMC)

To assist the Board in setting risk strategies, policies, frameworks, models and procedures in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting.

Group Management Risk Committee (GMRC)

Consists of the Managing Director, Deputy Managing Director and Key Senior Management of the Group to ensure the Group's risk management and internal controls are in place, adequate and effective.

Lines of Defence (LOD)

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Business Operation Function to conduct business in accordance with agreed strategy, related risk appetite and limits.	**Risk Management Function** to monitor risk mitigation strategies and provide independent risk oversight across all risk types, business units, and locations.	**Internal Audit Function** to perform independent testing and assess whether the risk framework and related controls are functioning as intended.

Risk mitigation measures are directed towards reducing the severity of gross risk identified through development and implementation of various forms of internal controls to reach the residual risk rating. The Group uses risk mitigation strategies to manage identified risks. The Group has five core responses as follows:

Risk Treatment Strategies:

a) **Avoid:** Risk exposure shall be rejected entirely, as the potential return does not commensurate with the downside exposure.

b) **Retain:** Risk exposure shall be accepted. The potential return is viewed as desirable and the downside exposure shall be mitigated with change mitigation where risk exposure shall be maintained but with enhancements to mitigations (e.g. internal controls).

c) **Reduce:** Risk exposure shall be reduced through new or enhanced mitigation (e.g. contingency plan, contractual agreement to share risks, etc.)

d) **Transfer:** Risk exposure transfers systematically to other parties not within the Group (e.g. through insurance policies or outsourcing arrangements on certain tasks or processes).

e) **Exploit:** A calculated and well-planned strategy to increase the risk exposure with mitigation plan with anticipation of upside return.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The quarterly risk reports of all Business Divisions are consolidated and updated to GMRC and Risk Management Committee ("RMC"), highlighting all risks and mitigating controls carried out by the respective business divisions. Heads of business units are responsible to update GRM on changes of risk profile's status and ensure all of the Key Risk Indicators (KRIs) are being implemented to provide assurance to the GMRC/RMC/Board that all risk profiles are accurate and complete. The RMC, GMRC and GRM are also responsible to ensure that an effective communication strategy is in place to provide common education and awareness of the Group's ERMF to all employees.

Key Risk Components in the ERMF

The Group identified major risk areas of concern and mitigating actions were undertaken within the appropriate timeframe. Some of the key risk components in the ERMF have been summarised in the table below.

Risk Component Descriptions

Strategic	Risks that are associated with the competitive positioning of the business and the Group's ability to respond in a timely manner to changes in the competitive landscape.	To mitigate such risk, the Group has various measures put in place, including the following: • Conduct studies on market demand, macro market development and sustainability of business together with review of investment portfolio; • Annual business plans are approved by Group Executive Committee and Board with monthly and mid-year review on each business performance; and • Financial budgets are approved by Group Executive Committee and the Board.
Operational	Risks of loss, resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal and regulatory compliance, adherence to internal policies and industry standards as well as other classes of risk such as project management, human resources, quality control, customer services, industrial product development, etc.	The business divisions carry out various measures such as: • Project planning inputs being provided by various departments and consultants (e.g. Project Department, Finance, Quantity Surveyor and Architect); • Supervisory reviews of work performed, periodic monitoring and meetings with consultants and contractors on progress of projects; • Non-performing contractors are terminated and removed from the approved vendor list; • Stringent monitoring of customers' loan payment trend; • Periodic preventive maintenance and assessment of ageing infrastructure, facilities or equipment of all hotels and resorts; and • Stringent quality control at production lines.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Financial	Financial risks are mainly quantitative risks that includes Credit Risk, Liquidity Risk and Market Risk. Financial risks may be aggregated to determine a mathematical measure or an amount of money that the Group may gain or lose with a direct impact on the economic value. a) Credit Risk - arise from the inability to recover debts in a timely manner which may affect OSK Group's profitability, cash flows and funding. b) Liquidity Risk – refer to the risk that the Group may be unable to meet its funding obligations due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. c) Market Risk – refer to the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market conditions. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.	In mitigating the risks mentioned, Group Finance carries out the following measures: • Monitor cash flow and overall debt portfolio in terms of tenure, rates and security with close assistance and advice from bankers; • Conserve cash flow with cost containment measures implemented; • Projects will only be launched after thorough feasibility studies and market research have been conducted; • Close rapport with principal bankers is maintained and frequent meetings are held to update bankers on operational and financial condition of OSK Group; and • Off-loading of non-core assets and clearing of completed unsold development properties.

Conclusion

ERMF is the key pillar to create a risk culture for the Group. Besides that, ERMF is to ensure that all risks faced by the Group are identified, monitored, and adequately managed. In assisting to inculcate a desirable risk culture, the RMC and the Management is responsible to ensure that an effective communication strategy in place to provide common education, knowledge and awareness of the Group's risks management to all employees. The framework also ensures that risk management is embedded and consistently practised at all levels with the aim of facilitating a reasonable accurate perception of acceptable risks by all employees of the Group.

ADDITIONAL DISCLOSURES

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The details of the OSK Holdings Berhad ("OSK" or "the Company") Group's recurrent related party transactions made during the financial year ended 31 December 2019 pursuant to the shareholders' mandate obtained are as follows:

Name of Company/ Group Involved	Nature of Transaction	Name of Related Party/ Service Provider	Relationship with OSK – Interested Directors, Major Shareholders and Persons Connected	Actual Value (RM)
OSK Group	Provision of construction works for property development, property renovation, ancillary infrastructure works and related services by DCSB Group	DCSB Group	TSO, PSK, OJY, OJX, OYC, OYM, OSKE, LMSB (See Note 1)	18,068,397
OSK Group	Project management fee by NTSB	NTSB	TSO, PSK, OJY, OJX, OYC, OSKE, LMSB, JBPSB (See Note 2)	335,981

Notes:

The following disclosure is extracted from the Circular to Shareholders dated 27 March 2019:

(1) Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong" or "TSO") is a Major Shareholder and the Executive Chairman of OSK. Tan Sri Ong is a major shareholder of Dindings Consolidated Sdn. Bhd. ("DCSB"). He is the spouse of Puan Sri Khor Chai Moi ("Puan Sri Khor" or "PSK") and the father of Mr. Ong Ju Yan ("OJY"), Mr. Ong Ju Xing ("OJX"), Ms. Ong Yee Ching ("OYC") and Ms. Ong Yee Min ("OYM").

Puan Sri Khor is a Major Shareholder of OSK. Puan Sri Khor is a director and major shareholder of DCSB. She is the spouse of Tan Sri Ong and the mother of OJY, OJX, OYC and OYM.

OJY is the Group Managing Director of OSK. OJY is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJX, OYC and OYM.

OJX is the Deputy Group Managing Director of OSK. OJX is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJY, OYC and OYM.

OYC is a Non-Independent Non-Executive Director of OSK. OYC is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY, OYM and OJX.

OYM is a director of DCSB. OYM is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY, OYC and OJX.

OSK Equity Holdings Sdn. Bhd. ("OSKE") is a Major Shareholder of OSK. Tan Sri Ong and Puan Sri Khor are directors of OSKE and Tan Sri Ong is a major shareholder of OSKE.

Land Management Sdn. Bhd. ("LMSB") is a Major Shareholder of OSK. Puan Sri Khor, OYC and OJX are directors of LMSB while Tan Sri Ong and Puan Sri Khor are major shareholders of LMSB.

The principal activities of DCSB are investment holding and property development. The principal activities of DCSB's subsidiary companies are property development, building construction, contracting works, interior designer and general contractors, life and general insurance agents, and provision of general administration and management services.

ADDITIONAL DISCLOSURES

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

(2) Tan Sri Ong is a Major Shareholder and the Executive Chairman of OSK. He is a director of Nova Terrace Sdn. Bhd. ("NTSB"). He is the spouse of Puan Sri Khor and the father of OJY, OJX and OYC.

Puan Sri Khor is a Major Shareholder of OSK. She is a director of NTSB. Puan Sri Khor is the spouse of Tan Sri Ong and the mother of OJY, OJX and OYC.

OJY is the Group Managing Director of OSK. OJY is the son of Tan Sri Ong and Puan Sri Khor and the brother of OYC and OJX.

OJX is the Deputy Group Managing Director of OSK, and a director of NTSB. OJX is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJY and OYC.

OYC is a Non-Independent Non-Executive Director of OSK. OYC is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY and OJX.

OSKE is a Major Shareholder of OSK. Tan Sri Ong and Puan Sri Khor are directors of OSKE and Tan Sri Ong is a major shareholder of OSKE.

LMSB is a Major Shareholder of OSK. Puan Sri Khor, OYC and OJX are directors of LMSB while Tan Sri Ong and Puan Sri Khor are major shareholders of LMSB.

J.B. Properties Sdn. Bhd. ("JBPSB") is the holding company of NTSB. Puan Sri Khor and OYC are the directors of JBPSB while Puan Sri Khor and OJX are major shareholders of JBPSB.

The principal activities of NTSB are building construction, investment holding and letting of properties.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiary companies involving the interests of the Directors (including Chief Executive who is also a Director) and major shareholders, either still subsisting at the end of the financial year ended 31 December 2019, or if not then subsisting, entered into since the end of the previous financial year.

07 Our Financials

STATEMENT OF RESPONSIBILITY BY DIRECTORS

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2019, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have applied the appropriate and relevant accounting policies on a consistent basis; made judgements and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to preserve the interest of stakeholders and to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2019.

(A) PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies; and the associated companies and a joint venture, are described in Notes 8 and 9 to the financial statements respectively. There have been no significant changes in the nature of these principal activities during the year.

(B) FINANCIAL MATTERS

PROFIT AFTER TAX FOR THE YEAR

	Group RM'000	Company RM'000
Profit after tax attributable to:		
Owners of the Company	412,003	237,916
Non-controlling interests	6,656	-
	418,659	237,916

BUSINESS REVIEW

The business review of the Group was discussed in the Chairman's Statement on pages 2 to 5 and Group Managing Director's Review on pages 6 to 27 of this Annual Report.

DIVIDENDS

(a) Dividends declared and paid by the Company since the end of the previous year:

		RM'000
(i)	A single-tier final dividend of 3.0 sen per ordinary share in respect of the preceding ended 31 December 2018 was paid on 23 May 2019	62,316
(ii)	A single-tier interim dividend of 2.0 sen per ordinary share in respect of the current year ended 31 December 2019 was paid on 3 October 2019	41,544
		103,860

DIRECTORS' REPORT

(B) FINANCIAL MATTERS (CONT'D)

DIVIDENDS (CONT'D)

(b) Proposed dividend

	RM'000
- A single-tier final dividend of 3.0 sen per ordinary share in respect of the current year ended 31 December 2019, subject to Shareholders' approval at the forthcoming Annual General Meeting.	62,155

Further details of the dividends are disclosed in Note 40 to the financial statements.

RESERVES AND PROVISIONS

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

SIGNIFICANT EVENTS

The significant events represent the changes in composition of the Group during the year as disclosed in Note 8(b) to the financial statements.

MATERIAL SUBSEQUENT EVENTS

There were no material subsequent events from the end of the year and ending on the date of this report.

ISSUE OF SHARES AND DEBENTURES

There were no new issue of shares and debentures during the year. The details of shares and warrants are disclosed in Note 29 to the financial statements.

OPTIONS TO TAKE UP UNISSUED SHARES OF THE COMPANY

There were no movements of Warrants C 2015/2020 during the year. The details of Warrants C 2015/2020 are disclosed in Note 29(c) to the financial statements.

There were no new options granted during the year to take up unissued shares of the Company.

TREASURY SHARES

During the year, the Company repurchased 5,363,800 shares of its own equity from the open market at an average cost of RM1.01 per share. The details of treasury shares are disclosed in Note 30 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, as disclosed in Notes 14, 15 and 17 to the financial statements.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT

(B) FINANCIAL MATTERS (CONT'D)

CURRENT ASSETS OTHER THAN DEBTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ensure that any current assets other than debts, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company, where applicable, had been written down to an amount which the current assets might be expected so to realise and the assets as disclosed in Notes 12, 16, 17 and 23 to the financial statements.

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 of the Group and of the Company misleading.

METHOD OF VALUATION OF ASSETS OR LIABILITIES

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. Assets that are measured at fair values are disclosed in Notes 7, 18, 20, 21 and 22 to the financial statements.

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the year, other than those arising in the normal course of business of the Group and of the Company as disclosed in Note 43 to the financial statements.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of 12 months after the end of the year which, in the opinion of the Directors, will or may affect the ability of the Group or of 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 of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the year in which this report is made.

DIRECTORS' REPORT

(C) DIRECTORS MATTERS

DIRECTORS OF THE COMPANY

The Directors of the Company who have held office during the year are:

Tan Sri Ong Leong Huat @ Wong Joo Hwa*
Ong Ju Yan*
Ong Ju Xing*
Dato' Saiful Bahri bin Zainuddin*
Dato' Thanarajasingam Subramaniam
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
Leong Keng Yuen
Ong Yee Ching

* Who is also Director of the subsidiary company(ies)

During the period commencing from the end of the year and ending on the date of this report, there were no changes in directorship of the Company.

DIRECTORS OF THE SUBSIDIARY COMPANIES

In addition to the four Directors of the Company who are also Directors of the subsidiary companies as disclosed above, the Directors of the subsidiary companies who have held office during the year are:

Puan Sri Khor Chai Moi	
Dato' Mohd Daud bin Samsuddin	
Chow Hock Kin	
Eng Kim Haw	
Estrop Evon Agnes	
Fan Pui Chin	
Foo San Kan	
Mohamed Nazari bin Noordin	
Ng Lee Huat	
Noriza Binti Shahadan	
Ong Ghee Bin	
Tan Kheak Chun	
Tang Cheng Leong	
Ting Chun Hong	
Wong Chong Shee	
Yeat Siew Hong	
Ng Lai Ping	appointed on 1 July 2019
Yeoh Peik Hong	appointed on 16 July 2019
Mak Pick Wan	appointed on 1 October 2019
Wong Kit Yin	resigned on 1 July 2019
Siew Kem Kem	resigned on 1 October 2019
Terence Vincent Slattery	resigned on 2 December 2019

During the period commencing from the end of the year and ending on the date of this report, there were no changes in directorship of the subsidiary companies.

DIRECTORS' REPORT

(C) DIRECTORS MATTERS (CONT'D)

DIRECTORS' INTERESTS

Neither at the end of the year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, being arrangements with the objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

According to the Register of Directors' Shareholdings, the Directors in office at the end of the year who have interests in the shares and warrants of the Company and of its related corporations during the year are as follows:

(a) The Company

	Number of ordinary shares			
	As at 1.1.2019	Acquired	Disposed	As at 31.12.2019
Direct interests:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	135,685,978	-	-	135,685,978
Ong Ju Yan	24,737,550	-	-	24,737,550
Ong Ju Xing	22,084,395	-	-	22,084,395
Leong Keng Yuen	318,608	-	-	318,608
Ong Yee Ching	12,667,189	-	-	12,667,189
Indirect interests:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	1,036,921,472(1)	1,726,500	(33,123,538)	1,005,524,434(1)
Ong Ju Yan	2,467,701(2)	-	-	2,467,701(2)
Ong Ju Xing	4,603,062(3)	615,000	(3,876,462)	1,341,600(4)
Leong Keng Yuen	221,869(5)	-	-	221,869(5)
Ong Yee Ching	288,280(2)	-	-	288,280(2)

	Number of Warrants C 2015/2020			
	As at 1.1.2019	Acquired	Disposed	As at 31.12.2019
Direct interests:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	3,075,000	-	-	3,075,000
Ong Ju Yan	1,208,335	-	-	1,208,335
Ong Ju Xing	211,810	-	-	211,810
Leong Keng Yuen	42,900	-	-	42,900
Ong Yee Ching	442,890	-	-	442,890
Indirect interests:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	152,999,578(6)	-	-	152,999,578(6)
Ong Ju Yan	266,299(2)	-	-	266,299(2)
Leong Keng Yuen	55,467(5)	-	-	55,467(5)
Ong Yee Ching	72,069(2)	-	-	72,069(2)

DIRECTORS' REPORT

(C) DIRECTORS MATTERS (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

(a) The Company (Cont'd)

Each Warrants C 2015/2020 entitles the registered holder to subscribe for one new ordinary share in the Company at an exercise price of RM1.20 at any time between the date of issue on 23 July 2015 and the expiry date of 22 July 2020. The details of Warrants C 2015/2020 are disclosed in Note 29(c) to the financial statements.

(b) Related corporations

(i) Ultimate holding company

OSK Equity Holdings Sdn. Bhd.

	Number of ordinary shares			
	As at 1.1.2019	Acquired	Disposed	As at 31.12.2019
Direct interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	99,999	-	-	99,999

(ii) Subsidiary companies

(1) PJ Development Holdings Berhad

	Number of ordinary shares			
	As at 1.1.2019	Acquired	Disposed	As at 31.12.2019
Indirect interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	508,467,593[7]	66,200	-	508,533,793[7]

	Number of Warrants C 2010/2020			
	As at 1.1.2019	Acquired	Disposed	As at 31.12.2019
Indirect interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	129,338,996[7]	-	-	129,338,996[7]

DIRECTORS' REPORT

(C) DIRECTORS MATTERS (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

(b) Related corporations (Cont'd)

(ii) Subsidiary companies (Cont'd)

(2) OSK Property Holdings Berhad

	Number of ordinary shares			
	As at 1.1.2019	Acquired	Disposed	As at 31.12.2019
Indirect interest:				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	345,637,523[7]	-	-	345,637,523[7]

[1] Deemed interested pursuant to Section 8 of Companies Act 2016 ("CA2016") by virtue of his substantial shareholdings in Dindings Consolidated Sdn. Bhd., Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse and children, other than Ong Ju Yan, Ong Ju Xing and Ong Yee Ching whose interests have been disclosed herein.

[2] Disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his/her spouse.

[3] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Ladang Setia Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse.

[4] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Petit Patata Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse.

[5] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Wing Foong Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse.

[6] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse and children, other than Ong Ju Yan, Ong Ju Xing and Ong Yee Ching whose interests have been disclosed herein.

[7] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in OSK Holdings Berhad.

Tan Sri Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the Company, is also deemed to have an interest in the shares and/or warrants of all the Company's subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, the other Directors in office at the end of the year did not hold any shares or warrants in the Company or its related corporations.

DIRECTORS' REPORT

(C) DIRECTORS MATTERS (CONT'D)

REMUNERATION AND BENEFITS OF DIRECTORS OF THE COMPANY

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of full time employees or estimated money value of other benefits of certain subsidiary companies of the Company as disclosed in Notes 41(b) and 41(c) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 41(e) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company provides an insurance cover for the Directors and officers of the Group and of the Company. The total amount of insurance premium paid by the Company for the year was RM62,000.

(D) AUDITORS AND AUDITORS' REMUNERATION

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration are disclosed in Note 35 to the financial statements.

(E) STRUCTURE OF THE GROUP

(a) Ultimate holding company

OSK Equity Holdings Sdn. Bhd., a company incorporated in Malaysia, is regarded by the Directors as the Company's ultimate holding company.

(b) Subsidiary companies

The details of subsidiary companies are disclosed in Note 8 to the financial statements.

For the year ended 31 December 2019, the auditors' reports on the financial statements of all the subsidiary companies are not qualified.

None of the subsidiary companies hold any shares in the holding company or in other related corporations.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 6 March 2020.

Tan Sri Ong Leong Huat @ Wong Joo Hwa | **Ong Ju Yan**

Kuala Lumpur, Malaysia
6 March 2020

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ong Ju Yan, being two of the Directors of OSK Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 134 to 290 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 6 March 2020.

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Ong Ju Yan

Kuala Lumpur, Malaysia
6 March 2020

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ng Lai Ping (CA 12349), being the officer primarily responsible for the financial management of OSK Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 134 to 290 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Ng Lai Ping
at Kuala Lumpur in the Federal Territory
on 6 March 2020

Ng Lai Ping

Before me,

PESURUHJAYA SUMPAH
W663
BALOO T. PICHAI
01.01.19-31.12.21
MALAYSIA

Unit 50-10-1, Tingkat 10
Wisma UOA Damansara
No. 50, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

Commissioner for Oaths
Kuala Lumpur, Malaysia
6 March 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OSK HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of OSK Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of 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 of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 134 to 290.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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 of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws"), and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS FOR THE GROUP

1 Property development revenue and profit recognition

Revenue from property development is set out in Note 32 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time, which is based on stage of completion method. The determination of stage of completion requires management to exercise significant judgement in estimating the total costs to complete.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations.

In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OSK HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

KEY AUDIT MATTERS (CONT'D)

KEY AUDIT MATTERS FOR THE GROUP (CONT'D)

1 Property development revenue and profit recognition (Cont'd)

Audit procedures

Our audit procedures included the following:

(a) reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;

(b) assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;

(c) inspected documentation to support cost estimates made including contract variations and cost contingencies; and

(d) recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

2 Recoverability of trade receivables

The carrying amount of trade receivables of the Group is set out in Note 15 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables, appropriate forward-looking information and significant increase in credit risk.

Audit procedures

Our audit procedures included the following:

(a) Assessed the expected credit loss ("ECL") for portfolios of trade receivables based on customer segments, historical information on payment trend and forward-looking information;

(b) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group; and

(c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

KEY AUDIT MATTERS FOR THE COMPANY

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OSK HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

Our opinion on the financial statements of the Group and of the Company does not cover the 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 of 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 of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) 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 internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OSK HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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 subsidiary companies of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

OTHER MATTERS

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

BDO PLT

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

LUM CHIEW MUN
03039/04/2021 J
Chartered Accountant

Kuala Lumpur
6 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS:					
Non-current					
Property, plant and equipment	6	605,518	660,630	1,013	1,017
Investment properties	7	464,780	451,301	-	-
Investments in subsidiary companies	8	-	-	1,569,821	1,578,692
Investments in associated companies and a joint venture	9	3,681,201	3,423,984	2,209,705	2,213,235
Intangible assets	10	1,205	1,461	293	306
Right-of-use assets	11	78,886	-	1,629	-
Inventories	12	1,198,764	1,174,439	-	-
Deferred tax assets	13	93,891	87,712	739	958
Capital financing	14	182,629	132,667	-	-
Trade receivables	15	26,080	21,860	-	-
Other assets	17	882	4,499	-	-
		6,333,836	5,958,553	3,783,200	3,794,208
Current					
Inventories	12	355,129	455,228	-	-
Capital financing	14	594,557	433,307	-	-
Trade receivables	15	254,533	259,593	-	-
Contract assets	16	129,742	299,909	-	-
Other assets	17	79,238	120,711	961	551
Biological assets	18	251	144	-	-
Amounts due from subsidiary companies	19	-	-	165	489
Tax recoverable		12,038	36,694	943	767
Derivative assets	20	-	-	64,670	64,670
Securities at fair value through profit or loss	21	264	248	264	248
Cash, bank balances and short term funds	22	585,844	528,611	14,883	58,536
		2,011,596	2,134,445	81,886	125,261
Assets of disposal group classified as held for sale	23	21,998	-	-	-
		2,033,594	2,134,445	81,886	125,261
TOTAL ASSETS		8,367,430	8,092,998	3,865,086	3,919,469

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
LIABILITIES:					
Non-current					
Medium term notes and Sukuk	24	1,156,057	1,069,190	265,278	574,546
Borrowings	25	237,380	424,189	-	-
Trade payables	26	17,543	20,168	-	-
Contract liabilities	27	107,131	135,396	-	-
Lease liabilities	11	20,801	-	551	-
Other liabilities	28	6,469	5,961	-	-
Deferred tax liabilities	13	115,546	119,495	-	-
		1,660,927	1,774,399	265,829	574,546
Current					
Medium term notes and Sukuk	24	24,871	40,329	-	40,329
Borrowings	25	960,224	941,006	40,000	35,700
Trade payables	26	80,079	116,470	-	-
Contract liabilities	27	33,516	38,735	-	-
Lease liabilities	11	8,894	-	1,153	-
Tax payable		11,209	5,108	-	-
Other liabilities	28	514,126	507,419	5,979	5,294
Amounts due to subsidiary companies	19	-	-	389,586	229,639
		1,632,919	1,649,067	436,718	310,962
Liabilities of disposal group classified as held for sale	23	10,135	-	-	-
		1,643,054	1,649,067	436,718	310,962
TOTAL LIABILITIES		3,303,981	3,423,466	702,547	885,508
NET ASSETS		5,063,449	4,669,532	3,162,539	3,033,961
EQUITY:					
Share capital	29	2,095,310	2,095,310	2,095,310	2,095,310
Treasury shares, at cost	30	(35,636)	(30,237)	(35,636)	(30,237)
		2,059,674	2,065,073	2,059,674	2,065,073
Reserves	31	2,929,789	2,532,465	1,102,865	968,888
Issued capital and reserves attributable to Owners of the Company		4,989,463	4,597,538	3,162,539	3,033,961
Non-controlling interests	8(e)	73,986	71,994	-	-
TOTAL EQUITY		5,063,449	4,669,532	3,162,539	3,033,961

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

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	32	1,207,523	1,204,087	278,348	174,285
Cost of sales	33	(787,354)	(862,325)	-	-
Gross profit		420,169	341,762	278,348	174,285
Other income	34	34,196	121,763	16,361	29,924
Administrative expenses	35	(188,842)	(203,317)	(19,404)	(22,521)
Other expenses	36	(5,712)	(21,506)	(1)	(51)
		259,811	238,702	275,304	181,637
Finance costs	37	(63,875)	(80,035)	(37,048)	(64,868)
		195,936	158,667	238,256	116,769
Share of results of associated companies and a joint venture, net of tax		274,592	236,743	-	-
Profit before tax		470,528	395,410	238,256	116,769
Tax expense	38	(51,869)	(43,142)	(340)	(637)
Profit after tax		418,659	352,268	237,916	116,132
Profit attributable to:					
Owners of the Company		412,003	346,053	237,916	116,132
Non-controlling interests	8(e)	6,656	6,215	-	-
		418,659	352,268	237,916	116,132
Earnings per share attributable to Owners of the Company (sen):					
Basic	39	19.84	16.66		
Diluted	39	19.84	16.66		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit after tax	418,659	352,268	237,916	116,132
Other comprehensive income/ (expenses) for the year, net of tax				
(a) Items of other comprehensive income/ (expenses):				
(i) Will be reclassified subsequently to profit or loss when specific conditions are met:				
- Fair value gain on cash flow hedge	-	99	-	-
- Foreign currency translation	(486)	262	-	-
(ii) Reclassified to profit or loss:				
- Fair value of cash flow hedge upon maturity (Note 34)	-	(12)	-	-
	(486)	349	-	-
(b) The share of other comprehensive income/(expenses) and reserves of associated companies accounted for using equity method:				
(i) Items that will not be reclassified subsequently to profit or loss:				
- Fair values through other comprehensive income ("FVTOCI") and other reserves	2,425	2,491	-	-
(ii) Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
- Foreign currency translation reserves	(6,795)	(25,951)	-	-
- FVTOCI and other reserves	94,407	776	-	-
	90,037	(22,684)	-	-
Total other comprehensive income/ (expenses) for the year, net of tax	89,551	(22,335)	-	-
Total comprehensive income	508,210	329,933	237,916	116,132
Total comprehensive income attributable to:				
Owners of the Company	501,791	324,675	237,916	116,132
Non-controlling interests	6,419	5,258	-	-
	508,210	329,933	237,916	116,132

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Group	Note	Attributable to Owners of the Company								
		Share capital (Note 29) RM'000	Treasury shares (Note 30) RM'000	Revaluation reserve (Note 31) RM'000	Foreign currency translation reserves (Note 31) RM'000	Other reserves (Note 31) RM'000	Retained profits (Note 31) RM'000	Total issued share capital and reserves RM'000	Non-controlling interests [Note 8(e)] RM'000	Total equity RM'000
As at 1 January 2019										
As per previously reported		2,095,310	(30,237)	63,451	18,265	14,958	2,435,791	4,597,538	71,994	4,669,532
Effects of adoption of MFRS 16 'Leases':	47(a)(v)									
- subsidiary companies		-	-	-	-	-	(132)	(132)	(7)	(139)
- an associated company		-	-	-	-	-	(310)	(310)	-	(310)
As restated		2,095,310	(30,237)	63,451	18,265	14,958	2,435,349	4,597,096	71,987	4,669,083
Profit after tax		-	-	-	-	-	412,003	412,003	6,656	418,659
Foreign currency translation loss		-	-	-	(471)	-	-	(471)	(15)	(486)
Share of other comprehensive (expenses)/income and reserves of associated companies accounted for using equity method:										
- *Foreign currency translation reserves*		-	-	-	(6,573)	-	-	(6,573)	(222)	(6,795)
- *FVTOCI and other reserves*		-	-	-	-	96,832	-	96,832	-	96,832
Other comprehensive (expenses)/income		-	-	-	(7,044)	96,832	-	89,788	(237)	89,551
Total comprehensive (expenses)/income		-	-	-	(7,044)	96,832	412,003	501,791	6,419	508,210
Dividends paid to:										
- *Owners of the Company*	40	-	-	-	-	-	(103,860)	(103,860)	-	(103,860)
- *Non-controlling interests*		-	-	-	-	-	-	-	(4,677)	(4,677)
Total distributions to Owners		-	-	-	-	-	(103,860)	(103,860)	(4,677)	(108,537)
Acquisition of additional interests in a subsidiary company from non-controlling interests:										
- *Accretion of equity interests*	8(b)(i)	-	-	-	-	-	-	-	(170)	(170)
- *Gain on acquisitions*	8(b)(i)	-	-	-	-	-	91	91	-	91
Exercise of warrants of a subsidiary company:										
- *Shares issued by a subsidiary company*	8(b)(ii)	-	-	-	-	-	-	-	171	171
- *Effects of dilution of interests in a subsidiary company*		-	-	-	-	-	(256)	(256)	256	-
Total changes in ownership interest in a subsidiary company		-	-	-	-	-	(165)	(165)	257	92
Share buybacks by the Company	30	-	(5,399)	-	-	-	-	(5,399)	-	(5,399)
Total transactions with Owners in their capacity as Owners		-	(5,399)	-	-	-	(104,025)	(109,424)	(4,420)	(113,844)
As at 31 December 2019		2,095,310	(35,636)	63,451	11,221	111,790	2,743,327	4,989,463	73,986	5,063,449

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

Group (Cont'd)	Note	Attributable to Owners of the Company								Non-controlling interests [Note 8(e)] RM'000	Total equity RM'000
		Share capital (Note 29) RM'000	Treasury shares (Note 30) RM'000	Revaluation reserve (Note 31) RM'000	Foreign currency translation reserves (Note 31) RM'000	Hedging reserve (Note 31) RM'000	Other reserves (Note 31) RM'000	Retained profits (Note 31) RM'000	Total issued share capital and reserves RM'000		
As at 1 January 2018											
As per previously reported		2,095,310	(30,237)	63,451	42,969	(85)	4,110	2,363,172	4,538,690	68,234	4,606,924
Effects of adoption of MFRS 9 'Financial Instruments':											
- subsidiary companies		-	-	-	-	-	-	(1,553)	(1,553)	(44)	(1,597)
- an associated company		-	-	-	26	-	7,581	(157,787)	(150,180)	-	(150,180)
As restated		2,095,310	(30,237)	63,451	42,995	(85)	11,691	2,203,832	4,386,957	68,190	4,455,147
Profit after tax		-	-	-	-	-	-	346,053	346,053	6,215	352,268
Fair value gain on cash flow hedge		-	-	-	-	97	-	-	97	2	99
Fair value of cash flow hedge reclassified to profit or loss upon maturity	34	-	-	-	-	(12)	-	-	(12)	-	(12)
Foreign currency translation gain		-	-	-	257	-	-	-	257	5	262
Share of other comprehensive (expenses)/ income and reserves of associated companies accounted for using equity method:											
- *Foreign currency translation reserves*		-	-	-	(24,987)	-	-	-	(24,987)	(964)	(25,951)
- *FVTOCI and other reserves*		-	-	-	-	-	3,267	-	3,267	-	3,267
Other comprehensive (expenses)/income		-	-	-	(24,730)	85	3,267	-	(21,378)	(957)	(22,335)
Total comprehensive (expenses)/income		-	-	-	(24,730)	85	3,267	346,053	324,675	5,258	329,933
Dividends paid to:											
- *Owners of the Company*	40	-	-	-	-	-	-	(114,246)	(114,246)	-	(114,246)
- *Non-controlling interests*		-	-	-	-	-	-	-	-	(1,007)	(1,007)
Total distributions to Owners		-	-	-	-	-	-	(114,246)	(114,246)	(1,007)	(115,253)
Acquisition of additional interests in a subsidiary company from non-controlling interests:											
- *Accretion of equity interests*	8(c)(i)	-	-	-	-	-	-	-	-	(487)	(487)
- *Gain on acquisitions*	8(c)(i)	-	-	-	-	-	-	176	176	-	176
Exercise of warrants of a subsidiary company:											
- *Shares issued by a subsidiary company*	8(c)(ii)	-	-	-	-	-	-	-	-	16	16
- *Effects of dilution of interests in a subsidiary company*		-	-	-	-	-	-	(24)	(24)	24	-
Total changes in ownership interest in a subsidiary company		-	-	-	-	-	-	152	152	(447)	(295)
Total transactions with Owners in their capacity as Owners		-	-	-	-	-	-	(114,094)	(114,094)	(1,454)	(115,548)
As at 31 December 2018		2,095,310	(30,237)	63,451	18,265	-	14,958	2,435,791	4,597,538	71,994	4,669,532

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

Company	Note	Share capital (Note 29) RM'000	Distributable Treasury shares (Note 30) RM'000	Distributable Retained profits (Note 31) RM'000	Total equity RM'000
As at 1 January 2019					
As per previously reported		2,095,310	(30,237)	968,888	3,033,961
Effects of adoption of MFRS 16 'Leases'	47(a)(v)	-	-	(79)	(79)
As restated		2,095,310	(30,237)	968,809	3,033,882
Profit after tax/Total comprehensive income		-	-	237,916	237,916
Dividends paid to Owners of the Company/ Total distributions to Owners	40	-	-	(103,860)	(103,860)
Share buybacks/Total transactions with Owners	30	-	(5,399)	-	(5,399)
As at 31 December 2019		2,095,310	(35,636)	1,102,865	3,162,539
As at 1 January 2018		2,095,310	(30,237)	967,002	3,032,075
Profit after tax/Total comprehensive income		-	-	116,132	116,132
Dividends paid to Owners of the Company/ Total distributions to Owners	40	-	-	(114,246)	(114,246)
As at 31 December 2018		2,095,310	(30,237)	968,888	3,033,961

