



海外天  
OVERSEA

**OVERSEA ENTERPRISE BERHAD**  
(Company No. 317155-U)

ANNUAL REPORT **2019**

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# Corporate Profile

## OVERSEA ENTERPRISE BERHAD

is incorporated and domiciled in Malaysia, and it has been listed on the ACE Market of Bursa Malaysia Securities Berhad since 1 April 2010.

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The Group started out in 1970's as a partnership business between Mr. Yu Soo Chye @ Yee Soo Chye and an independent third party. Together they founded the first "Restoran Oversea" in Jalan Imbi, Kuala Lumpur. To date the Group's operation of food service outlets entails a chain of five (5) Chinese restaurants, two (2) outlets in Klang Valley, two (2) outlets in Ipoh and one (1) in Genting Highlands offering home cooked Cantonese themed cuisines. In addition to the chain of Chinese restaurants, the Group has ventured into the operation of Dim Sum and cafe. The Dim Sum outlet located at Sri Petaling was opened in 2005, with the intention to target Dim Sum connoisseur and the cafe concept offering Ipoh homeland authentic cuisines was opened in Wan Chai, Hong Kong in February 2012.

In December 2017, a new concept outlet offering steamboat and hotpot combining Dim Sum menus was opened in Jalan Imbi, Kuala Lumpur.

The Company had subsequently entered into a joint venture with strategic partners to develop new eateries outlet utilising the Company's vast and extensive experience in the food and beverage ("F&B") industry. The Company has successfully launched two (2) casual dining outlets in Genting Highlands under the name of "Restoran Oversea", the brand name of WanHoi YAMCH'A and Taibae as well as a quick service outlet in KLIA2 under the brand name of Santai YAMCH'A.

Subsequently between August 2017 to March 2018, several new eateries outlets of different brand names were incorporated, namely Soul Chicken, Tampopo Express and Wincaa Bubble Tea opened in KLIA2, and WanHoi Char Chan Tian and Wincaa GPO opened in Awana Skyway Station and Genting Premium Outlet, Genting Highlands, respectively.

Our business model, besides the operation of food service outlets, also includes the expansion into the manufacturing of confectioneries particularly moon cake since 1986. In 1995, a moon cake manufacturing facility in Sungai Buloh with built-up area of approximately 20,000 square feet was built. Subsequently in 2002, we moved to a new manufacturing facility in Shah Alam, Selangor with a total built-up area of 63,246 square feet. As part of the Group's strategy to expand its portfolio of in-house manufactured products, the Company also ventured into the production of egg rolls in 1999. Our manufacturing concern exports to various countries including the United States, Australia, New Zealand, Indonesia, Hong Kong, Canada, Macau, Papua New Guinea and the Netherlands.

## AWARD AND RECOGNITIONS

Throughout the years, the Group have received many awards and recognitions, which include, amongst others, "Asia's Finest Restaurants", "Greatest Table in Kuala Lumpur" and "Winner of World Gold Kitchen Cooking Grand Competition". Other international recognition includes accolades such as "International Restaurant of Chinese Cuisine" awarded by "The World Chinese Cuisine Association".

In April 2017, the Company was accorded the Honesty Enterprise Category winner of The Asia Pacific International Honesty Enterprise - The 15th Asia Pacific International Honesty Keris Award 2017 for its outstanding achievement in the F&B industry which demonstrates honesty and integrity in their daily business dealings.

## Corporate Diary

# 2018

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- **31 May** Announcement of the unaudited consolidated results for the financial period ended 31 March 2018.
- **25 Jul** Announcement in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.
- **30 Jul** Notice of the Twenty-Third Annual General Meeting to Shareholders.
- **29 Aug** Outcome of the Twenty-Third Annual General Meeting.
- **30 Aug** Announcement of the unaudited consolidated results for the financial period ended 30 June 2018.
- **29 Nov** Announcement of the unaudited consolidated results for the financial period ended 30 September 2018.

# 2019

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- **27 Feb** Announcement of the unaudited consolidated results for the financial period ended 31 December 2018.
- **15 May** Announcement in relation to changes in Boardroom.
- **31 May** Announcement of the unaudited consolidated results for the financial period ended 31 March 2019.

# Corporate Structure



## OVERSEA ENTERPRISE BERHAD

and its subsidiaries and associated companies  
(As at 30 June 2019)

● OPERATION OF A CHAIN OF CHINESE RESTAURANTS	Restoran Oversea (Imbi) Sdn. Bhd.	100%
	Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.	100%
	Haewaytian Restaurant Sdn. Bhd.	100%
	Restoran Oversea (Skyplaza GH) Sdn. Bhd.*	100%
● OPERATION OF CAFE	Ipoh Group Limited ( <i>Registered in Hong Kong</i> ) *	100%
	Restoran Oversea (CST) Sdn. Bhd. [Formerly known as Restoran Oversea (Chin Swee) Sdn. Bhd. and Tunas Citarasa Sdn. Bhd.] *	100%
● OPERATION OF DIM SUM OUTLET	Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd.	100%
	Restoran Oversea Hong Kong Dim Sum Sdn. Bhd. *	100%
	WanHoi GH Sdn. Bhd.**	20%
● MANUFACTURING OF MOON CAKES AND OTHER BAKED PRODUCTS	Haewaytian Cake House Sdn. Bhd.	100%
	Restoran Oversea Confectioneries Sdn. Bhd.	100%
● TRADING	Haewaytian Food Industries Sdn. Bhd.	100%
	Haewaytian Trading Sdn. Bhd.	100%
	Tenshou International Sdn. Bhd.	100%
● OWNER OF TRADEMARKS	Restoran Oversea Holdings Sdn. Bhd.	100%
● INVESTMENT HOLDING	Restoran Oversea JV (International) Sdn. Bhd.	100%
	Santaisan Sdn. Bhd. **	19.9%
● OTHERS	Oversea Training Academy Sdn. Bhd.	100%
	Restoran Oversea (P.J.) Sdn. Bhd. ( <i>Dormant</i> )	100%
	Restoran Oversea (Subang Parade) Sdn. Bhd. ( <i>Dormant</i> )	100%
	Restoran Tsim Tung Sdn. Bhd. ( <i>Dormant</i> )	100%

\* Subsidiary of Restoran Oversea JV (International) Sdn. Bhd.

\*\* Associate of Restoran Oversea JV (International) Sdn. Bhd.



# Corporate Information

## BOARD OF DIRECTORS

**Yu Soo Chye @ Yee Soo Chye**  
Chairman / Group Managing Director

**Khong Yik Kam**  
Executive Director

**Lee Seng Fan**  
Executive Director

**Koong Lin Loong**  
Independent Non-Executive Director

**Chiam Soon Hock**  
Independent Non-Executive Director

**Chui Mee Chuen**  
Independent Non-Executive Director

**Yu Tack Tein**  
Executive Director

## COMPANY SECRETARIES

**Chua Siew Chuan**  
(MAICSA 0777689 Practitioner)

**Cheng Chia Ping**  
(MAICSA 1032514 Practitioner)

## AUDIT COMMITTEE

**Koong Lin Loong**  
Chairman

**Chiam Soon Hock**  
**Chui Mee Chuan**

## REMUNERATION COMMITTEE

**Chiam Soon Hock**  
Chairman

**Yu Soo Chye @ Yee Soo Chye**  
**Chui Mee Chuen**

## NOMINATING COMMITTEE

**Chui Mee Chuen**  
Chairperson

**Koong Lin Loong**  
**Chiam Soon Hock**

## INVESTMENT COMMITTEE

**Yu Soo Chye @ Yee Soo Chye**  
Chairman

**Yu Tack Tein**

**Yu Suat Yin**

(Vice President, Group Operation)

**Yap Teck Beng**

(Group General Manager)