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		470,528	395,410	238,256	116,769
Adjustments for:					
Non-cash and non-operating items#		33,846	(13,523)	(241,216)	(120,005)
Share of results of associated companies and a joint venture		(274,592)	(236,743)	-	-
Operating profit/(loss) before working capital changes		229,782	145,144	(2,960)	(3,236)
Decrease/(Increase) in operating assets:					
Inventories		91,194	138,661	-	-
Capital financing		(210,991)	(53,088)	-	-
Trade receivables		(1,022)	32,617	-	-
Contract assets		170,167	(173,991)	-	-
Other assets		(25,276)	23,134	(410)	36
(Decrease)/Increase in operating liabilities:					
Trade payables		(34,554)	(47,899)	-	-
Contract liabilities		(33,479)	(54,849)	-	-
Other liabilities		7,833	43,213	686	(2,336)
Cash generated from/(used in) operations		193,654	52,942	(2,684)	(5,536)
Income tax paid		(64,630)	(88,274)	(421)	(819)
Income tax refunded		33,390	25,582	124	2,478
Interest paid		(48,616)	(36,537)	-	-
Interest received		60,984	50,997	-	-
Net cash generated from/(used in) operating activities^		174,782	4,710	(2,981)	(3,877)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of additional shares in a subsidiary company from non-controlling interests	8(b)(i), 8(c)(i)	(79)	(311)	(79)	(311)
Capital repayment from subsidiary companies	8(d)(iii)	-	-	10,000	224,060
Distribution from an associated company	9(c)	3,530	11,950	3,530	11,950
Dividends received		103,574	71,103	278,348	174,308
Sub-total carried forward		107,025	82,742	291,799	410,007

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (CONT'D)					
Sub-total brought forward		107,025	82,742	291,799	410,007
Expenditure incurred on investment properties	7(c)(i)	(4,693)	(2,659)	-	-
Funds distribution income received		10,236	6,669	1,393	478
Interest received		7,206	5,717	391	10,155
Proceeds from disposals of property, plant and equipment		69,039	129,508	-	-
Purchase of:					
- land held for property development		-	(116,213)	-	-
- property, plant and equipment	6(b)(i)	(27,370)	(27,901)	(201)	(63)
- right-of-use assets	11(b)(i)	(699)	-	-	-
- software licences	10(b)	(110)	(98)	(14)	(66)
Repayment from subsidiary companies		-	-	160,271	248,041
Subscription of shares in subsidiary companies	8(b)(iii), 8(c)(iv), 8(c)(v), 8(c)(vi)	-	-	(1,050)	(30,166)
Net cash generated from investing activities		160,634	77,765	452,589	638,386
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to:					
- Owners of the Company	40	(103,860)	(114,246)	(103,860)	(114,246)
- non-controlling interests		(4,677)	(1,007)	-	-
Drawdown of:					
- loans		104,325	223,600	-	-
- revolving credits - net		99,246	177,070	4,300	-
Expenses incurred on borrowings, medium term notes and Sukuk		(2,536)	(3,589)	(580)	(1,989)
Interest paid		(60,255)	(75,465)	(35,930)	(62,159)
Listing expenses		(920)	(10,872)	-	-
Payment of lease liabilities	11(c)	(3,850)	-	(1,792)	-
Sub-total carried forward		27,473	195,491	(137,862)	(178,394)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES (CONT'D)					
Sub-total brought forward		27,473	195,491	(137,862)	(178,394)
Proceeds from:					
- exercise of warrants of a subsidiary company	8(b)(ii), 8(c)(ii)	171	16	-	-
- issuance of medium term notes and Sukuk	24(g)(ii)	464,200	513,971	-	-
Redemption of medium term notes and Sukuk	24(g)(ii)	(393,315)	(242,407)	(350,000)	(223,907)
Repayment of loans		(366,303)	(445,775)	-	(181,065)
Share buybacks	30	(5,399)	-	(5,399)	-
Net cash (used in)/generated from financing activities		(273,173)	21,296	(493,261)	(583,366)
Net increase/(decrease) in cash and cash equivalents		62,243	103,771	(43,653)	51,143
Effects of exchange rate changes		(528)	400	-	-
Cash and cash equivalents at the beginning of the year		528,329	424,158	58,536	7,393
Cash and cash equivalents at the end of the year		590,044	528,329	14,883	58,536
Cash and cash equivalents comprised:					
Cash, bank balances and short term funds	22	585,844	528,611	14,883	58,536
Bank overdrafts	25	(63)	(282)	-	-
Cash and cash equivalents of disposal group classified as held for sale	23	4,263	-	-	-
		590,044	528,329	14,883	58,536

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
#Non-cash and non-operating items:					
Amortisation of finance cost		524	1,891	403	1,809
Depreciation and amortisation		29,102	27,855	1,883	206
Dividend income		-	(23)	(278,348)	(174,308)
Effect of foreign currency translation upon maturity of cash flow hedge		-	12	-	-
Facilities fee		1,505	2,679	580	1,989
Funds distribution income		(10,236)	(6,669)	(1,393)	(478)
Gain on disposals of property, plant and equipment		(583)	(93,850)	-	-
(Gain)/Loss on fair valuation of:					
- biological assets	18(c)	(107)	(64)	-	-
- investment properties	7(c)(i)	1,308	(61)	-	-
- retention sums		(1,141)	(1,834)	-	-
- securities at fair value through profit or loss		(16)	51	(16)	51
(Gain)/Loss on foreign currency translations		(286)	808	-	-
Interest income		(68,189)	(56,714)	(391)	(10,155)
Interest expense		81,465	92,265	36,065	61,006
Listing expenses		-	12,332	-	-
Reclassified from other comprehensive income for gain on fair value of cash flow hedge upon maturity		-	(12)	-	-
Recovery of bad debts of:					
- capital financing		(134)	(2)	-	-
- trade receivables		-	(1,295)	-	-
(Write back of)/Allowance for impairment loss (net) on:					
- capital financing	14(b)(i)	(87)	6	-	-
- trade receivables	15(b)(i)	(208)	907	-	-
- other receivables	17(b)(ii)	625	2,738	-	-
- loans to a subsidiary company	8(d)(i)	-	-	-	(125)
Write down/(back) of inventories:					
- completed properties held for sale		-	275	-	-
- finished goods		(592)	3,061	-	-
- raw materials		83	359	-	-
Write off of:					
- bad debts on trade receivables		672	390	-	-
- bad debts on other receivables		-	652	-	-
- plant and equipment	6(b)(iv)	141	720	1	-
		33,846	(13,523)	(241,216)	(120,005)

^ Higher net cash generated from operating activities for the year ended 31 December 2019 was mainly due to higher operating profit before working capital changes coupled with the decrease in contract assets in relation to the accrued billings for the on-going development projects.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

1. GENERAL INFORMATION OF THE COMPANY AND AUTHORISATION OF FINANCIAL STATEMENTS FOR USE

The Company is a public company limited by shares, incorporated under the Companies Act, 1965 (which had been superseded by CA2016), domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") categorised under property sector. The registered office of the Company is located at 21st Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur. The principal place of business of the Company is located at 7th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur and the principal places of businesses of its subsidiary companies are disclosed in the annual report and in its website.

The Company is an investment holding company. The principal activities of the subsidiary companies; and associated companies and a joint venture, are described in Notes 8 and 9 respectively. There have been no significant changes in the nature of these principal activities during the year.

OSK Equity Holdings Sdn. Bhd., a company incorporated in Malaysia, is regarded by the Directors as the Company's ultimate holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 6 March 2020.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared on a historical cost convention, other than investment properties, biological assets, derivative assets, securities measured at fair value through profit or loss and short term funds which are measured at their fair values. The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company and all values are rounded to the nearest thousand (RM'000), unless otherwise indicated. The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") and the requirements of CA2016 in Malaysia. During the year, the Group and the Company have adopted applicable MFRSs and amendments to MFRSs as disclosed in Note 47(a). Certain comparative figures have been reclassified to conform with current year's presentation to reflect more appropriate classifications of those transactions. Such reclassifications of accounts between property, plant and equipment and investment properties; contract liabilities and other liabilities; revenue and other income; cost of sales and finance costs do not have any financial impact to the Group.

3. SEGMENT INFORMATION

This note provides an analysis of the businesses and geographical segments in relation to business performance and portfolio.

The Group's businesses are organised into five core business segments, based on the nature of the products and services, which operating results are regularly reviewed by the chief operating decision makers comprising the Board of Directors and senior management of the Group to make decisions about resources allocation to the segment and assess its performance. The core business segments are as follows:

(1) Property

(i) Property Development
- Development of residential and commercial properties for sale, provision of project management services and sharing of results of associated companies which are involved in property development activities.

(ii) Property Investment and Management
- Management and letting of properties, contributing rental yield and appreciation of properties and sharing of results of an associated company and a joint venture which deals with letting of office space and retails space.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SEGMENT INFORMATION (CONT'D)

(2) Construction

- Building construction revenue derived from the property development projects carried out.

(3) Industries

(i) Olympic - Cables
- Manufacturing and sale of power cables and wires.

(ii) Acotec - Industrialised Building System ("IBS")
- Manufacturing and sale of IBS concrete wall panels and trading of building materials.

(4) Hospitality

(i) Hotels and Resorts under Swiss-Garden
- Management and operation of hotels and resorts, including golf course operations, room rental, food and beverage revenue and fee income.

(ii) SGI Vacation Club
- Management of vacation timeshare membership fee income.

(5) Financial Services

(i) Capital Financing
- Financing activities include generating interest, fee and related income on loans and financing portfolio.

(ii) Investment Holding
- Investing activities and other insignificant business segments, where investments contribute dividend income and interest income as well as sharing of results of an associated company which is engage in the financial services.

Business segment performance is evaluated based on operating profit or loss which in certain aspects are measured differently from profit or loss in the consolidated financial statements.

Business segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The inter-segment transactions have been entered into at arms-length with terms mutually agreed between the segments and have been eliminated to arrive at the Group's results. During the year, there is no single external customer which accounted for ten percent or more of the Group's revenue.

Basis of segmentation and related measurement of segment revenue, results, assets and liabilities have no material changes as compared with previous year, other than comparative figures of segment results which have been reclassified to conform with current year's presentation to reflect its nature of business activities involved. Such reclassifications merely improve disclosure of business performance and do not have any financial impact to the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis:

Business segment assets and liabilities analysis:

	Note	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services RM'000	Consolidated RM'000
2019							
Assets							
Tangible assets		2,991,765	39,214	195,527	376,165	954,426	4,557,097
Intangible assets		364	-	-	-	841	1,205
		2,992,129	39,214	195,527	376,165	955,267	4,558,302
Investments in associated companies and a joint venture		552,649	-	-	-	3,128,552	3,681,201
Assets of disposal group classified as held for sale		-	-	21,998	-	-	21,998
Segment assets		3,544,778	39,214	217,525	376,165	4,083,819	8,261,501
Deferred tax assets and tax recoverable							105,929
Total assets							8,367,430
Liabilities							
Other segment liabilities		1,419,344	68,044	29,740	253,336	1,396,627	3,167,091
Liabilities of disposal group classified as held for sale		-	-	10,135	-	-	10,135
Segment liabilities		1,419,344	68,044	39,875	253,336	1,396,627	3,177,226
Deferred tax liabilities and tax payable							126,755
Total liabilities							3,303,981
Expenditure capitalised under:							
Property, plant and equipment	6(b)(i)	2,824	1,041	6,919	16,028	558	27,370
Investment properties	7(c)(i)	4,693	-	-	-	-	4,693
Intangible assets	10(b)	96	-	-	-	14	110
Right-of-use assets	11(b)(i)	699	-	-	-	-	699
		8,312	1,041	6,919	16,028	572	32,872

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

Business segment assets and liabilities analysis: (Cont'd)

	Note	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services RM'000	Consolidated RM'000
2018							
Assets							
Tangible assets		2,942,688	71,136	228,413	555,298	745,612	4,543,147
Intangible assets		414	-	-	-	1,047	1,461
		2,943,102	71,136	228,413	555,298	746,659	4,544,608
Investments in associated companies and a joint venture		519,429	-	-	-	2,904,555	3,423,984
Segment assets		3,462,531	71,136	228,413	555,298	3,651,214	7,968,592
Deferred tax assets and tax recoverable							124,406
Total assets							8,092,998
Liabilities							
Segment liabilities		1,457,361	112,396	49,077	278,923	1,401,106	3,298,863
Deferred tax liabilities and tax payable							124,603
Total liabilities							3,423,466
Expenditure capitalised under:							
Property, plant and equipment	6(b)(i)	1,598	1,613	1,088	22,763	839	27,901
Investment properties	7(c)(i)	2,659	-	-	-	-	2,659
Intangible assets	10(b)	32	-	-	-	66	98
		4,289	1,613	1,088	22,763	905	30,658

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

Business segment performance analysis:

	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services RM'000	Consolidated RM'000
2019						
Revenue						
Total revenue	759,337	250,088	297,067	84,075	644,910	2,035,477
Inter-segment revenue	(4,508)	(249,547)	(7,515)	(590)	(44,339)	(306,499)
Dividends from:						
- subsidiary companies	-	-	-	-	(417,881)	(417,881)
- an associated company	-	-	-	-	(103,574)	(103,574)
Revenue from external parties	754,829	541	289,552	83,485	79,116	1,207,523
Results						
Segment profit/(loss)	165,579	4,852	27,778	(6,311)	2,962	194,860
Share of results of associated companies and a joint venture	40,480	-	-	-	234,112	274,592
	206,059	4,852	27,778	(6,311)	237,074	469,452
Realisation of profit upon completion of sale/ (Elimination of unrealised profit)	-	3,631	-	-	(2,555)	1,076
Profit/(Loss) before tax	206,059	8,483	27,778	(6,311)	234,519	470,528
Tax (expense)/income	(34,163)	(1,175)	(6,418)	785	(10,898)	(51,869)
Profit/(Loss) after tax	171,896	7,308	21,360	(5,526)	223,621	418,659

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

Business segment performance analysis: (Cont'd)

	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services RM'000	Consolidated RM'000
2018						
Revenue						
Total revenue	724,645	281,591	294,595	112,814	414,102	1,827,747
Inter-segment revenue	(3,797)	(270,545)	(1,590)	(421)	(15,896)	(292,249)
Dividends from:						
- subsidiary companies	-	-	-	-	(260,331)	(260,331)
- an associated company	-	-	-	-	(71,080)	(71,080)
Revenue from external parties	720,848	11,046	293,005	112,393	66,795	1,204,087
Results						
Segment profit/(loss)	83,713	9,556	25,928	(9,647)	(39,446)	70,104
Gain on disposal of hotel properties	-	-	-	93,450	-	93,450
Share of results of associated companies and a joint venture	21,621	-	-	-	215,122	236,743
	105,334	9,556	25,928	83,803	175,676	400,297
Realisation of profit upon completion of sale/ (Elimination of unrealised profit)	-	2,550	-	-	(7,437)	(4,887)
Profit before tax	105,334	12,106	25,928	83,803	168,239	395,410
Tax expense	(21,419)	(2,765)	(6,153)	(4,932)	(7,873)	(43,142)
Profit after tax	83,915	9,341	19,775	78,871	160,366	352,268

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

Business segment performance analysis: (Cont'd)

Items included in the business segment performance analysis are:

	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services RM'000	Consolidated RM'000
2019						
Revenue (Note 32)						
Interest income	-	-	-	-	60,983	60,983
Cost of Sales (Note 33)						
Depreciation and amortisation	(30)	(77)	(4,711)	-	-	(4,818)
Interest expense of lease liabilities	-	(5)	-	-	-	(5)
Funding costs	-	-	-	-	(19,619)	(19,619)
Write back/(down) of inventories:						
- finished goods	-	-	592	-	-	592
- raw materials	-	-	(83)	-	-	(83)
Other Income (Note 34)						
Fair valuation gain of:						
- biological assets	-	-	-	-	107	107
- retention sums	1,141	-	-	-	-	1,141
- securities at fair value through profit or loss	-	-	-	-	16	16
Foreign currency translations gains	-	-	19	404	-	423
Funds distribution income	7,511	493	-	-	2,232	10,236
Gain on disposal of plant and equipment	216	153	112	135	-	616
Interest income	4,777	144	405	524	1,356	7,206
Recovery of bad debts of capital financing	-	-	-	-	134	134
Write back of impairment losses on:						
- capital financing	-	-	-	-	87	87
- trade receivables	342	-	1,856	242	-	2,440
- other receivables	160	-	-	-	-	160
Administrative Expenses (Note 35)						
Depreciation and amortisation	(4,067)	(1,834)	(1,303)	(12,121)	(4,959)	(24,284)
Other Expenses (Note 36)						
Allowance for impairment losses on:						
- trade receivables	(271)	-	(1,958)	(3)	-	(2,232)
- other receivables	(785)	-	-	-	-	(785)
Fair valuation loss of investment properties	(1,308)	-	-	-	-	(1,308)
Foreign currency translations loss	-	-	(24)	(95)	(18)	(137)

NOTES TO THE FINANCIAL STATEMENTS
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3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

Business segment performance analysis: (Cont'd)

Items included in the business segment performance analysis are: (Cont'd)

	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services RM'000	Consolidated RM'000
2019 (Cont'd)						
Other Expenses (Note 36) (Cont'd)						
Loss on disposal of plant and equipment	-	-	-	(33)	-	(33)
Write off of:						
- bad debts on trade receivables	(500)	-	-	(172)	-	(672)
- plant and equipment	(24)	(13)	(1)	(101)	(2)	(141)
Finance Costs (Note 37)						
Amortisation of finance cost	-	-	-	-	(524)	(524)
Finance costs	(11,757)	(80)	(904)	(3,352)	(47,258)	(63,351)
2018						
Revenue (Note 32)						
Interest income	-	-	-	-	50,997	50,997
Cost of Sales (Note 33)						
Depreciation and amortisation	(94)	-	(4,821)	-	-	(4,915)
Funding costs	-	-	-	-	(16,800)	(16,800)
Write down of inventories:						
- completed properties held for sale	(275)	-	-	-	-	(275)
- finished goods	-	-	(3,061)	-	-	(3,061)
- raw materials	-	-	(359)	-	-	(359)
Other Income (Note 34)						
Dividend income	-	-	-	-	23	23
Effect of foreign currency translation upon maturity of cash flow hedge	(12)	-	-	-	-	(12)
Fair valuation gain of:						
- biological assets	-	-	-	-	64	64
- investment properties	61	-	-	-	-	61
- retention sums	1,834	-	-	-	-	1,834
Funds distribution income	5,219	297	-	-	1,153	6,669
Gain on disposal of property, plant and equipment	102	207	137	93,447	-	93,893

NOTES TO THE FINANCIAL STATEMENTS
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3. SEGMENT INFORMATION (CONT'D)

(a) Business segment analysis: (Cont'd)

Business segment performance analysis: (Cont'd)

Items included in the business segment performance analysis are: (Cont'd)

	Property RM'000	Construction RM'000	Industries RM'000	Hospitality RM'000	Financial Services RM'000	Consolidated RM'000
2018 (Cont'd)						
Other Income (Note 34) (Cont'd)						
Interest income	4,060	181	501	490	485	5,717
Recovery of bad debts of:						
- capital financing	-	-	-	-	2	2
- trade receivables	1,295	-	-	-	-	1,295
Reclassified from other comprehensive income for gain on fair value of cash flow hedge upon maturity	12	-	-	-	-	12
Write back of impairment losses on:						
- capital financing	-	-	-	-	231	231
- trade receivables	605	-	1,064	4	172	1,845
- other receivables	2	-	-	-	-	2
Administrative Expenses (Note 35)						
Depreciation and amortisation	(4,863)	(1,155)	(981)	(14,007)	(1,934)	(22,940)
Other Expenses (Note 36)						
Allowance for impairment losses on:						
- capital financing	-	-	-	-	(237)	(237)
- trade receivables	(537)	-	(2,172)	(42)	(1)	(2,752)
- other receivables	(2,740)	-	-	-	-	(2,740)
Foreign currency translation loss	-	-	(93)	(668)	(47)	(808)
Listing expenses	-	-	-	-	(12,332)	(12,332)
Loss on disposal of property, plant and equipment	-	-	-	(43)	-	(43)
Loss on fair valuation of securities at fair value through profit or loss	-	-	-	-	(51)	(51)
Write off of:						
- bad debts on trade receivables	(370)	-	-	-	(20)	(390)
- bad debts on other receivables	(346)	(306)	-	-	-	(652)
- plant and equipment	(241)	(476)	-	(3)	-	(720)
Finance Costs (Note 37)						
Amortisation of finance cost	-	-	-	-	(1,891)	(1,891)
Finance costs	(18,907)	-	(1,284)	(3,401)	(54,552)	(78,144)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments analysis:

The Group's operations are mainly based in Malaysia (for all the five core businesses), Australia (Property Development and Property Investment) and Vietnam (Cables). Other geographical segments mainly include investment holding entities in Singapore, British Virgin Islands and Cayman Islands.

	Note	Malaysia RM'000	Australia RM'000	Vietnam RM'000	Others RM'000	Consolidated RM'000
2019						
Revenue		1,168,300	-	39,223	-	1,207,523
Profit/(Loss) before tax		469,446	739	393	(50)	470,528
Non-current assets^		2,349,153	-	-#	-	2,349,153
Expenditure capitalised under:						
Property, plant and equipment	6(b)(i)	26,698	-	672	-	27,370
Investment properties	7(c)(i)	4,693	-	-	-	4,693
Intangible assets	10(b)	110	-	-	-	110
Right-of-use assets	11(b)(i)	699	-	-	-	699
		32,200	-	672	-	32,872
2018						
Revenue		1,165,454	301	38,332	-	1,204,087
Profit/(Loss) before tax		384,774	11,785*	(745)	(404)	395,410
Non-current assets^		2,282,416	-	5,415	-	2,287,831
Expenditure capitalised under:						
Property, plant and equipment	6(b)(i)	27,868	-	33	-	27,901
Investment properties	7(c)(i)	2,659	-	-	-	2,659
Intangible assets	10(b)	98	-	-	-	98
		30,625	-	33	-	30,658

^ Non-current assets exclude financial instruments, deferred tax assets and investments in associated companies and a joint venture.

Non-current assets of OVI Cables (Vietnam) Co., Ltd. has been reclassified to disposal group classified as held for sale.

* Included a gain on disposal of hotel property of RM17.5 million.

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4. CAPITAL MANAGEMENT

This note outlines an overview that shows how the Group manages its capital.

Capital is equivalent to issued capital and reserves attributable to the Owners of the Company or Shareholders' funds. The primary objectives of the Group's capital management are to ensure that it maintains optimum capital base and healthy capital ratios in order to sustain its future business development so that the Group is able to continue to provide returns and maximise Shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions by meeting the internal capital requirements, optimising return to Shareholders, maintaining adequate levels and optimum mix of capital. To meet these objectives, the Group may adjust the dividend payment to its Shareholders, return capital to Shareholders or issue new shares.

The Group monitors capital by actively managing the level of gearing which is the net debts divided by the Shareholders' funds. The gearing ratio at the end of the year is as follows:

	Note	Group	
		2019 RM'000	2018 RM'000
Medium term notes and Sukuk	24	1,180,928	1,109,519
Borrowings	25	1,197,604	1,365,195
Lease liabilities	11	29,695	-
Less: Cash, bank balances and short term funds	22	(585,844)	(528,611)
Net debts		1,822,383	1,946,103
Issued capital and reserves attributable to Owners of the Company/Shareholders' funds		4,989,463	4,597,538
Gearing ratio (times)		0.37	0.42

The Group manages its treasury centrally via a treasury management centre and allocates cash and financing to support business requirements. The Group is required to maintain a maximum gearing ratio of 1.50 times to comply with covenants, as disclosed in Notes 24(b)(i), 24(c)(i) and 24(d)(i). The Group has complied with these covenants throughout the year. During the year, the Group reduced its net debts by RM123.7 million and the Shareholders' funds strengthened by RM391.9 million. As a results, the gearing reduced to 0.37 times compared to 0.42 times a year ago.

NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT

This note outlines the types of key financial risks, measurements and respective mitigation strategies of the Group.

Types of risks and exposures	Note	Measurement	Strategies
(a) Liquidity risk			
Medium term notes and Sukuk	24	Cash flow forecasts	Right mix of short-mid-long terms fundings
Borrowings	25	Debts maturity analysis	Availability of committed lines and credit facilities
Trade payables	26		Monitoring of short terms funds
Lease liabilities	11		
Other liabilities, excluding provisions and deposits received	28		
(b) Market risk			
(i) Interest rate risk			
Deposits with licensed financial institutions	22	Sensitivity analysis	Diversification of bankers
Housing Development Accounts	22	Funding cost analysis	Diversification of borrowings types
Medium term notes and Sukuk	24		Centralisation of treasury management
Borrowings	25		
Lease liabilities	11		
(ii) Currency risk			
Trade receivables	15	Cash flow forecasts	Foreign currency forwards and cross-currency swap
Other assets, excluding prepayments and deposits paid	17	Sensitivity analysis	Foreign operations use local financing i.e. natural hedge
Cash, bank balances and short term funds	22		
Borrowings	25		
Trade payables	26		
Other liabilities, excluding provisions and deposits received	28		
(c) Credit risk			
Capital financing	14	Credit ratings	Securing of adequate collaterals
Trade receivables	15	Ageing analysis	Diversification of deposits with bankers
Contract assets	16	Creditworthiness	Guidelines for short term placements
Other assets, excluding prepayments and deposits paid	17		
Bank balances and short term funds	22		
Financial guarantees given to licensed financial institution for credit facilities granted to its associated company and joint venture	43		

NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT (CONT'D)

The Group's Enterprise Risk Management framework outlines the governance and controls application of risk management throughout our business operations and finance processes. In addition, the treasury management centre together with the business units team identifies, evaluates and manages financial risks.

There were no material changes in the exposures to risks and how they arise or its objectives, policies and processes for managing the risks and the methods used to measure the risks from the previous year.

Objectives and policies

The Group's and the Company's financial risk management policies and guidelines are established to ensure that financial resources are adequately available for business development whilst managing the financial risks that are expanded by the Group i.e. liquidity risk, market risk and credit risk which market risk includes interest rate risk and currency risk. The Group also manages and allocates its capital resources centrally to ensure that all business units maintain the required level of capital and prudent level of liquidity at all times.

The Board of Directors embrace effective risk management as an integral part of the Group business, operations and decision making process. The Board acknowledges that the activities of the Group may involve some degree of risks and it should be noted that any system could only provide a reasonable and not absolute assurance against any misstatement or loss.

The Board will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by its business units as well as regularly reviewing and enhancing risk mitigation strategies.

The key financial risks exposure of the Group and the Company are elaborated below:

(a) Liquidity risk

Liquidity risk definition and strategy

Liquidity risk is the risk that the Group and the Company will encounter difficulties in maintaining and raising funds to meet its financial commitments and obligations when they fall due at a reasonable cost. Funding needs of the Group and the Company are primarily met by bank borrowings and internally generated funds.

The Group and the Company seek to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. The Group's and the Company's policy seeks to ensure that all projected net borrowing needs are covered by adequate committed facilities. In addition, debt maturities are right mix of short-mid-long terms and closely monitored to ensure that the Group and the Company are able to meet its refinancing needs and obligations as and when they fall due.

Cash flow forecasts, taking into account all major transactions, are prepared and monitored. Any excess funds from operating cash cycles, which are temporary in nature, are invested in short term funds as and when available with a wide array of licensed financial institutions at the most beneficial interest rates.

The Group and the Company manage the funding needs and allocates funds in such manner that all business units maintain optimum levels of liquidity which are sufficient for their operations.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Liquidity risk (Cont'd)

Liquidity risk exposures

The table below analyses the Group's and the Company's financial liabilities into relevant maturity grouping based on the remaining period at the end of the year to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and the balances shown below will not agree to the balances as reported in the statements of financial position as the table incorporates all contractual cash flows on an undiscounted basis, including both principal and interest payments.

Group

	On demand or within 1 year RM'000	>1 to 2 years RM'000	>2 to 5 years RM'000	Over 5 years RM'000	Total contractual undis-counted cash flows RM'000
2019					
Medium term notes and Sukuk	78,822	208,567	710,009	430,457	1,427,855
Borrowings	974,408	50,519	133,849	89,557	1,248,333
Trade payables	80,079	14,330	3,213	-	97,622
Lease liabilities	9,549	8,983	13,845	-	32,377
Other liabilities, excluding provisions and deposits received	412,406	-	-	-	412,406
	1,555,264	282,399	860,916	520,014	3,218,593
2018					
Medium term notes and Sukuk	95,595	241,007	706,397	275,795	1,318,794
Borrowings	964,720	60,333	259,914	171,684	1,456,651
Trade payables	116,470	20,168	-	-	136,638
Other liabilities, excluding provisions and deposits received	400,647	-	-	-	400,647
	1,577,432	321,508	966,311	447,479	3,312,730

NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Liquidity risk (Cont'd)

Liquidity risk exposures (Cont'd)

Company

	On demand or within 1 year RM'000	>1 to 2 years RM'000	>2 to 5 years RM'000	Over 5 years RM'000	Total contractual undis -counted cash flows RM'000
2019					
Medium term notes	12,706	86,440	197,073	-	296,219
Borrowings	40,154	-	-	-	40,154
Lease liabilities	1,207	564	-	-	1,771
Other liabilities, excluding provisions	1,982	-	-	-	1,982
	56,049	87,004	197,073	-	340,126
Amounts due to subsidiary companies	389,586	-	-	-	389,586
	445,635	87,004	197,073	-	729,712
2018					
Medium term notes	71,270	216,616	404,251	-	692,137
Borrowings	35,797	-	-	-	35,797
Other liabilities, excluding provisions	384	-	-	-	384
	107,451	216,616	404,251	-	728,318
Amounts due to subsidiary companies	229,639	-	-	-	229,639
	337,090	216,616	404,251	-	957,957

NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market conditions. The Group is exposed to two types of market risk i.e. interest rate risk and currency risk while the Company is only exposed to interest rate risk. Management continually evaluates risk arising from adverse movements in market prices or rates. External conditions such as global and domestic economic climates that are generally unpredictable and uncontrollable may affect the overall performance of the Group.

(i) Interest rate risk

Interest rate risk definition and strategy

Interest rate risk is the risk that the fair value or yield (i.e. future cash flows) of a financial instrument will fluctuate because of changes in market interest rates. The Group and the Company manage the floating rate borrowings based on respective licensed financial institutions' cost of funds or base rates to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The floating rate borrowings are monitored and negotiated according to changes in the interest rates to ensure that the Group and the Company are benefited from the lowest possible finance cost.

The Group's and the Company's interest rate risk mainly arise from long term borrowings with variable rates which expose the Group and the Company to cash flow interest rate risk. The Group's and the Company's borrowings at variable rates were mainly denominated in RM. The borrowings carried at amortised cost are periodically and contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

Interest rate risk exposures

The financial instruments of the Group and the Company that are exposed to interest rate risk are disclosed in Notes 11, 22, 24 and 25.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group's and the Company's profit after tax if interest rates had been an average of 25 (2018: 25) basis points higher/lower for the Group and the Company, with all other variables remain constant, arising mainly as a result of higher/lower net interest income from the capital financing and interest expense of the Group's and the Company's borrowings.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit after tax				
Interest rates				
- increased by 0.25%	(3,043)	(3,627)	(1,320)	(1,672)
- decreased by 0.25%	3,043	3,627	1,320	1,672

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risk (Cont'd)

(ii) Currency risk

Currency risk definition and strategy

Currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group predominantly operates in Malaysia. The Group also carries out its business in Australia and Vietnam. Certain subsidiary companies in the Group transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises when transactions are denominated in foreign currencies which is minimal for the financial assets and liabilities of the Group. Despite the foregoing, the Group uses currency forwards or cross-currency swap to mitigate currency risk when appropriate.

The Company's financial assets and financial liabilities are denominated in RM.

Currency risk exposures

The following tables summarised the currency exposure of financial assets and financial liabilities of the Group as at year end which are mainly in Ringgit Malaysia ("RM") and Australian Dollar ("AUD") (2018: RM, AUD and Vietnamese Dong ("VND")). Exposure to other currencies mainly include United States Dollar ("USD"), Hong Kong Dollar, Singapore Dollar and Euro.

Group

		Denominated in			
	Note	RM RM'000	AUD RM'000	Others RM'000	Total RM'000
2019					
Financial assets					
Capital financing	14	777,186	-	-	777,186
Trade receivables	15	280,612	-	1	280,613
Other assets, excluding prepayments and deposits paid	17	11,316	55	221	11,592
Cash, bank balances and short term funds	22	582,192	3,463	189	585,844
		1,651,306	3,518	411	1,655,235
Financial liabilities					
Medium term notes and Sukuk	24	1,180,928	-	-	1,180,928
Borrowings	25	1,197,604	-	-	1,197,604
Trade payables	26	95,863	-	1,759	97,622
Lease liabilities	11	29,695	-	-	29,695
Other liabilities, excluding provisions and deposits received	28	412,406	-	-	412,406
		2,916,496	-	1,759	2,918,255

NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

Currency risk exposures (Cont'd)

Group (Cont'd)

	Note	Denominated in RM RM'000	AUD RM'000	VND RM'000	Others RM'000	Total RM'000
2018						
Financial assets						
Capital financing	14	565,974	-	-	-	565,974
Trade receivables	15	272,826	-	7,961	666	281,453
Other assets, excluding prepayments and deposits paid	17	94,062	68	622	-	94,752
Cash, bank balances and short term funds	22	517,591	6,985	3,958	77	528,611
		1,450,453	7,053	12,541	743	1,470,790
Financial liabilities						
Medium term notes and Sukuk	24	1,109,519	-	-	-	1,109,519
Borrowings	25	1,361,456	-	3,739	-	1,365,195
Trade payables	26	128,183	-	5,329	3,126	136,638
Other liabilities, excluding provisions and deposits received	28	400,277	12	358	-	400,647
		2,999,435	12	9,426	3,126	3,011,999

The Group holds cash and bank balances denominated in foreign currencies for working capital purposes. To a certain extent, the cash forms a natural hedge against a borrowing denominated in a foreign currency.

The Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations are managed through borrowings denominated in the relevant foreign currencies. During the year, there is no other significant foreign exchange risk arising from foreign currency transactions that may affect the overall activities of the Group.

Company

The Company is not exposed to foreign currency exchange risks, hence currency risk disclosure for the Company is not presented.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

Sensitivity analysis for currency risk

The following table demonstrates sensitivity analysis of the Group's profit after tax to a reasonably possible change in AUD exchange rate against the functional currency of the Group entities, with all other variables held constant. The sensitivity analysis includes only significant outstanding balances denominated in foreign currency.

	Group	
	2019 RM'000	2018 RM'000
Profit after tax		
AUD/RM		
- strengthen by 3%	80	43
- weaken by 3%	(80)	(43)

(c) Credit risk

Credit risk definition, strategy and exposures

Credit risk is the risk of potential financial loss to the Group and the Company arising from the failure of a counterparty to fulfill its obligations under a contractual agreement and include settlement/clearing risk, concentration risk, credit assessment risk, recovery risk and credit-related liquidity risk.

The credit risk exposure of the Group arises principally from capital financing, trade receivables, contract assets, other receivables, bank balances, short term funds and financial guarantee given to licensed financial institutions for credit facilities granted to its associated company and joint venture. The Company's exposure to credit risk arises principally from bank balances, short term funds, amounts due from subsidiary companies and financial guarantee given to licensed financial institutions for credit facilities granted to its subsidiary companies and associated company.

The Group's and the Company's business activities are guided by internal credit policies and guidelines that are approved by the Board of Directors, which have been established to ensure that the overall objectives in the area of lending are achieved. The Group and the Company conservatively manage its credit risk by controlling on granting of credits, revision in limits and other monitoring procedures.

The balances reported in the statements of financial position are already netted off the credit risk exposure of the Group and of the Company through the impairment assessment carried out.

NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (Cont'd)

Impairment assessment

The Group adopts 'simplified approach' and 'general approach' impairment assessment pursuant to MFRS 9 'Financial Instruments' for impairment assessment and the related assessments are disclosed in Notes 14, 15, 16, 17 and 19.

Allowance for impairment losses are made and interest income is recognised in accordance with the relevant accounting policies or when deemed necessary based on estimates of expected losses that may arise from non-collection of debts from its business. Impairment is made based on individual assessment only when avenues of recovery have been exhausted and the debts are deemed to be irrecoverable in the foreseeable future.

The Group and the Company assess their subsidiary companies', associated company's and joint venture's abilities to repay or service their advances and borrowings on an individual basis. The Company assumes that there is a significant increase in credit risk when a subsidiary company's or associated company's or joint venture's financial position deteriorates significantly. The Group and the Company consider the amounts due from subsidiary companies and financial guarantee to be credit impaired when such subsidiary company or associated company or joint venture is unable to meet its debts when due after exhausted its capability to secure new financing. It requires management to exercise significant judgement in determining the probability of default of the advances and financial guarantee, appropriate forward-looking information and significant increase in credit risk. The maximum credit risk exposure of the Company arising from the amounts due from subsidiary companies are represented by their carrying amounts in the statements of financial position as disclosed in Note 19. The maximum credit risk exposure of the financial guarantee issued is limited to the credit amount utilised of RM2.2 billion (2018: RM1.4 billion) for the Company and RM0.4 billion (2018: RM0.2 billion) for the Group as disclosed in Note 43. Amounts due from subsidiary companies and the financial guarantee have low credit risk at the end of the year as the amounts due from subsidiary companies are fully recoverable and financial guarantee is unlikely to be called by the licensed financial institutions.

The Group and the Company also have credit risk exposures on its bank balances and short term funds. The bank balances and short term funds are placed with creditworthy licensed financial institutions. Therefore, the Group and the Company assessed both bank balances and short term funds as having low credit risk during the year.

6. PROPERTY, PLANT AND EQUIPMENT

This note provides information about the fixed assets held by the Group and the Company to generate business income.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Freehold land and golf course on freehold land	180,486	180,486	-	-
Leasehold land	-	50,418	-	-
Buildings and jetty	333,111	336,115	-	-
Plant and machinery	19,264	24,620	-	-
Motor vehicles and boats	3,641	4,834	327	393
Furniture, fittings, equipment and renovation	49,589	36,936	686	624
Capital-in-progress	4,720	11,610	-	-
Bearer plant	14,707	15,611	-	-
	605,518	660,630	1,013	1,017

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Group	
	2019 RM'000	2018 RM'000
Net carrying amount analysed by business segments:		
Property	174,932	177,961
Construction	5,730	9,251
Industries	70,353	79,546
Hospitality	337,064	338,487
Financial services	17,439	55,385
	605,518	660,630

The movement of each category of property, plant and equipment is disclosed in Note (b)(i). All the property, plant and equipment are in used for businesses.

(a) Recognition, measurement and significant judgement

Property, plant and equipment are initially measured at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and golf course on freehold land are not depreciated. Capital-in-progress is not depreciated until such time when the asset is available for use.

Depreciation is calculated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. The estimated useful life represents common life expectancies applied in the industry within which the Group and the Company operate. The principal depreciation periods and annual rates used are as follows:

	Years	Percentage (%)
Leasehold land	40 - 98	1 - 3
Buildings and jetty	24 - 60	1 - 4
Plant and machinery	5 - 10	10 - 20
Motor vehicles and boats	5 - 7	15 - 20
Furniture, fittings, equipment and renovation	5 - 10	10 - 20
Bearer plants	22	5

Residual value, useful life and depreciation method are reviewed at the end of the year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. At the end of the year, the Group and the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An impairment is accounted for if the carrying amount exceeds the recoverable amount.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

During the previous year, the Group had assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance lease in accordance with MFRS 117 'Leases'.

NOTES TO THE FINANCIAL STATEMENTS
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6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Other information

(i) Movement of property, plant and equipment

Group

	Note	Freehold land and golf course on freehold land RM'000	Leasehold land RM'000	Buildings and jetty RM'000	Plant and machinery RM'000	Motor vehicles and boats RM'000	Furniture, fittings, equipment and renovation RM'000	Capital-in-progress RM'000	Bearer plant RM'000	Total RM'000
2019										
Cost										
At the beginning of the year		180,486	60,526	460,385	129,161	16,174	124,539	13,730	18,058	1,003,059
Reclassified to right-of-use assets upon adoption of MFRS 16	11(b)(i)	-	(60,526)	-	-	-	-	-	-	(60,526)
		180,486	-	460,385	129,161	16,174	124,539	13,730	18,058	942,533
Additions	3(a),3(b)	-	-	2,485	1,007	668	15,867	7,343	-	27,370
Disposals		-	-	-	(6,167)	(1,212)	(844)	-	-	(8,223)
Write off	(b)(iv)	-	-	-	(931)	-	(1,672)	-	-	(2,603)
Foreign currency translation differences		-	-	(43)	(34)	(4)	(4)	-	-	(85)
Reclassification		-	-	7,936	-	-	5,680	(13,616)	-	-
Reclassified to disposal group held for sale	23	-	-	(4,665)	(3,529)	(291)	(130)	(617)	-	(9,232)
At the end of the year		180,486	-	466,098	119,507	15,335	143,436	6,840	18,058	949,760
Accumulated depreciation										
At the beginning of the year		-	10,108	113,893	104,541	11,340	87,603	-	2,447	329,932
Reclassified to right-of-use assets upon adoption of MFRS 16	11(b)(i)	-	(10,108)	-	-	-	-	-	-	(10,108)
		-	-	113,893	104,541	11,340	87,603	-	2,447	319,824
Charge for the year	(b)(iii)	-	-	9,723	6,183	1,815	8,325	-	904	26,950
Disposals		-	-	-	(6,133)	(1,212)	(422)	-	-	(7,767)
Write off	(b)(iv)	-	-	-	(931)	-	(1,531)	-	-	(2,462)
Foreign currency translation differences		-	-	(10)	(33)	(3)	(1)	-	-	(47)
Reclassified to disposal group held for sale	23	-	-	(996)	(3,384)	(246)	(127)	-	-	(4,753)
At the end of the year		-	-	122,610	100,243	11,694	93,847	-	3,351	331,745
Accumulated impairment										
At the beginning/end of the year		-	-	10,377	-	-	-	2,120	-	12,497
Net carrying amount		180,486	-	333,111	19,264	3,641	49,589	4,720	14,707	605,518

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Other information (Cont'd)

(i) Movement of property, plant and equipment (Cont'd)

Group (Cont'd)

	Note	Freehold land and golf course on freehold land RM'000	Leasehold land RM'000	Buildings and jetty RM'000	Plant and machinery RM'000	Motor vehicles and boats RM'000	Furniture, fittings, equipment and renovation RM'000	Capital-in-progress RM'000	Bearer plant RM'000	Total RM'000
2018										
Cost										
At the beginning of the year		180,960	60,529	559,967	132,508	16,883	146,403	4,230	17,768	1,119,248
Additions	3(a),3(b)	-	-	1,558	773	862	14,917	9,501	290	27,901
Disposals	(b)(v)	(3,338)	-	(101,132)	(676)	(1,570)	(35,345)	(1)	-	(142,062)
Write off	(b)(iv)	-	-	-	(3,437)	-	(1,436)	-	-	(4,873)
Foreign currency translation differences		-	(3)	(8)	(7)	(1)	-	-	-	(19)
Reclassified from investment properties	7(c)(i)	2,864	-	-	-	-	-	-	-	2,864
At the end of the year		180,486	60,526	460,385	129,161	16,174	124,539	13,730	18,058	1,003,059
Accumulated depreciation										
At the beginning of the year		-	9,630	124,348	100,180	10,863	106,108	-	1,761	352,890
Charge for the year	(b)(iii)	-	478	11,486	8,419	2,028	8,646	-	686	31,743
Disposals	(b)(v)	-	-	(21,941)	(675)	(1,551)	(26,445)	-	-	(50,612)
Write off	(b)(iv)	-	-	-	(3,380)	-	(706)	-	-	(4,086)
Foreign currency translation differences		-	-	-	(3)	-	-	-	-	(3)
At the end of the year		-	10,108	113,893	104,541	11,340	87,603	-	2,447	329,932
Accumulated impairment										
At the beginning/end of the year		-	-	10,377	-	-	-	2,120	-	12,497
Net carrying amount		180,486	50,418	336,115	24,620	4,834	36,936	11,610	15,611	660,630

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Other information (Cont'd)

(i) Movement of property, plant and equipment (Cont'd)

Company

	Note	Motor vehicles RM'000	Furniture, fittings, equipment and renovation RM'000	Total RM'000
2019				
Cost				
At the beginning of the year		464	847	1,311
Additions		-	201	201
Write off	(b)(iv)	-	(2)	(2)
At the end of the year		464	1,046	1,510
Accumulated depreciation				
At the beginning of the year		71	223	294
Charge for the year	(b)(iii)	66	138	204
Write off	(b)(iv)	-	(1)	(1)
At the end of the year		137	360	497
Net carrying amount		327	686	1,013
2018				
Cost				
At the beginning of the year		464	784	1,248
Additions		-	63	63
At the end of the year		464	847	1,311
Accumulated depreciation				
At the beginning of the year		5	105	110
Charge for the year	(b)(iii)	66	118	184
At the end of the year		71	223	294
Net carrying amount		393	624	1,017

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Other information (Cont'd)

(ii) Assets pledged as security

Property, plant and equipment of certain subsidiary companies with the following carrying amounts are pledged to licensed financial institutions for credit facilities granted to subsidiary companies:

	Note	Group	
		2019 RM'000	2018 RM'000
Freehold land and golf course on freehold land		55,890	55,890
Buildings and jetty		141,882	145,685
	25(c)	197,772	201,575

(iii) Depreciation charge

The total depreciation charge is as follows:

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Recognised in profit or loss:					
- Cost of sales	33(b)	4,713	4,909	-	-
- Administrative expenses	35	20,076	22,583	204	184
Charged to contract assets and liabilities in relation to construction contracts	16(b)(ii)	2,161	4,251	-	-
	(b)(i)	26,950	31,743	204	184

(iv) Write off

The plant and equipment written off are as follows:

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cost		2,603	4,873	2	-
Accumulated depreciation		(2,462)	(4,086)	(1)	-
Net carrying amount		141	787	1	-
Recognised in profit or loss:					
- Other expenses	36	141	720	1	-
Charged to contract assets and liabilities in relation to construction contracts	16(b)(ii)	-	67	-	-
	(b)(i)	141	787	1	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Other information (Cont'd)

(v) Other relevant information

On 18 July 2018, the Group disposed a hotel property at Kuala Lumpur and recognised a gain of RM76.0 million in profit or loss and the balance sum receivable is disclosed in Note 17(b)(i).

7. INVESTMENT PROPERTIES

This note provides information about the investment properties held by the Group to generate rental income and benefit from capital appreciation.

		Group	
	Note	2019 RM'000	2018 RM'000
Investment properties	(c)(i)	452,829	451,301
Investment property under construction	(c)(i)	11,951	-
		464,780	451,301
Carrying amount analysed by business segments:			
Property		464,515	451,036
Industries		265	265
		464,780	451,301

(a) Recognition and measurement

Investment properties comprise properties held for rental yields or capital appreciation or both and are not occupied by the Group.

Investment properties are initially measured at acquisition cost, being the fair value of consideration paid, including related transaction costs and subsequently measured at fair value. Investment property under construction is measured at fair value if the fair value is considered reliable, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed. Therefore, it is measured at cost until either the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed off when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Gains or losses arising from changes in the fair values of investment properties during the year are recognised in the profit or loss.

Investment properties are derecognised when either they have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal during the year are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

7. INVESTMENT PROPERTIES (CONT'D)

(b) Fair value measurement and significant judgement

(i) Valuation process overview

The Group's investment properties are valued by independent professionally qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes. Below are the key review processes carried out each year:

(1) Verification of all major inputs to the independent valuation report;

(2) Assessment of property valuation movements when compared to the prior year valuation report; and

(3) Discussions with the independent valuer.

(ii) Valuation techniques adopted

Pursuant to MFRS 13 'Fair Value Measurement', the Group establishes a fair value hierarchy that is categorised into three levels of inputs for valuation techniques which are used to measure fair value.

The carrying amount of the assets can be categorised into the fair value hierarchy as follows:

(1) Level 1, using unadjusted active market price of identified assets.

(2) Level 2, valuation techniques which all inputs that have a significant effect on the recorded fair values are observable for the asset, using the market approach (comparison method) which uses observable inputs (including prices and other relevant information generated by market transactions involving identical or comparable/similar assets).

(3) Level 3, valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data for the asset, using investment, residual, income capitalisation, cost and comparison methods based on inputs which are not observable market data.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

7. INVESTMENT PROPERTIES (CONT'D)

(b) Fair value measurement and significant judgement (Cont'd)

(iii) Fair value measurement of investment properties

The Group engaged independent valuation specialists to determine fair values of certain investment properties when required. The fair value was determined using income capitalisation method, comparison method and/or cost method.

The key inputs for income capitalisation method include:

(1) Estimated rental/income : based on income and period of the existing lease agreement

(2) Term rate : capitalisation rate for term of lease based on current rate of return of the properties in market

(3) Reversion rate : capitalisation rate for perpetuity based on current rate of return of the properties in market

(4) Void allowance : based on the current occupancy rate in the market according to the type and location of the properties

The comparison method analyses recent transactions and asking price of similar properties in the larger locality with applicable adjustments made for differences in location, size etc.

Under cost method, the land and the building of a property are valued separately. The value of the land is derived based on comparison method where its analyses recent transactions and asking price of similar properties. The value of the building is based on the estimated replacement cost less depreciation. The estimated replacement cost is the amount required to rebuild the entire building based on current market price for labour, materials, equipment and construction technique. The depreciation is based on the age and condition of the building to estimate the remaining useful life of the building.

The increase/(decrease) in the estimated rental income or replacement cost would result in a higher/(lower) fair value of the investment property. The higher/(lower) term rate, reversion rate, void allowance or depreciation would otherwise result in lower/(higher) fair value of the investment property.

The carrying amount of the investment properties are categorised into the fair value hierarchy as follows:

		Group	
	Note	2019 RM'000	2018 RM'000
Level 1		-	-
Level 2		10,309	9,576
Level 3	(b)(iv)	442,520	441,725
		452,829	451,301

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

7. INVESTMENT PROPERTIES (CONT'D)

(b) Fair value measurement and significant judgement (Cont'd)

(iv) Fair value reconciliation of investment properties measured at Level 3

Group

	Shopping mall, supermarket premises and car park RM'000	Others RM'000	Total RM'000
2019			
At the beginning of the year	434,851	6,874	441,725
Expenditure incurred	1,914	-	1,914
(Loss)/Gain on fair valuation	(5,358)	4,239	(1,119)
At the end of the year	431,407	11,113	442,520
2018			
At the beginning of the year	432,213	6,874	439,087
Expenditure incurred	1,973	-	1,973
Gain on fair valuation	665	-	665
At the end of the year	434,851	6,874	441,725

The investment properties measured at Level 3 are using the following significant unobservable inputs in the valuation model:

Property category	Valuation technique	Significant unobservable inputs	Group 2019	Group 2018
Shopping mall	Comparison	Adjusted property value (RM)	710 - 809 per sqft	710 - 809 per sqft
Supermarket premises	Income Capitalisation	Estimated rental (RM'000)	7,386	7,386
		Term rate	5.75% - 7.00%	5.75% - 7.00%
		Reversion rate	7.25% - 8.00%	7.25% - 8.00%
		Void allowances	5.00%	5.00%
Car park	Comparison	Adjusted car park value (RM'000)	43 - 45 per bay	43 - 45 per bay
Others	Income Capitalisation	Estimated rental (RM'000)	265	265
		Term rate	5.75%	5.75%
		Reversion rate	7.25%	7.25%
		Discount rate	4.68% - 4.87%	4.87%
	Cost	Land value (RM)	25 - 35 per sqft	-
		Building value (RM)	50 - 60 per sqft	-

NOTES TO THE FINANCIAL STATEMENTS
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7. INVESTMENT PROPERTIES (CONT'D)

(c) Other information

(i) Movement of investment properties

	Note	Group 2019 RM'000	Group 2018 RM'000
Investment properties, at fair value			
At the beginning of the year		451,301	693,318
Disposals		-	(241,873)
Expenditure incurred	3(a),3(b)	2,836	2,659
(Loss)/Gain on fair valuation recognised in profit or loss	36,34	(1,308)	61
Reclassified to property, plant and equipment	6(b)(i)	-	(2,864)
At the end of the year		452,829	451,301
Investment property under construction, at cost			
At the beginning of the year		-	18,208
Expenditure incurred	3(a),3(b)	1,857	-
Reclassified from inventories	12(b)(ii)	10,094#	-
Disposals		-	(18,208)
At the end of the year		11,951	-
		464,780	451,301

The Group's strategy is to reclassify certain commercial units to investment property under construction from property development expenditure for the purpose of generating rental income upon completion.

(ii) Rental income and direct expenses

The investment properties of the Group comprise shopping mall, supermarket premises, office buildings, shop offices, commercial units, residential units and car parks. The expenditure incurred under investment properties during the year mainly represents additional costs incurred for the existing investment properties. Rental income and direct expenses arising from investment properties during the year are as follows:

	Group 2019 RM'000	Group 2018 RM'000
Rental income generated	32,151	27,450
Direct expenses - income generated	14,759	17,278

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

7. INVESTMENT PROPERTIES (CONT'D)

(c) Other information (Cont'd)

(iii) Other relevant information

Investment properties of certain subsidiary companies with a carrying amount of RM409.3 million (2018: RM409.3 million) are pledged to licensed financial institutions to secure Tranche 1 of MTN 3 issued and term borrowings as disclosed in Notes 24(d)(ii), 24(f) and 25(c) (2018: term borrowings granted to the subsidiary companies as disclosed in Note 25(c)).

No restriction on realisability of investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

8. INVESTMENTS IN SUBSIDIARY COMPANIES

This note provides information about the investments in subsidiary companies to generate dividend income.

	Note	Company	
		2019 RM'000	2018 RM'000
Unquoted shares in Malaysia	(d)(i)	1,554,030	1,562,901
Fair value of financial guarantee given to licensed financial institutions for credit facilities granted to certain subsidiary companies		15,791	15,791
		1,569,821	1,578,692

(a) Recognition, measurement and significant judgement

Subsidiary companies are all entities, including any structured entities, over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiary companies are stated at cost, measured at the fair value of consideration paid, and subsequently carried at cost less accumulated impairment losses, if any.

The Company reviews the investments in subsidiary companies for impairment when there is an indication of impairment at the end of the year. The recoverable amounts of the investments in subsidiary companies are assessed by reference to the fair value less cost to sell of the underlying assets or value-in-use of subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) Changes in Group's composition for the year ended 31 December 2019

(i) Acquisitions of additional equity interests from non-controlling interests of PJ Development Holdings Berhad ("PJDH"), a subsidiary company of the Company

During the year, the Company further acquired 66,200 ordinary shares of PJDH at an average price of RM1.20 amounting to RM79,440. The acquisitions of additional equity interests from non-controlling interests of PJDH have the following effects to the Group:

	RM'000
Net assets acquired from non-controlling interests	(170)
Gains on consolidation recognised in equity	91
Cash outflow on acquisitions of additional ordinary shares in PJDH	(79)

(ii) Issuance of 171,400 PJDH's ordinary shares pursuant to conversion of PJDH's Warrants C

During the year, PJDH issued 171,400 new ordinary shares for cash pursuant to the exercise of warrants at an exercise price of RM1.00 cash for the equivalent numbers by the registered holders. The effects of the new issuance of ordinary shares in PJDH are as follows:

	RM'000
Net assets upon issuance of new ordinary shares	427
Loss on consolidation recognised in equity	(256)
Cash inflow on exercise of warrants in PJDH	171

Pursuant to (i) and (ii) above, the Company's effective interest in:

- PJDH's ordinary shares decreased from 96.96% to 96.94%; and
- PJDH's warrants increased from 91.88% to 91.99%.

(iii) Acquisition of OSK Design Sdn. Bhd. ("OSKD") (f.k.a. Evolusi Esplanad Sdn. Bhd.) and OSK Building Materials Sdn. Bhd. ("OSKBM") (f.k.a. Pinggiran Prestasi Sdn. Bhd.)

On 26 June 2019, PJDH, a subsidiary company of the Company, acquired 100% equity interests in OSKD and OSKBM for a total consideration of RM2.00 for each company. The issued and paid up capital of both companies are RM2.00 comprising two ordinary shares for each company.

On 15 July 2019, OSKBM changed its name to OSK Supplies Sdn. Bhd. ("OSKS").

On 19 September 2019, the Company acquired 100% equity interests in OSKD and OSKS for a total consideration of RM2.00 for each company. The acquisitions did not have any material financial impact to the Group.

On 30 September 2019, the Company subscribed for 749,998 and 299,998 new ordinary shares in OSKD and OSKS at total cash of RM749,998 and RM299,998 respectively. Accordingly, the issued and paid up ordinary share capital of OSKD and OSKS increased from RM2.00 to RM750,000 and RM300,000 respectively. These capital injections are meant for working capital purpose. The Company's equity interests in OSKD and OSKS remained at 100%.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) Changes in Group's composition for the year ended 31 December 2019 (Cont'd)

(iv) Striking off of dormant companies

On 22 July 2019, Dikir Venture Sdn. Bhd. ("DV") and Perspektif Pertama Sdn. Bhd. ("PP"), both are dormant companies and wholly-owned subsidiary companies of OSK Property Holdings Berhad ("OSKPH"), which in turn are subsidiary companies of the Company, had been struck off from the register and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the CA2016 in the Gazette on 22 July 2019. The striking off of DV and PP did not have any material financial impact to the Group.

On 11 November 2019, Dikir Dagang Sdn. Bhd. ("DD"), a dormant company and wholly-owned subsidiary company of OSKPH, which in turn is a subsidiary company of the Company, applied to the Companies Commission of Malaysia for striking off pursuant to Section 550 of the CA2016. The application for striking off such company is pending for approval of the Companies Commission of Malaysia. The striking off of DD is not expected to have any material financial impact to the Group.

(c) Changes in Group's composition for the year ended 31 December 2018

(i) Acquisitions of additional equity interests from non-controlling interests of PJDH

During the previous year, the Company further acquired 207,100 ordinary shares of PJDH at average price of RM1.50 amounting to RM310,650. The acquisitions of additional equity interests from non-controlling interests of PJDH have the following effects to the Group:

	RM'000
Net assets acquired from non-controlling interests	(487)
Gains on consolidation recognised in equity	176
Cash outflow on acquisitions of additional ordinary shares in PJDH	(311)

(ii) Issuance of 16,100 PJDH's ordinary shares pursuant to conversion of PJDH's Warrants C

During the previous year, PJDH issued 16,100 new ordinary shares for cash pursuant to the exercise of warrants at an exercise price of RM1.00 cash for the equivalent numbers by the registered holders. The effects of the new issuance of ordinary shares in PJDH are as follows:

	RM'000
Net assets upon issuance of new ordinary shares	40
Loss on consolidation recognised in equity	(24)
Cash inflow on exercise of warrants in PJDH	16

Pursuant to (i) and (ii) above, the Company's effective interest in:

- PJDH's ordinary shares increased from 96.93% to 96.96%; and
- PJDH's warrants increased from 91.87% to 91.88%.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Changes in Group's composition for the year ended 31 December 2018 (Cont'd)

(iii) Incorporation of L26 Tower Sdn. Bhd.

On 17 January 2018, OSKPH, a subsidiary company of the Company, incorporated a wholly-owned subsidiary company, L26 Tower Sdn. Bhd., with an issued and paid up capital of RM1,000 comprising 1,000 ordinary shares. This company is dormant.

(iv) Incorporation of OSK I CM Sdn. Bhd. ("OSKICM")

On 18 January 2018, the Company incorporated a wholly-owned subsidiary company, OSKICM, with an issued and paid up capital of RM1,000 comprising 1,000 ordinary shares. This company is the issuer of medium term notes and Sukuk as disclosed in Notes 24(c) and 24(d).

(v) Subscription of ordinary shares and conversion of Redeemable Convertible Preference Shares ("RCPS") in OSK Realty Sdn. Bhd. ("OSKRealty")

On 27 February 2018, the Company subscribed for 30,000,000 new ordinary shares in OSKRealty, a wholly-owned subsidiary company of the Company, for a cash consideration of RM30,000,000 for working capital purpose. On 18 October 2018, the Company converted 75,000,000 RCPS of RM1.00 each into 75,000,000 new ordinary shares in OSKRealty.

Accordingly, the issued and paid up ordinary share capital of OSKRealty increased from RM174,000,000 to RM279,000,000. The Company's equity interest in OSKRealty remained at 100%.

(vi) Subscription of ordinary shares in OSK Capital Management Sdn. Bhd. ("OSKCM")

On 23 March 2018, the Company subscribed for 300,000 new ordinary shares in OSKCM, a wholly-owned subsidiary company of the Company, of which RM134,947 was by way of capitalisation of amount due by OSKCM to the Company and RM165,053 by way of cash for its working capital purpose.

Accordingly, the issued and paid up ordinary share capital of OSKCM increased from RM1,000,000 to RM1,300,000. The Company's equity interest in OSKCM remained at 100%.

(vii) Listing of the shares of OCC Cables Limited ("OCL"), an indirect subsidiary company of the Company, on the Main Board of The Stock Exchange of Hong Kong Limited ("HK Exchange") ("the Listing")

On 26 March 2018, the Company announced on Bursa Securities that the Company was considering to list its cables business on the Main Board operated by HK Exchange.

On 27 March 2018, PJDH acquired the entire issued and paid up capital of OSK Industries Limited ("OSKIL"), a subsidiary company of PJDH, which in turn is a subsidiary company of the Company, an exempted company incorporated in the Cayman Islands from Reid Services Limited for a total consideration of HKD0.01. Subsequent to the aforesaid acquisition, PJDH had on even date further subscribed for 19,999,999 ordinary shares of HKD0.01 each in the capital of OSKIL. Consequently, OSKIL and its wholly-owned subsidiary companies, namely OCL and OCC Malaysia Sdn. Bhd. ("OCCM"), became the indirect subsidiary companies of the Company through PJDH.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Changes in Group's composition for the year ended 31 December 2018 (Cont'd)

(vii) Listing of the shares of OCC Cables Limited ("OCL"), an indirect subsidiary company of the Company, on the Main Board of The Stock Exchange of Hong Kong Limited ("HK Exchange") ("the Listing") (Cont'd)

On 28 March 2018, OCCM entered into a Share Sale Agreement with OCC Cables Berhad ("OCB"), a wholly-owned subsidiary company of PJDH, to acquire the entire equity interest of Olympic Cable Company Sdn. Bhd. ("OCC") for a total consideration of RM128,213,000, which has been arrived at based on the net assets of OCC and its subsidiary company, namely OVI Cables (Vietnam) Co., Ltd. ("OVI"), as at 31 December 2017. OCC became a wholly-owned subsidiary company of OCCM and OVI became an indirect subsidiary company of OCCM.

On 29 March 2018, RHB Investment Bank Berhad ("RHBIB"), on behalf of the Board, announced that the Company proposed to undertake the Listing and that the Company had, on even date, through Fortune Financial Capital Limited, the sole sponsor of the Listing, submitted an application to the HK Exchange for the Listing.

The Listing constitutes a deemed disposal by the Group arising from the dilution of no more than 30% of equity interest in OCL. At Extraordinary General Meeting held on 24 May 2018, the Company obtained its Shareholders' approval on the Listing.

On 18 September 2018, PJDH subscribed for 30,000,000 new ordinary shares in OSKIL for a total consideration of RM128,213,000 which was satisfied by way of capitalising the amount due by OSKIL to PJDH. Accordingly, the issued and paid-up share capital of OSKIL increased from HKD200,000 to HKD500,000. The equity interest in OSKIL remained at 100%.

On 28 September 2018, approval in-principle for the application of the Listing was obtained from the HK Exchange. On 5 October 2018, the Prospectus of OCL was issued and the offering of OCL began on 5 October 2018 and closed on 11 October 2018.

On 12 October 2018, in view of the adverse global market conditions during the period, the management decided not to proceed with the Listing as scheduled. On 26 December 2018, in view of the continuous adverse global market conditions, the management decided to abort the Listing. Save for RM12.3 million costs incurred in relation to the Listing which was expensed off in third quarter of 2018, the abortion of the exercise did not have any material impact to the earnings of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Changes in Group's composition for the year ended 31 December 2018 (Cont'd)

(viii) De-registration of Swiss-Garden International Hotels & Resorts (Australia) Pty. Ltd. ("SGIH&R")

On 21 November 2018, SGIH&R, a wholly-owned subsidiary company of Swiss-Garden International Sdn. Bhd., a subsidiary company of PJDH, which in turn is a subsidiary company of the Company, had been deregistered from the registration of the Australian Securities & Investments Commission ("ASIC"). On 27 November 2018, SGIH&R received notification from the ASIC that SGIH&R was deregistered with effect from 21 November 2018.

The de-registration of SGIH&R did not have any material financial impact to the Group.

(ix) Striking off of Dikir Venture Sdn. Bhd. ("DV") and Perspektif Pertama Sdn. Bhd. ("PP")

On 28 December 2018, DV and PP, both are dormant companies and wholly-owned subsidiary companies of OSKPH, which in turn are subsidiary companies of the Company, applied to the Companies Commission of Malaysia for striking off pursuant to Section 550 of the CA2016. The application for striking off such companies are pending for approval of the Companies Commission of Malaysia.

On 22 July 2019, the subsidiary companies had been struck off, as disclosed in (b)(iv).

The striking off of DV and PP did not have any material financial impact to the Group.

(x) Conversion of Redeemable Convertible Preference Shares ("RCPS") and subscription of ordinary shares in Damai Laut Golf Resort Sdn. Bhd. ("DLGR") by PJD Hotels Sdn. Bhd. ("PJDHotels")

On 20 December 2018, PJDHotels, a wholly-owned subsidiary company of PJDH, which in turn is a subsidiary company of the Company, converted 20,685,900 RCPS of RM1.00 each into 20,685,900 new ordinary shares in DLGR. On 31 December 2018, PJDHotels subscribed for 9,762,000 new ordinary shares in DLGR for a total consideration of RM9,762,000 which was satisfied by way of capitalising the amount due by DLGR to PJDHotels.

Accordingly, the issued and paid up ordinary share capital of DLGR increased from RM169,000,000 to RM199,447,900. The Group's effective equity interest in DLGR increased from 95.96% to 96.36%.

NOTES TO THE FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(d) Other information

(i) Movement of investments in subsidiary companies

	Note	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares in Malaysia			
Cost			
At the beginning of the year		1,660,878	1,912,016
Acquisition of additional equity interests from non-controlling interests	(b)(i),(c)(i)	79	311
Subscription of shares	(b)(iii), (c)(iv),(v),(vi)	1,050	30,301
Capital repayments from subsidiary companies	(d)(iii)	(10,000)	(281,750)
At the end of the year		1,652,007	1,660,878
Accumulated impairment losses			
At the beginning/end of the year		(97,977)	(97,977)
		1,554,030	1,562,901
Loans to subsidiary companies			
Cost			
At the beginning of the year		8,391	8,516
Repayment from a subsidiary company		-	(125)
At the end of the year		8,391	8,391
Accumulated impairment losses			
At the beginning of the year		(8,391)	(8,516)
Write back of impairment	34	-	125
At the end of the year		(8,391)	(8,391)
		1,554,030	1,562,901

(ii) Shares pledged as security

Shares in certain subsidiary companies with carrying amount of RM1.3 billion (2018: RM1.3 billion) are pledged to a licensed financial institution to secure the medium term notes and Sukuk issued by the Company and its subsidiary company [Notes 24(b)(ii), 24(c)(vi) and 24(f)].

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(d) Other information (Cont'd)

(iii) Capital repayments from subsidiary companies

The Group carried out capital allocation exercise and effected capital repayment in certain subsidiary companies to maximise efficiency of capital management as follows:

2019

On 24 December 2019, KE-ZAN Holdings Berhad ("KHB"), a wholly-owned subsidiary company, further repaid RM10.0 million out of its capital to the Company. Thereafter, the Company's equity interest in KHB remained at 100%.

2018

Subsequent to the disposals of its investment properties in previous years, KHB repaid RM87.8 million out of its capital to the Company via cash of RM30.1 million and balance of RM57.7 million by contra against amount due from the Company. Thereafter, the Company's equity interest in KHB remained at 100%.

On 5 November 2018, OSKRealty, a wholly-owned subsidiary company, disposed one of its investment properties and repaid RM194.0 million out of its capital to the Company. Thereafter, the Company's equity interest in OSKRealty remained at 100%.