## RISK MANAGEMENT COMMITTEE

**Chiam Soon Hock**  
Chairman

**Yu Suat Yin**  
(Vice President, Group Operation)

**Yap Teck Beng**  
(Group General Manager)

**Soh Jin Yiat**  
(Deputy Group General Manager)

## REGISTERED OFFICE & HEAD OFFICE

D-3-1 & D-3A-1, Seri Gembira Avenue,  
Jalan Senang Ria, Taman Gembira,  
58200 Kuala Lumpur,  
Wilayah Persekutuan  
Tel. No. : 03-7972 9683  
Fax No. : 03-7972 9662  
Website : www.oversea.com.my  
Email : info@oversea.com.my

## PRINCIPAL BANKERS

Public Bank Berhad  
Hong Leong Bank Berhad  
United Overseas Bank (Malaysia) Berhad

## AUDITORS

Crowe Malaysia PLT (LLP018817-LCA & AF 1018)  
Kuala Lumpur Office  
Level 16, Tower C, Megan Tower II,  
12, Jalan Yap Kwan Seng,  
50450 Kuala Lumpur,  
Wilayah Persekutuan  
Tel. No. : 03-2788 9999  
Fax No. : 03-2788 9998

## SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
(formerly known as Symphony Share Registrars  
Sdn. Bhd.)  
Level 6, Symphony House,  
Pusat Dagangan Dana 1,  
Jalan PJU 1A/46,  
47301 Petaling Jaya,  
Selangor Darul Ehsan  
Tel. No. : 03-7849 0777 (Helpdesk)  
Fax No. : 03-7841 8151/7841 8152  
Email : ssr.helpdesk@symphony.com.my

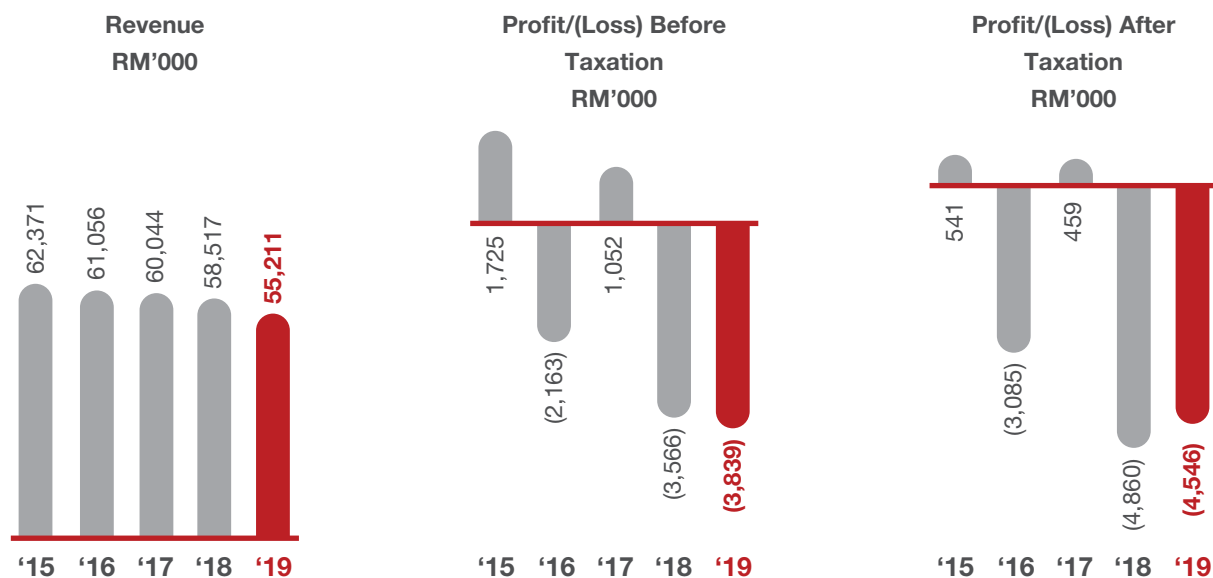
## STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Name : OVERSEA  
Stock Code : 0153

## Financial Highlights

The following table sets out a summary of the Statement of Comprehensive Income of Oversea Enterprise Berhad and its subsidiaries (Group) for the financial years ended 31 March 2015 till 31 March 2019.

Year Ended	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Profit/(Loss) After Taxation RM'000
31 March 2015	62,371	1,725	541
31 March 2016	61,056	(2,163)	(3,085)
31 March 2017	60,044	1,052	459
31 March 2018	58,517	(3,566)	(4,860)
<b>31 March 2019</b>	<b>55,211</b>	<b>(3,839)</b>	<b>(4,546)</b>



## Chairman's Letter to Shareholders

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*“ Preserving the rich traditions of Chinese cuisine, Oversea is known for its exquisite offering of traditional Cantonese specialties ”*

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### DEAR SHAREHOLDERS,

I am pleased to enclose herewith the Annual Report 2019 and the Audited Financial Statements for the financial year ended 31 March 2019 (“AFS 31 March 2019”).

### OUR JOURNEY

The Restoran Oversea Group commenced in year 1977 when the founding members converted the partnership business into a private limited company known as Restoran Oversea (Imbi) Sdn. Bhd. The success of our first “Restoran Oversea” (海外天) restaurant encouraged us to open our second restaurant in Ipoh in 1982. To date, we have developed our Chinese restaurant operations into a chain of five (5) wholly-owned restaurants.

In addition to the enhancing the core business, we had entered into a joint venture with strategic partners to develop new eateries outlet utilising the Company's vast and extensive experience in the food and beverage (“F&B”) industry. We had successfully launched two (2) casual dining outlets in Genting Highlands under the name of "Restoran Oversea", the brand name of WanHoi YAMCH'A and Taibae as well as a quick service outlet in KLIA2 under the brand name of Santai YAMCH'A.

In 1986, we expanded our business into making moon cakes. At that time all our moon cakes were hand made and were marketed as part of our Chinese restaurant business. In 1995, we moved our moon cake operation to our manufacturing facility in Sungai Buloh with a built-up area of approximately 20,000 square feet. Subsequently in 2002, we moved our manufacturing facilities to Shah Alam, Selangor with a total built-up area of 63,246 square feet. In 1986, our output of moon cakes averaged 20,000 pieces per year and has since grown to 1.1 million pieces per year by 2018.

### OUR SPECIALTY

Restoran Oversea is widely known for offering exquisite contemporary Chinese cuisine with special emphasis on unique Cantonese themed restaurant. We feature traditional menus as the “piece de resistance” of the restaurant. Notwithstanding that, being innovative with our food menus, we have been offering new additions to our existing food menus on a regular basis. We have introduced, amongst others, the following new additions throughout the year:-

- Double-boiled American Ginseng with Peach Resin Jelly;
- Fried Wild Rice served in Hot Stone Bowl;
- Steamed Bamboo Fish in superior soy sauce;
- Pun Choi;
- Roasted Suckling Piglet Skin serve with crispy bean curd skin and mini bun; and
- Braised Pork Knuckle.



# Chairman's Letter to Shareholders

cont'd

## OUR COMPETITIVE ADVANTAGE

With forty (40) years of experience in the restaurant industry together with a dynamic marketing team, our Group has managed to carve a name to compete with other successful renowned competitors in the restaurant industry.

To remain competitive in the challenging market environment and catching up with fast-changing global business trend, our Group has always believed in technology advancement by earmarking certain amount of working capital for capital expenditures purposes annually. Simultaneously, as detailed in our Sustainability and Corporate Social Responsibility Statement, we have also ensure sufficient attention and allocation be made for the training and development, as well as the wellbeing of the employees of the Group. With the fully trained and equipped workforce, we are optimistic that our Group will be able withstand the rapid changes in food service environment and thereby ensure the sustainability of the Group.