(e) Subsidiary companies with non-controlling interests

The subsidiary companies of the Group that have material non-controlling interests to the Group are set out below:

	OSKPH Group RM'000	PJDH Group RM'000	Total RM'000
2019			
Proportion of ownership interest held by non-controlling interests	0.07%	3.06%	
Accumulated non-controlling interests	27,766	46,220	73,986
Profit attributable to non-controlling interests	1,843	4,813	6,656
Dividend paid to non-controlling interests of OSKPH/PJDH	-	-	-
2018			
Proportion of ownership interest held by non-controlling interests	0.07%	3.04%	
Accumulated non-controlling interests	25,929	46,065	71,994
Profit attributable to non-controlling interests	909	5,306	6,215
Dividend paid to non-controlling interests of OSKPH/PJDH	-	-	-

The above information is presented based on the financial statements of subsidiary groups before accounting for fair value adjustments upon both entities being acquired and inter company transactions elimination.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) Subsidiary companies with non-controlling interests (Cont'd)

Summarised financial information of the subsidiary companies which have non-controlling interests are set out below:

	2019		2018	
	OSKPH Group RM'000	PJDH Group RM'000	OSKPH Group RM'000	PJDH Group RM'000
Aggregated assets and liabilities (100%)				
Current assets	493,470	1,229,116	424,825	1,187,113
Non-current assets	1,238,402	973,767	1,207,789	1,089,894
Total assets	1,731,872	2,202,883	1,632,614	2,277,007
Current liabilities	(906,309)	(580,467)	(705,654)	(576,683)
Non-current liabilities	(172,668)	(242,939)	(319,041)	(294,978)
Total liabilities	(1,078,977)	(823,406)	(1,024,695)	(871,661)
Net assets	652,895	1,379,477	607,919	1,405,346
Aggregated results (100%)				
Revenue	204,057	1,006,782	192,260	966,368
Profit for the year	53,623	135,749	6,042	178,189
Other comprehensive expenses	-	(7,745)	-	(31,223)
Total comprehensive income	53,623	128,004	6,042	146,966
Profit/(Loss) attributable to:				
- owners of OSKPH/PJDH	51,808	135,363	5,124	178,233
- non-controlling interests of OSKPH/PJDH	1,815	386	918	(44)
	53,623	135,749	6,042	178,189
Total comprehensive income/ (expenses) attributable to:				
- owners of OSKPH/PJDH	51,808	127,618	5,124	147,010
- non-controlling interests of OSKPH/PJDH	1,815	386	918	(44)
	53,623	128,004	6,042	146,966
Aggregated cash flows (100%)				
Net cash (used in)/generated from:				
- operating activities	(25,363)	384,421	41,952	7,844
- investing activities	(38,584)	35,668	(372,023)	124,813
- financing activities	77,313	(291,843)	291,522	(52,868)
Net increase/(decrease) in cash and cash equivalents	13,366	128,246	(38,549)	79,789

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) List of subsidiary companies

Subsidiary companies with their principal place of business in Malaysia or are incorporated in Malaysia unless indicated otherwise.

Name of companies	Principal activities	Effective proportion of ownership interest 2019 %	2018 %
KE-ZAN Holdings Berhad	Property investment and letting of commercial properties	100.00	100.00
OSK Capital Sdn. Bhd.	Capital financing business	100.00	100.00
OSK Capital Management Sdn. Bhd.	Provision of treasury management services	100.00	100.00 (c)(vi)
OSK Design Sdn. Bhd. (f.k.a. Evolusi Esplanad Sdn. Bhd.)	Interior design and fit out	100.00 (b)(iii)	-
OSK I CM Sdn. Bhd.	Provision of treasury management services	100.00	100.00 (c)(iv)
OSK Management Services Sdn. Bhd.	Provision of management services	100.00	100.00
OSK Property Holdings Berhad	Investment holding	99.93	99.93
OSK Realty Sdn. Bhd.	Property investment and letting of commercial properties	100.00	100.00 (c)(v)
OSK Supplies Sdn. Bhd. (f.k.a. OSK Building Materials Sdn. Bhd. and Pinggiran Prestesi Sdn. Bhd.)	Trading of building materials, construction machineries, equipment and vehicles	100.00 (b)(iii)	-
PJ Development Holdings Berhad	Investment holding, property investment and provision of management services	96.94 (b)(i)	96.96 (c)(i)
Subsidiary companies of OSK Property Holdings Berhad			
Aspect Potential Sdn. Bhd.	Property development	99.93	99.93
Aspect Synergy Sdn. Bhd.	Property development	99.93	99.93
Atria Damansara Sdn. Bhd.	Property investment and development	99.93	99.93

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) List of subsidiary companies (Cont'd)

Subsidiary companies with their principal place of business in Malaysia or are incorporated in Malaysia unless indicated otherwise. (Cont'd)

Name of companies	Principal activities	Effective proportion of ownership interest 2019 %	2018 %
Subsidiary companies of OSK Property Holdings Berhad (Cont'd)			
Atria Parking Management Sdn. Bhd.	Car park management and operations	99.93	99.93
Atria Shopping Gallery Sdn. Bhd.	Mall management and operations	99.93	99.93
Country Wheels Sdn. Bhd.	Property development	50.97	50.97
Dikir Dagang Sdn. Bhd.	Property development	99.93 (b)(iv)	99.93
Dikir Venture Sdn. Bhd.	Property development	- (b)(iv)	99.93 (c)(ix)
Jelang Vista Sdn. Bhd.	Property development	99.93	99.93
L26 Tower Sdn. Bhd.	Dormant	99.93	99.93 (c)(iii)
OSK Properties Sdn. Bhd.	Property development, investment and sale of oil palm fresh fruit bunches	99.93	99.93
OSK Properties Management Sdn. Bhd.	Property management	99.93	99.93
OSK Properties (Seremban) Sdn. Bhd.	Property development	99.93	99.93
OSKP Facilities Management Sdn. Bhd.	Property management	99.93	99.93
Perspektif Pertama Sdn. Bhd.	Property development	- (b)(iv)	99.93 (c)(ix)
Perspektif Vista Sdn. Bhd.	Property development	99.93	99.93
Pine Avenue Sdn. Bhd.	Property development	99.93	99.93
Potensi Rajawali Sdn. Bhd.	Property development	99.93	99.93

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) List of subsidiary companies (Cont'd)

Subsidiary companies with their principal place of business in Malaysia or are incorporated in Malaysia unless indicated otherwise. (Cont'd)

Name of companies	Principal activities	Effective proportion of ownership interest 2019 %	2018 %
Subsidiary companies of OSK Property Holdings Berhad (Cont'd)			
Ribuan Ekuiti Sdn. Bhd.	Property development	99.93	99.93
Rimulia Sdn. Bhd.	Property development	54.96	54.96
Semponia Sdn. Bhd.	Property development	50.97	50.97
Warisan Rajawali Sdn. Bhd.	Property development	99.93	99.93
Wawasan Rajawali Sdn. Bhd.	Property development	99.93	99.93
Subsidiary companies of PJ Development Holdings Berhad			
Aco Built System Sdn. Bhd.	Installation of concrete wall panels	96.94	96.96
Acotec Sdn. Bhd.	Manufacturing and sale of concrete wall panels and trading of building materials	96.94	96.96
Subsidiary companies of Acotec Sdn. Bhd.			
Acotec-Concrete Products Sdn. Bhd.	Property investment and rental services	96.94	96.96
PJD Concrete Land (JB) Sdn. Bhd.	Property investment	96.94	96.96
PJD Concrete Land (South) Sdn. Bhd.	Property investment	96.94	96.96
Ancient Capital Sdn. Bhd.	Property management services	96.94	96.96
Bindev Sdn. Bhd.	Property development	96.94	96.96
Bunga Development Sdn. Bhd.	Property development	96.94	96.96

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) List of subsidiary companies (Cont'd)

Subsidiary companies with their principal place of business in Malaysia or are incorporated in Malaysia unless indicated otherwise. (Cont'd)

Name of companies	Principal activities	Effective proportion of ownership interest	
		2019 %	2018 %
Subsidiary companies of PJ Development Holdings Berhad (Cont'd)			
Subsidiary company of Bunga Development Sdn. Bhd.			
Kulai Management Services Sdn. Bhd.	Provision of property management services	96.94	96.96
DLHA Management Services Sdn. Bhd.	Investment holding	96.94	96.96
Eframe Sdn. Bhd.	Software consultancy, product development and maintenance	96.94	96.96
Eframe Solutions Sdn. Bhd.	Software consultancy, product development and maintenance	96.94	96.96
Harbour Place Management Services Sdn. Bhd.	Provision of property management services	96.94	96.96
HTR Management Services Sdn. Bhd.	Provision of property management services	96.94	96.96
Kota Mulia Sdn. Bhd.	Property development and investment	96.94	96.96
Subsidiary companies of Kota Mulia Sdn. Bhd.			
PJD Highland Resort Sdn. Bhd.	Property development	96.94	96.96
PTC Management Services Sdn. Bhd.	Provision of property management services	96.94	96.96
OCC Cables Berhad	Investment holding	96.94	96.96
Subsidiary company of OCC Cables Berhad			
PJ Exim Sdn. Bhd.	Trading of cable products	96.94	96.96
OSK Construction Sdn. Bhd. (f.k.a. PJD Construction Sdn. Bhd.)	Construction	96.94	96.96

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) List of subsidiary companies (Cont'd)

Subsidiary companies with their principal place of business in Malaysia or are incorporated in Malaysia unless indicated otherwise. (Cont'd)

Name of companies	Principal activities	Effective proportion of ownership interest 2019 %	Effective proportion of ownership interest 2018 %
Subsidiary companies of PJ Development Holdings Berhad (Cont'd)			
Subsidiary company of OSK Construction Sdn. Bhd.			
PJDC International Sdn. Bhd.	Investment holding	96.94	96.96
OSK Industries Limited - Cayman Islands	Investment holding	96.94	96.96 (c)(vii)
Subsidiary companies of OSK Industries Limited			
OCC Cables Limited - Cayman Islands	Investment holding	96.94	96.96 (c)(vii)
Subsidiary companies of OCC Cables Limited			
OCC Malaysia Sdn. Bhd.	Investment holding	96.94	96.96 (c)(vii)
Subsidiary companies of OCC Malaysia Sdn. Bhd.			
Olympic Cable Company Sdn. Bhd.	Manufacturing and sale of cables and wires	96.94	96.96 (c)(vii)
Subsidiary company of Olympic Cable Company Sdn. Bhd.			
* OVI Cables (Vietnam) Co., Ltd. - Vietnam	Manufacturing and sale of cables and wires	96.94 Note 23	96.96 (c)(vii)
Olympic Properties Sdn. Bhd.	Property investment	96.94	96.96
* Pengerang Jaya Pte. Ltd. - Singapore	Investment holding	96.94	96.96
Subsidiary company of Pengerang Jaya Pte. Ltd.			
P.J. (A) Pty. Limited - Australia	Investment holding and hotel business	96.94	96.96

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) List of subsidiary companies (Cont'd)

Subsidiary companies with their principal place of business in Malaysia or are incorporated in Malaysia unless indicated otherwise. (Cont'd)

Name of companies	Principal activities	Effective proportion of ownership interest 2019 %	Effective proportion of ownership interest 2018 %
Subsidiary companies of PJ Development Holdings Berhad (Cont'd)			
PJ Equity Sdn. Bhd.	Investment holding	96.94	96.96
PJD Central Sdn. Bhd.	Property development and investment	96.94	96.96
PJD Eastern Land Sdn. Bhd.	Property development and investment	96.94	96.96
PJD Hartamas Sdn. Bhd.	Property development and investment	96.94	96.96
PJD Hotels Sdn. Bhd.	Investment holding and hotel and restaurant business	96.94	96.96
Subsidiary companies of PJD Hotels Sdn. Bhd.			
Damai Laut Golf Resort Sdn. Bhd.	Development and investment in resort property, hotel and restaurant business and operation of golf course	96.34	96.36 (c)(x)
MM Hotels Sdn. Bhd.	Hotel and restaurant business	96.94	96.96
Swiss-Garden Management Services Sdn. Bhd.	Hotel and restaurant business	96.94	96.96
PJD Land Sdn. Bhd.	Leasing of office cum commercial building	96.94	96.96
PJD Landmarks Sdn. Bhd.	Property development	96.94	96.96
PJD Management Services Sdn. Bhd.	Provision of property management and facilities services	96.94	96.96
PJD Pravest Sdn. Bhd.	Cultivation of oil palm	96.94	96.96
PJD Properties Management Sdn. Bhd.	Provision of project management services	96.94	96.96
PJD Realty Sdn. Bhd.	Property development	96.94	96.96

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) List of subsidiary companies (Cont'd)

Subsidiary companies with their principal place of business in Malaysia or are incorporated in Malaysia unless indicated otherwise. (Cont'd)

Name of companies	Principal activities	Effective proportion of ownership interest 2019 %	2018 %
Subsidiary companies of PJ Development Holdings Berhad (Cont'd)			
PJD Regency Sdn. Bhd.	Property development	96.94	96.96
PJD Sejahtera Sdn. Bhd.	Property development	96.94	96.96
PKM Management Services Sdn. Bhd.	Provision of property management services	96.94	96.96
Putri Kulai Sdn. Bhd.	Property investment	96.94	96.96
SGI Vacation Club Berhad	Operation and management of timeshare membership scheme	96.94	96.96
Superville Sdn. Bhd.	Property investment	96.94	96.96
Swiss-Garden Hotel Management Sdn. Bhd.	Hotel management and consultancy services	96.94	96.96
Swiss-Garden International Sdn. Bhd.	Hotel management and consultancy services	96.94	96.96
Subsidiary company of Swiss-Garden International Sdn. Bhd.			
Swiss-Garden International Limited - British Virgin Islands	Hotel management and consultancy services	96.94	96.96
Swiss-Garden Rewards Sdn. Bhd.	Marketing of timeshare memberships	96.94	96.96
Swiss-Inn JB Sdn. Bhd.	Hotel and restaurant business	96.94	96.96
Vibrant Practice Sdn. Bhd.	Car park management and operations	96.94	96.96

* Audited by BDO member firms.

The financial statements of the subsidiary companies are prepared as of 31 December.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

9. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE

This note provides information for investments accounted for using equity method of accounting and these investments generate dividend income at the Company and account for the share of results at the Group.

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Investments in associated companies					
Quoted shares in Malaysia		2,209,705	2,209,705	2,209,705	2,209,705
Unquoted shares in Malaysia		91,832	95,362	-	3,530
Unquoted shares outside Malaysia		469,544	469,544	-	-
Foreign currency translation differences		(56,821)	(49,562)	-	-
		2,714,260	2,725,049	2,209,705	2,213,235
Share of reserves, net of dividends received		963,392	694,466	-	-
	(d)	3,677,652	3,419,515	2,209,705	2,213,235
Investment in a joint venture					
Unquoted shares in Malaysia		10,918	10,918	-	-
Share of reserves		(7,369)	(6,449)	-	-
	(e)	3,549	4,469	-	-
Total		3,681,201	3,423,984	2,209,705	2,213,235
Market value for investment in an associated company					
Quoted shares in Malaysia		2,347,671	2,148,647	2,347,671	2,148,647
Carrying amount analysed by business segments:					
Property		552,649	519,429		
Financial services		3,128,552	2,904,555		
		3,681,201	3,423,984		

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

9. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(a) Recognition, measurement and significant judgement

Investments in associated companies and a joint venture are accounted for using the equity method of accounting. Such investments are recognised initially at acquisition cost which is measured at the fair value of the consideration paid and subsequently carried at cost less accumulated impairment loss, if any. The Group's carrying amount of such investments includes cost of investment, share of reserves of the investees after the date of acquisitions and goodwill identified upon acquisitions. Dividend received as return from investees is recognised as a reduction in the carrying amount of the investments.

The management has assessed the level of influence that the Company has on its associated company, RHB Bank Berhad ("RHBB"), and determined that it has significant influence even though the shareholding is below 20% because of the board representations in RHBB and its key operating subsidiary companies and their participation in the strategic directions and decision making process. The Group has significant influence on Agile PJD Development Sdn. Bhd. ("Agile"), Equity & Property Investment Corporation Pty. Limited ("EPIC") and Yarra Park City Pty. Ltd. ("YPC") because of the board representations in the associated companies and the effective proportion of ownership in interests are disclosed in Note (f).

The Group determines at the end of the year whether there is any objective evidence that the investments in the associated companies and a joint venture are impaired. The carrying amount of each investment is tested for impairment in accordance with MFRS 136 'Impairment of Assets' as a single asset, by comparing its recoverable amount with its carrying amount. Based on the impairment test carried out on the investments by using the discounted cash flow projection, the value in use derived from the discounted cash flow projection is in excess of the carrying amount.

(b) Shares pledged as security

A portion of the shares in an associated company of the Company has been pledged to licensed financial institutions to secure medium term notes issued by a subsidiary company (Notes 24(c)(ii), 24(c)(iii), 24(d)(iii) and 24(f)). As at 31 December 2019, the Group's carrying amount of such pledged shares stood at RM1.7 billion (2018: RM714.1 million). There were no contingent liabilities relating to the Group's interests in the associated company.

Shares in an associated company of the Group has been pledged to financial institutions to secure borrowings of the associated company for the property development in Australia. As at 31 December 2019, the Group's carrying amount of such pledged shares stood at RM372.6 million (2018: RM382.3 million).

(c) Dividend income

The Company received dividends of RM103.6 million (2018: RM71.1 million) (Note 32) from RHBB and a final distribution of RM3.5 million (2018: RM11.9 million) from RHB Capital Berhad (In Members' Voluntary Liquidation).

There were no restrictions on ability of associated companies and a joint venture to transfer funds to the Group and the Company in the form of cash dividends or to repay loans or advances made by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

9. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(d) Information on investments in associated companies

The reconciliation of net assets to the carrying amount of investments in associated companies is as follows:

	RHBB RM'000	YPC RM'000	EPIC RM'000	Others RM'000	Total RM'000
2019					
Proportion of ownership interests in associated companies	10.13%	41.74%#	27.40%#		
Share of net assets	2,880,965	303,183	89,913	110,768	3,384,829
Goodwill	247,587	69,378	-	-	316,965
Effect of indirect interests in an associated company	-	-	(22,349)	-	(22,349)
Unrealised profit	-	-	-	(1,793)	(1,793)
Carrying amounts	3,128,552	372,561	67,564	108,975	3,677,652
2018					
Proportion of ownership interests in associated companies	10.13%	41.74%#	27.40%#		
Share of net assets	2,653,412	312,963	87,141	85,038	3,138,554
Goodwill	247,061	69,378	-	-	316,439
Effect of indirect interests in an associated company	-	-	(22,349)	-	(22,349)
Unrealised profit	-	-	-	(13,129)	(13,129)
Carrying amounts	2,900,473	382,341	64,792	71,909	3,419,515

For the above reconciliation purpose, the percentages of ownership interests in associated companies represent the proportion of equity interests in these associated companies held by PJDH, a 96.94% (2018: 96.96%) owned subsidiary company of the Company. The effective proportion of ownership interest of the associated companies and a joint venture is disclosed in Note (f) below.

NOTES TO THE FINANCIAL STATEMENTS
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9. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(d) Information on investments in associated companies (Cont'd)

Summarised financial information of the material associated companies is as follows:

	RHBB RM'000	YPC RM'000	EPIC RM'000
2019			
Aggregated assets and liabilities of associated companies (100%)			
Current assets^	-	1,133,391	56,930
Non-current assets^	-	781,657	284,195
Total assets	260,374,076	1,915,048	341,125
Current liabilities^	-	(371,937)	(2,427)
Non-current liabilities^	-	(816,810)	(10,543)
Total liabilities	(231,896,851)	(1,188,747)	(12,970)
Net assets	28,477,225	726,301	328,155
Net assets attributable to:			
- owners of the associated company	28,441,810	726,301	328,155
- non-controlling interests of the associated company	35,415	-	-
	28,477,225	726,301	328,155
Aggregated results (100%)			
Revenue	7,100,770	-	7,327
Profit/(Loss) for the year attributable to:			
- owners of the associated company	2,310,639	(8,858)	14,414
- non-controlling interests of the associated company	5,377	-	-
	2,316,016	(8,858)	14,414
Other comprehensive income/(expenses) attributable to:			
- owners of the associated company	960,595	(14,570)	(4,297)
- non-controlling interests of the associated company	34	-	-
	960,629	(14,570)	(4,297)
Total comprehensive income/(expenses)	3,276,645	(23,428)	10,117
Net assets attributable to the owners of the associated company			
At the beginning of the year	26,196,198	749,729	318,038
Effects of adoption of MFRS 16	(3,058)	-	-
As restated	26,193,140	749,729	318,038
Profit/(Loss) for the year	2,310,639	(8,858)	14,414
Other comprehensive income/(expenses)	960,595	(14,570)	(4,297)
Other reserves changes	(1,022,564)	-	-
At the end of the year	28,441,810	726,301	328,155

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(d) Information on investments in associated companies (Cont'd)

Summarised financial information of the material associated companies is as follows: (Cont'd)

	RHBB RM'000	YPC RM'000	EPIC RM'000
2018			
Aggregated assets and liabilities of associated companies (100%)			
Current assets^	-	384,694	58,309
Non-current assets^	-	731,137	284,033
Total assets	246,211,823	1,115,831	342,342
Current liabilities^	-	(250,078)	(11,897)
Non-current liabilities^	-	(116,024)	(12,407)
Total liabilities	(219,977,665)	(366,102)	(24,304)
Net assets	26,234,158	749,729	318,038
Net assets attributable to:			
- owners of the associated company	26,196,198	749,729	318,038
- non-controlling interests of the associated company	37,960	-	-
	26,234,158	749,729	318,038
Aggregated results (100%)			
Revenue	6,805,613	-	10,836
Profit/(Loss) for the year attributable to:			
- owners of the associated company	2,118,145	(18,730)	7,494
- non-controlling interests of the associated company	3,716	-	-
	2,121,861	(18,730)	7,494
Other comprehensive income/(expenses) attributable to:			
- owners of the associated company	87,520	(63,917)	(17,768)
- non-controlling interests of the associated company	(12)	-	-
	87,508	(63,917)	(17,768)
Total comprehensive income/(expenses)	2,209,369	(82,647)	(10,274)
Net assets attributable to the owners of the associated company			
At the beginning of the year	26,174,976	832,376	328,312
Effects of adoption of MFRS 9	(1,482,685)	-	-
As restated	24,692,291	832,376	328,312
Profit/(Loss) for the year	2,118,145	(18,730)	7,494
Other comprehensive income/(expenses)	87,520	(63,917)	(17,768)
Other reserves changes	(701,758)	-	-
At the end of the year	26,196,198	749,729	318,038

NOTES TO THE FINANCIAL STATEMENTS
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9. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(d) Information on investments in associated companies (Cont'd)

Summarised financial information of the material associated companies is as follows: (Cont'd)

^ Breakdown of current assets/liabilities and non-current assets/liabilities of RHBB are not available as the financial institution has to comply with Bank Negara Malaysia guidelines on presentation and disclosures where non-current and current categories are not required.

The above information is presented based on the financial statements of the associated companies after accounting for fair value adjustments made upon acquisitions.

(e) Information on investment in a joint venture, Scotia Acres Sdn. Bhd. ("SA")

The reconciliation of net assets to carrying amount of the joint venture is as follows:

	2019	2018
Proportion of ownership interest in a joint venture (%)	50.00	50.00
Share of net assets/Carrying amount (RM'000)	3,549	4,469

Summarised financial information of the joint venture is as follows:

	2019 RM'000	2018 RM'000
Aggregated assets and liabilities of the joint venture (100%)		
Current assets	4,490	5,023
Non-current assets	87,272	92,511
Total assets	91,762	97,534
Current liabilities	(20,310)	(19,763)
Non-current liabilities	(64,355)	(68,833)
Total liabilities	(84,665)	(88,596)
Net assets	7,097	8,938
Aggregated results (100%)		
Revenue	15,603	13,975
Loss for the year/Other comprehensive expenses attributable to:		
- owners of the joint venture	(1,841)	(342)
- non-controlling interests of the joint venture	-	-
	(1,841)	(342)
Total comprehensive expenses	(1,841)	(342)

NOTES TO THE FINANCIAL STATEMENTS
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9. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(e) Information on investment in a joint venture, Scotia Acres Sdn. Bhd. ("SA") (Cont'd)

Summarised financial information of the joint venture is as follows: (Cont'd)

	2019 RM'000	2018 RM'000
Net assets attributable to the owners of the joint venture		
At the beginning of the year	8,938	9,280
Loss for the year	(1,841)	(342)
At the end of the year	7,097	8,938

The above information presented is based on the financial statements of the joint venture with adjustments for differences in accounting policies between the Group and the joint venture.

(f) List of associated companies and a joint venture

Associated companies and a joint venture with their principal place of business in Malaysia or are incorporated in Malaysia unless indicated otherwise.

Name of companies	Principal activities	Effective proportion of ownership interest 2019 %	Effective proportion of ownership interest 2018 %
Associated companies of the Company			
* RHB Bank Berhad	Commercial banking and finance related business and the provision of related services whilst its subsidiary companies are involved in Islamic banking, investment banking, stock broking, leasing, offshore banking, offshore trust services, property investment, general insurance, unit trust management, asset management and nominee and custodian services	10.13	10.13
* RHB Capital Berhad (In Members' Voluntary Liquidation)	Investment holding (dormant)	10.13	10.13
Associated companies of PJDH			
Agile PJD Development Sdn. Bhd.	Property development and investment	29.08 @	29.09
Equity & Property Investment Corporation Pty. Limited - Australia	Property investment and development	26.56 @	26.57
* Yarra Park City Pty. Ltd. - Australia	Property development and investment	40.47 @	40.48

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

9. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

(f) List of associated companies and a joint venture (Cont'd)

Associated companies and a joint venture with their principal place of business in Malaysia or are incorporated in Malaysia unless indicated otherwise. (Cont'd)

Name of companies	Principal activities	Effective proportion of ownership interest 2019 %	Effective proportion of ownership interest 2018 %
Joint venture of PJDH			
Scotia Acres Sdn. Bhd.	Property development and investment	48.47 @	48.48
Subsidiary company of Scotia Acres Sdn. Bhd.			
Canggih Pesaka Sdn. Bhd.	Property investment	48.47 @	48.48

* Audited by firms of auditors other than BDO PLT in Malaysia and BDO member firms.

@ The Group's effective equity interests decreased due to the changes of interest in PJDH as disclosed in Notes 8(b)(i) and 8(b)(ii). The Company has 96.94% (2018: 96.96%) equity interest in PJDH, which in turn holds 30% equity interest in Agile, 27.40% equity interest in EPIC, 41.74% equity interest in YPC and 50% equity interest in SA. Therefore, the Group's effective equity interest in Agile, EPIC, YPC and SA are 29.08% (2018: 29.09%), 26.56% (2018: 26.57%), 40.47% (2018: 40.48%) and 48.47% (2018: 48.48%) respectively.

The financial statements of the associated companies and a joint venture used in applying the equity method are prepared as of 31 December except for EPIC which prepared its financial statements as of 30 June. For applying the equity method of accounting, the management financial statements of EPIC for financial period ended 31 December have been used.

10. INTANGIBLE ASSETS

This note provides information about the software licences, club membership and trademarks that classified as intangible assets.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Software licences	(b)	695	951	133	146
Club membership		350	350	-	-
Trademarks		160	160	160	160
		1,205	1,461	293	306
Carrying amount analysed by business segments:					
Property		364	414		
Financial services		841	1,047		
		1,205	1,461		

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

10. INTANGIBLE ASSETS (CONT'D)

(a) Recognition, measurement and significant judgement

Software licences, club membership and trademarks are stated at cost less any accumulated amortisation and accumulated impairment losses, if any. The software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 6 to 7 years. The estimated useful life represents common life expectancy applied in the industry within which the Group and the Company operate. The club membership and trademarks are not amortised.

(b) Software licences

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cost					
At the beginning of the year		2,787	2,689	183	117
Additions	3(a),3(b)	110	98	14	66
At the end of the year		2,897	2,787	197	183
Accumulated amortisation					
At the beginning of the year		1,836	1,473	37	15
Amortisation		366	363	27	22
At the end of the year		2,202	1,836	64	37
Net carrying amount		695	951	133	146
The amortisation recognised in profit or loss:					
- Cost of sales	33(b)	4	6	-	-
- Administrative expenses	35	362	357	27	22
		366	363	27	22

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

This note provides information for leases where the Group or the Company as a lessee. The leases where the Group is a lessor are disclosed in Note 42(a).

During the year, the Group and the Company adopted a new accounting standard - MFRS 16 'Leases' which supersedes MFRS 117 'Leases' that was applied in the previous years. The details of the adoption are disclosed in Note 47(a)(v).

During the previous years, MFRS 117 only required reporting entity to recognise lease assets and lease liabilities in relation to leases that were classified as 'finance leases'. The assets are presented in property, plant and equipment and the liabilities as part of the reporting entity's borrowings. The Group does not carry any finance lease.

The Group has entered into various lease contracts which include space for sales gallery, offices, factory etc. based on business requirements. Lease contracts are typically made for fixed periods.

The right-of-use assets and lease liabilities are summarised below:

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rights-of-use assets					
Leasehold land	(b)(i)	49,393	-	-	-
Buildings	(b)(ii)	29,441	-	1,629	-
Equipments	(b)(iii)	52	-	-	-
		78,886	-	1,629	-
Lease liabilities					
Non-current		20,801	-	551	-
Current		8,894	-	1,153	-
	(c),4, 5(b)(ii), 25(e)(iii)	29,695	-	1,704	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONT'D)

	Group	
	2019 RM'000	**2018 RM'000**
Carrying amount analysed by business segments:		
Right-of-use assets		
Property	29,763	-
Construction	1,167	-
Industries	4,657	-
Hospitality	6,630	-
Financial services	36,669	-
	78,886	-
Lease liabilities		
Property	28,232	-
Construction	37	-
Industries	42	-
Hospitality	1,384	-
	29,695	-

(a) Recognition, measurement and significant judgement

Lease contracts contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for securing any borrowing.

The Group applies the "short-term leases" and "lease of low-value assets" exemptions. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are office equipment with value of RM20,000 and below.

(i) Right-of-use assets

Right-of-use assets are initially measured at cost at the lease commencement date which comprises the initial measurement of the lease liability, any advance lease payments made, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset to the condition required.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(i) Right-of-use assets (Cont'd)

Subsequent to the initial recognition, the right-of-use assets are measured at cost less accumulated depreciation, accumulated impairment losses and remeasurement of lease liabilities, if any.

Depreciation is calculated on a straight line basis to write off the cost of each asset from the commencement date to the earlier of the estimated useful life or the end of the lease term. The estimated useful life is described in Note 6(a) and the lease terms are as follows:

	Years	Percentage (%)
Leasehold land	40 - 98	1 - 3
Building	1.5 - 3	33 - 67
Equipments	3	33

(ii) Lease liabilities

Lease liabilities are financial liabilities which are classified as amortised cost liabilities.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The Group's incremental borrowing rates will be used if that rate cannot be readily determined.

The lease payments included in the measurement of the lease liabilities comprise the followings, if applicable:
- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the option is reasonably certain to be exercised; and
- penalty for early termination.

Subsequent to the initial recognition, lease liabilities are measured at amortised cost. The amortised cost of a financial liability is described in Note 24(a)(ii).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONT'D)

(b) Movement of right-of-use assets

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
(i) Leasehold land					
Cost					
Reclassified from property, plant and equipment upon adoption of MFRS 16	6(b)(i), 47(a)(v)	60,526	-	-	-
Additions	3(a),3(b)	699	-	-	-
Foreign currency translation differences		(17)	-	-	-
Reclassified to disposal group held for sale	23	(1,704)	-	-	-
At the end of the year		59,504	-	-	-
Accumulated depreciation					
Reclassified from property, plant and equipment upon adoption of MFRS 16	6(b)(i), 47(a)(v)	10,108	-	-	-
Depreciation	35	480			
Foreign currency translation differences		(5)	-	-	-
Reclassified to disposal group held for sale	23	(472)	-	-	-
At the end of the year		10,111	-	-	-
Net carrying amount		49,393	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONT'D)

(b) Movement of right-of-use assets (Cont'd)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
(ii) Buildings					
Cost					
Effects of adoption of MFRS 16	47(a)(v)	1,287	-	3,281	-
Additions		32,209	-	-	-
Expiration		(31)	-	-	-
Reclassified to disposal group held for sale	23	(614)	-	-	-
At the end of the year		32,851	-	3,281	-
Accumulated depreciation					
Depreciation	33(b),35	3,463	-	1,652	-
Expiration		(12)	-	-	-
Reclassified to disposal group held for sale	23	(41)	-	-	-
At the end of the year		3,410	-	1,652	-
Net carrying amount		29,441	-	1,629	-
(iii) Equipments					
Cost					
Effects of adoption of MFRS 16	47(a)(v)	33	-	-	-
Additions		23	-	-	-
At the end of the year		56	-	-	-
Accumulated depreciation					
Depreciation/At the end of the year	33(b),35	4	-	-	-
Net carrying amount		52	-	-	-
Amounts recognised in profit or loss:					
Depreciation of right-of-use assets					
- Cost of sales	33(b)	101	-	-	-
- Administrative expenses	35	3,846	-	1,652	-
		3,947	-	1,652	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (CONT'D)

(c) Movement of lease liabilities

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Effects of adoption of MFRS 16	47(a)(v)	1,459	-	3,360	-
Additions		32,231	-	-	-
Interest charged		567	-	136	-
Expiration		(19)	-	-	-
Payment of:					
- principal		(3,283)	-	(1,656)	-
- interest		(567)	-	(136)	-
Reclassified to disposal group held for sale	23,25(e)(iii)	(693)	-	-	-
At the end of the year		29,695	-	1,704	-
Amounts recognised in profit or loss:					
Interest expense on lease liabilities					
- Cost of sales	33(b)	5	-	-	-
- Finance costs	37	562	-	136	-
		567	-	136	-

(d) Other information

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
(i) The total rental recognised in profit or loss is as follows:				
Expenses relating to short-term leases				
- Cost of sales	3,258	-	-	-
- Administrative expenses	952	-	86	-
Expenses relating to lease of low-value assets				
- Cost of sales	329	-	-	-
- Administrative expenses	81	-	-	-

(ii) The liquidity risk of lease liabilities is disclosed in Note 5(a).

(iii) The weighted average incremental borrowing rate of the lease liabilities of the Group and the Company ranging from 3.80% to 5.15% and 5.20% respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

12. INVENTORIES

This note provides information about the inventories held by the Group which consist of property land bank, stocks for on-going and completed projects, manufacturing stocks under Olympic-Cables and Acotec-IBS, and hotel consumables.

	Note	Group 2019 RM'000	Group 2018 RM'000
Non-current			
Land held for property development	(b)(i)	1,198,764	1,174,439
Current			
Property development expenditure	(b)(ii)	280,475	351,537
Completed properties held for sale	(b)(iii)	29,943	49,232
Manufacturing stocks	(b)(iv)	43,280	53,298
Hotels and resorts consumables	(b)(v)	1,431	1,161
Total current		355,129	455,228
Total		1,553,893	1,629,667
Carrying amount analysed by business segments:			
Property		1,509,182	1,575,208
Industries		43,280	53,298
Hospitality		1,431	1,161
		1,553,893	1,629,667

(a) Recognition, measurement and significant judgement

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is measured at lower of cost and net realisable value. Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development expenditure at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

12. INVENTORIES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(ii) Property development expenditure

Property development expenditure not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

Property development expenditure comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. Such development expenditure comprises the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the purchasers and the Group's effort or inputs to the satisfaction of the performance obligation. Significant judgement is required in determining:
- the completeness and accuracy of the budgets; and
- the extent of the costs incurred.

Substantial changes in cost estimates can have a significant effect on the Group's profitability in future periods. In making the above judgement, the Group relies on past experience and work of specialists. There is no estimation required in determining the transaction prices as revenue from property development is based on contracted prices.

(iii) Completed properties held for sale

Completed properties held for sale are measured at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable for developing the properties until completion. The asset is subsequently credited over to profit or loss and recognised as an expense when the control of the asset is transferred to the purchaser.

(iv) Manufacturing stocks; and hotels and resorts consumables

Manufacturing stocks; and hotels and resorts consumables are determined using a weighted average cost basis and measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS
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12. INVENTORIES (CONT'D)

(b) Other information

		Note	Group 2019 RM'000	Group 2018 RM'000
(i)	**Land held for property development**			
	Freehold and leasehold land			
	At the beginning of the year		1,014,244	686,209
	Costs incurred		6,605	1,946
	Purchase of lands		-	376,213
	Reclassified to property development expenditure	(b)(ii)	(28,419)	(50,124)
	At the end of the year		992,430	1,014,244
	Development expenditure			
	At the beginning of the year		160,195	128,966
	Costs incurred		66,291	46,181
	Reclassified to property development expenditure	(b)(ii)	(20,152)	(14,952)
	At the end of the year		206,334	160,195
	Total non-current		1,198,764	1,174,439

Included in land held for property development during the year was interest capitalised of RM21.6 million (2018: RM11.3 million) (Note 37).

A piece of development land of a subsidiary company with carrying amount of RM127.1 million (2018: RM122.8 million) is pledged to a licensed financial institution to secure the Tranche 2 of Sukuk 1 issued as disclosed in Notes 24(c)(v) and 24(f).

Several parcels of development land of certain subsidiary companies with carrying amount of RM245.2 million (2018: RM237.9 million) are pledged as security for term and bridging borrowings granted to the subsidiary companies as disclosed in Note 25(c).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

12. INVENTORIES (CONT'D)

(b) Other information (Cont'd)

	Note	Group 2019 RM'000	Group 2018 RM'000
(ii) Property development expenditure			
Freehold and leasehold land			
At the beginning of the year		252,403	282,307
Costs incurred		577	-
Reclassified from land held for property development	(b)(i)	28,419	50,124
Reclassified to completed properties held for sale		(11)	(2,538)
Reclassified to investment property	7(c)(i)	(3,027)	-
Reversal of development expenditure for completed projects		(461)	(77,490)
At the end of the year		277,900	252,403
Development expenditure			
At the beginning of the year		901,077	1,022,268
Costs incurred		374,324	346,131
Reclassified from land held for property development	(b)(i)	20,152	14,952
Reclassified to completed properties held for sale		(1,155)	(14,182)
Reclassified to investment property	7(c)(i)	(7,067)	-
Reversal of development expenditure for completed projects		(211,234)	(468,092)
At the end of the year		1,076,097	901,077
Total property development expenditure incurred		1,353,997	1,153,480
Costs recognised in profit or loss			
At the beginning of the year		(801,943)	(855,966)
Recognised in profit or loss	33	(483,274)	(491,559)
Reversal of costs arising from completed projects		211,695	545,582
At the end of the year		(1,073,522)	(801,943)
Net carrying amount of property development expenditure		280,475	351,537

Included in property development expenditure during the year was interest capitalised of RM8.4 million (2018: RM10.1 million) (Note 37).

Property development land of certain subsidiary companies with carrying amount of RM228.9 million (2018: RM298.3 million) are pledged as security for term borrowings granted to the subsidiary companies as disclosed in Note 25(c).

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12. INVENTORIES (CONT'D)

(b) Other information (Cont'd)

		Note	Group 2019 RM'000	Group 2018 RM'000
(iii)	**Completed properties held for sale**			
	At cost		25,787	45,076
	At net realisable value		4,156	4,156
			29,943	49,232
(iv)	**Manufacturing stocks**			
	At cost			
	- Consumables		203	1,442
	- Finished goods		27,871	28,153
	- Raw materials		7,081	9,557
	- Work-in-progress		10,164	7,380
			45,319	46,532
	Reclassified to disposal group held for sale	23	(4,755)	-
			40,564	46,532
	At net realisable value			
	- Finished goods		2,634	6,228
	- Raw materials		413	538
			3,047	6,766
	Reclassified to disposal group held for sale	23	(331)	-
			2,716	6,766
	Net carrying amount of manufacturing stocks		43,280	53,298
(v)	**Hotels and resorts consumables, at cost**		1,431	1,161

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13. DEFERRED TAX ASSETS/(LIABILITIES)

The following amounts, determined after appropriate set-off, are shown in the statements of financial position.

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax assets	(b)(i)	93,891	87,712	739	958
Deferred tax liabilities	(b)(ii)	(115,546)	(119,495)	-	-
Carrying amount analysed by business segments:					
Deferred tax assets					
Property		65,712	57,494		
Construction		1,213	712		
Hospitality		24,523	27,695		
Financial services		2,443	1,811		
		93,891	87,712		
Deferred tax liabilities					
Property		(92,764)	(96,374)		
Construction		(23)	(165)		
Industries		(8,903)	(3,768)		
Hospitality		(7,961)	(1,285)		
Financial services		(5,895)	(17,903)		
		(115,546)	(119,495)		

(a) Recognition, measurement and significant judgement

Deferred tax is accounted for using the liability method on temporary differences at the reporting period between the tax based value and carrying amount.

Deferred tax is not accounted for if it arises from the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax is determined using tax rate (and tax laws) that have been enacted or substantively enacted by the end of the year and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that could be recognised based on the likely timing and extent of future taxable profits together with future tax planning.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets and liabilities and when those income taxes are levied by the same tax authority on the same taxable company.

NOTES TO THE FINANCIAL STATEMENTS
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13. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(b) The components and movements of deferred tax assets and liabilities:

(i) Deferred tax assets

	As at 1.1.2018 RM'000	Deferred tax recognised in profit or loss for 2018 (Note 38) RM'000	As at 31.12.2018/ 1.1.2019 RM'000	Deferred tax recognised in profit or loss for 2019 (Note 38) RM'000	As at 31.12.2019 RM'000
Group					
Excess of depreciation over capital allowances	2,187	(1,456)	731	105	836
Fair value on:					
- investment properties	1,744	1,774	3,518	(127)	3,391
- inventories	12,153	(2,157)	9,996	(4,713)	5,283
Interest capitalised in inventories	18,695	1,589	20,284	7,588	27,872
Unused tax losses and unabsorbed capital allowances	15,890	5,720	21,610	4,392	26,002
Deferred income	34,791	(2,733)	32,058	(4,247)	27,811
Provisions	14,986	13,214	28,200	195	28,395
Total deferred tax assets	100,446	15,951	116,397	3,193	119,590
Offset	(26,428)	(2,257)	(28,685)	2,986	(25,699)
Net deferred tax assets	74,018	13,694	87,712	6,179	93,891
Company					
Provisions	1,403	(396)	1,007	(208)	799
Total deferred tax assets	1,403	(396)	1,007	(208)	799
Offset	(81)	32	(49)	(11)	(60)
Net deferred tax assets	1,322	(364)	958	(219)	739

NOTES TO THE FINANCIAL STATEMENTS
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13. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(b) The components and movements of deferred tax assets and liabilities: (Cont'd)

(ii) Deferred tax liabilities

	As at 1.1.2018 RM'000	Deferred tax recognised in profit or loss for 2018 (Note 38) RM'000	As at 31.12.2018/ 1.1.2019 RM'000	Deferred tax recognised in profit or loss for 2019 (Note 38) RM'000	As at 31.12.2019 RM'000
Group					
Excess of capital allowances over depreciation	(53,540)	10,551	(42,989)	(438)	(43,427)
Fair value on:					
- investment properties	(16,514)	5,870	(10,644)	(233)	(10,877)
- inventories	(93,121)	4,947	(88,174)	7,606	(80,568)
- share of net assets of the associated companies	(6,373)	-	(6,373)	-	(6,373)
Total deferred tax liabilities	(169,548)	21,368	(148,180)	6,935	(141,245)
Offset	26,428	2,257	28,685	(2,986)	25,699
Net deferred tax liabilities	(143,120)	23,625	(119,495)	3,949	(115,546)
Company					
Excess of capital allowances over depreciation	(81)	32	(49)	(11)	(60)
Total deferred tax liabilities	(81)	32	(49)	(11)	(60)
Offset	81	(32)	49	11	60
Net deferred tax liabilities	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

13. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(c) Other information

In 2018, the deferred tax has been adjusted for revised Real Property Gains Tax rates in Malaysia.

The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2019 RM'000	2018 RM'000
Deductible temporary differences	38,911	72,678
Taxable temporary differences	(111,191)	(100,264)
Unused tax losses	116,628	96,388
Unutilised capital allowances	137,268	130,305
	181,616	199,107

Deferred tax assets of certain subsidiary companies have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiary companies would be available against which the deductible temporary differences could be utilised. The amount and the availability of these items to be carried forward are subject to the agreement of the relevant tax authorities.

The unused tax losses analysed by expiry year of assessment:

	Group	
	2019 RM'000	2018 RM'000
Year of assessment 2019	83	685
Year of assessment 2020	100	100
Year of assessment 2021	450	450
Year of assessment 2022	1,229	1,229
Year of assessment 2023	257	257
Year of assessment 2025	89,502	93,667
Year of assessment 2026	25,007	-
	116,628	96,388

In Malaysia, any unused tax losses shall be deductible for a maximum period of seven consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of the period of seven years of assessment shall be disregarded.

NOTES TO THE FINANCIAL STATEMENTS
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14. CAPITAL FINANCING

This note provides information about the outstanding balances of loan portfolio under capital financing.

	Note	Group 2019 RM'000	Group 2018 RM'000
Non-current			
Term financing		182,629	132,667
Current			
Term financing		594,719	434,118
Allowances for impairment losses:			
- Individual assessment	(b)(i)	(162)	(811)
Total current		594,557	433,307
Total	5(b)(ii)	777,186	565,974

The carrying amount is classified under the Financial Services segment.

(a) Recognition, measurement and significant judgement

Capital financing are financial assets with fixed or determinable collections (repayment) by clients and are classified as amortised cost assets. Capital financing are recognised initially at their fair values equivalent to the financed amounts plus any directly attributable transaction fees; and such capital financing portfolio is interest bearing. Capital financing are subsequently measured at amortised cost. The amortised cost of a financial asset is described in Note (a)(vi) below.

Interest income [Note 32(ii)], allowance for impairment losses [Note 36(i)], and any gain or loss arising from derecognition of capital financing are recognised in profit or loss.

(i) Credit risk management practices

The capital financing subsidiary's credit risk management practices and related recognition and measurement of its expected credit losses are summarised as follows:

In determining whether the credit risk of a capital financing has increased significantly since initial recognition, the capital financing subsidiary observes ageing of 90 days past due, collateral values, clients' financial standing and compares the risk of a default occurring on the capital financing at the end of the reporting period with the risk of a default occurring on the capital financing at the date of such capital financing is initially recognised. In making this assessment, the capital financing subsidiary considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort.

The capital financing are considered to have low credit risk at the end of the reporting period when the fair value of collateral held exceeded the outstanding amount.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

14. CAPITAL FINANCING (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(i) Credit risk management practices (Cont'd)

The main types of collateral obtained by the capital financing subsidiary to mitigate the credit risk of capital financing are pledges over quoted shares, charges over properties including land, ownership claims over assets financed and guarantees. The capital financing subsidiary adopts the policy of obtaining sufficient collateral and monitors the fair value of collateral by observing the market trends, the collateral value continually being updated based on the changes in market value.

As required under paragraph 5.5.11 of MFRS 9 in relation to the rebuttable presumption, the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The capital financing subsidiary deals in loan and financing to its clients, unlike in trading and services activities which payment terms normally include a lump sum payment for goods and/or services, while capital financing involves a stream of payments via repayment schedule and process of monitoring clients' repayment behaviour would normally take longer than 30 days.

A capital financing is considered as default when it is non-performing. Non-performing refers when a capital financing is unable to serve the interest and/or repay principal within the time granted or allowed.

The capital financing subsidiary adopts the 'general approach' under MFRS 9 in providing the expected credit loss. The 'general approach' is described in Note (a)(vii) below.

A capital financing is considered credit-impaired when there is one or more events that have detrimental impact on the recoverable amounts based on the future cash flows of capital financing that can be reliably estimated.

The capital financing subsidiary writes off an outstanding capital financing from its books only when all avenues of recovery have been exhausted and there is no recoverable expectation of such loan in the foreseeable future. For capital financing that are written off, the Group's internal legal unit still follows up enforcement activities.

For determining that there is objective evidence of credit-impaired capital financing, the capital financing subsidiary uses the following inputs and assumptions for the lifetime expected credit losses and increase in credit risk significantly since initial recognition:

- Significant financial difficulty of the borrower;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- Disappearance of an active market for and deterioration of collateral held; or
- Observable current and forward-looking data indicating that there is a measurable decrease in the estimated future cash flows from the borrower since initial recognition, including:
  (i) adverse changes in the payment status of the borrower; and
  (ii) national or local economic conditions that correlate with the borrower.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

14. CAPITAL FINANCING (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(i) Credit risk management practices (Cont'd)

During the year, no significant modifications of contractual cash flows of capital financing have been applied.

The capital financing subsidiary reviews expected credit losses at each reporting period to assess the reasonableness of the assumptions in relation to the risk of default and expected loss rates. In assessing impairment of a capital financing, the capital financing subsidiary has based on historical behaviour including past five years monthly data of each capital financing from the end of reporting date as an assumption for possibility of default. In addition, the capital financing subsidiary observes current market condition in relation to each capital financing's exposure and related collateral risk exposure.

For incorporation of forward-looking information into the determination of expected credit losses, the capital financing subsidiary uses general macroeconomic such as projected gross domestic product ("GDP"), lending interest rate, unemployment rate and inflation rate of Malaysia as a broad guidance of credit. In addition, the capital financing subsidiary also observes industry specific factors in determining expected credit loss such as information about share market including investable counter, collateral nature, property market and its marketability etc.

Based on the historical data and the forward-looking information stated above, capital financing uses probability of default and loss given default methodology to assess expected credit loss.

There were no significant changes in the estimation techniques or assumptions made during the year.

(ii) Quantitative and qualitative information about amounts arising from expected credit losses

	Group			
	2019		2018	
	Collectively assessed RM'000	Individually assessed RM'000	Collectively assessed RM'000	Individually assessed RM'000
Gross carrying amount being allocated for impairment				
At the beginning of the year	565,974	811	512,885	893
Originate	379,846	-	263,580	237
Derecognise	(168,634)	(87)	(210,508)	(219)
Transfer	-	-	17	(17)
Write off	-	(562)	-	(83)
At the end of the year	777,186	162	565,974	811

There were no contractual amounts outstanding written off during the year which are still subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

14. CAPITAL FINANCING (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(iii) Credit risk exposure

The Group assesses credit quality of a capital financing client using the following internal classified grades:

(1) "Grade A" refers to performing capital financing with collateral value higher than the gross outstanding amount. The collateral obtained is sufficient to settle in whole of the indebtedness of client in the event of default.

(2) "Grade B" refers to performing capital financing with collateral value lower than the gross outstanding amount. The collateral obtained is able to be used to settle in part of the indebtedness of the client in the event of default.

	Collective assessment		Individual	
	Grade A RM'000	Grade B RM'000	assessment RM'000	Total RM'000
2019				
Gross carrying amount/ Maximum exposure	777,186	-	162	777,348
Collateral value held	3,064,297	-	2,400	3,066,697
Expected loss provision	-	-	162	162
Loan commitments undrawn	64,446	-	-	64,446
Expected loss rate	0.0%	-	100.0%	0.0%
2018				
Gross carrying amount/ Maximum exposure	565,974	-	811	566,785
Collateral value held	2,741,863	-	2,400	2,744,263
Expected loss provision	-	-	811	811
Loan commitments undrawn	52,720	-	-	52,720
Expected loss rate	0.0%	-	100.0%	0.1%

At the end of the year, the five largest capital financing accounted for RM253.2 million or 33% (2018: RM222.0 million or 39%) of the net capital financing portfolio, representing the subsidiary company's significant concentration of credit risks. These credit risks are mitigated by having collateral values in excess of outstanding amounts due from capital financing clients.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

14. CAPITAL FINANCING (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(iv) Collateral and other credit enhancements obtained

The capital financing subsidiary takes possession of collaterals that are held as security and calls on other credit enhancements against capital financing when loans become defaults. There were no force selling of collateral during the year. The repossessed collateral are recognised as assets and are sold as soon as practicable. As at 31 December 2019, there are no unsold repossessed collaterals.

(v) Significant estimates and judgements

The impairment allowances for capital financing are based on assumptions about the risk of default and expected credit loss rates. The capital financing subsidiary adopts judgement in making these assumptions and selecting inputs for computing such impairment allowances, broadly based on the capital financing subsidiary's clients' past history, existing market conditions as well as forward-looking information without undue cost at end of the year.

(vi) Financial assets measured at amortised cost and effective interest method

Amortised cost of a financial asset is measured at initial recognition net of principal repayment, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and minus any impairment losses. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset. Therefore, the carrying amount of the financial asset is reasonably approximate to its fair value.

(vii) Impairment assessment - 'General Approach' under MFRS 9

The 'general approach' under MFRS 9 using the forward-looking expected credit loss model which includes a three-stage impairment model based on changes in credit quality since initial recognition. Assets move through the three-stage as quality changes and the stages dictate how the Group measures impairment losses at each reporting date. Impairment losses will be reversed if the credit quality improves. In respect of the receivables where credit risk has not increased significantly since initial recognition of the financial assets, the 12-month expected credit losses are recognised. Otherwise, lifetime expected credit losses are recognised. For credit impaired receivables, lifetime expected credit losses are recognised on a net basis.

In making this assessment, the Group considers both quantitative and qualitative information that are reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort. The probability of default and loss given default methodology have been used to assess the expected credit loss and the Group requires to exercise significant judgement in determining the probability of default of the receivables, appropriate forward-looking information and significant increase in credit risk since inception of such receivable.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

14. CAPITAL FINANCING (CONT'D)

(b) Other information

(i) The movement of allowances for impairment losses measured at an amount equals to lifetime expected credit losses are as follows:

	Note	Group 2019 RM'000	Group 2018 RM'000
Individual assessment			
At the beginning of the year		811	888
Allowance made	36	-	237
Write back of allowance	34	(87)	(231)
Write off of allowance		(562)	(83)
At the end of the year		162	811

(ii) Ageing analysis of capital financing is as follows:

	2019 RM'000	2018 RM'000
Current	777,186	555,414
1 to 30 days (past due)	-	10,560
	777,186	565,974

(iii) The capital financing portfolio is denominated in RM and charged a fixed interest rate at weighted average interest rate of 9.06% (2018: 8.89%) per annum. The normal credit term for capital financing ranged from 2 to 48 months (2018: 2 to 24 months) from the date of financing.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

15. TRADE RECEIVABLES

This note provides information about the outstanding balances of the Group's trade receivables which consist of property purchasers, customers of Olympic-Cables and Acotec-IBS, vacation club members and hotel guests.

	Note	Group 2019 RM'000	Group 2018 RM'000
Non-current			
Property development receivables		22,156	5,306
Vacation club membership fee receivables		3,924	16,554
Total non-current		26,080	21,860
Current			
Lease receivables		3,679	2,967
Property development receivables		181,443	146,909
Construction receivables		5,578	13,672
Industries receivables		65,076	83,142
Hotels receivables		1,301	3,029
Vacation club membership fee receivables		7,780	15,850
		264,857	265,569
Reclassified to disposal group held for sale			
- Industries receivables	23	(4,635)	-
		260,222	265,569
Allowances for impairment losses:			
- Collective assessment	(b)(i)	(1,417)	(1,117)
- Individual assessment	(b)(i)	(4,272)	(4,859)
Total current		254,533	259,593
Total	5(b)(ii)	280,613	281,453
Carrying amount analysed by business segments:			
Property		206,760	154,594
Construction		5,578	13,672
Industries		55,345	78,069
Hospitality		12,930	35,118
		280,613	281,453

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

15. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement

The trade receivables are financial assets with fixed or determinable collections (repayments by receivables) and are classified as amortised cost assets. Trade receivables are recognised initially at their fair value of goods and services provided based on invoice amounts and are subsequently measured at amortised cost. The amortised cost of a financial asset is described in Note 14(a)(vi). Revenue (Note 32), allowance for impairment losses [Note 36(i)] and any gain or loss arising from derecognition of trade receivables are recognised in profit or loss.

(i) Credit risk management practices

The trade receivables consist of receivables arising from businesses such as Property Development, Property Investment, Construction, Olympic-Cables, Acotec-Industrialised Building System ("IBS"), Swiss-Garden Hotels and Resorts; and SGI Vacation Club.

Business units assess whether credit risk of a customer has increased significantly since initial recognition via observation of certain criteria including ageing of days past due, collateral values where applicable, latest customer financial standing and compare the risk of a default occurring on the portfolio as at the end of the year with the risk of a default occurring on the portfolio as at the date when such customer is initially recognised. In making this assessment, the business units consider both quantitative and qualitative information that are reasonable and supportable, including historical experience and observable forward-looking information without undue cost or effort.

As required under paragraph 5.5.11 of MFRS 9 in relation to the rebuttable presumption, the credit risk on a financial asset has increased significantly since initial recognition in each of their businesses when contractual payments are more than 30 days past due. The business units of the Group study clients' repayment behaviour compared with the industries norm and the supply chain cycle for those industries normally take longer than 30 days.

A receivable is considered as default when such customer did not perform their obligation to make payment within the period granted or allowed.

The Group adopts 'simplified approach' under MFRS 9 in providing for the expected credit loss which includes a single-stage lifetime expected credit loss. Receivables are assessed individually for impairment loss at each reporting period end. The Group also assesses expected credit losses on a collective basis of receivables, who are not being impaired individually, and such receivables are grouped on the following factors for monitoring:

- Business activities: Property Development, Property Investment, Construction, Olympic-Cables, Acotec-IBS, Swiss-Garden Hotels and Resorts; and SGI Vacation Club businesses are each assessed in separate groups;
- Products or services: different types of products are each assessed in separate groups;
- Receivables ageing status;
- Nature, size and industry of receivables;
- Collaterals provided by the receivables; and
- External/Internal credit ratings where applicable.

Trade receivables are credit-impaired when there is one or more events that have a detrimental impact on the recoverable amounts based on the future cash flows of the receivable that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

15. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(i) Credit risk management practices (Cont'd)

The Group writes off a receivable from its books only when all avenues of recovery have been exhausted and there is no recoverable expectation of such receivable in the foreseeable future. For the receivables that are written off, the Group still follows up enforcement activities by the internal legal unit.

For determining that there is objective evidence of credit impaired trade receivables, the Group uses the following inputs and assumptions for lifetime expected credit losses and increase in credit risk significantly since initial recognition:

- Significant financial difficulty of the customer;
- A breach of contract, such as a default of payment; or
- Observation of current and forward-looking data indicating that there is a measurable decrease in the estimated future cash flows from the customer since initial recognition, including:
  (i) adverse changes in the payment status of the customer; and
  (ii) national or local economic conditions that correlate with the customer.

The business units review expected credit losses at each reporting period to assess the reasonableness of the assumptions in relation to risk of default and expected loss rates. In assessing impairment of a receivable, the business units have based on historical behaviour including past five years monthly data of each customer from the end of reporting date as an assumption for possibility of default. In addition, the business units observe current market condition in relation to each customer's exposure and related collateral risk exposure.

For incorporating forward-looking information into the determination of expected credit losses, the business units use general macroeconomic such as projected GDP, lending interest rate, unemployment rate and inflation rate as a broad guidance of credit and applying experienced credit judgement. In addition, the business units also observe industry specific factors in determining expected credit loss such as information about collateral nature, property market and its marketability etc.

Based on the historical data and the forward-looking information stated above, the business units use probability of default and loss given default methodology to assess lifetime expected credit loss.

There were no significant changes in the estimation techniques or assumptions made during the year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

15. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(ii) Quantitative and qualitative information about amounts arising from expected credit losses

	Group			
	2019		2018	
	Collectively assessed RM'000	Individually assessed RM'000	Collectively assessed RM'000	Individually assessed RM'000
Gross carrying amount being allocated for impairment				
At the beginning of the year	282,570	4,859	309,018	4,247
Originate	1,271,469	1,904	915,466	2,528
Derecognise	(1,272,009)	(2,412)	(941,914)	(1,653)
Write off	-	(79)	-	(263)
At the end of the year	282,030	4,272	282,570	4,859

There were no modifications of contractual cash flows on trade receivables during the year.

There were no contractual amounts outstanding written off during the year which are still subject to enforcement activities.

(iii) Credit risk exposure

The Group assesses credit quality of trade receivables using ageing of past due days for the lifetime impairment of the trade receivables as follows:

	Expected loss rate %	Gross carrying amount/ Maximum exposure RM'000	Collateral value held RM'000	Expected loss provision RM'000
2019				
Current	0.1	224,379	1,397	183
Past due:				
1 to 30 days	1.2	18,166	709	215
31 to 60 days	1.4	12,773	223	181
61 to 90 days	2.0	10,929	112	223
More than 90 days	24.4	20,055	1,193	4,887
		286,302	3,634	5,689

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

15. TRADE RECEIVABLES (CONT'D)

(a) Recognition, measurement and significant judgement (Cont'd)

(iii) Credit risk exposure (Cont'd)

The Group assesses credit quality of trade receivables using ageing of past due days for the lifetime impairment of the trade receivables as follows: (Cont'd)

	Expected loss rate %	Gross carrying amount/ Maximum exposure RM'000	Collateral value held RM'000	Expected loss provision RM'000
2018				
Current	0.2	187,498	102,278	315
Past due:				
1 to 30 days	0.4	34,120	15,327	133
31 to 60 days	0.7	18,748	11,984	130
61 to 90 days	1.2	13,414	9,355	156
More than 90 days	15.6	33,649	15,947	5,242
		287,429	154,891	5,976

(iv) Significant estimates and judgements

The impairment allowances for trade receivables are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data and the existing market conditions including forward-looking estimates at end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

15. TRADE RECEIVABLES (CONT'D)

(b) Other information

(i) Movement of allowances for impairment losses:

	Note	Group 2019 RM'000	Group 2018 RM'000
Collective assessment			
At the beginning of the year		1,117	-
Effects of adoption of MFRS 9		-	1,085
As restated		1,117	1,085
Allowance made	36	328	224
Write back of allowance	34	(28)	(192)
At the end of the year		1,417	1,117
Individual assessment			
At the beginning of the year		4,859	3,735
Effects of adoption of MFRS 9		-	512
As restated		4,859	4,247
Allowance made	36	1,904	2,528
Write back of allowance	34	(2,412)	(1,653)
Write off of allowance		(79)	(263)
At the end of the year		4,272	4,859
Total effects of adoption of MFRS 9		-	1,597
Total collective and individual impairment losses		5,689	5,976

There were no significant concentration of credit risks at the end of the year.

(ii) Trade receivables are generally non-interest bearing unless overdue and the normal credit periods granted by the Group range from 30 to 90 days (2018: 30 to 90 days).

(iii) The currency exposure profile of trade receivables is disclosed in Note 5(b)(ii).

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16. CONTRACT ASSETS

This note provides information about the contract assets that represent the Group's rights to consideration for goods sold and services rendered to the customers prior to recognition as trade receivables.

	Note	Group 2019 RM'000	Group 2018 RM'000
Contract assets in relation to:			
- property development activities	(b)(i)	127,212	270,530
- construction contracts	(b)(ii)	2,530	29,379
		129,742	299,909
Carrying amount analysed by business segments:			
Property		127,212	270,530
Construction		2,530	29,379
		129,742	299,909

(a) Recognition, measurement and significant judgement

Contract assets are the rights to considerations, the fair values at initial recognition, for goods or services transferred to the customers. Such contract assets will be reclassified to trade receivables upon transferring promised goods or services to customers. For property development activities, contract assets (accrued billings to be billed to purchaser) are the excess of cumulative revenue recognised over the progress billings to purchasers. For construction contracts, contract assets are recognised when construction costs incurred plus profit accrued exceed progress billings to customers. Revenue is measured at the transaction price based on a contract with a purchaser/customer.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the purchaser/customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

For determining the transaction price of the contract, the Group assumed that the goods or services will be transferred to the purchaser/customer as promised in accordance with the existing contract and that contract will not be amended, renewed or modified.

The Group adopts 'simplified approach' under MFRS 9 in providing for the expected credit losses which include the single-stage lifetime expected credit loss. Such impairment assessment is similar to the principles as disclosed in Note 15(a)(i) in relation to trade receivables.

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16. CONTRACT ASSETS (CONT'D)

(b) Other information

(i) Contract assets and liabilities movements in relation to property development activities:

	Note	Group 2019 RM'000	Group 2018 RM'000
At the beginning of the year		268,048	87,744
Net revenue recognised in profit or loss	32	682,703	647,189
Sales of completed properties recognised in profit or loss		-	15,530
Progress billings issued		(833,994)	(482,415)
At the end of the year		116,757	268,048
At the end of the year			
- Contract assets		127,212	270,530
- Contract liabilities	27	(10,455)	(2,482)
		116,757	268,048

The decrease in contract assets was due to a decrease in accrued billing to be billed to the customers based on certification of construction work completed as at 31 December 2019.

(ii) Contract assets and liabilities movements in relation to construction contracts:

	Note	Group 2019 RM'000	Group 2018 RM'000
At the beginning of the year		3,534	(26,998)
Cost incurred and profit accrued		(12,583)	41,578
Progress billings issued and recognised as revenue	32	(541)	(11,046)
At the end of the year		(9,590)	3,534
At the end of the year			
- Contract assets		2,530	29,379
- Contract liabilities	27	(12,120)	(25,845)
		(9,590)	3,534

Included in the above are depreciation of property, plant and equipment of RM2.2 million (2018: RM4.3 million) [Note 6(b)(iii)] and plant and equipment written off of RM67,000 in year 2018 [Note 6(b)(iv)].

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16. CONTRACT ASSETS (CONT'D)

(b) Other information (Cont'd)

(iii) Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the property development and construction contracts that are fully or partially to be fulfilled (unsatisfied) and expected to be recognised as revenue in the future are as follows:

	Group			
	2019		2018	
	RM'000	%	RM'000	%
Within 1 year	407,431	57	404,046	71
1 to 4 years	308,610	43	168,761	29
	716,041		572,807	

The contract assets and liabilities under property development activities and construction contracts of the Group are denominated in RM. The contract assets and liabilities are not impacted by the significant changes in contract terms.

17. OTHER ASSETS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Deposits		882	4,499	-	-
Current					
Other receivables	(b)(i)	17,154	98,216	272	103
Allowance for impairment	(b)(ii)	(4,042)	(3,464)	-	-
	5(b)(ii)	13,112	94,752	272	103
Deposits	(b)(iii)	60,609	17,875	398	255
Prepayments		7,247	8,084	291	193
		80,968	120,711	961	551
Reclassified to disposal group held for sale					
- Other receivables	5(b)(ii),23	(1,520)	-	-	-
- Prepayments	23	(210)	-	-	-
Total current		79,238	120,711	961	551
Total		80,120	125,210	961	551
Carrying amount analysed by business segments:					
Property		67,392	38,008		
Construction		2,686	2,652		
Industries		1,452	4,565		
Hospitality		6,572	75,447		
Financial services		2,018	4,538		
		80,120	125,210		

NOTES TO THE FINANCIAL STATEMENTS
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17. OTHER ASSETS (CONT'D)

(a) Recognition, measurement and significant judgement

Other receivables are financial assets with fixed or determinable payments and classified as amortised cost assets. Other assets are recognised initially at fair value equivalent to the amounts of goods and services provided. Subsequent to the initial recognition, such assets are measured at amortised cost. The amortised cost of a financial asset is described in Note 14(a)(vi). Gains or losses including impairment are recognised in profit or loss.

The Group adopts the 'general approach' under MFRS 9 in providing for expected credit loss. The 'general approach' is described in Note 14(a)(vii).

(b) Other information

(i) Included in the other receivables in 2018 was a balance sum of RM68.0 million receivable from the disposal of a hotel property as disclosed in Note 6(b)(v) which such sum were subsequently received in 2019.

(ii) The movement of allowance for impairment for individual assessment is as follows:

	Note	Group 2019 RM'000	Group 2018 RM'000
At the beginning of the year		3,464	726
Allowance made	36	785	2,740
Write back of allowance	34	(160)	(2)
Write off of allowance		(47)	-
At the end of the year		4,042	3,464

(iii) Included in deposits in 2019 are the deposits of RM42.3 million paid in relation to the acquisition of land held for property development activities.

(iv) Other receivables are non-interest bearing and the normal credit periods granted by the Group range from 30 to 90 days (2018: 30 to 90 days).

(v) The currency exposure profile of other assets, excluding prepayments and deposits, is disclosed in Note 5(b)(ii).

NOTES TO THE FINANCIAL STATEMENTS
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18. BIOLOGICAL ASSETS

	Note	Group 2019 RM'000	Group 2018 RM'000
Fresh fruit bunches	(c)	251	144

The carrying amount is classified under Financial Services segment which includes other insignificant business divisions.

(a) Recognition, measurement and significant judgement

The biological assets of the Group comprise oil palm fresh fruit bunches ("FFB") prior to harvest. The biological assets are measured at their fair values. For valuation of biological assets, the Group considers present value of the net cash flows forecast to be generated from the sale of FFB less costs to sell which include harvesting costs and transport expenses.