## OUR FORTHCOMING TWENTY-FOURTH ("24TH") ANNUAL GENERAL MEETING ("AGM")

I wish to inform that the 24th AGM of the Company will be held at Restoran Oversea Bandar Baru Sri Petaling, No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 28 August 2019 at 11:00 a.m.

At the forthcoming 24th AGM, the following resolutions shall be put forward for your consideration:-

- Our Directors, namely Mr. Lee Seng Fan and myself are offering ourselves for re-election at the 24th AGM.
- Upon the review and recommendation of the Audit Committee, the Board recommended the re-appointment of Messrs. Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia) as External Auditors of the Company for the financial year ending 31 March 2020.
- As per the previous financial year, the proposed total Directors' fees for the financial year ended 31 March 2019 remained at RM108,000/-.
- The benefits payable to the Directors pursuant to Section 230(1)(b) of the Companies Act 2016 has been reviewed by the Remuneration Committee ("RC") and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period from 24th Annual General Meeting to the next Annual General Meeting in year 2020. The benefits comprised of benefit-in-kind i.e. provision of motor vehicles to the Directors for their official usage and meeting allowances to the Independent Directors.
- The Company would like to seek a general mandate from you to allot shares pursuant to the Companies Act 2016. The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting solely for such issuance and allotment of shares. This authority unless revoked or varied by the Company in a general meeting, will expire at the next AGM. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.
- The Company would like to seek approval from you to streamline the Company's Memorandum and Articles of Association with the Companies Act 2016, recent amendments made to ACE Markets Listing Requirements of Bursa Malaysia Securities Berhad as well as to enhance administrative efficiency by adopting a new Constitution.

The Board believes that the above resolutions are in the best interest of the Company and all shareholders. Therefore, the Directors unanimously recommend that you vote in favour of the above resolutions.

# Chairman's Letter to Shareholders

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The 24th AGM of the Company represents an important opportunity for all shareholders to express their views by asking questions on the above resolutions and/or any other topic relevant to our business and resolutions. As provided under the Companies Act 2016, at the forthcoming 24th AGM, you shall have the right to attend, speak, participate and vote at the said Meeting, either in person or vide proxy(ies).

As in previous AGM, we will call for a poll on each resolution at the forthcoming 24th AGM, which will administratively be conducted by the Poll Administrator upon the completion of deliberations on all resolutions. An independent scrutineer shall be appointed to verify and confirm the votes tabulated by the Poll Administrator.

If you are not able to attend the 24th AGM, you may complete the Form of Proxy in accordance with the instructions printed on the form and return it to the Registered Office of the Company located at D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, i.e. **on or before Monday, 26 August 2019 at 11:00 a.m.**

In the event you have executed the Proxy Form but does not name any proxy, you shall be deemed to have appointed the Chairman of the Meeting as your proxy.

## DEPARTED YET UNFORGOTTEN

As announced on 15 May 2019, my beloved spouse and co-founder of the Company, the late Madam Lee Pek Yoke had passed away on 12 May 2019. She was instrumental in the setting up of mooncakes operation in 1986 and was responsible in overseeing, planning and management of the Group. The cherished memories will remain close to our heart - the "Oversea Family".

Rest assured that the Oversea Group shall continue to thrive on the grit and perseverance as shown by the late Madam Lee and may her soul be rest in peace.

## APPRECIATION

My heartiest thanks goes out to our Board members for their expertise and guidance. I would also like to extend my deepest gratitude and appreciation for the loyalty, hard work, commitment and dedication of the management and the employees of our Group. Your co-operation and professional work ethics will be integral towards seeing our Group grows to greater heights of success.

On behalf of the Board of Directors, I would like to thank our shareholders, vendors, suppliers, business associates as well as policymakers, regulators and relevant Government agencies for their continued support.

Thank you.

Yours sincerely,

**Yu Soo Chye @ Yee Soo Chye**

Chairman and Group Managing Director

29 July 2019

# Management Discussion and Analysis

## DEAR SHAREHOLDERS,

On behalf of the executive management of Oversea Enterprise Berhad (“**Oversea**” or “**the Group**”), i hereby present the Management’s Discussion and Analysis (“MD&A”) for your information. The MD&A aims to provide you and the stakeholders with an overview of our business, operations and financial performance of the Group for the financial year ended 31 March 2019.

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## OVERVIEW OF GROUP’S BUSINESS AND OPERATIONS

Oversea a publicly traded company that, through its subsidiaries are principally engaged in the operation of “Restoran Oversea” chain of Chinese restaurants offering fine dining Cantonese cuisines and ala-carte dining as well as banquet functions. In addition, Oversea is also engaged in the operation of café and speciality outlets such as dim sum and bakery amongst other things. Oversea also manufactures seasonal confectioneries particularly moon cakes for the annual Mid-Autumn Festival which is sold locally as well as exported to Asian countries and other parts of the world such as United States of America and Australia.

Oversea is guided by the belief in an idea called “Jin Liang Shi Zu” “斤两十足” in all of its business ventures by providing our customers with highest quality and safest ingredients of product.

The Group vision is to transform the brand “Restoran Oversea” into a leading quality household name in South East Asia by playing a leading role in the Asian food scene in producing quality, tasty and convenient food that brings a healthy balance and wellness to our customers. Our stores operate in both shoplots as well as shopping mall as part of our strategy to have a market presence in the urban as well as suburban areas within Malaysia.

The restaurant and café are highly competitive with respect to quality, variety and price of food products offered. Oversea competes with a significant number of national and regional restaurants. Additionally, there are many segments within the restaurant and café industry such as family dining, casual dining, full-service, fast casual and quick service restaurants, which often overlaps and provide competition for widely diverse restaurant concepts. We operate predominantly in the full-service segment of the industry.

Competition also exists in securing prime real estate location for new outlets, in hiring qualified employees, in advertising, in the attractiveness of facilities and with competitors having similar menu offerings or convenience. The Group faces the same competition for its retail of seasonal confectionery products in major shopping malls all over Malaysia and overseas.

Thus, the restaurant and retail industries are often affected by changes in customer taste and preference, economic condition be it locally or regionally, locations of competing restaurants and retailers as well as customers’ discretionary purchasing power.

## KEY PERFORMANCE INDICATORS

The management of Oversea utilises a number of key performance measures to evaluate the operational and financial performance including amongst other indicators:-

- Average spending per guest is used to analyse the money spent per guest in our outlets for ala-carte dine in and banquet sales. This measure aids the management in identifying trends in guest preferences as well as effectiveness of sales campaign and new introduction of menus.
- For the retail segment, the management utilises the store performance operating margins defined as the total revenue per store or counter less cost of goods sold, direct labour and other direct expenses as counter fees and promotional discount attributable to the particular store or counter. It is a primary measure of operating profitability.

# Management Discussion and Analysis

cont'd

## STRATEGIES IN VALUE CREATION

Management believes that “Restoran Oversea” and “OVERSEA” brand remains one of the strongest and most differentiated brands in the industry. Our strategy over the long term revolves around four (4) pillars of thrust namely:-

- 1st Pillar Thrust – Restaurant
- 2nd Pillar Thrust – Manufacturing
- 3rd Pillar Thrust – Retail
- 4th Pillar Thrust – Academy

Each individual pillar of thrust adopts a near term, mid-term and long term outlook, in which the Company constantly monitor on a periodic basis.

Our 1<sup>st</sup> pillar focuses on the core business with the intention of enhancing as well as extension of the particular segment of business. This pillar encompasses the key sales of our business including menu innovation, marketing programmes and cost-saving initiatives.

Our 2<sup>nd</sup> pillar focuses on the manufacturing ability to fully utilise the plant for whole year product instead of seasonal production cycles. The manufacturing segment main thrust would be developing and bringing to market a new concept or product and at the same time leveraging on the Groups branding while providing customers with product differentiation.