(b) Fair value measurement

Pursuant to MFRS 13 'Fair Value Measurement', the Group establishes a fair value hierarchy that categorised into three levels of inputs to valuation techniques which are used to measure fair value as disclosed in Note 7(b)(ii). The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy, using techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data for the asset. If the FFB selling price changes by 10%, profit or loss for the Group would have equally increased or decreased by approximately RM22,000 (2018: RM14,000) respectively.

During the year, there were no transfers between all three levels of the fair values hierarchy for the biological assets.

The fresh fruit bunches measured at Level 3 are using the following significant unobservable inputs in the valuation model:

Valuation technique	Significant unobservable inputs	Group 2019 RM	Group 2018 RM
Income Capitalisation	Estimated sale price per tonne	657	402

(c) Other information

The movement of the fresh fruit bunches is as follows:

	Note	Group 2019 RM'000	Group 2018 RM'000
At the beginning of the year		144	80
Changes in fair value less costs to sell	34	107	64
At the end of the year		251	144

The oil palm trees of the Group are planted at PN No. 16804, Lot 3516 and PN No. 16806, Lot 3517, Mukim of Penor, District of Kuantan, State of Pahang Darul Makmur in Malaysia with a total area of 404.84 hectares.

NOTES TO THE FINANCIAL STATEMENTS
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19. AMOUNTS DUE FROM/(DUE TO) SUBSIDIARY COMPANIES

	Company	
	2019 RM'000	2018 RM'000
Amounts due from subsidiary companies	165	489
Amounts due to subsidiary companies	(389,586)	(229,639)

(a) Recognition, measurement and significant judgement

(i) Amounts due from subsidiary companies

The amounts due from subsidiary companies are financial assets with fixed or determinable payments and classified as amortised cost assets. The amounts due from subsidiary companies are recognised initially at fair value and are subsequently measured at amortised cost. The amortised cost of a financial asset is described in Note 14(a)(vi).

The Group adopts the 'general approach' under MFRS 9 in providing the expected credit loss. The 'general approach' is described in Note 14(a)(vii). Based on the assessment, the amounts due from subsidiary companies have low credit risk at the end of the year, hence no expected credit loss is recognised thereof.

(ii) Amounts due to subsidiary companies

The amounts due to subsidiary companies are financial liabilities with fixed or determinable payments and classified as amortised cost liabilities. The amounts due to subsidiary companies are recognised initially at fair value of the goods and/or services received and are subsequently measured at amortised cost. The amortised cost of a financial liability is described in Note 24(a)(ii).

(b) Interest rates

The amounts due from/(due to) subsidiary companies are denominated in RM, unsecured and bear an interest rate ranging from 4.47% to 5.68% (2018: 4.73% to 5.46%) per annum. At the end of the year, such amounts including interest therein are due and to be received/paid.

20. DERIVATIVE ASSETS

	Company	
	2019 RM'000	2018 RM'000
Investment in warrants of a subsidiary company	64,670	64,670

(a) Recognition and measurement

Derivative assets of the Company comprises investment in warrants of PJDH, arising from the acquisition of PJDH completed in 2015, which expiring on 5 December 2020 which are financial assets initially recognised at fair value based on the contract. Subsequent to initial recognition, such derivative assets are measured at their fair values; unless such fair values cannot be reliably measured and such amount is then measured at cost less impairment, if any. Gains or losses from the changes in fair values of the derivative assets are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

20. DERIVATIVE ASSETS (CONT'D)

(b) Fair value measurement

Pursuant to MFRS 13 'Fair Value Measurement', the Group established a fair value hierarchy that was categorised into three levels of inputs to valuation techniques which were used to measure fair value as disclosed in Note 7(b)(ii). The fair value measurement of the derivative assets was categorised within Level 2 of the fair value hierarchy, using valuation techniques for which all inputs that had a significant effect on the recorded fair values were observable for the asset.

(c) Other information

As at 31 December 2019, the Company's effective interest in warrants of PJDH increased to 91.99% from 91.88% as a result of the conversion of PJDH's warrants by warrant holders as disclosed in Note 8(b)(ii).

A portion of the warrants in the subsidiary company with the carrying amount of RM47.8 million (2018: RM47.8 million) are pledged to a licensed financial institution to secure the MTNs issued by the Company, as disclosed in Notes 24(b)(ii) and 24(f).

21. SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2019 RM'000	2018 RM'000
Quoted shares in Malaysia	264	248

The carrying amount is classified under Financial Services segment.

(a) Recognition and measurement

Quoted securities are financial assets designated as fair value through profit or loss in accordance with the Group's investment strategy. Such quoted securities are recognised initially at fair value based on the contracts. Subsequent to the initial recognition, such securities are measured at their fair values. Any gains or losses arising from changes in fair values are recognised in profit or loss. The fair values of the quoted securities are based on last bid price in the active market. Gains or losses on sale of these securities, interest and dividend income on these securities are recognised separately in profit or loss.

(b) Fair value measurement

Pursuant to MFRS 13 'Fair Value Measurement', the Group establishes a fair value hierarchy that is categorised into three levels of inputs to valuation techniques which are used to measure fair value as disclosed in Note 7(b)(ii).

The fair value measurement of the quoted securities is categorised within Level 1 of the fair value hierarchy, using unadjusted active market price of the identified assets.

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22. CASH, BANK BALANCES AND SHORT TERM FUNDS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash and bank balances		58,831	110,708	794	1,474
Deposits with licensed financial institutions		68,103	15,726	-	-
Short term funds		446,335	376,928	14,089	57,062
		573,269	503,362	14,883	58,536
Housing development accounts		16,838	25,249	-	-
		590,107	528,611	14,883	58,536
Reclassified to disposal group held for sale	23	(4,263)	-	-	-
	4,5(b)(ii)	585,844	528,611	14,883	58,536
Carrying amount analysed by business segments:					
Property		412,009	275,351		
Construction		21,523	16,182		
Industries		20,175	12,670		
Hospitality		11,538	105,085		
Financial services		120,599	119,323		
		585,844	528,611		

(a) Recognition and measurement

Cash and bank balances, deposits with licensed financial institutions and housing development accounts are financial assets that are measured at amortised cost. The amortised cost of a financial asset is described in Note 14(a)(vi).

Short term funds are financial assets that are measured at fair value through profit or loss.

(b) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, deposits with licensed financial institutions and short term funds with short term maturities and highly liquid investments which have an insignificant risk of changes in value net of bank overdrafts. Statements of cash flows are prepared using indirect method and changes in cash and cash equivalents are classified into operating, investing and financing activities.

Bank accounts held under housing development accounts, form part of bank balances, are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia. The utilisation of this balance is restricted to property development activities.

(c) Interest rates

The interest rates at the end of the year of:

(i) bank balances under housing development accounts ranged from 1.65% to 2.20% (2018: 1.65% to 2.52%) per annum.

(ii) bank balances under current accounts ranged from 2.25% to 2.75% (2018: 2.22% to 2.75%).

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22. CASH, BANK BALANCES AND SHORT TERM FUNDS (CONT'D)

(d) Bank balances and short term funds pledged as security

The carrying amounts of cash, bank balances and short term funds pledged as security to secure medium term notes and Sukuk and borrowings are as follows:

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Medium term notes and Sukuk					
(i) Deposits with licensed financial institutions	24(b)(ii)	-	1,000	-	1,000
Cash and bank balances		9	9	-	-
(ii) Debt Service Reserve Account ("DSRA"):					
- Cash and bank balances		3	-	-	-
- Short term funds		5,154	3,952	4,097	3,952
	24(g)(i)	5,157	3,952	4,097	3,952
(iii) Finance Service Reserve Account ("FSRA"):					
- Cash and bank balances		9	7	-	-
- Deposits with licensed financial institutions		719	713	-	-
- Short term funds		1,181	1,144	-	-
	24(g)(i)	1,909	1,864	-	-
(iv) Proceeds Account ("PA"):					
- Cash and bank balances	24(g)(i)	91	15	91	15
	24(f)	7,166	6,840	4,188	4,967
Borrowings					
Deposits with licensed financial institutions	25(c)	5,863	7,608	-	-
		13,029	14,448	4,188	4,967

(e) Other information

The remaining maturities of deposits with licensed financial institutions at the end of the year is within 365 days (2018: 365 days).

Short term funds aim to invest in highly liquid instruments which are investing its assets in Ringgit Malaysia deposits with licensed financial institutions in Malaysia and are redeemable with one day notice. These funds are subject to an insignificant risk of changes in value and form part of cash and cash equivalents. Funds distribution income from these funds is tax-exempted, is calculated daily and distributed at every month end.

The currency exposure profile of cash, bank balances and short term funds is disclosed in Note 5(b)(ii). The cash, bank balances and short term funds of the Company are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS
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23. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

This note provides information about the proposed disposal of a subsidiary company, OVI, Vietnam.

On 31 December 2019, OCC, a wholly-owned subsidiary company of OCCM, an indirect wholly-owned subsidiary company of PJDH, which in turn is a subsidiary company of the Company, entered into a Sale and Purchase Agreement with Sunhouse Group., JSC ("Sunhouse") for the disposal of 100% Contributed Charter Capital of VND122.9 billion and all ownership rights and titles in OVI to Sunhouse for a total cash consideration of VND75.0 billion. The proposed disposal is consistent with the Group's strategy to strengthen its liquidity and cash flows position by raising cash proceeds of approximately RM13.3 million which will be utilised for working capital for the Group.

The disposal is expected to be completed by first half of year 2020, subject to the fulfilment of condition precedents. The proposed disposal is not expected to have any material financial impact to the Group.

The assets and liabilities of the disposal group classified as held for sale are as follows:

	Note	Group 2019 RM'000
Assets		
Non-current		
Property, plant and equipment	6(b)(i)	4,479
Right-of-use assets	11(b)(i),11(b)(ii)	1,805
		6,284
Current		
Inventories	12(b)(iv)	5,086
Trade receivables	15	4,635
Other assets	17	1,730
Cash, bank balances and short term funds	22	4,263
		15,714
Total assets of disposal group classified as held for sale		21,998
Liabilities		
Non-current		
Lease liabilities	11(c)	627
Current		
Borrowings	25,25(e)(ii)	4,640
Trade payables	26	4,120
Lease liabilities	11(c)	66
Other liabilities	28	682
		9,508
Total liabilities of disposal group classified as held for sale		10,135

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23. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

Recognition and measurement

Disposal group is classified as held for sale if its carrying amounts will be recovered principally through a sales transaction rather than through continuing use with the condition that the sale is highly probable and the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary of the disposal group. The disposal group held for sale is presented separately on the statements of financial position and is measured at the lower of its carrying amount and fair value less costs to sell.

24. MEDIUM TERM NOTES AND SUKUK

This note outlines details of the medium term notes ("MTNs") and Sukuk issued by the Group and the Company.

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Secured					
MTNs and Sukuk		1,157,562	1,070,945	266,206	575,474
Unamortised issuance expenses		(1,505)	(1,755)	(928)	(928)
Total non-current		1,156,057	1,069,190	265,278	574,546
Current					
Secured					
MTNs and Sukuk		25,000	40,732	-	40,732
Unamortised issuance expenses		(129)	(403)	-	(403)
Total current		24,871	40,329	-	40,329
Total	4,5(b)(ii), 25(e)(i)	1,180,928	1,109,519	265,278	614,875
Carrying amount analysed by maturity:					
On demand or within 1 year		24,871	40,329	-	40,329
More than 1 year but less than 2 years		156,911	191,446	73,626	191,446
More than 2 years but less than 5 years		615,705	627,525	191,652	383,100
More than 5 years		383,441	250,219	-	-
		1,180,928	1,109,519	265,278	614,875
Carrying amount analysed by business segments:					
Property		427,171	262,971		
Financial services		753,757	846,548		
		1,180,928	1,109,519		

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24. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(a) Recognition and measurement

(i) MTNs and Sukuk

MTNs and Sukuk are financial liabilities which are classified as amortised cost liabilities. MTNs and Sukuk are recognised upon obligation arises and measured initially at fair values of proceeds raised, net of transaction costs incurred. Subsequent to the initial recognition, such MTNs and Sukuk are measured at amortised cost. The amortised cost of a financial liability is described in (a)(ii) below.

MTNs and Sukuk are derecognised upon extinguishment of the obligations under such financial liabilities. When the existing MTNs and Sukuk are replaced by another lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(ii) Financial liabilities measured at amortised cost and effective interest method

Amortised cost of a financial liability is measured at initial recognition net of principal repayment, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability. Therefore, the carrying amount of the financial liability is reasonably approximate to its fair value.

(b) Medium Term Note Programme ("MTN 1") for the issuance of MTNs of up to RM990.0 million in nominal value

(i) Salient terms of MTN 1

On 15 October 2015, the Company lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to MTN 1 pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. MTN 1 will give the Company the flexibility to raise funds via the issuance of MTNs of up to RM990.0 million in nominal value, which can be utilised to refinance its existing borrowings and to fund its working capital requirements. MTN 1 is unrated and has a tenure of 15 years from the date of its first issuance.

The terms of MTN 1 contain various covenants, including the following:

(1) The Group shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of MTN 1.

(2) The Company shall maintain a security cover ratio of not less than 1.50 times throughout the tenure of MTN 1.

(3) The Company shall maintain a Debt Service Reserve Account ("DSRA") with a minimum amount equivalent to one month interest payment. The amount can be utilised for the payment of interest of MTNs in the event of a default in interest payment obligations. Any utilised funds shall be replenished within 14 days from the date of withdrawal/shortfall.

NOTES TO THE FINANCIAL STATEMENTS
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24. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(b) Medium Term Note Programme ("MTN 1") for the issuance of MTNs of up to RM990.0 million in nominal value (Cont'd)

(ii) Issuance and redemption of MTN 1

On 30 October 2015, the Company issued MTN 1 of RM750.0 million to refinance its bridging borrowings. Such MTNs were issued in 12 series with maturities commencing from year 2017 to 2022 and redeemable every 6 months commencing 18 months after the first issuance date.

On 17 November 2016 and 1 December 2016, the Company further issued MTN 1 of RM100.0 million and RM90.1 million for working capital respectively. MTNs were issued in 10 series for each issuance date with maturities commencing from year 2018 to 2022 and redeemable every 6 months commencing 30 months after the first issuance date, 30 October 2015. The terms of MTN 1 remained unchanged other than the withdrawals of the unutilised balance sum of RM9.9 million, in respect of the first issuance, from the Disbursement Account for working capital purposes. Arising from this, the Company received a total sum of RM200.0 million for its working capital purpose.

MTN 1 is secured by:

(1) First party legal charge by way of Memorandum of Deposit with Power of Attorney over shares and warrants in certain subsidiary companies as disclosed in Notes 8(d)(ii) and 20(c) respectively; and

(2) First party assignment and charge over the Company's rights (including rights to sue), title, interest and benefit in and under the DSRA and Disbursement Account and all monies standing to the credit thereto [Note 22(d)(i)].

On 30 November 2016, the Company redeemed RM100.0 million from MTN 1 issued on 30 October 2015.

On 30 April 2018 and 17 May 2018, the Company redeemed a total of RM223.9 million of MTN 1 which was issued between October 2015 and December 2016.

On 30 January 2019, the Company redeemed a total of RM350.0 million of MTN 1 which was issued between October 2015 and December 2016.

(c) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2"), both programmes for the issuance of MTNs and Sukuk with a combined limit up to RM1.8 billion in nominal value

(i) Salient terms of Sukuk 1 and MTN 2

On 9 March 2018, OSK I CM Sdn. Bhd. ("OSKICM"), a wholly-owned subsidiary company of the Company, lodged a Sukuk 1 with SC. On 20 April 2018, OSKICM lodged MTN 2 and re-lodged the Sukuk 1 with SC all the required information and relevant documents pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. Both Sukuk 1 and MTN 2 are unrated and tradeable with a combined limit of up to RM1.8 billion and have a perpetual tenure.

The programmes will give OSKICM the flexibility to raise funds via the issuance of Sukuk 1 or MTN 2, which can be utilised for working capital requirements and repayments of the Group's borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

24. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(c) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2"), both programmes for the issuance of MTNs and Sukuk with a combined limit up to RM1.8 billion in nominal value (Cont'd)

(i) Salient terms of Sukuk 1 and MTN 2 (Cont'd)

The terms of Sukuk 1 and MTN 2 contain various covenants, including the following:

(1) the Group shall maintain a gearing ratio of not exceeding 1.50 times at all times throughout the tenure of the Programme.

(2) OSKICM shall set up or procure Trustees' Reimbursement Account with RM30,000 each in respect of Sukuk 1 and MTN 2 which shall be maintained at all times throughout the tenure of the Programme.

(ii) Issuance and redemption of Tranche 1 of MTN 2

On 30 April 2018, OSKICM issued first series of Tranche 1 of MTN 2 of RM50.0 million, redeemable on 30 April 2021. On 17 May 2018, OSKICM further issued 3 series of Tranche 1 of MTN 2 of RM200.0 million with maturities commencing from year 2023 to 2028.

The securities of Tranche 1 of MTN 2 are disclosed in Note (c)(iii) below.

On 29 June 2018 and 17 October 2018, OSKICM redeemed a total of RM17.5 million of Tranche 1 of MTN 2 which was issued on 30 April 2018 and 17 May 2018.

On 17 June 2019, OSKICM redeemed RM13.0 million of Tranche 1 of MTN 2 which was issued on 17 May 2018.

On 30 October 2019, OSKICM redeemed RM10.6 million of Tranche 1 of MTN 2 which was issued on 30 April 2018.

(iii) Issuance and redemption of Tranche 2 of MTN 2

On 30 January 2019, OSKICM issued Tranche 2 of MTN 2 of RM200.0 million in 7 series with maturities commencing from year 2020 to 2026, redeemable every 12 months commencing 12 months after the first issuance date.

Both Tranche 1 and 2 of MTN 2 are secured by:

(1) all its rights, titles, interests and benefits in and under the shares proceeds account for Tranche 1 and 2 ("Proceeds Account") maintained by the Company and all monies from time to time standing to the credit thereto (this proceeds account is mainly to capture dividend income receivable from an associated company); and

(2) shares in an associated company of the Company ("Pledged Shares") [Note 9(b)].

Tranche 2 of MTN 2 requires a security cover of not less than 2.0 times.

On 30 May 2019 and 30 October 2019, OSKICM redeemed RM19.7 million of Tranche 2 of MTN 2 which was issued on 30 January 2019.

NOTES TO THE FINANCIAL STATEMENTS
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24. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(c) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2"), both programmes for the issuance of MTNs and Sukuk with a combined limit up to RM1.8 billion in nominal value (Cont'd)

(iv) Issuance and redemption of Tranche 1 of Sukuk 1

On 28 June 2018, OSKICM issued Tranche 1 of Sukuk 1 of RM1.0 million for Shariah-compliant working capital.

Tranche 1 of Sukuk 1 is secured by:

(1) the present and future rights (including but not limited to the right to sue and demand), titles, interests and benefits in the fixed deposit receipts and all monies from time to time standing to the credit of the Islamic fixed deposit including any profits or dividends earned in respect thereof; and

(2) Islamic fixed deposit evidenced by the fixed deposit receipts.

On 28 September 2018, OSKICM fully redeemed RM1.0 million Tranche 1 of Sukuk 1 which was issued on 28 June 2018.

(v) Issuance of Tranche 2 of Sukuk 1

On 23 July 2018, OSKICM issued Tranche 2 of Sukuk 1 of RM92,971,000 in 13 series with maturities commencing from year 2021 to 2024, redeemable every 3 months commencing 36 months after the first issuance date.

Tranche 2 of Sukuk 1 is secured by:

(1) all its rights, titles, interests and benefits in and under the operating account for Tranche 2 ("Tranche 2 Operating Account") maintained by OSKICM and all monies from time to time standing to the credit thereto;

(2) all its rights, titles, interests and benefits in and under the Finance Service Reserve Account ("FSRA") and Tranche 2 Operating Account maintained by Perspektif Vista Sdn. Bhd. ("PV"), a subsidiary company of OSKPH, which in turn is a subsidiary company of the Company, and all monies from time to time standing to the credit thereto;

(3) a development land charge under the provisions of the National Land Code, 1965 [Note 12(b)(i)];

(4) a debenture creating a first ranking fixed and floating charge over all its present and future assets in respect of the project; and

(5) PV shall maintain a FSRA of a minimum amount equivalent to three periodic profit payments.

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24. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(c) Sukuk Murabahah Programme ("Sukuk 1") and Medium Term Note Programme ("MTN 2"), both programmes for the issuance of MTNs and Sukuk with a combined limit up to RM1.8 billion in nominal value (Cont'd)

(vi) Issuance of Tranche 3 of Sukuk 1

On 5 November 2018, OSKICM issued Tranche 3 of Sukuk 1 of RM170.0 million in 9 series with maturities commencing from year 2021 to 2025, redeemable every 6 months commencing 36 months after the first issuance date.

Tranche 3 of Sukuk 1 is secured by:

(1) shares in certain subsidiary companies ("Pledged Shares") as disclosed in Note 8(d)(ii);

(2) all its rights, titles, interests and benefits in and under the shares proceeds account for Tranche 3 ("Tranche 3 Proceeds Account") maintained by the Company and all monies from time to time standing to the credit thereto (this proceeds account is mainly to capture dividend income receivable from certain subsidiary companies);

(3) all its rights, titles, interests and benefits in and under the FSRA and Tranche 3 Operating Account maintained by OSKICM and all monies from time to time standing to the credit thereto; and

(4) OSKICM shall maintain a FSRA of a minimum amount equivalent to one periodic profit payment.

Tranche 3 of Sukuk 1 requires a security cover of not less than 1.50 times.

(d) Medium Term Note Programme ("MTN 3") for the issuance of medium term notes of up to RM980.0 million in nominal value

(i) Salient term of MTN 3

On 25 April 2019, OSKICM lodged a MTN 3 with the SC all the required information and relevant documents pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. MTN 3 is unrated and tradeable with a limit of up to RM980.0 million and has a perpetual tenure.

The proceeds raised from the issuance of the MTN 3 shall be utilised by OSKICM and the Group for (i) Investment activities; (ii) Capital expenditure; (iii) Working capital requirements; (iv) General corporate exercise; and (v) Refinancing of existing borrowings.

The terms of the MTN 3 contain various covenants, including the following:

(1) the Group shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of the Programme.

(2) OSKICM shall set up or procure Trustees' Reimbursement Account with a sum of RM30,000 in respect of MTN 3 which shall be maintained at all times throughout the tenure of the Programme.

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24. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(d) Medium Term Note Programme ("MTN 3") for the issuance of medium term notes of up to RM980.0 million in nominal value (Cont'd)

(ii) Issuance of Tranche 1 of MTN 3

On 10 May 2019, OSKICM issued Tranche 1 of MTN 3 of RM164.2 million in 15 series with maturities commencing from year 2020 to 2034, redeemable every 12 months commencing 12 months after the first issuance date.

The Tranche 1 of MTN 3 is secured by:

(1) all its rights, titles, interests and benefits to and in, amongst others:

(i) the Atria Mall Revenue Account and Carpark Revenue Account ("Revenue Accounts") maintained by Atria Shopping Gallery Sdn. Bhd. ("ASG") and Atria Parking Management Sdn. Bhd. ("APM") respectively, subsidiary companies of OSKPH, which in turn are subsidiary companies of the Company and all monies from time to time standing to the credit thereto;

(ii) Atria Mall Rental Proceed and Carpark Rental Proceed ("Rental Proceeds") maintained by ASG and APM respectively, and all monies from time to time standing to the credit thereto;

(iii) the Debt Service Reserve Account ("DSRA") maintained by a subsidiary company, ASG and all monies from time to time standing to the credit thereto;

(iv) the Insurances of ASG and APM; and

(v) the Atria Mall and Carpark under the Sale and Purchase Agreement entered between ASG, APM and Atria Damansara Sdn. Bhd. ("AD"), a subsidiary company of OSKPH, which in turn is a subsidiary company of the Company;

(2) debentures by ASG and APM creating a first fixed charge over Atria Mall and Carpark respectively, all fixtures, fittings, equipment, machinery, systems and all other appurtenant thereto both present and future affixed to or installed in or within Atria Mall and Carpark [Note 7(c)(iii)]; and

(3) a piece of land owned by AD together with all buildings and fixtures erected thereon, charged under the provisions of the National Land Code 1965.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

24. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(d) Medium Term Note Programme ("MTN 3") for the issuance of medium term notes of up to RM980.0 million in nominal value (Cont'd)

(iii) Issuance of Tranche 2 of MTN 3

On 30 September 2019, OSKICM issued Tranche 2 of MTN 3 of RM100.0 million and redeemable after 5 years from the issuance date of Tranche 2.

The Tranche 2 of MTN 3 is secured by:

(1) first party legal charge by the way of Memorandum of Deposit with Power of Attorney over shares of an associated company of the Company [Note 9(b)];

(2) all its rights, titles, interests and benefits to and in the DSRA maintained by OSKICM and all monies from time to time standing to the credit thereto; and

(3) OSKICM shall maintain a minimum amount equivalent to one month coupon payment in the DSRA.

(e) Interest rates and profit rates

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
MTNs and Sukuk	4.28 - 5.13	4.08 - 5.21	4.76 - 5.00	4.75 - 5.00

(f) Secured financing

The Group and the Company have pledged the following assets as security for the MTNs and Sukuk. The carrying amounts of these assets are as follows:

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Assets pledged					
Investment properties	7(c)(iii)	399,850	-	-	-
Inventories					
- Land held for property development	12(b)(i)	127,141	122,762	-	-
Cash, bank balances and short term funds	22(d)	7,166	6,831	4,188	4,967
		534,157	129,593	4,188	4,967

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

24. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(f) Secured financing (Cont'd)

The Group and the Company have pledged the following assets as security for the MTNs and Sukuk. The carrying amounts of these assets are as follows: (Cont'd)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Shares and warrants pledged					
Investments in subsidiary companies	8(d)(ii)	1,328,716	1,328,733	-	-
Investments in associated companies	9(b)	1,662,978	714,101	1,662,978	714,101
Derivative assets - Warrants	20(c)	47,800	47,800	47,800	47,800
		3,039,494	2,090,634	1,710,778	761,901
		3,573,651	2,220,227	1,714,966	766,868

(g) Other information

(i) The outstanding MTNs and Sukuk, the DSRA, FSRA and PA balances are as follows:

	Outstanding amounts RM'000	DSRA balances [Note 22(d)(ii)] RM'000	FSRA balances [Note 22(d)(iii)] RM'000	PA balances [Note 22(d)(iv)] RM'000
2019				
MTN 1	266,206	4,097	-	-
Tranche 1 of MTN 2	208,900	-	-	32
Tranche 2 of MTN 2	180,285	-	-	23
Tranche 2 of Sukuk 1	92,971	-	1,188	-
Tranche 3 of Sukuk 1	170,000	-	721	36
Tranche 1 of MTN 3	164,200	692	-	-
Tranche 2 of MTN 3	100,000	368	-	-
	1,182,562	5,157	1,909	91
Unamortised issuance expenses	(1,634)			
	1,180,928			

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

24. MEDIUM TERM NOTES AND SUKUK (CONT'D)

(g) Other information (Cont'd)

(i) The outstanding MTNs and Sukuk, the DSRA, FSRA and PA balances are as follows: (Cont'd)

	Outstanding amounts RM'000	DSRA balances [Note 22(d)(ii)] RM'000	FSRA balances [Note 22(d)(iii)] RM'000	PA balances [Note 22(d)(iv)] RM'000
2018				
MTN 1	616,206	3,952	-	-
Tranche 1 of MTN 2	232,500	-	-	15
Tranche 2 of Sukuk 1	92,971	-	1,151	-
Tranche 3 of Sukuk 1	170,000	-	713	-
	1,111,677	3,952	1,864	15
Unamortised issuance expenses	(2,158)			
	1,109,519			

(ii) The issuance and redemption of MTNs and Sukuk during the year are summarised as follows:

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Issuance:					
Tranche 1 of MTN 2	(c)(ii)	-	250,000	-	-
Tranche 2 of MTN 2	(c)(iii)	200,000	-	-	-
Tranche 1 of Sukuk 1	(c)(iv)	-	1,000	-	-
Tranche 2 of Sukuk 1	(c)(v)	-	92,971	-	-
Tranche 3 of Sukuk 1	(c)(vi)	-	170,000	-	-
Tranche 1 of MTN 3	(d)(ii)	164,200	-	-	-
Tranche 2 of MTN 3	(d)(iii)	100,000	-	-	-
		464,200	513,971	-	-
Redemption:					
MTN 1	(b)(ii)	(350,000)	(223,907)	(350,000)	(223,907)
Tranche 1 of MTN 2	(c)(ii)	(23,600)	(17,500)	-	-
Tranche 2 of MTN 2	(c)(iii)	(19,715)	-	-	-
Tranche 1 of Sukuk 1	(c)(iv)	-	(1,000)	-	-
		(393,315)	(242,407)	(350,000)	(223,907)

(iii) The security covers required for the above MTNs and Sukuk are met at all times.

(iv) The liquidity risk of MTNs and Sukuk are disclosed in Note 5(a).

(v) The MTNs and Sukuk are denominated in RM.

(vi) The reconciliation of liabilities arising from financing activities is disclosed in Note 25(e).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

25. BORROWINGS

This note provides a breakdown of the bank borrowings utilised by the Group and the Company.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Secured					
Bridging		42,432	14,909	-	-
Term		194,948	409,280	-	-
Total non-current		237,380	424,189	-	-
Current					
Secured					
Bankers' acceptances		-	5,280	-	-
Bridging		-	10,709	-	-
Revolving credits		154,950	180,050	-	-
Term		17,510	77,591	-	-
Unsecured					
Bank overdrafts		63	282	-	-
Revolving credits		787,701	663,355	40,000	35,700
Trust receipt		4,640	3,739	-	-
		964,864	941,006	40,000	35,700
Reclassified to disposal group held for sale					
- Trust receipt	23	(4,640)	-	-	-
Total current		960,224	941,006	40,000	35,700
Total	4, 5(b)(ii)	1,197,604	1,365,195	40,000	35,700
The carrying amount analysed by maturity:					
On demand or within 1 year		960,224	941,006	40,000	35,700
More than 1 year but less than 2 years		39,800	39,649	-	-
More than 2 years but less than 5 years		114,344	228,351	-	-
More than 5 years		83,236	156,189	-	-
		1,197,604	1,365,195	40,000	35,700
Carrying amount analysed by business segments:					
Property		452,452	703,164		
Industries		6,990	19,097		
Hospitality		123,538	105,279		
Financial services		614,624	537,655		
		1,197,604	1,365,195		

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

25. BORROWINGS (CONT'D)

(a) Recognition and measurement

Borrowings are financial liabilities which are classified as amortised cost liabilities.

Borrowings are recognised upon the obligation of liabilities arise and measured at fair values of borrowed sums, net of any transaction cost. Subsequent to the initial recognition, such borrowings are measured at amortised cost. The amortised cost of a financial liability is described in Note 24(a)(ii).

Borrowings are derecognised upon extinguishment of financial obligations. Gains or losses including interest and fee expenses, discount and rebates as well as amortisation of transaction costs are recognised in profit or loss.

(b) Interest rates

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Borrowings	4.20 - 8.10	4.15 - 8.10	4.49 - 4.96	4.81 - 5.00

(c) Secured financing

The Group pledged the following assets as security for borrowings with carrying amounts as follows:

		Group	
	Note	2019 RM'000	2018 RM'000
Assets pledged			
Property, plant and equipment	6(b)(ii)	197,772	201,575
Investment properties	7(c)(iii)	9,444	409,294
Inventories:			
- Land held for property development	12(b)(i)	245,160	237,905
- Property development expenditure	12(b)(ii)	228,909	298,300
Cash, bank balances and short term funds:			
- Deposits with licensed financial institutions	22(d)	5,863	7,608
		687,148	1,154,682

(d) Other information

(i) The unsecured revolving credits of certain subsidiary companies are supported by corporate guarantees of the Company.

(ii) Certain of the above borrowings of indirect subsidiary companies are also supported by corporate guarantees of their respective holding companies.

(iii) As at 31 December 2019, the term borrowings of the Group are repayable between year 2020 to 2032.

(iv) The liquidity risk of borrowings are disclosed in Note 5(a).

(v) The currency exposure profile of borrowings is disclosed in Note 5(b)(ii).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

25. BORROWINGS (CONT'D)

(e) Reconciliation of liabilities arising from financing activities

		Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
(i)	**Medium term notes and Sukuk:**					
	At the beginning of the year		1,109,519	838,210	614,875	838,210
	Cash flows		70,885	271,564	(350,000)	(223,907)
	Non-cash changes		524	(255)	403	572
	At the end of the year	24	1,180,928	1,109,519	265,278	614,875
(ii)	**Borrowings (excluding bank overdraft):**					
	At the beginning of the year		1,364,913	1,428,188	35,700	216,681
	Cash flows		(162,732)	(45,105)	4,300	(181,065)
	Non-cash:					
	- Effect of foreign currency translation		-	(17,910)	-	-
	- Others		-	(260)	-	84
			-	(18,170)	-	84
	Reclassified to disposal group held for sale	23	(4,640)	-	-	-
	At the end of the year		1,197,541	1,364,913	40,000	35,700
(iii)	**Lease liabilities**					
	Effects of adoption of MFRS 16	47(a)(v)	1,459	-	3,360	-
	Cash flows		(3,850)	-	(1,792)	-
	Non-cash:					
	- New leases		32,231	-	-	-
	- Expiration		(19)	-	-	-
	- Interest charged		567	-	136	-
			32,779	-	136	-
	Reclassified to disposal group held for sale		(693)	-	-	-
	At the end of the year	11	29,695	-	1,704	-
	Total liabilities from financing activities		2,408,164	2,474,432	306,982	650,575

NOTES TO THE FINANCIAL STATEMENTS
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26. TRADE PAYABLES

This note provides information about the outstanding balances of contractors and suppliers.

	Note	Group 2019 RM'000	Group 2018 RM'000
Non-current			
Property development payables		711	6,117
Construction payables		16,832	14,051
Total non-current		17,543	20,168
Current			
Lease payables		-	172
Property development payables		25,467	39,798
Construction payables		26,769	53,301
Industries related payables		18,672	20,826
Hotels related payables		2,860	2,249
Advances received from capital financing		146	124
Building materials payables		10,064	-
Plantation payables		221	-
		84,199	116,470
Reclassified to disposal group held for sale			
- Industries related payables	23	(4,120)	-
Total current		80,079	116,470
Total	5(b)(ii)	97,622	136,638
Carrying amount analysed by business segments:			
Property		26,178	46,087
Construction		43,601	67,352
Industries		14,552	20,826
Hospitality		2,860	2,249
Financial services		10,431	124
		97,622	136,638

(a) Recognition and measurement

Trade payables are financial liabilities which are classified as amortised cost liabilities. Trade payables are recognised initially at their fair values of goods and services received and subsequently measured at amortised costs. The amortised cost of a financial liability is described in Note 24(a)(ii). Trade payables are derecognised upon extinguishment of their financial obligations.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

26. TRADE PAYABLES (CONT'D)

(b) Other information

(i) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2018: 30 to 90 days).

(ii) The liquidity risk of trade payables are disclosed in Note 5(a).

(iii) The currency exposure profile of trade payables is disclosed in Note 5(b)(ii).

27. CONTRACT LIABILITIES

This note provides information about the contract liabilities which should be read in conjunction with Note 16 in relation to contracts for property development and construction contracts.

	Note	Group 2019 RM'000	Group 2018 RM'000
Non-current			
Contract liabilities in relation to deferred income:			
- facility fees of capital financing		1,566	138
- vacation club membership fees		105,565	135,258
Total non-current		107,131	135,396
Current			
Contract liabilities in relation to:			
- property development activities	16(b)(i)	10,455	2,482
- construction contracts	16(b)(ii)	12,120	25,845
- deferred income:			
- facility fees of capital financing		4,033	2,831
- vacation club maintenance fees		457	554
- vacation club membership fees		6,326	6,898
- hotel licence fees		125	125
Total current		33,516	38,735
Total		140,647	174,131
Carrying amount analysed by business segments:			
Property		10,455	2,482
Construction		12,120	25,845
Hospitality		112,473	142,835
Financial services		5,599	2,969
		140,647	174,131

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

27. CONTRACT LIABILITIES (CONT'D)

(a) Recognition and measurement

Contract liabilities are the obligations to transfer goods or services to customers for which the Group has received the consideration, the fair values at initial recognition, or has billed the customers. For property development activities, contract liabilities (progress billings) are excess of the progress billings to purchasers over the cumulative revenue recognised. For construction contracts, contract liabilities are excess of the progress billings to customers over the construction costs incurred plus profit accrued. Other contract liabilities include the vacation club membership fees are down payments from customers and other deferred income received where the Group has billed or has collected the payment before the services are provided to the customers.

(b) Other information

Further details of the contract liabilities of properties development activities and construction contracts are disclosed in Notes 16(b)(i) and 16(b)(ii) respectively.

28. OTHER LIABILITIES

This note provides information about the other liabilities by nature based on their financial obligations including provisions for expenses where probable outflow of economic resources are expected.

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Deposits received		6,469	5,961	-	-
Current					
Other payables	(b)(i)	59,448	56,436	1,705	16
Accruals	(b)(ii)	353,452	344,211	277	368
	5(b)(ii)	412,900	400,647	1,982	384
Deposits received		8,509	9,493	-	-
Provisions	(b)(iii)	93,399	97,279	3,997	4,910
		514,808	507,419	5,979	5,294
Reclassified to disposal group held for sale					
- Accruals	5(b)(ii),23	(494)	-	-	-
- Provisions	23	(188)	-	-	-
Total current		514,126	507,419	5,979	5,294
Total		520,595	513,380	5,979	5,294

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

28. OTHER LIABILITIES (CONT'D)

	Group	
	2019 RM'000	**2018 RM'000**
Carrying amount analysed by business segments:		
Property	474,856	442,657
Construction	12,286	19,199
Industries	8,156	9,154
Hospitality	13,081	28,560
Financial services	12,216	13,810
	520,595	513,380

(a) Recognition, measurement and significant judgement

Other payables and accruals are financial liabilities which classified as amortised cost liabilities. The other payables and accruals are recognised and measured initially at fair values of goods and services received. Subsequent to the initial recognition, such other payables and accruals are measured at amortised cost. The amortised cost of a financial liability is described in Note 24(a)(ii). Other payables and accruals are derecognised upon extinguishment of their financial obligations.

Provisions are recognised when the Group's or the Company's obligation arises (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The provisions are reviewed at the end of the year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(b) Other information

(i) Included in the other payables is an amount due to a joint venture partner of RM212,000 (2018: RM212,000). This amount is unsecured and is repayable in accordance to the terms of the joint venture, subject to the consent of both parties to the joint venture.

(ii) Accruals mainly consist of accrued property development related costs.

(iii) Included in the provisions is a provision for low cost housing of RM67.7 million (2018: RM64.4 million).

(iv) The liquidity risk of other payables and accruals are disclosed in Note 5(a).

(v) The currency exposure profile of other liabilities excluding provisions and deposits received is disclosed in Note 5(b)(ii).

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29. SHARE CAPITAL

This note provides information about the issued and fully paid share capital and warrants issued.

		Group and Company			
		2019		2018	
	Note	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid ordinary shares					
At the beginning/end of the year	30	2,095,300	2,095,310	2,095,300	2,095,310

(a) Recognition and measurement

Ordinary shares of the Company are recognised upon issuance of new ordinary shares to holders. The ordinary shares are classified as equity and recorded at fair value of consideration received.

(b) Share capital information

The stock name, stock code and ISIN code of the ordinary shares are "OSK", "5053" and "MYL5053OO003" respectively. The Company's securities are classified under property sector on the Main Market of Bursa Securities, Malaysia.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the residual assets of the Company.

There were no new issuances of new ordinary share during the year.

(c) Warrants C 2015/2020

Once Warrants C 2015/2020 being exercised, the proportionate of fair value of exercised warrants is reclassified to share capital account upon issuance of ordinary share.

The stock name, stock code and ISIN code of the Warrants C 2015/2020 are "OSK-WC", "5053WC" and "MYL5053WCU71" respectively.

On 23 July 2015, the Company issued 237,732,751 Warrants C 2015/2020 pursuant to the Bonus Issue of Warrants which were listed on the Main Market of Bursa Securities on 4 August 2015.

On 29 November 2017, pursuant to the bonus issue of ordinary shares, the Company issued 118,856,788 additional Warrants C 2015/2020 based on one additional Warrants C for two existing Warrants C held.

There were no Warrants C 2015/2020 being exercised during the year and the previous year. As at 31 December 2019, the total number of Warrants C 2015/2020 which remained unexercised was 356,577,165 (2018: 356,577,165).

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29. SHARE CAPITAL (CONT'D)

(c) Warrants C 2015/2020 (Cont'd)

The main features of Warrants C 2015/2020 are summarised below.

(i) Each warrant entitles the holder to subscribe for one new ordinary share in the Company at an exercise price of RM1.80 at any time during normal business hours up to 5:00 p.m. on or before 22 July 2020. In accordance with Condition 3(i) of the Third Schedule of the Deed Poll dated 7 July 2015 constituting the Warrants C 2015/2020, the exercise price and/or the number of warrants shall from time to time be adjusted, calculated or determined by the Board.

Upon issuance of additional Warrants C 2015/2020, the exercise price was adjusted from RM1.80 to RM1.20 pursuant to the completion of bonus issue on 29 November 2017.

The adjustments to the exercise price and number of the outstanding Warrants C pursuant to the Bonus Issue is set out below:

	Before the bonus issue	After the bonus issue
Exercise price (RM)	1.80	1.20
Number of outstanding Warrants C 2015/2020	237,720,377	356,577,165

(ii) Full provisions regarding the transferability of Warrants C 2015/2020 to new ordinary shares, adjustment of the exercise price in certain circumstances, quotation on Bursa Securities and other terms and conditions pertaining to the Warrants C 2015/2020 are set out in details in a Deed Poll executed by the Company on 7 July 2015. The Deed Poll is available for inspection at the registered office of the Company.

30. TREASURY SHARES

This note provides information about the share buybacks of the Company.

	Note	Group and Company			
		2019		2018	
		Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At cost					
At the beginning of the year		18,100	30,237	18,100	30,237
Share buybacks	(b)	5,364	5,399	-	-
At the end of the year		23,464	35,636	18,100	30,237
Total number of outstanding shares		2,071,836		2,077,200	
Total number of issued and fully paid ordinary shares	29	2,095,300		2,095,300	

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30. TREASURY SHARES (CONT'D)

(a) Recognition and measurement

When the Company repurchases its own equity share capital, the consideration paid including any directly attributable incremental external costs are included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed.

The shares repurchased are being held as treasury shares in accordance with Section 127 of CA2016 (formerly under Section 67A of the Companies Act, 1965). The Company may distribute the treasury shares as dividend to the Shareholders or re-sell the treasury shares in the market in accordance with the Rules of Bursa Securities or cancel the shares in accordance with Section 127 of CA2016.

When repurchased shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the Owners of the Company. Any difference between the resale price and the carrying amount of the repurchased shares is accounted as a movement in reserves in statement of changes in equity.

(b) Summary of the share buybacks

	Number of shares '000	Highest price RM	Lowest price RM	Average cost including transaction costs RM	Total amount paid RM'000
2019					
At the beginning of the year	18,100	2.82	0.90	1.67	30,237
Share buybacks during the year:					
December	5,364	1.04	0.95	1.01	5,399
At the end of the year	23,464	2.82	0.90	1.52	35,636
2018					
At the beginning/end of the year	18,100	2.82	0.90	1.67	30,237

In December 2019, the Company repurchased 5,363,800 shares from the market at an average price of RM1.01 per unit by using internally generated funds.

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30. TREASURY SHARES (CONT'D)

(c) Other information

The Shareholders of the Company, by a special resolution passed at the Extraordinary General Meeting held on 18 December 2000, approved the Company's plan to repurchase its own ordinary shares. The Company has annually obtained the approval of the Shareholders to repurchase its own ordinary shares subject to the conditions of:

(i) the aggregate number of shares purchased or held does not exceed 10 percent of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

(ii) an amount not exceeding the Company's retained profits based on the latest audited financial statements and/or the latest management account of the Company at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends and/or in such manner as may be permitted pursuant to Section 127 of CA2016 and the provision of the listing requirements of Bursa Securities and any other relevant authorities.

The Directors are committed to enhance the value of the Company for its Shareholders and believe that the repurchase plan is to the best interests of the Company and its Shareholders.

31. RESERVES

This note provides a breakdown of the items included in reserves.

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revaluation reserve	(a)	63,451	63,451	-	-
Foreign currency translation reserves	(b)	11,221	18,265	-	-
Other reserves	(c)	111,790	14,958	-	-
		186,462	96,674	-	-
Retained profits		2,743,327	2,435,791	1,102,865	968,888
		2,929,789	2,532,465	1,102,865	968,888

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31. RESERVES (CONT'D)

(a) Revaluation reserve

	Group	
	2019 RM'000	2018 RM'000
Revaluation surplus	66,790	66,790
Deferred tax	(3,339)	(3,339)
Revaluation reserve, net of tax	63,451	63,451

The revaluation reserve represents revaluation surplus on land and buildings of a subsidiary company. On 9 November 2012, certain land and buildings that were classified as property, plant and equipment were reclassified to investment properties due to change in use as a result of the disposal of the investment banking subsidiary companies. These land and buildings are measured at their fair values based on independent valuers at that date. A total gain of RM80.3 million was recognised as a revaluation surplus in year 2012 and a deferred tax of RM4.0 million arising from change of tax legislation in year 2013. The revaluation reserve is derecognised upon the completion of disposal of the underlying property.

(b) Foreign currency translation reserves

Foreign currency translation reserves are used to record foreign currency translation differences arising from the translations of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the foreign currency translation differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

The foreign currency translation reserves include share of foreign currency translation reserves of RM18.9 million (2018: RM25.7 million) arising from equity accounting of associated companies.

(c) Other reserves

The other reserves consists of share of other reserves of an associated company as follow:

	Group	
	2019 RM'000	2018 RM'000
Fair value through other comprehensive income reserve ("FVOCI")	91,290	(5,131)
Other reserves	20,500	20,089
	111,790	14,958

FVOCI reserves represent the cumulative gains and losses arising on the revaluation of (i) investment in equity instruments designated as at FVOCI, net of cumulative gain/loss transferred to retained earnings upon disposal; and (ii) investments in debt instruments classified as FVOCI, net of cumulative loss allowance recognised on these investments and cumulative gain/loss reclassified to income statements upon disposal or reclassification of these investments.

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32. REVENUE

This note provides a breakdown of the revenue that are generated by the Group and the Company.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Dividend income:					
- Subsidiary companies		-	-	174,774	103,205
- Associated company		-	-	103,574	71,080
		-	-	278,348	174,285
Financial assets measured at amortised costs:					
- Facilities fees		9,123	10,715	-	-
- Interest income		60,983	50,997	-	-
Progress revenue:					
- Construction contracts	16(b)(ii)	541	11,046	-	-
- Property development (net)	16(b)(i)	682,703	647,189	-	-
		683,244	658,235	-	-
Rental income		42,449	38,155	-	-
Sale of goods and completed properties		316,365	331,642	-	-
Services income		95,359	114,343	-	-
		1,207,523	1,204,087	278,348	174,285
Revenue recognition based on:					
Transfer over time		711,146	691,433	-	-
Transfer at a point in time		392,945	423,502	-	-
Others		103,432	89,152	278,348	174,285
		1,207,523	1,204,087	278,348	174,285

Recognition and measurement

Revenue recognition in relation to performance obligation

Revenue which represents income arising from the course of the Group's and of the Company's ordinary activities are recognised by reference to each distinct performance obligation promised in the contract with customer as and when the Group and the Company transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

NOTES TO THE FINANCIAL STATEMENTS
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32. REVENUE (CONT'D)

Recognition and measurement (Cont'd)

Revenue recognition in relation to performance obligation (Cont'd)

The consideration allocated to each performance obligation is recognised as revenue as and when the customer obtains control of the goods or services. At the inception of each contract with the customer, the Group and the Company determine whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services are transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances a customer-controlled asset; or
- the Group's and the Company's performance does not create an asset with alternative use and the Group and the Company have rights to payment for performance completed to date.

(i) Progress revenue from property development and construction contracts

Revenue from property development and construction contract is recognised upon transferring control of the asset to a purchaser/customer. Based on the terms of the contract and the laws that apply to the contracts in Malaysia, control of the asset is transferred over time to the purchasers/customers of the Group.

In determining the timing of satisfaction of performance obligation for revenue recognition:

(a) the property development subsidiary companies recognise revenue over the period of the contracts using the input method based on percentage of completion as disclosed in Note 12(a)(ii). The percentage of completion is reference to the level of completion of the property development where the property development cost incurred to date as a percentage of the estimated total costs of development of the contract.

(b) the construction subsidiary company recognises revenue over the periods of the contracts using the output method by reference to the survey of contract work completed to date which is certified by professional consultants.

(c) the promised properties are specifically identified in the sale and purchase agreements with its layout plan. The purchaser could enforce its rights to the properties if the Group seeks not to sell such properties to the purchaser. The contractual restriction on the Group's ability to direct the properties for another use is substantive and the properties sold to the purchaser do not have an alternative use to the Group. The Group has the rights to payment for performance completed to-date. The Group is obligated to complete the construction, transfer to the purchaser the developed properties and enforce their rights to full payment from the purchaser.

In certain circumstances, contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. The transaction price, which include estimating variable consideration and adjusting the consideration for the effects of the time value of money where applicable, shall be allocated to each performance obligation based on the stand-alone selling prices of the properties involved. Stand-alone selling prices are estimated based on expected cost plus margin where the observable selling prices data are not available.

NOTES TO THE FINANCIAL STATEMENTS
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32. REVENUE (CONT'D)

Recognition and measurement (Cont'd)

Revenue recognition in relation to performance obligation (Cont'd)

(ii) Fee income

(1) Facilities fee

Facilities fees from capital financing are recognised upon providing the approved credit facilities over the tenure of financing based on an effective interest method.

(2) Services income

Hotel room rental, food and beverages revenue and golf course revenue

Room rental revenue is recognised on a daily basis on customer-occupied rooms. Revenue from the sales of food and beverage is recognised when the customer receives and consumes. Such revenue is recorded based on the published rates, net of discounts. Green fees and buggy rental are recognised when services are rendered and the customer receives and consumes the benefits provided and the Group has a present rights to payment for the goods and services sold and rendered respectively.

Property management fee

Property management fee is recognised when the services rendered to a customer and the customer is able to receive and consume such services. The Group has a present right to the payment of the services rendered.

Management and operation of timeshare membership fees

Membership and maintenance fees are recognised over the membership periods based on fees chargeable to members in accordance to the contract terms.

(iii) Sale of goods

Revenue from the sale of goods is recognised when the Group satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred as and when the customer obtains control of that asset which coincides with the delivery of goods and services and acceptance by customers.

(iv) Sale of land and completed properties

Proceeds from the sale of land and completed properties are recognised when the Group satisfies a performance obligation by transferring a promised asset to a purchaser. An asset is transferred when the purchaser obtains control of that asset.

NOTES TO THE FINANCIAL STATEMENTS
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32. REVENUE (CONT'D)

Recognition and measurement (Cont'd)

Revenue recognition not in relation to performance obligation

(i) Dividend income

Dividend income is recognised when the rights to receive dividend payment has been established.

(ii) Interest income

Interest income on capital financing is accounted on an accrual basis using the effective interest method by reference to the periods as stipulated in the loan agreements.

Interest income on advances to subsidiary companies is recognised using the effective interest method over the period.

(iii) Rental income

Rental income from operating lease is recognised over the lease term evenly based on the rental chargeable to tenants. Other rental related income is recognised over the period in which the services being rendered.

33. COST OF SALES

This note provides a breakdown of the cost of sales which are directly incurred to generate revenue as disclosed in Note 32.

		Group	
	Note	2019 RM'000	2018 RM'000
Property development costs	12(b)(ii)	483,274	491,559
Construction costs		1,155	9,900
Cost of services rendered		48,235	58,148
Cost of goods sold		216,444	261,034
Financial liabilities measured at amortised costs:			
- Facility and commitment fees		176	3,707
- Funding costs		19,619	16,800
Property maintenance expenses		18,451	21,177
		787,354	862,325

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33. COST OF SALES (CONT'D)

(a) Recognition and measurement

(i) Property development costs

The recognition and measurement of the property development costs are disclosed in Note 12(a)(ii).

(ii) Construction costs

Cost of construction contracts are recognised upon construction work carried out and certified based on actual value work done.

(iii) Cost of services rendered and property maintenance expenses

These are recognised upon services rendered to the Group.

(iv) Cost of goods sold

Cost of goods sold is recognised upon delivery of goods to the customer.

(v) Facility and commitment fees and funding costs

Fees and funding costs of capital financing are recognised upon facilities provided and interest charged based on the effective interest method.

(b) Other information

Cost of sales included:

	Note	Group 2019 RM'000	Group 2018 RM'000
Amortisation of software licences	10(b)	4	6
Depreciation of property, plant and equipment	6(b)(iii)	4,713	4,909
Depreciation of right-of-use assets	11(b)	101	-
Interest expense of lease liabilities	11(c)	5	-
Write down/(back) of inventories:			
- completed properties held for sale		-	275
- finished goods		(592)	3,061
- raw materials		83	359
Staff costs		42,976	50,013

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34. OTHER INCOME

This note outlines income, gains, write backs and reversals that classified under other income.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Income:					
Financial assets measured at fair value through profit or loss:					
- Dividend income		-	23	-	23
- Funds distribution income		10,236	6,669	1,393	478
Financial assets measured at amortised cost:					
- Interest income on deposits and placements with financial institutions		7,206	5,717	353	332
Forfeiture of deposits		1,865	1,568	-	-
Interest income from subsidiary companies		-	-	38	9,823
Management fee income		-	111	14,519	16,529
Rental income		2,048	1,533	-	-
Sale of oil palm fresh fruit bunches		111	136	-	-
		21,466	15,757	16,303	27,185
Gains, write backs and reversals:					
Fair valuation gain of securities at fair value through profit or loss		16	-	16	-
Fair valuation gain of:					
- biological assets	18(c)	107	64	-	-
- investment properties	7(c)(i)	-	61	-	-
Foreign currency transactions gains		375	153	-	-
Foreign currency translations gains		423	-	-	-
Gain of financial assets measured at amortised cost:					
- Fair valuation gain on retention sums		1,141	1,834	-	-
- Recovery of bad debts of:					
- capital financing		134	2	-	-
- trade receivables		-	1,295	-	-
- Write back of impairment loss on loans to a subsidiary company	8(d)(i)	-	-	-	125
- Write back of impairment losses on:					
- capital financing:					
- Individual assessment	14(b)(i)	87	231	-	-
- trade receivables:					
- Collective assessment	15(b)(i)	28	192	-	-
- Individual assessment	15(b)(i)	2,412	1,653	-	-
- other receivables:					
- Individual assessment	17(b)(ii)	160	2	-	-
Sub-total carried forward		4,883	5,487	16	125

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34. OTHER INCOME (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Sub-total brought forward		4,883	5,487	16	125
Gains, write backs and reversals: (Cont'd)					
Gain on disposal of property, plant and equipment		616	93,893	-	-
Reclassified from other comprehensive income					
- gain on fair value of cash flow hedge upon maturity		-	12	-	-
Effect of foreign currency translation upon maturity of cash flow hedge		-	(12)	-	-
		5,499	99,380	16	125
Others		7,231	6,626	42	2,614
		34,196	121,763	16,361	29,924

Recognition and measurement

Other income is recognised as and when the Group satisfies a performance obligation by transferring an asset. An asset is transferred when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by the customer. Certain income with same nature is recognised on the same principles as disclosed in Note 32, while others are described below:

(i) Funds distribution income is recognised and measured using the effective interest method over time frame of the short term funds.

(ii) Interest income on the deposits and placements with licensed financial institutions is recognised and measured using effective interest method over the tenure of placement.

(iii) Sale of oil palm fresh fruit bunches is recognised when goods are delivered to a customer based on invoice value.

(iv) Gain on fair valuation of investment properties is recognised when an upward revaluation arises evidenced by market information or valuation techniques where applicable. Gains arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.

(v) Gain on the disposals of investments properties, property, plant and equipment and securities at fair value through profit or loss are recognised upon the customer obtaining the control of the asset or completion of sale and purchase agreement.

(vi) All other income is recognised on accrual basis based on its fair value transacted.

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35. ADMINISTRATIVE EXPENSES

This note outlines administrative expenses by nature.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Establishment related expenses					
Amortisation of software licences	10(b)	362	357	27	22
Depreciation of:					
- property, plant and equipment	6(b)(iii)	20,076	22,583	204	184
- right-of-use assets	11(b)	3,846	-	1,652	-
Insurance		1,893	2,082	19	21
Quit rent and assessment		4,403	5,262	-	-
Rental of equipment		432	869	-	-
Rental of premises		601	635	86	2,024
Repair and maintenance		7,977	9,050	119	54
Utility expenses		10,674	12,362	92	101
Others		1,645	1,148	9	4
		51,909	54,348	2,208	2,410
General administrative expenses					
Advertisement		261	209	129	105
Auditors' remuneration:					
Statutory audit - current year					
- auditors of the Company		551	533	71	57
- an affiliate of the Company's auditors		21	21	-	-
Other audit-related services					
- current year					
- auditors of the Company		107	103	17	17
		679	657	88	74
Bank charges		1,938	3,391	8	11
Communication expenses		1,711	1,732	201	104
Donations		646	2,089	-	3
Food and beverage		884	1,092	208	225
Sales and service tax expenses		676	995	93	32
Legal and professional fees		2,727	3,584	237	2,538
Printing and stationery		1,933	2,233	357	514
Repair and maintenance		1,753	1,824	126	80
Security services		1,008	1,231	60	108
Service and registration expenses		589	1,630	229	384
Subscription fees		238	202	64	52
Transport and travelling		1,701	1,531	98	145
Others		3,357	2,923	1,379	1,297
		20,101	25,323	3,277	5,672

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35. ADMINISTRATIVE EXPENSES (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Personnel expenses				
Salaries, allowances, bonuses and other emoluments (net of over provision in prior year)	76,438	78,006	11,665	12,052
Pension costs - defined contribution plan	10,823	10,046	1,435	1,363
Termination benefits	-	1,197	-	-
Others	8,054	8,800	819	1,024
	95,315	98,049	13,919	14,439
Selling and marketing expenses				
Advertisement and promotion	13,064	14,431	-	-
Commission	736	2,033	-	-
Interest subsidies	-	5	-	-
Legal fees	249	1,638	-	-
Marketing cost	6,523	6,627	-	-
Others	945	863	-	-
	21,517	25,597	-	-
Total administrative expenses	188,842	203,317	19,404	22,521

(a) Recognition and measurement

Administrative expenses are recognised on an accrual basis based on their fair values of services rendered and goods received.

(b) Other information

Directors' remuneration and staff costs recognised in cost of sales and administrative expenses are summarised below:

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors' remuneration including estimated money value of any other benefits	41(b)	8,515	8,842	5,265	5,640
Staff costs (excluding Directors' remuneration):					
- salaries, allowances, bonuses and other emoluments (net of over provision)		106,263	112,732	7,180	7,177
- defined contribution plan		13,470	12,996	766	706
- social security costs		305	1,171	46	45
- termination benefits		-	1,197	-	-
- other staff related expenses		9,738	11,124	662	871
		129,776	139,220	8,654	8,799

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36. OTHER EXPENSES

This note outlines expenses, losses, write offs and allowances for impairment loss that classified under other expenses.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Expenses:					
Listing expenses		-	12,332	-	-
Research and development expenses		325	486	-	-
Losses, write offs and allowances for impairment:					
Fair valuation loss of:					
- investment properties	7(c)(i)	1,308	-	-	-
- financial securities at fair value through profit or loss		-	51	-	51
Foreign currency transactions loss		63	272	-	-
Foreign currency translations loss		137	808	-	-
Loss of financial assets measured at amortised cost:					
- Allowance for impairment for:					
- capital financing					
- Individual assessment	14(b)(i)	-	237	-	-
- trade receivables					
- Collective assessment	15(b)(i)	328	224	-	-
- Individual assessment	15(b)(i)	1,904	2,528	-	-
- other receivables					
- Individual assessment	17(b)(ii)	785	2,740	-	-
Loss on disposals of plant and equipment		33	43	-	-
Write off of financial assets measured at amortised cost:					
- bad debts on trade receivables		672	390	-	-
- bad debts on other receivables		-	652	-	-
Write off of plant and equipment	6(b)(iv)	141	720	1	-
		5,371	8,665	1	51
Others		16	23	-	-
		5,712	21,506	1	51

Recognition and measurement

(i) Impairment losses are recognised and measured in accordance with the impairment policies of the assets disclosed in Notes 6,14,15 and 17.

(ii) Loss on fair valuation of assets is recognised when the market value of the investments carried at fair value are lower than their carrying amount. The loss arising from the changes in fair value of the investments are recognised in the profit or loss in the year in which they arise.

(iii) All other expenses are recognised when the obligations of liabilities arose.

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37. FINANCE COSTS

This note outlines the interest expenses incurred and amortisation of finance costs recognised.

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense of financial liabilities that are measured at amortised cost:					
- amounts due to subsidiary companies		-	-	19,715	17,165
- lease liabilities	11(c)	562	-	136	-
- medium term notes and Sukuk		36,476	41,697	14,320	34,598
- revolving credits		17,302	14,305	1,894	1,658
- term borrowings		35,844	40,163	-	7,649
- bankers' acceptances and trust receipts		356	426	-	-
		90,540	96,591	36,065	61,070
Other finance costs of financial liabilities that are measured at amortised cost:					
- amortisation of finance cost		524	1,891	403	1,809
- facilities fee		1,505	393	580	1,989
- retention sums		1,351	2,570	-	-
		3,380	4,854	983	3,798
Interest capitalised under:					
- land held for property development	12(b)(i)	(21,637)	(11,280)	-	-
- property development expenditure	12(b)(ii)	(8,408)	(10,130)	-	-
		63,875	80,035	37,048	64,868

(a) Recognition and measurement

Finance costs are recognised and measured using effective interest method, as disclosed in Note 24(a)(ii), of the respective amortised cost instruments.

(b) Other information

Finance costs analysed by business segments are disclosed in Note 3(a).

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38. TAX EXPENSE

This note provides an analysis of the income tax provision that shows how the tax expense is affected by non-taxable and non-deductible items; and deferred tax that recognised during the year.

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income tax					
- Current year provision		67,758	75,523	88	273
- (Over)/Under provision in respect of prior years		(5,761)	4,938	33	-
Deferred income tax:					
Deferred tax assets	13(b)(i)	(6,179)	(13,694)	219	364
Deferred tax liabilities	13(b)(ii)	(3,949)	(23,625)	-	-
		(10,128)	(37,319)	219	364
		51,869	43,142	340	637
Deferred income tax is analysed as follows:					
Origination and reversal of temporary differences		(6,043)	(26,288)	219	402
Over provision in prior years		(4,085)	(11,031)	-	(38)
		(10,128)	(37,319)	219	364

(a) Recognition and measurement

Current income tax expense is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Tax rates and tax laws used to measure the tax amount are those enacted or substantively enacted by the end of the year.

(b) Tax rates

The income tax expense is calculated based on the respective jurisdictions' statutory income tax rates on the estimated taxable profits for the year as follows:

Country	2019 Tax rate	2018 Tax rate
Malaysia	24%	24%
Australia	30%	30%
Singapore	17%	17%
Vietnam	20%	*

* OVI Cables (Vietnam) Co., Ltd., an indirect wholly-owned subsidiary company of PJDH and in turn an indirect subsidiary company of the Company, is entitled to enjoy preferential corporate income tax under incentive corporation income tax in Vietnam. Income tax rate of 15% shall be applied for 12 years from the commencement of activities for year 2007 to 2018 and based on the current rate of relevant regulation of corporation income tax ("CIT") for the following subsequent years; and to be exempted from CIT for three years from the first year generating taxable profit and reduced 50% of CIT in the seven succeeding years.

NOTES TO THE FINANCIAL STATEMENTS

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38. TAX EXPENSE (CONT'D)

(c) Reconciliation between tax expense and accounting profit before tax

The reconciliation between Malaysian tax expense and the product of accounting profit before tax multiplied by the statutory corporate tax rate of 24% (2018: 24%) is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax ("PBT")	470,528	395,410	238,256	116,769
Share of results of associated companies and a joint venture	(274,592)	(236,743)	-	-
PBT before share of results	195,936	158,667	238,256	116,769
Tax at Malaysian statutory rate on PBT @ 24%	47,025	38,080	57,181	28,025
Tax effects of:				
- different tax rates in foreign jurisdictions/ other authorities	54	1,207	-	-
- different tax rate under real property gain tax rate	-	9,540	-	-
- non-taxable income	(3,998)	(34,317)	(67,138)	(41,949)
- non-deductible expenses	22,832	33,200	10,264	14,599
Utilisation of previously unrecognised deferred tax assets	(7,665)	(5,205)	-	-
Deferred tax assets not recognised during the year	3,467	6,730	-	-
Over provision of deferred tax in respect of prior years	(4,085)	(11,031)	-	(38)
(Over)/Under provision of income tax in respect of prior years	(5,761)	4,938	33	-
Tax expense	51,869	43,142	340	637

(d) Other information

Tax expense analysed by business segments is disclosed in Note 3(a).

NOTES TO THE FINANCIAL STATEMENTS
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39. EARNINGS PER SHARE ("EPS")

This note provides information about the computation of EPS of the Group.

	Group	
	2019	2018
Basic		
Profit attributable to Owners of the Company (RM'000)	412,003	346,053
Weighted average number of ordinary shares outstanding ('000)	2,077,105	2,077,200
Basic EPS (sen)	19.84	16.66
Diluted		
Profit attributable to Owners of the Company (RM'000)	412,003	346,053
Weighted average number of ordinary shares outstanding ('000)	2,077,105	2,077,200
Effect of dilution of assumed conversion of Warrants C 2015/2020 ('000)^	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,077,105	2,077,200
Diluted EPS (sen)	19.84	16.66

Measurement

Basic earnings per share is calculated by dividing profit attributable to Owners (ordinary equity holders) of the Company for the year (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year.

Diluted earnings per share is calculated by dividing profit attributable to Owners (ordinary equity holders) of the Company for the year, with no dilutive adjustments as required, by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares, i.e. the Company's Warrants C 2015/2020, into ordinary shares.

^ The Company's Warrants C 2015/2020 that could potentially dilute basic earnings per share in the future were not included in the calculation of the diluted earnings per share because they are anti-dilutive for the current and previous years.

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40. DIVIDENDS

	Date of payment	Group and Company: Dividend paid in the year ended 31 December 2019 RM'000	2018 RM'000	Dividend declared or proposed for the year ended 31 December 2019 RM'000	2018 RM'000
Dividend for the year ended 31 December 2017					
3.5 sen single-tier final dividend	13 June 2018	-	72,702	-	-
Dividend for the year ended 31 December 2018					
2.0 sen single-tier interim dividend	10 October 2018	-	41,544	-	41,544
3.0 sen single-tier final dividend	23 May 2019	62,316	-	-	62,316
Dividend for the year ended 31 December 2019					
2.0 sen single-tier interim dividend	3 October 2019	41,544	-	41,544	-
Proposed 3.0 sen single-tier final dividend*		-	-	62,155	-
		103,860	114,246	103,699	103,860

* The Board of Directors recommended a single-tier final dividend of 3.0 sen per ordinary share amounting to approximately RM62.2 million, estimated based on the number of outstanding shares in issue at the end of the year, in respect of the year ended 31 December 2019. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date of the final dividend is to be determined by the Board of Directors and announced in due course. The financial statements for the current year do not reflect this proposed final dividend. Such dividend will be accounted for in the Shareholders' equity as an appropriation of retained profits in the year ending 31 December 2020 if approved by the Shareholders.

Recognition and measurement

Dividend distribution to the Owners of the Company is recognised in retained profits under equity in the period which dividend is declared and paid.

NOTES TO THE FINANCIAL STATEMENTS
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41. RELATED PARTY DISCLOSURES

This note provides information for related party disclosures which outlines how related parties are identified and relevant transactions involved.

(a) Identification of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and an entity that provides key management personnel services to the Group. The key management personnel include all Directors of the Group and senior personnel of the Group.

The Group's and the Company's related parties include subsidiary companies (Note 8), associated companies and a joint venture (Note 9), the ultimate holding company, OSK Equity Holdings Sdn. Bhd. and companies related to Directors and major Shareholders of the Company.