Our 3<sup>rd</sup> strategic pillar is an extension of the manufacturing segment to promote premium lifestyle foodstuff. This segment was created to extend our reach into more metropolitan locations and attract new guests. Whilst we do not expect it to have a material financial impact in the mid-term outlook but we are excited about this new concept and vision.

Our 4<sup>th</sup> pillar is the creation of academy for training excellence which is essentially a new business for the Group. In order for the Group to expand, the academy would provide qualified employees to address the manpower requirements. We strongly believe that our continued focus on the long term strategy will contribute to revenue growth and higher operating margin.

## ANTICIPATED OR KNOWN RISKS

### Competition Risk

Generally all operators of the food services including Chinese restaurants in Malaysia face normal competitive conditions namely brand name and market reputation, quality of products and services and economies of scale. Barriers to entry into the operation of Chinese restaurants are relatively low for operators with single outlet. This is substantiated by the large number of operators in the industry. However, operators with a network of chained outlets will have an advantage over smaller players due to economies of scales, thereby reducing operating costs and improving profit margins. The Group has built significantly on the “Restoran Oversea” brand equity, which includes a high level of brand awareness and customer loyalty and is associated with fine Chinese dining and high quality food, providing the Group with a key competitive advantage to compete effectively within the Food Services Industry.

### Seasonality

Generally, there is no seasonality for our chain Chinese restaurants with the exception of banquet operations where the business encounters a slowdown during the month of May to July due to inauspicious Lunar Calendar and peaks between October and February. The peaks are due to festive seasons as well as year-end banquets including wedding functions, which are usually held during the months of October and February. As for the manufacturing concern, we currently only operate five (5) months within a year commonly between May and September, prior to the Mid-Autumn Festival.

# Management Discussion and Analysis

cont'd

## Foreign Currency Exchange Risk

A portion of our investments consist of activities outside Malaysia, thus we have currency risk on the transactions in other currencies and translation adjustments resulting from the conversion of our results in Ringgit Malaysia ("RM"). However, a substantial majority of our operations and investment activities are transacted in RM, and therefore the foreign currency risk is limited at this date of report. We attempt to minimise the exposure related to our operations by purchasing goods or services from third parties in local currencies where practical.

## Single Customer Risk

Our customers for food services outlets including restaurants, café and dim sum are mainly end consumers. As for the manufacturing of moon cakes and other baked products, it is generally segregated to retailers such as hypermarkets, supermarkets, mini markets and Chinese medical halls, distributors and wholesalers as well as corporate clients and end consumers. The trade customers for the financial year ended 31 March 2019 represented approximately 17.3% of our Group's total revenue amounting to RM9.5million. We enjoy a stable business relationship with our customers. This is reflected by the fact that our top 20 customers have been dealing with us for ten (10) or more years.

## Commodity Price Risk

Many of the food products and packaging materials that we purchased are affected by commodity pricing or ingredients pricing and are, therefore, subject to price volatility, exchange rates, foreign demand, weather, seasonality and availability and other factors outside our control and which are generally unpredictable.

Generally our purchases of food products are based on generally available products, and should any existing supplier fail, or are unable to deliver in quantities required by us, we believe that there are sufficient quality suppliers in the marketplace that our source of supply can be replaced as necessary thus avoiding any adverse effects that could be caused by such unavailability. In many cases, or over a longer term, we believe we will be able to pass through some or much of the increased commodity costs by adjusting our menu and retail pricing. However, under competitive circumstances, price volatility may limit menu price and retail pricing flexibility and in those instances, increases in commodity prices can result in lower margins.

## FINANCIAL HIGHLIGHTS

Period	Year ended 31 March				
	2019	2018	2017	2016	2015
Revenue (RM'000)	55,211	58,517	60,044	61,056	62,371
Profit/(Loss) Before Taxation (RM'000)	(3,839)	(3,566)	1,052	(2,163)	1,725
Profit/(Loss) After Taxation (RM'000)	(4,546)	(4,860)	459	(3,085)	541
Earnings/(Loss) Per Share (Sen)	(1.87)	(1.97)	0.19	(1.28)	0.24

# Management Discussion and Analysis

cont'd

## REVIEW OF OPERATING ACTIVITIES

In Q2 2019, the Group launches its grand themed Chinese restaurant in the Genting Highland Resort which is situated in First World Hotel. At the present moment in terms of store operating key performance indicators (KPIs) such as average spending has not met expectations due to delay in the opening of the Outdoor Theme Park in Genting Highlands.

In Q4 2019, the Group had ceased its operation in Restoran Tsim Tung Sdn Bhd and Restoran Oversea (Subang Parade) Sdn Bhd due to declining performance.

## REVIEW OF FINANCIAL RESULTS

Period	Year ended 31 March		
	2019	2018	2017
<b>REVENUE</b>			
Restaurant	43,571,650	47,715,585	49,203,266
Manufacturing	19,386,112	17,852,592	18,530,535
Others	821,570	30,108	53,073
Eliminations	(8,568,571)	(7,080,827)	(7,742,876)
Consolidated	55,210,761	58,517,458	60,043,998
<b>(LOSS)/PROFIT BEFORE TAX</b>			
Restaurant	(5,562,485)	(2,399,880)	(217,027)
Manufacturing	1,315,844	1,154,615	1,573,799
Others	932,980	(1,716,895)	(692,774)
Eliminations	(525,109)	(604,294)	387,603
Consolidated	(3,838,770)	(3,566,454)	1,051,601
<b>INCOME TAX</b>	(706,966)	(1,293,214)	(592,708)
<b>(LOSS)/PROFIT AFTER TAX</b>	(4,545,736)	(4,859,668)	458,893

At the consolidated level, the Group sales revenue was 5.7% lower at RM55.2 million (2018: RM58.5 million) due to disposal of Taiwan Haewaytian Limited in Taiwan coupled with the closure of Restoran Tsim Tung Sdn Bhd and Restoran Oversea (Subang Parade) Sdn Bhd. As a result of the closures, the Group restaurant segment suffered additional impairment of assets and write off of equipment amounting to approximately RM1.73 million and RM0.2 million respectively.

The Group restaurant segment sales revenue was 8.7% lower at RM43.6 million (2018: RM47.7 million) due to closure of business units but mitigated by the opening of new outlet in Genting Highlands.

Our manufacturing segment sales revenue was 8.6% higher at RM19.4 million (2017: RM17.9 million) due to higher sales on the domestic front. The increase in sales turnover has contributed to the increase in profit before tax (PBT) for the manufacturing segment's PBT by 14% higher at RM1.3 million (2017: RM1.2 million).

At our various associates, in Genting Highlands and KLIA2, the operations had contributed positively to the Group's earnings by RM0.7 million (2018: RM0.6 million).



# Management Discussion and Analysis

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## **FUTURE PROSPECTS**

Financial liquidity, uncertainties in global economy and domestic demand are the main challenges for the Group in this financial year ending 31 March 2020. Moving forward the Group shall continue to prudently manage costs.

The Group is consolidating its investment in various food & beverages model and is now focussing on selected business format and are targeting on specific areas that have proven to be key assets within the Group as well as emerging assets with potential for business growth. At the same time, the Group will focus on product and marketing innovations as well as production efficiency, quality, service and management of resources.

## **DIVIDEND**

The Group does not have a policy with regards to dividend and dividend payment shall depend upon earnings, capital commitments and general financial conditions. Henceforth, in view of the future requirement the Directors do not recommend the payment of any final dividend for the current financial year.

## **CONCLUSION**

The performance of the Group will continue to be affected by factors such as the vitality of the domestic consumer sentiments and their spending power arising from the prevalent economy conditions. Shareholders can be rest assured that the Executive Management will continue to implement prudent strategies in all its business activities.

For and on behalf of the Executive Management

**YU SOO CHYE @ YEE SOO CHYE**  
Group Managing Director

# Sustainability Statement

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**“** *Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.* **”**

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## 1. GENERAL OVERVIEW OF THIS STATEMENT

The sustainability statement this pilot year would represent the Company's efforts in embedding sustainability practices into the culture of the Group. We shall be guided by the definition tabulated above by Brundtland Report of the World Commission on Environment and Development. The report shall focus on sustainability activities to be carried out by the Group in its effort to maintain the social license to operate and to emerge as the preferred Food and Beverages (“F&B”) operator in Malaysia.

## 2. SUSTAINABILITY STRATEGIES AND GOALS

We seek to address the following sustainability impacts relevant to the Group's business operations within its ecosystem in the formulation of our goals to mitigate the sustainability issues prevailing as follows;

- a. Economy – Ensuring the satisfaction of our customers is paramount in our provision of food and service and improve the current corporate governance in relation to the existing risk management framework, code of ethics and conduct and whistle blowing policy.
- b. Environment – We aim to promote sustainability and environmental preservation through our procurement functions and shall source sustainable food supplies, efficient resource management of energy and water and waste management.
- c. Social – To continuously improve on our employee's safety and welfare as well as our community as a whole.

## 3. SUSTAINABILITY GOVERNANCE

The Sustainability Committee shall report to the Board on matters pertaining to the management of sustainability issues. The Committee shall be responsible for the creation of the sustainability direction of the Group and comprises of all the heads of business units and functions from F&B and manufacturing operations, finance, administration, information technology and human resource department. The general responsibilities of the Committee shall include amongst other things the followings:

- Advise the Board on the strategies in the area of sustainability;
- Recommending to the Board for approval on material sustainability matters identified, sustainability related policies and its goals or targets;
- Monitoring the implementation strategy in the area of sustainability;
- Monitoring the implementation of policies and initiatives;
- Overseeing the management of sustainability matters, with particular focus on matters significant to the organisation;
- Overseeing stakeholder engagement ensuring that issues, grievances and suggestions raised are recorded and taken into consideration in managing sustainability matters;
- Overseeing the preparation of Sustainability Statement and recommend the same for Board's approval.
- Continuously develop sustainability disclosures for reporting.

# Sustainability Statement

cont'd

## 4. MATERIALITY ASSESSMENT

### a. Materiality Assessment Process

Materiality assessment facilitates the identification and assessment of a wide range of sustainability matters, and refining them to what are most important to the Company and our stakeholders.

### b. Reporting Scope of this Statement

This statement for the pilot year of disclosure shall include two (2) pillars of thrust namely the restaurant and manufacturing segment in the local market. For future reporting, the Company shall endeavor to widen coverage of the entire pillar thrust to include the retail and the academy segment.

### c. Relevant Sustainability Issues

The Company reviewed and surmised the following pertinent sustainability issues relevant to its business operations.

#### i. External Issues

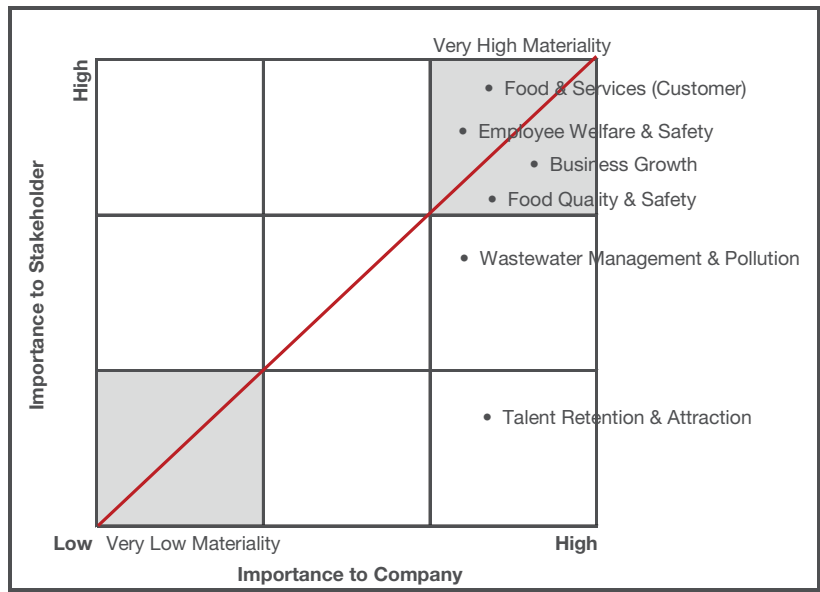
- Competition from similar organisations
- Supply chain management of the Group
- Market and public demand trend

#### ii. Internal Issues

- Legal compliance from local authorities
- Management systems and standards

### d. Materiality Matrix

The materiality assessments in terms of the economic, environment and social risks and opportunities may impact the Company and its stakeholders. The following materiality matrix depict the initial findings for the Company.



# Sustainability Statement

cont'd

## 4. MATERIALITY ASSESSMENT *cont'd*

### d. Materiality Matrix *cont'd*

These sustainability matters may be classified into the following themes and mapped against each individual pillar thrust.

	Themes	Restaurant	Manufacturing
<b>Sustainable Business Growth</b>	• Business Growth	√	√
	• Food Quality & Safety	√	√
	• Food & Services (Customer)	√	√
<b>Environmental Responsibility</b>	• Wastewater Management & Pollution		√
<b>Workplace Management</b>	• Employee Welfare & Safety		√
	• Talent retention and attraction	√	

## 5. MANAGING SUSTAINABILITY

The Company recognises that the social, economic and environment (EES) conditions can have a direct impact on the business and its long-term viability. There shall be constant rethinking of business models, products, technologies and processes to create value in the form of reputation and branding, via mandating the inclusion of EES concerns within our operating model.

### a. Sustainable Business Growth

In our drive to spur business growth, we strive to drive long-term corporate growth and profitability by recognising the importance of expanding in a sustainable and responsible manner to benefit the surrounding communities while protecting the environment.

- i. Business Growth – We aim to take the following approaches from food safety control, creation of wholesome and healthy food, ingredients transparency, sustainable sourcing of food products and the usage of sustainable packaging, the treatment for unsold or unconsumed foods, enhancing workplace management and contribution towards the communities at large.
- ii. Food Quality and Safety - We are responsible for the provision of the end product that are safe for consumption. On the F&B front, we endeavor to create good and healthy food using available sustainable and fresh ingredients. For our manufacturing pillar, we have obtained food quality certifications to ensure confidence in our practices. Below we list our current certifications.

Name of certification	Nature of certification
<b>HALAL Certificate of Authentication</b>	The HALAL certifications issued by Jabatan Kemajuan Islam Malaysia indicates that the end products had complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of the State Religious Department.
<b>Makanan Selamat Tanggungjawab Industri (MeSTI) *</b>	A MeSTI certification indicates that the holder meets the requirement of Peraturan-Peraturan Kebersihan Makanan (2009) which amongst other things include the establishment of internal processes and controls to ensure food hygiene. The certification is under the jurisdiction of the Ministry of Health Malaysia (MOH).
<b>Good Manufacturing Practice (GMP) *</b>	GMP requires a higher standard of food safety and prioritized food processing steps from receiving of raw materials to the distribution of end products.

\* Pending approval from MOH

# Sustainability Statement

cont'd

## 5. MANAGING SUSTAINABILITY *cont'd*

### a. Sustainable Business Growth *cont'd*

- iii. Food & Services (Customer) – We shall endeavor to procure safe and sustainable food products by sourcing of sustainable production of fishes, poultry, meat, vegetables and other ingredients direct from suppliers and in the near future, we plan to ensure the supplies and ingredients meet the requirements for ethics and environmental responsibility as the supply chain may impact on our customers. The Group had reduced the usage of single use plastics by switching to recyclable plastics as well as non-woven polypropylene bags for its seasonal moon cake products in practicing sustainable packaging.