(b) Key management personnel's compensation

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors:				
Executive				
Other benefits*	6,930	7,357	4,170	4,479
Estimated money value of benefits-in-kind	162	153	111	109
Total short-term employee benefits	7,092	7,510	4,281	4,588
Post-employment benefits				
- Defined contribution plan	1,108	917	669	657
Total compensation for Executive Directors	8,200	8,427	4,950	5,245

NOTES TO THE FINANCIAL STATEMENTS
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41. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel's compensation (Cont'd)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Directors: (Cont'd)					
Non-Executive					
Fees - current year		280	342	280	322
Other benefits*		35	73	35	73
Total compensation for *Non-Executive Directors*		315	415	315	395
Total compensation for Directors	35(b)	8,515	8,842	5,265	5,640
Other key management personnel:					
Short-term employee benefits		9,082	9,248	1,998	1,980
Estimated money value of benefits-in-kind		199	234	21	19
Total short-term employee benefits		9,281	9,482	2,019	1,999
Post-employment benefits					
- Defined contribution plan		1,336	1,090	325	287
Total compensation for other key management		10,617	10,572	2,344	2,286
Total compensation for key management		19,132	19,414	7,609	7,926

* Other benefits included salaries, bonus, allowances, social security costs and employment insurance scheme.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

41. RELATED PARTY DISCLOSURES (CONT'D)

(c) Directors' remuneration

The Directors' remuneration included in administrative expenses as disclosed in Note 41(b) are paid/payable to the following Directors:

	Directors' remuneration received and receivable from								
	Company				Certain Subsidiary Companies				Group
	Fee payable RM'000	Other benefits* RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000	Fee payable RM'000	Other benefits* RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000	Total RM'000
2019									
Executive Directors									
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	1,758	41	1,799	-	1,376	21	1,397	3,196
Ong Ju Yan	-	2,241	35	2,276	-	-	-	-	2,276
Ong Ju Xing	-	-	-	-	-	1,823	30	1,853	1,853
Dato' Saiful Bahri bin Zainuddin	-	840	35	875	-	-	-	-	875
Total Executive Directors' Remuneration	-	4,839	111	4,950	-	3,199	51	3,250	8,200
Non-Executive Directors									
Leong Keng Yuen	75	9	-	84	-	-	-	-	84
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	70	8	-	78	-	-	-	-	78
Dato' Thanarajasingam Subramaniam	70	9	-	79	-	-	-	-	79
Ong Yee Ching	65	9	-	74	-	-	-	-	74
Total Non-Executive Directors' Remuneration	280	35	-	315	-	-	-	-	315
Total Directors' Remuneration	280	4,874	111	5,265	-	3,199	51	3,250	8,515

* Other benefits included salaries, bonus, allowances, employees provident fund, social security costs and employment insurance scheme.

41. RELATED PARTY DISCLOSURES (CONT'D)

(c) Directors' remuneration (Cont'd)

The Directors' remuneration included in administrative expenses as disclosed in Note 41(b) are paid/payable to the following Directors: (Cont'd)

	Directors' remuneration received and receivable from								
	Company				Certain Subsidiary Companies				Group
	Fee payable RM'000	Other benefits* RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000	Fee payable RM'000	Other benefits* RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000	Total RM'000
2018									
Executive Directors									
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	2,061	39	2,100	-	1,494	20	1,514	3,614
Ong Ju Yan	-	2,224	35	2,259	-	-	-	-	2,259
Ong Ju Xing	-	-	-	-	-	1,644	24	1,668	1,668
Dato' Saiful Bahri bin Zainuddin	-	851	35	886	-	-	-	-	886
Total Executive Directors' Remuneration	-	5,136	109	5,245	-	3,138	44	3,182	8,427
Non-Executive Directors									
Leong Keng Yuen	42	4	-	46	-	-	-	-	46
Foo San Kan	30	31	-	61	20	-	-	20	81
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	65	9	-	74	-	-	-	-	74
Dato' Abdul Majit bin Ahmad Khan	24	6	-	30	-	-	-	-	30
Dato' Thanarajasingam Subramaniam	63	9	-	72	-	-	-	-	72
Ong Yee Ching	60	9	-	69	-	-	-	-	69
Nik Mohamed Sharifidin B N M Din	38	5	-	43	-	-	-	-	43
Total Non-Executive Directors' Remuneration	322	73	-	395	20	-	-	20	415
Total Directors' Remuneration	322	5,209	109	5,640	20	3,138	44	3,202	8,842

* Other benefits included salaries, bonus, allowances, employees provident fund, social security costs and employment insurance scheme.

NOTES TO THE FINANCIAL STATEMENTS
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41. RELATED PARTY DISCLOSURES (CONT'D)

(d) Significant transactions and balances with subsidiary companies, associated companies and a joint venture

The relationship between the Company and its subsidiary companies, associated companies and a joint venture are disclosed in Notes 8 and 9 respectively. The significant transactions with subsidiary companies, associated companies and a joint venture during the year are as follows:

Transactions and balances with associated companies and a joint venture	Group			
	Income/(Expenses)		Amount due from/(to)	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
RHB Bank Berhad group of companies				
RHB Bank Berhad				
Interest income	575	211	-	-
Office rental income	844	815	-	-
Commitment fee expense	(116)	(538)	-	-
Interest expense	(22,748)	(44,907)	-	-
Bank balances and short term funds	-	-	83,146	70,970
Borrowings	-	-	(195,490)	(192,148)
Medium term notes	-	-	(266,206)	(616,206)
RHB Asset Management Sdn. Bhd.				
Funds distribution income	8,905	2,050	-	-
Short term funds	-	-	427,665	280,001
RHB Investment Bank Berhad				
Office rental income	-	508	-	-
RHB Islamic Bank Berhad				
Interest expense	(12,373)	(1,014)	-	-
Bank balance	-	-	768	17
Sukuk	-	-	(262,971)	(262,971)
RHB Nominees (Tempatan) Sdn. Bhd.				
Custodial and service fee expense	(41)	(275)	-	-
Agile PJD Development Sdn. Bhd.				
Rental income	455	405	-	-
Scotia Acres Sdn. Bhd. group of companies				
Canggih Pesaka Sdn. Bhd.				
Office rental expense	(110)	(462)	-	-

NOTES TO THE FINANCIAL STATEMENTS
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41. RELATED PARTY DISCLOSURES (CONT'D)

(d) Significant transactions and balances with subsidiary companies, associated companies and a joint venture (Cont'd)

Transactions and balances with subsidiary companies	Company			
	Income/(Expenses)		Amount due from/(to)	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
KE-ZAN Holdings Berhad				
Dividend income	-	2,500	-	-
Interest expense	-	(2,794)	-	-
OSK Capital Sdn. Bhd.				
Dividend income	17,000	11,000	-	-
Management fee income	3,452	3,025	-	-
Interest expense	-	(6,447)	-	-
OSK Capital Management Sdn. Bhd.				
Interest income	-	9,705	-	-
OSK I CM Sdn. Bhd.				
Administrative expense	(576)	(1,925)	-	-
Interest expense	(19,695)	(7,924)	-	-
Amount due to a subsidiary company	-	-	(389,586)	(229,639)
OSK Management Services Sdn. Bhd.				
Management fee expense	(1,104)	(797)	-	-
Amount due from a subsidiary company	-	-	-	464
OSK Realty Sdn. Bhd.				
Dividend income	-	50,000	-	-
Office rental expense	(1,708)	(2,219)	-	-
OSK Property Holdings Berhad group of companies				
OSK Property Holdings Berhad				
Dividend income	8,641	7,984	-	-
Management fee income from:				
OSK Property Holdings Berhad	207	3,557	-	-
Atria Shopping Gallery Sdn. Bhd.	423	-	-	-
Aspect Synergy Sdn. Bhd.	1,226	-	-	-
OSK Properties Sdn. Bhd.	458	-	-	-
Potensi Rajawali Sdn. Bhd.	430	-	-	-
Wawasan Rajawali Sdn. Bhd.	229	-	-	-

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41. RELATED PARTY DISCLOSURES (CONT'D)

(d) Significant transactions and balances with subsidiary companies, associated companies and a joint venture (Cont'd)

Transactions and balances with subsidiary companies (Cont'd)	Company			
	Income/(Expenses)		Amount due from/(to)	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
PJ Development Holdings Berhad group of companies				
PJ Development Holdings Berhad				
Dividend income	149,133	31,721	-	-
Management fee income from:				
PJ Development Holdings Berhad	616	9,160	-	-
Olympic Cable Company Sdn. Bhd.	895	-	-	-
OSK Construction Sdn. Bhd.	812	-	-	-
PJD Central Sdn. Bhd.	1,018	-	-	-
PJD Eastern Land Sdn. Bhd.	864	-	-	-
PJD Realty Sdn. Bhd.	1,186	-	-	-
PJD Regency Sdn. Bhd.	225	-	-	-
PJD Sejahtera Sdn. Bhd.	732	-	-	-
SGI Vacation Club Berhad	225	-	-	-

Transactions and balances with an associated group of companies	Company			
	Income/(Expenses)		Amount due from/(to)	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
RHB Bank Berhad group of companies				
RHB Bank Berhad				
Dividend income	103,574	71,080	-	-
Interest expense	(14,321)	(34,598)	-	-
Bank balances	-	-	716	1,395
Medium term notes	-	-	(266,206)	(616,206)
RHB Asset Management Sdn. Bhd.				
Funds distribution income	1,393	478	-	-
Short term funds	-	-	14,088	57,062

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41. RELATED PARTY DISCLOSURES (CONT'D)

(e) Significant transactions and balances with other related parties

Other related parties are companies related to Directors or major Shareholders of the Company:

(i) Dindings Consolidated Sdn. Bhd. ("DCSB")

The spouse and daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa are directors of DCSB. Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and children collectively owned 100% of DCSB.

Transactions and balances with other related parties	Group			
	Income/(Expenses)		Amount due from/(to)	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Dindings Consolidated Sdn. Bhd. group of companies				
Dindings Consolidated Sdn. Bhd.				
Construction revenue	315	1,262	-	-
Office rental income	648	648	-	-
Amount due from a related party	-	-	-	447
DC Services Sdn. Bhd.				
Insurance premium expense	(792)	(1,254)	-	-
Dindings Construction Sdn. Bhd.				
Construction costs	-	(1,667)	-	-
Amount due to a related party	-	-	(2,140)	(2,385)
Dindings Design Sdn. Bhd.				
Renovation costs	(18,068)	(17,728)	-	-
Dindings Life Agency Sdn. Bhd.				
Insurance premium expense	(554)	(302)	-	-
Dindings Risks Management Services Sdn. Bhd.				
Insurance premium expense	(197)	(255)	-	-
Sincere Source Sdn. Bhd.				
Insurance premium expense	(1,774)	(1,441)	-	-

NOTES TO THE FINANCIAL STATEMENTS
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41. RELATED PARTY DISCLOSURES (CONT'D)

(e) Significant transactions and balances with other related parties (Cont'd)

Other related parties are companies related to Directors or major Shareholders of the Company: (Cont'd)

(ii) Nova Terrace Sdn. Bhd. ("NTSB")

Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and Ong Ju Xing are directors of NTSB. J.B. Properties Sdn. Bhd. ("JBPSB") is the holding company of NTSB. The spouse of Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ong Ju Xing are major shareholders of JBPSB.

Transactions and balances with other related parties	Group			
	Income		Amount due from/(to)	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Project management fee income	336	1,200	-	-

(iii) Raslan Loong, Shen & Eow ("RLSE")

The son-in-law of Tan Sri Ong Leong Huat @ Wong Joo Hwa is a partner of RLSE.

Transactions and balances with other related parties	Group			
	Expenses		Amount due from/(to)	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Legal fee expenses	(1,942)	(1,323)	-	-

(f) Ultimate holding company

The Company has not incurred any related party transactions or owing to any balances with OSK Equity Holdings Sdn. Bhd., the Company's ultimate holding company, during the year.

The Directors are of the view that the above transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned and are not more favourable than those arranged with independent third parties.

NOTES TO THE FINANCIAL STATEMENTS
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42. COMMITMENTS

This note outlines financial commitment disclosures of the Group.

(a) Operating leases commitments

This note provides information on operating lease commitments for leases where the Group is a lessor. The information for leases where the Group or the Company is a lessee are disclosed in Note 11.

The Group has entered into non-cancellable lease arrangements on certain properties classified under (i) property, plant and equipment; and (ii) investment properties. At the end of the year, the Group has aggregated future minimum lease receivables as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than 1 year	28,422	26,275
Later than 1 year and not later than 5 years	29,756	34,663
Later than 5 years	33,749	32,713
	91,927	93,651
Operating leases commitments analysed by business segments:		
Property	91,507	92,761
Hospitality	420	890
	91,927	93,651

(b) Capital commitments

	Group	
	2019 RM'000	2018 RM'000
Contracted but not provided for:		
- Acquisition of land held for property development	243,943	-
- Acquisition of office equipment and software licences	1,121	1,121
- Acquisition of plant and equipment	3,200	-
- Factory expansion	1,241	-
- Renovation costs	1,980	1,166
	251,485	2,287
Capital commitments analysed by business segments:		
Property	243,943	-
Industries	5,306	699
Hospitality	2,236	1,588
	251,485	2,287

(c) Recognition and measurement

The Group and the Company have not recognised the contracted commitments, but disclosed its existence in the financial statements. Commitment is measured at the transacted price less amount provided for in the financial statements.

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31 DECEMBER 2019

43. CONTINGENT ASSETS AND LIABILITIES

This note provides information for contingency disclosures of the Group and the Company.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unsecured contingent liabilities:				
Corporate guarantees given to licensed financial institutions for credit facilities granted to:				
- subsidiary companies	-	-	1,782,167	1,251,127
- associated company	405,933	112,388	405,933	112,388
Corporate guarantees given to suppliers for materials supplied to subsidiary companies	-	-	18,000	-
Corporate guarantees given to licensed financial institutions for credit facilities granted to joint venture	37,195	37,623	-	-
	443,128	150,011	2,206,100	1,363,515

The contingent liabilities are classified under the Financial Services segment.

(a) Recognition and measurement

The Group and the Company have not recognised the contingent liabilities, but disclosed its existence in the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(b) Other information

(i) During the year, the Company issued new corporate guarantees to: (i) licensed financial institutions for credit facilities granted to certain subsidiary companies for securing new credit lines for the Group; and (ii) suppliers for materials supplied to subsidiary companies. There were no other material changes in the contingent liabilities during the year.

(ii) There were no contingent assets at the end of the year.

(iii) The credit risk of contingent liabilities are disclosed in Note 5(c).

NOTES TO THE FINANCIAL STATEMENTS
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44. SIGNIFICANT EVENTS DURING THE YEAR

(i) The significant events represent the changes in composition of the Group during the year as disclosed in Note 8(b).

(ii) Other event that was announced during the year:

OSK Holdings Berhad ("OSKH" or "The Company") entered into a Joint Development Agreement Term Sheet ("JDA-TS") With Marubeni Corporation ("Marubeni")

On 19 August 2019, the Company entered into a JDA-TS with Marubeni to jointly submit a bid in response to the Request for Proposal (RFP) by Energy Commission of Malaysia ("ECM") for a Large Scale Solar Photovoltaic Plant in Peninsular Malaysia ("LSS3 Project") ("Joint Development").

With this Joint Development, the Company and Marubeni (collectively referred to as the "Parties") planned to jointly develop, operate and maintain the LSS3 Project. The Joint Development enable the Company and Marubeni to share experience and expertise in various areas, including but not limited to the engineering, procurement and construction works of the LSS3 Project.

The Company received an outcome letter dated 6 January 2020 from ECM which stated that the joint bid of the Company and Marubeni for LSS3 project was not successful. The JDA-TS was terminated with immediate effect on 15 January 2020. The termination of the Joint Development did not have any material financial impact to the Group.

45. MATERIAL SUBSEQUENT EVENTS

There were no material subsequent events from the end of the year and ending on the date of this report.

46. MATERIAL LITIGATIONS

Since the date of the last annual report, the Group was not engaged in any material litigation, claims nor arbitration either as plaintiff or defendant and the Directors are not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

47. FINANCIAL REPORTING STANDARDS

This note provides an overview of the current and future applicable accounting standards applicable to the Group and their financial implications upon adoption of such standards.

(a) The Group and the Company adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's and the Company's financial year beginning on 1 January 2019:

(i) IC Interpretation 23 'Uncertainty over Income Tax Treatments'

IC Interpretation 23 'Uncertainty over Income Tax Treatments' clarifies the application on the recognition and measurement requirements in MFRS 112 'Income Taxes' when there is uncertainty over income tax treatments. In the circumstance of uncertainty over income tax treatment, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in MFRS 112 'Income Taxes' based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and shall assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making these examinations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

47. FINANCIAL REPORTING STANDARDS (CONT'D)

(a) The Group and the Company adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's and the Company's financial year beginning on 1 January 2019: (Cont'd)

(ii) Amendments to MFRS 9 'Financial Instruments'

Amendments to MFRS 9 'Financial Instruments' allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met. The Group has no prepayable financial assets, hence amendments to MFRS 9 'Financial Instruments' has no impact to the Group.

(iii) Amendments to MFRS 128 'Investments in Associates and Joint Ventures'

Amendments to MFRS 128 'Investments in Associates and Joint Ventures' clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

(iv) Annual Improvements to MFRS Standards 2015-2017 Cycle

Annual Improvements to MFRS Standards 2015-2017 Cycle cover minor amendments to MFRS 3 'Business Combinations', MFRS 11 'Joint Arrangements', and MFRS 112 'Income Taxes' and MFRS 123 'Borrowing Costs'.

MFRS 3 'Business Combinations' has been amended to clarify that when a party to a joint arrangement (as defined in MFRS 11 'Joint Arrangements') obtains control of a business that is a joint operation (as defined in MFRS 11), and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation. In doing so, the acquirer shall remeasure its entire previously held interest in the joint operation.

MFRS 11 'Joint Arrangements' has been amended to clarify that a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. In such cases, previously held interests in the joint operation are not remeasured.

MFRS 112 'Income Taxes' has been amended to clarify that an entity shall recognise the income tax consequences of dividends as defined in MFRS 9 when it recognises a liability to pay a dividend and an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

MFRS 123 'Borrowing Costs' has been amended to clarify that to the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

47. FINANCIAL REPORTING STANDARDS (CONT'D)

(a) The Group and the Company adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's and the Company's financial year beginning on 1 January 2019: (Cont'd)

The adoption of the above interpretation, amendments to published standards and improvement do not have any material financial impact to the Group.

(v) MFRS 16 'Leases'

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and its related interpretations. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

MFRS 16 introduces a new model for lessee accounting which eliminates the distinction between finance and operating leases. MFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months. Off-balance sheet lease commitment disclosed previously is required to be accounted for based on rights and obligations approach under MFRS 16. For lessors, it is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have any material impact for leases for which the Group is the lessor.

The adoption of MFRS 16 constitutes a change in accounting policy and the Group and the Company has applied this standard to its leases retrospectively with the cumulative effect of initial application of MFRS 16 recognised in retained profits as at 1 January 2019 in accordance with the transition requirements. As such, the comparative figures of the report remained unchanged.

Upon adoption of MFRS 16, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group and the Company as of 1 January 2019. The range of incremental borrowing rates of the Group applied to the lease liabilities on 1 January 2019 were between 3.8% to 6.5% per annum.

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

47. FINANCIAL REPORTING STANDARDS (CONT'D)

(a) The Group and the Company adopted the following amendments to published standards and interpretation to the existing MFRSs and standard issued by MASB that are applicable and effective for the Group's and the Company's financial year beginning on 1 January 2019: (Cont'd)

(v) MFRS 16 'Leases' (Cont'd)

The effects of adoption of MFRS 16 for the Group and the Company on items of the Statement of Financial Position as at 1 January 2019 are as follows:

Statement of Financial Position	Note	As at 31.12.2018 RM'000	Effects of adoption of MFRS 16 RM'000	As at 1.1.2019 RM'000
Group				
Assets				
Property, plant and equipment	6(b)(i)	660,630	(50,418)	610,212
Right-of-use assets	11(b)	-	51,738	51,738
Investments in associated companies and a joint venture		3,423,984	(310)	3,423,674
Liabilities				
Lease liabilities	11(c),25(e)(iii)	-	1,459	1,459
Equity				
Retained profits		2,435,791	(442)	2,435,349
Non-controlling interests		71,994	(7)	71,987
Company				
Assets				
Right-of-use assets	11(b)	-	3,281	3,281
Liabilities				
Lease liabilities	11(c),25(e)(iii)	-	3,360	3,360
Equity				
Retained profits		968,888	(79)	968,809

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

47. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year:

(i) For financial year beginning on/after 1 January 2020

(1) Revised Conceptual Framework

The following Standards have been amended to update the references and quotations in these Standards according to the revised Conceptual Framework:

Amendments to:	
MFRS 2	Share-Based Payment
MFRS 3	Business Combinations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 134	Interim Financial Reporting
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 132	Intangible Assets - Web Site Costs

(2) Amendments to MFRS 3 'Business Combination'

Amendments to MFRS 3 'Business Combination' clarify the definition of a business to assist the entity to determine whether a transaction should be accounted for as a business combination or as an asset acquisition where an acquirer does not recognise goodwill in an asset acquisition.

(3) Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors'

Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' clarify the definition of 'Material' and to align the definition used in the revised Conceptual Framework and the standards themselves. The definition of 'material' is refined by including 'obscuring information' to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements.

The adoption of these amendments is not expected to have any material financial impact to the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

47. FINANCIAL REPORTING STANDARDS (CONT'D)

(b) The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(ii) Standard deferred to a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments clarify that gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture and gains and losses resulting from transactions involving the sale or contribution to an associate or a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by MASB. Earlier application is permitted.

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Additional Information

LIST OF GROUP'S TOP TEN PROPERTIES

AS AT 31 DECEMBER 2019

	ADDRESS / LOCATION	DESCRIPTION / EXISTING USE	TENURE	APPROXIMATE AREA	DATE OF ACQUISITION	APPROXIMATE AGE OF BUILDING	CARRYING VALUE RM'000
1	Sungai Petani, Kedah Darul Aman	Land under development and held for development	Freehold	970.22 acres	29 January 1996	N/A	463,040
2	SS 22 Damansara Jaya, Petaling Jaya, Selangor Darul Ehsan	Investment property	Freehold	5.47 acres	6 July 2007	5 years	399,850
3	Jalan Ampang, Kuala Lumpur	Land under development and held for development	Freehold	60,846.45 square foot	30 October 1996	N/A	274,657
4	Iringan Bayu, Mukim Rantau, Daerah Seremban, Negeri Sembilan Darul Khusus	Land under development and held for development	Freehold	447.63 acres	8 January 2016	N/A	263,615
5	Plaza OSK, Jalan Ampang, Kuala Lumpur	Office building	Freehold	57,597.68 square foot	30 December 1993	35 years	152,563
6	Mukim Setapak, Kuala Lumpur	Land under development and held for development	Freehold	438,541 square foot	23 April 2018	N/A	127,141
7	PN No. 113121, Lot 10152 Section 13, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 04 November 2114)	258,746 square foot	31 May 2013	N/A	119,100
8	Damai Laut Country Resort, Mukim of Lumut, District of Dindings, Perak Darul Ridsuan	Resort & property development	Freehold and leasehold (expiring on 08 June 2094)	15,044,751 square foot	1990	N/A	90,630
9	Swiss-Garden Resort & Spa Kuantan Lot PT 7566 Mukim Sungai Karang Daerah Kuantan Pahang Darul Makmur	Hotel	Freehold	250,512 square foot	3 March 1993	20 years	58,557
10	Swiss-Inn Johor Bahru, Township of Johor Bahru, District of Johor Bahru, Johor Darul Takzim	Hotel	Freehold	44,059 square feet	29 May 2013 and 6 December 2013	28 years	56,295

STATEMENT OF DIRECTORS' INTERESTS

AS AT 22 APRIL 2020

Name of Directors	Number of Ordinary Shares			
	Direct Interest	%	Indirect Interest	%
1. Tan Sri Ong Leong Huat @ Wong Joo Hwa	135,685,978	6.55	1,007,612,434[1]	48.66
2. Ong Ju Yan	24,737,550	1.20	2,467,701[2]	0.12
3. Ong Ju Xing	22,084,395	1.07	1,341,600[3]	0.07
4. Ong Yee Ching	12,667,189	0.61	288,280[2]	0.01
5. Leong Keng Yuen	318,608	0.02	221,869[4]	0.01

Name of Directors	Number of Warrants C			
	Direct Interest	%	Indirect Interest	%
1. Tan Sri Ong Leong Huat @ Wong Joo Hwa	3,075,000	0.86	152,999,578[5]	42.91
2. Ong Ju Yan	1,208,335	0.34	266,299[2]	0.08
3. Ong Ju Xing	211,810	0.06	-	-
4. Ong Yee Ching	442,890	0.12	72,069[2]	0.02
5. Leong Keng Yuen	42,900	0.01	55,467[4]	0.02

SHAREHOLDINGS OF DIRECTOR IN RELATED CORPORATIONS

Name of Director & Related Corporations	Number of Ordinary Shares			
	Direct Interest	%	Indirect Interest	%
1. Tan Sri Ong Leong Huat @ Wong Joo Hwa's interest in:				
OSK Equity Holdings Sdn. Bhd.	99,999	99.99	-	-
PJ Development Holdings Berhad	-	-	509,055,393[6]	97.04
OSK Property Holdings Berhad	-	-	345,637,523[6]	99.93

WARRANT HOLDINGS OF DIRECTOR IN RELATED CORPORATIONS

Name of Director & Related Corporations	Number of Warrants C			
	Direct Interest	%	Indirect Interest	%
1. Tan Sri Ong Leong Huat @ Wong Joo Hwa's interest in:				
PJ Development Holdings Berhad	-	-	129,338,996[6]	92.01

STATEMENT OF DIRECTORS' INTERESTS
AS AT 22 APRIL 2020

Notes:

[1] Deemed interested pursuant to Section 8 of the Companies Act 2016 ("CA2016") by virtue of his substantial shareholdings in Dindings Consolidated Sdn. Bhd., Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse and children, other than Ong Ju Yan, Ong Ju Xing, and Ong Yee Ching whose interests have been disclosed herein.

[2] Disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his/ her spouse.

[3] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Petit Petata Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse.

[4] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Wing Foong Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse.

[5] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse and children, other than Ong Ju Yan, Ong Ju Xing and Ong Yee Ching whose interests have been disclosed herein.

[6] Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in OSK Holdings Berhad.

Tan Sri Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the Company, is also deemed to have an interest in the shares and/ or warrants of all the Company's subsidiary companies to the extent the Company has an interest.

Other than the above, none of the other Directors in office has any interest in the shares and/ or warrants of the Company and its related corporations as at 22 April 2020.

STATEMENT OF SHAREHOLDINGS

AS AT 22 APRIL 2020

Issued Share Capital	:	2,070,813,267 shares (excluding Treasury Shares of 24,486,953)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of Holdings	Percentage of Issued Capital
1 – 99	3,369	14.30	136,428	0.01
100 – 1,000	2,108	8.95	788,835	0.04
1,001 – 10,000	11,543	48.99	52,794,682	2.55
10,001 – 100,000	5,640	23.93	163,161,944	7.88
100,001 – 103,540,662*	899	3.81	851,021,273	41.09
103,540,663 and above**	4	0.02	1,002,910,105	48.43
	23,563	**100.00**	**2,070,813,267**	**100.00**

Notes:

* Less than 5% of the issued holdings
** 5% and above of the issued holdings

SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 144 of the Companies Act 2016, the substantial shareholders of the Company are as follows:

Name of Substantial Shareholders	Number of Ordinary Shares			
	Direct Interest	%	Indirect Interest	%
1. Tan Sri Ong Leong Huat @ Wong Joo Hwa	135,685,978	6.55	951,603,977[1]	45.95
2. Puan Sri Khor Chai Moi	29,456,882	1.42	382,942,504[2]	18.49
3. OSK Equity Holdings Sdn. Bhd.	568,661,473	27.46	-	-
4. Land Management Sdn. Bhd.	219,518,685	10.60	-	-
5. Dindings Consolidated Sdn. Bhd.	163,423,819	7.89	-	-

Notes:

(1) Deemed interested by virtue of his substantial shareholdings in OSK Equity Holdings Sdn. Bhd., Land Management Sdn. Bhd. and Dindings Consolidated Sdn. Bhd.

(2) Deemed interested by virtue of her substantial shareholdings in Land Management Sdn. Bhd. and Dindings Consolidated Sdn. Bhd.

STATEMENT OF SHAREHOLDINGS

AS AT 22 APRIL 2020

30 LARGEST REGISTERED HOLDERS

	Name	No. of Ordinary Shares	%
1.	OSK Equity Holdings Sdn. Bhd.	496,581,623	23.98
2.	Land Management Sdn. Bhd.	219,518,685	10.60
3.	Dindings Consolidated Sdn. Bhd.	163,423,819	7.89
4.	Tan Sri Ong Leong Huat @ Wong Joo Hwa	123,385,978	5.96
5.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for OSK Equity Holdings Sdn. Bhd. (246758)	50,000,000	2.41
6.	Hwang Capital (Malaysia) Sdn. Bhd.	37,000,000	1.79
7.	Puan Sri Khor Chai Moi	26,927,053	1.30
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (NOMURA)	26,120,500	1.26
9.	Ong Ju Yan	24,737,550	1.19
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (CIMB PRIN)	24,395,300	1.18
11.	RHB Nominees (Tempatan) Sdn. Bhd. - OSK Equity Holdings Sdn. Bhd.	22,079,850	1.07
12.	Ong Ju Xing	21,997,911	1.06
13.	Dato' Nik Mohamed Din bin Datuk Nik Yusoff	21,000,000	1.01
14.	Khor Chei Yong	19,077,000	0.92
15.	Ong Yin Suen	15,489,876	0.75
16.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. - Exempt AN for Deutsche Bank AG Singapore (MAYBANK SG PWM)	12,742,189	0.62
17.	Cartaban Nominees (Tempatan) Sdn. Bhd. - Exempt AN for LGT Bank AG (Local)	12,300,000	0.59
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (PRINCIPAL EQITS)	11,985,300	0.58
19.	Nora Ee Siong Chee	11,835,937	0.57

STATEMENT OF SHAREHOLDINGS
AS AT 22 APRIL 2020

30 LARGEST REGISTERED HOLDERS (CONT'D)

Name		No. of Ordinary Shares	%
20.	Amanahraya Trustees Berhad - Public Smallcap Fund	11,519,700	0.56
21.	Ong Yee Min	11,061,699	0.53
22.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Dimensional Emerging Markets Value Fund	10,477,605	0.51
23.	Wong Chong Ngin	10,000,000	0.48
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (AMUNDI)	8,682,100	0.42
25.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	8,476,667	0.41
26.	HSBC Nominees (Asing) Sdn. Bhd. - TNTC for Hosking Global Fund Public Limited Company	8,228,664	0.40
27.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	7,786,650	0.38
28.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Chong Shee (470539)	7,175,450	0.35
29.	Amanahraya Trustees Berhad - Public Strategic Smallcap Fund	6,960,450	0.34
30.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Small Cap Series	6,950,300	0.34

STATEMENT OF WARRANT HOLDINGS

AS AT 22 APRIL 2020

No. of Outstanding Warrants C 2015/ 2020 issued: 356,577,165

BREAKDOWN OF HOLDINGS

Range of Holdings	No. of Holders	Percentage of Holders	No. of Warrants C	Percentage of Issued Warrants C
1 – 99	4,692	25.27	125,644	0.04
100 – 1,000	6,077	32.73	3,603,872	1.01
1,001 – 10,000	6,456	34.77	19,770,177	5.54
10,001 – 100,000	1,077	5.80	32,704,985	9.17
100,001 – 17,828,857*	263	1.42	163,727,082	45.92
17,828,858 and above**	1	0.01	136,645,405	38.32
	18,566	**100.00**	**356,577,165**	**100.00**

Notes:
* Less than 5% of the issued Warrants C
** 5% and above of the issued Warrants C

30 LARGEST REGISTERED HOLDERS

	Name	No. of Warrants C	%
1.	OSK Equity Holdings Sdn. Bhd.	136,645,405	38.32
2.	RHB Nominees (Tempatan) Sdn. Bhd. - OSK Equity Holdings Sdn. Bhd.	11,426,925	3.20
3.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chong Yiew On (6000006)	9,556,650	2.68
4.	I-Wen Morsingh	6,667,400	1.87
5.	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chin Kan Sin	4,270,000	1.20
6.	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ong Kok Thye	4,123,300	1.16
7.	Quek Phaik Im	3,995,200	1.12
8.	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt AN for Citibank New York (Norges Bank 1)	3,904,854	1.10
9.	Puan Sri Khor Chai Moi	3,598,891	1.01
10.	Cartaban Nominees (Tempatan) Sdn. Bhd. - Exempt AN for LGT Bank AG (Local)	3,075,000	0.86
11.	Lim Kian Huat	2,940,000	0.82

STATEMENT OF WARRANT HOLDINGS
AS AT 22 APRIL 2020

30 LARGEST REGISTERED HOLDERS (CONT'D)

	Name	No. of Warrants C	%
12.	Loh Yu Lin	2,550,000	0.72
13.	Nora Ee Siong Chee	2,546,484	0.71
14.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Julian Suresh Candiah	2,458,500	0.69
15.	Ng Bieng San	2,410,900	0.68
16.	Maybank Nominees (Tempatan) Sdn. Bhd. - Chua Eng Ho Wa'a @ Chua Eng Wah	2,357,600	0.66
17.	RHB Nominees (Asing) Sdn. Bhd. - Pledged Securities Account for Profidend Investments Pte. Ltd.	2,294,125	0.64
18.	Bong Yap Chong	2,000,000	0.56
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ting Yi En	1,956,500	0.55
20.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for How Kim Lian (HOW0113M)	1,762,500	0.49
21.	Chew Leong Hoon	1,723,500	0.48
22.	HSBC Nominees (Asing) Sdn. Bhd. - JPMCB NA for Vanguard Total International Stock Index Fund	1,716,558	0.48
23.	Chinchoo Investment Sdn. Berhad	1,622,422	0.46
24.	Ong Ah Choon @ Ong Kai Choon	1,505,250	0.42
25.	Koay Hian Beng	1,452,900	0.41
26.	Khor Chei Yong	1,422,968	0.40
27.	Pang Khong Leong	1,382,200	0.39
28.	HSBC Nominees (Asing) Sdn. Bhd. - TNTC for Hosking Global Fund Public Limited Company	1,304,941	0.37
29.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Cheong Joo Khim	1,268,075	0.36
30.	Loh Chin Ling	1,252,706	0.35

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