### b. Environmental Responsibility

We acknowledge our responsibility towards the management of environment related impacts and shall strive to mitigate our environment impact, to exercise great care and grow in a sustainable manner.

- i. Wastewater Management & Pollution – Wastewater is discharged water arising from our manufacturing operation. Prior to disposal to main sewerage, effluent discharge is treated to ensure adherence to the required standard by Department of Environment Malaysia. Regulatory requirements impose discharge limits for specific pollutants and quality of effluent discharged. To date, all our wastewater discharge has met regulatory standards. In addition, we conducted annual inspection to monitor air pollutants level for the energy generation unit to comply with Environmental Quality (Clean Air) Regulations 2014.

### c. Workplace Management

We understand that our business growth is directly attributable to the diversified skill sets and expertise of our workforce. The Company is committed to provide equal employment opportunities and ensure that all employees are treated fairly with respect and strive to promote a positive and nurturing work environment for our people to enrich their skills.

- i. Employee Welfare & Safety – Our key focus in this area is to inculcate safe working environment via promoting safety measures and practices for our employees. A Safety and Health Committee is tasked to ensure compliance to local regulations, promoting safety awareness and responding to any incidents. The proposed mandate of the committee shall include all aspects of Safety, Health, Security and Environment in the future.

We are working closely with the Jabatan Keselamatan Dan Kesihatan Pekerjaan Selangor (JKKP) for our manufacturing operations including attending workshops organised by JKKP as well as on site visits. As a result, we had established HIRARC (Pengenalpastian Hazard, Penaksiran Risiko dan Kawalan Risiko) and the Safety Work Procedures for various work activities in compliance with the JKKP requirements.

Furthermore, our emphasis on safety culture is supported further via awareness training, which is updated and reviewed on a regular basis. Due to the seasonality of the nature of the manufacturing business, our trainings held shall be based on the following frequency;

Name of Activity	Description of Activity	Frequency per year
<b>Basic Hygiene</b>	Food Handlers Program focusing on hygiene and food safety practices	2
<b>Talk on Safety &amp; Work Procedures</b>	Refresher courses on safety and work procedures in relations to operation of plant and machinery based on the relevant departments	3
<b>Fire Drills</b>	Drills carried out in collaboration with BOMBA as well as refresher course for Emergency Response Team (ERT)	1
<b>Review of Workplace</b>	To review HIRARC and new risk that may arise	2

# Sustainability Statement

cont'd

## 5. MANAGING SUSTAINABILITY *cont'd*

### c. Workplace Management *cont'd*

- ii. Talent Attraction and Retention – Our employees are a critical stakeholder of the Company and we are constantly seeking ways to attract and retain the best talents to be part of the Company's growth engine. We understand that our people need to grow in their career thus focusing on training and developing our people's skill set and knowledge ensures that we can deliver our best to the customers. In general, training programs is held to address soft and technical skills at the workplace enabling employees to perform work efficiently. We engaged our employees via departmental meetings and trainings, face-to-face interactions and guidance as well as dialogues.

## 6. LOOKING FORWARD

The Group remains focused on creating shared value through its business activities for all stakeholders. This drives us to continuously improve on our efficiency and effectiveness to manage our impact across EES and we are committed to continue towards enhancing our corporate business sustainability.



## Board of Directors' Profile

### YU SOO CHYE @ YEE SOO CHYE

*Chairman/Group Managing Director*

*Age 74, Malaysian, Male*

<b>Date of appointment as Director</b>	:	6 November 2009
<b>Length of service as director since appointment (as at 31 July 2019)</b>	:	9 years 8 months
<b>Board Committee(s) served on</b>	:	<ul style="list-style-type: none"> <li>• Member of the Remuneration Committee</li> <li>• Chairman of the Investment Committee</li> </ul>
<b>Academic/Professional Qualification(s)</b>	:	Elementary education
<b>Present Directorship(s) in other Public/Listed Companies</b>	:	He has no directorship in any other public companies or listed corporations in Malaysia.
<b>Family relationship with any Director and/or major shareholder of the Company</b>	:	<p>Mr. Yu is a substantial shareholder of the Company.</p> <p>He is the father of Mr. Yu Tack Tein (Director), and brother-in-law of Mr. Khong Yik Kam (Director), Mr. Lee Seng Fan (major shareholder and Director) and Mr. Lee Seng Pun (major shareholder).</p>

#### Working experience:

Mr. Yu has more than fifty (50) years of experience in the Chinese restaurant industry. As the Group's Managing Director and founder, he has been instrumental in the development, growth and success of our Group. He started his career in the early 1950s when he started working in the kitchen as a kitchen helper. In 1970s, he started his first Chinese restaurant operations under a partnership arrangement, namely Restoran Oversea in Jalan Imbi, Kuala Lumpur. Subsequently in 1983, he converted the partnership into a private limited company. To date, he has established a chain of nine (9) wholly-owned restaurants, being two (2) Chinese restaurants in Klang Valley, two (2) outlets in Ipoh, one (1) outlet in Genting Highlands as well as four (4) casual dinings in Klang Valley, Genting Highlands and Hong Kong.

In 1986, he initiated the manufacturing of moon cakes by setting up a small manufacturing facility located in Jalan Imbi, Kuala Lumpur. Subsequently in 2002, the manufacturing facilities moved to a new manufacturing facility in Shah Alam, Selangor with a total built-up area of 63,246 square feet. As part of the Group's strategy to expand its portfolio of in-house manufactured products, the Company also ventured into the production of egg rolls in 1999. The manufacturing concern exports to various countries including the United States, Australia, New Zealand, Indonesia, Hong Kong, Canada, Macau, Papua New Guinea and the Netherlands.

Mr. Yu obtained his Diploma of Membership from Les Amis d'Escoffer Society, Inc. in 2007 for the meritorious service recognition for outstanding contributions to promote fine dining. He is currently the Consultant of World Association of Chinese Cuisine, Honoured Chairman of Wilayah Cooks' Friendly Association and Honoured Chairman of The International Exchange Association of Renowned Chinese Cuisine Chefs. He was the Chief Judge of Malaysia Cuisine Championship and Deputy Judge of the 4th World Championship of Chinese Cuisine. He has extensive experience in the operation and management of food services outlets and he is currently responsible for the overall operations of the Group with emphasis on strategic business planning.

#### Time committed:

Mr. Yu attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2019.

## Board of Directors' Profile

cont'd

**KHONG YIK KAM***Executive Director**Age 70, Malaysian, Male*

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<b>Date of appointment as Director</b>	:	6 November 2009
<b>Length of service as director since appointment (as at 31 July 2019)</b>	:	9 years 8 months
<b>Board Committee(s) served on</b>	:	Nil
<b>Academic/Professional Qualification(s)</b>	:	Senior Middle Three in Chinese Independent High School
<b>Present Directorship(s) in other Public/Listed Companies</b>	:	He has no directorship in any other public companies or listed corporations in Malaysia.
<b>Family relationship with any Director and/or major shareholder of the Company</b>	:	He is the brother-in-law of Mr. Yu Soo Chye @ Yee Soo Chye (major shareholder and Director), Mr. Lee Seng Fan (major shareholder and Director) and Mr. Lee Seng Pun (major shareholder) and uncle of Mr. Yu Tack Tein (Director).

**Working experience:**

Mr. Khong started his career in 1968 when he joined United Engineering Group as a supervisor. He joined Oversea Group in 1985 and has approximately thirty-four (34) years of experience in the Chinese restaurant industry in Malaysia. Currently, he is mainly responsible for the operational functions of our Group including overseeing the maintenance of the equipment and tools, management of licenses and banking facilities.

**Time committed:**

Mr. Khong attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2019.

# Board of Directors' Profile

cont'd

**LEE SENG FAN**

*Executive Director*

*Age 53, Malaysian, Male*

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<b>Date of appointment as Director</b>	:	6 November 2009
<b>Length of service as director since appointment (as at 31 July 2019)</b>	:	9 years 8 months
<b>Board Committee(s) served on</b>	:	Nil
<b>Academic/Professional Qualification(s)</b>	:	Senior Middle Four in Chinese Independent High School
<b>Present Directorship(s) in other Public/Listed Companies</b>	:	He has no directorship in any other public companies or listed corporations in Malaysia.
<b>Family relationship with any Director and/or major shareholder of the Company</b>	:	He is the brother-in-law of Mr. Yu Soo Chye @ Yee Soo Chye (major shareholder and Director) and Mr. Khong Yik Kam (Director), brother to Mr. Lee Seng Pun (major shareholder), and uncle of Mr. Yu Tack Tein (Director).

**Working experience:**

Mr. Lee started his career in 1986 when he joined Oversea Group as a chef and is currently the Chief Chef of the Group. He has more than thirty (30) years of experience as a chef in the Chinese restaurant industry and is mainly responsible for the overall planning and management of the kitchen operations that oversees the cooking, quality control, cost control and personnel management.

**Time committed:**

Mr. Lee attended two (2) out of four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2019.

# Board of Directors' Profile

cont'd

## YU TACK TEIN

*Executive Director*

*Age 45, Malaysian, Male*

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<b>Date of appointment as Director</b>	:	21 February 2014
<b>Length of service as director since appointment (as at 31 July 2019)</b>	:	5 years 5 months
<b>Board Committee(s) served on</b>	:	Member of the Investment Committee
<b>Academic/Professional Qualification(s)</b>	:	Bachelor of Engineering Degree from Loughborough University, United Kingdom in 1997
<b>Present Directorship(s) in other Public/Listed Companies</b>	:	He has no directorship in any other public companies or listed corporations in Malaysia.
<b>Family relationship with any Director and/or major shareholder of the Company</b>	:	He is the son of Mr. Yu Soo Chye @ Yee Soo Chye (major shareholder and Director) and nephew of Mr. Khong Yik Kam (Director), Mr. Lee Seng Fan (major shareholder and Director) and Mr. Lee Seng Pun (major shareholder).

### Working experience:

His career started in 1998 when he joined Seacera Tiles Berhad as Production Executive. Subsequently in 2001, he joined Oversea Group as the Business Development Manager. He has approximately eighteen (18) years of experience in the Chinese restaurant industry in Malaysia. Currently, he is mainly responsible for developing the Group's business and investment plans and execution of business strategies.

### Time committed:

Mr. Yu attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2019.

# Board of Directors' Profile

cont'd

## CHUI MEE CHUEN

*Independent Non-Executive Director*

*Age 41, Malaysian, Female*

**Date of appointment as Independent Director** : 29 March 2017

**Length of service as Independent Director since appointment (as at 31 July 2019)** : 2 year 4 months

**Board Committee(s) served on** : 

- Chairperson of the Nominating Committee
- Member of the Audit Committee
- Member of the Remuneration Committee

**Academic/Professional Qualification(s)** : 

- Advanced Diploma in Accountancy from Tunku Abdul Rahman University College
- Fellow member of the Association of Chartered Certified Accountants (ACCA)
- Member of the Malaysian Institute of Accountants (MIA)

**Present Directorship(s) in other Public/Listed Companies** : HLT Global Berhad

**Family relationship with any Director and/or major shareholder of the Company** : Nil

### Working experience:

Ms. Chui started her career as Audit Assistant with RSM Robert Teo, Kuan & Co. She joined Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia) as Audit Assistant in 2005 and left as Audit Senior (Platoon Leader) in 2008. She then joined In-Fusion Solutions Sdn Bhd, a company principally involved in the provision of education and education technology solutions, as Assistant Manager, Corporate Planning.

In 2009, she left In-Fusion Solutions Sdn Bhd to join Pearl River Tyre (Holdings) Limited (presently known as Han Tang International Holdings Limited), a company listed on the Hong Kong Stock Exchange, as the Financial Controller. During her tenure with Pearl River Tyre (Holdings) Limited, a company principally involved in manufacturing of tyre for commercial vehicles, she was involved in the preparation of group accounts and interim financial reports, handling both the internal and external auditors of companies within the group as well as tax planning and annual budget planning. Subsequently, she joined Foshan Niro Ceramic Building Materials Trading Co Ltd in China, a company principally involved in trading of tiles and sanitary ware, as its Finance Manager in 2014, where she led the finance department in preparing financial reports, performing budget variance analysis, as well as reviewing and implementing improved internal control procedures.

In 2015, Ms. Chui returned to Malaysia and joined HLT Global Berhad as Chief Financial Officer, bringing with her over ten (10) years of local and international experience in the areas of finance, accounting, cross border tax, internal control and corporate affairs. She was appointed as Director of HLT Global Berhad on 26 September 2018.

### Time committed:

Ms. Chui attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2019.

# Board of Directors' Profile

cont'd

## KOONG LIN LOONG

*Independent Non-Executive Director*

*Age 55, Malaysian, Male*

**Date of appointment as Independent Director** : 1 April 2010

**Length of service as Independent Director since Listing (as at 31 July 2019)** : 9 years 4 months

**Board Committee(s) served on** : 

- Chairman of the Audit Committee
- Member of the Nominating Committee

**Academic/Professional Qualification(s)** : 

- Associate Member of Chartered Institute of Management Accountant of United Kingdom (CIMA)
- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Certified Practising Accountants Australia (CPA Australia)
- Fellow member of Chartered Tax Institute of Malaysia (CTIM)

**Present Directorship(s) in other Public/Listed Companies** : Nil

**Family relationship with any Director and/or major shareholder of the Company** : Nil

### Working experience:

Mr. Koong is qualified as an Associate Member of Chartered Institute of Management Accountant in the United Kingdom (CIMA); a member of the Malaysian Institute of Accountants (MIA), Certified Practising Accountants Australia (CPA Australia) and fellow member of Chartered Tax Institute of Malaysia (CTIM).

He is also the Associate Member of Malaysian Association of Company Secretaries, the Institute of Internal Auditors Malaysia and Kampuchea Institute of Certified Public Accountants and Auditors.

He is the National Council Member of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM); Head of Taxation Taskforce cum Deputy Chairman of ACCCIM Commerce and Small and Medium Enterprise ("SMEs") Committee; He is the Council Member of CTIM and Chairman of its Membership Committee; Board Member & Audit Committee Chairman of SME Corp, Ministry of Entrepreneur Development Malaysia.

Currently, he is the Managing Partner of REANDA LLKG INTERNATIONAL, Chartered Accountants and Executive Director of K-Konsult Taxation Sdn. Bhd. and its group of companies.

### Time committed:

Mr. Koong attended three (3) out of four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2019.



# Board of Directors' Profile

cont'd

## **CHIAM SOON HOCK**

*Independent Non-Executive Director*

*Age 71, Malaysian, Male*

**Date of appointment as Independent Director** : 1 April 2010

**Length of service as Independent Director since Listing (as at 31 July 2019)** : 9 years 4 months

**Board Committee(s) served on** :

- Chairman of the Remuneration Committee
- Chairman of the Risk Management Committee
- Member of the Audit Committee
- Member of the Nominating Committee

**Academic/Professional Qualification(s)** :

- Bachelor of Engineering (Civil) honours degree from the University of Malaya in 1973
- Master of Science (Planning) degree from the University of Science Malaysia in 1975
- Post-Graduate Diploma (Public Administration) from the Pennsylvania State University, US in 1988

**Present Directorship(s) in other Public/Listed Companies** : He has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : Nil

### **Working experience**

Mr. Chiam has served City Hall Kuala Lumpur for twenty-nine (29) years and retired in 2004 as a Director of Planning and Building Control Department. He was also a professional town planner registered with the Board of Town Planners of Malaysia and a Fellow of the Malaysian Institute of Planners.

### **Time committed**

Mr. Chiam attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2019.

### **Other Information on Directors**

- 1) *Other than traffic offences, if any, none of the Directors have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2019.*
- 2) *None of the Directors have any conflict of interest with the Company.*

## Key Senior Management's Profile

**YAP TECK BENG***Group General Manager**Age 47, Malaysian, Male*

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<b>Date of appointment as Group General Manager</b>	:	5 February 1998
<b>Academic/Professional Qualification(s)</b>	:	Member of the Association of Chartered Certified Accountants (ACCA)
<b>Present Directorship(s) in other Public/Listed Companies</b>	:	He has no directorship in any other public companies or listed corporations in Malaysia.
<b>Family relationship with any Director and/or major shareholder of the Company</b>	:	Nil

**Working experience:**

Mr. Yap's career started in 1992 when he joined Paul Chuah & Co as Audit Assistant. In 1996, he left and joined Peter Chong & Co as a Senior Auditor. In 1997, he left and took up the position as Corporate Development Manager with Oversea Group. Subsequently in 1998, he was promoted to the position of Group General Manager. With over twenty-two (22) years with the Group, he has gained a broad range of extensive experience in operating and managing the Group's local and overseas business operations as well as the Group's investment. He is also involving in the planning, executing and monitoring the Group's business strategies as well as overseeing the sales operations.

Mr. Yap is a member of the Investment Committee and Risk Management Committee.

**List of convictions for offences:**

Other than traffic offences, if any, Mr. Yap does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2019.

**Conflict of Interest:**

Nil

# Key Senior Management's Profile

cont'd

**SOH JIN YIAT**

*Deputy Group General Manager*

*Age 50, Malaysian, Male*

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**Date of appointment as Deputy Group General Manager** : 1 November 2006

**Academic/Professional Qualification(s)** : Member of the Chartered Institute of Management Accountant (CIMA)

**Present Directorship(s) in other Public/Listed Companies** : He has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : Nil

**Working experience:**

Mr. Soh's career started in 1994, when he joined Paul Chuah & Co as Audit Senior. Subsequently in 1996, he left and joined Bains Harding (M) Sdn. Bhd. as Assistant Cost Consultant. In 1997, he left and took up the position as Finance Manager with Mobility Avenue Sdn Bhd. Between 1998 and 2003, he was with Oversea Group as the Finance Manager. In 2003, he left Oversea Group and re-joined Oversea Group in 2005 as Factory Manager and was subsequently promoted to Deputy Group General Manager in 2006. Currently, he is mainly responsible for the overall management and execution of business plans and strategies and also overseeing the manufacturing operations.

Mr. Soh is a member of the Risk Management Committee.

**List of convictions for offences:**

Other than traffic offences, if any, Mr. Soh does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2019.

**Conflict of Interest:**

Nil

# Key Senior Management's Profile

cont'd

**LEE FUI MENG***Group Finance Manager**Age 42, Malaysian, Female*

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**Date of appointment as Group Finance Manager** : 1 July 2014

**Academic/ Professional Qualification(s)** : • Bachelor of Business with honours in International Business from Universiti Malaysia Sabah  
• Member of the Malaysian Institute of Accountants (MIA)

**Present Directorship(s) in other Public/Listed Companies** : She has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : Nil

**Working experience:**

Ms. Lee was formerly a Senior Manager, Finance of RHB Investment Bank Berhad from 2011 to 2014. Prior to joining RHB Investment Bank Berhad, she was attached with RCE Capital Berhad, Ernst & Young and Hwa Tai Food Industries (Sabah) Sdn. Bhd. Her working experience covered the areas of hotel, automotive, retailing, property development, construction, manufacturing and trading.

**List of convictions for offences:**

Other than traffic offences, if any, Ms. Lee does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2019.

**Conflict of Interest:**

Nil

# Corporate Governance Overview Statement

## “THE MAIN THING IS TO KEEP THE MAIN THING MAIN THING.”

Trust is the glue of life. It is the most essential ingredient in effective communication. It is the foundational principle that holds all relationships. When the trust account is high, communication is easy, instant, and effective.”

*Inspirational quote by Stephen R. Covey, motivational writer*

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Drawing the inspiration from Mr. Stephen R. Covey, the Board of Directors (“**the Board**”) of Oversea Enterprise Berhad (“**Oversea**” or “**the Company**”) believe that in order to instill trust amongst its stakeholders, the “**Main Thing**” to do is to adopt a set of good corporate governance practices. The Board is committed to maintain and promote high standards of corporate governance at all times in enhancing business prosperity and corporate accountability with the objective of realising long-term shareholders value, whilst taking into account the interests of other stakeholders.

Setting out below is a statement aims to provide an insight on how the Group applied the principles and the extent of its compliance with the best practice as stipulated in the Malaysian Code on Corporate Governance (“**MCCG**”) under the leadership of the Board. Other than the Directors, all management staff are also reminded that good governance is also part of their responsibilities.

This statement also serves as a compliance with pursuant to Rule 15.25 of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

Details application for each practice of the MCCG during the financial year end 31 March 2019 (“**FYE 2019**”) is disclosed in the Company’s Corporate Governance Report which is available on the Company’s website: [www.oversea.com.my](http://www.oversea.com.my).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

#### 1.1 Establishing clear roles and responsibilities of the Board

##### ***Duties and Responsibilities of the Board***

The Board is responsible for the business affairs and overall performance of the Company and its subsidiary companies. The Board plays an important role in determining the long term and strategic direction of the Group for the purpose of enhancing shareholders’ value and to ensure long term sustainability of the Group.

Certain responsibilities of the Board are delegated to other Board Committees, which operate within clearly defined Terms of Reference (“**TOR**”). Standing committees of the Board include the Audit Committee (“**AC**”), Nominating Committee (“**NC**”), Remuneration Committee (“**RC**”), Risk Management Committee (“**RMC**”) and Steering Committee.

Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and/or decisions made by each Board Committee through the reports made by Chairman/ Chairperson or representative of each Committee and the tabling of Board Committee Minutes of the applicable period for notation by the Board.

It is the general policy of the Company that all major decisions be considered by the Board as a whole.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.1 Establishing clear roles and responsibilities of the Board *cont'd*

##### ***Duties and Responsibilities of the Board*** *cont'd*

To ensure the effective discharge of its function and duties, the primary duties and responsibilities of the Board include (but are not limited to) the following:-

(i) Review and adopt the Group's strategic plans

The Directors play an active role in formulating, reviewing and adopting the strategic plans for the Group. The Executive Directors and the Key Senior Management team work together to formulate the yearly strategies and plans for the Group for approval by the Directors. The Board monitors the implementation of the strategic initiatives regularly, through reporting progress updates by the Deputy Group General Manager, to ensure the Group is aligned with its objectives set.

The formulation of the business plans and budget setting for the FYE 2019 commenced three (3) months before the beginning of the financial year. During the process of strategic planning, the Executive Directors met the Key Senior Management team several times to discuss important issues and concerns in order to deliver the best outcomes. Previous year's business performance, economic factors, change in market conditions and government regulations that may affect the performance of the businesses were taken into consideration in formulating the business plans and setting the Group budget.

For the FYE 2019, the Board has discharged of the following principal duties and responsibilities on the affairs of the Company and its subsidiary companies of the Group:-

(a) Strategic Planning

- Opened a new Chinese restaurant outlet in Genting Highlands, managed by Restoran Oversea (Skyplaza GH) Sdn. Bhd.
- Opened a new outlet in Chin Swee Temple managed by Restoran Oversea (CST) Sdn. Bhd.
- Demobilisation of Chinese restaurant at Subang Parade managed by Restoran Oversea (Subang Parade) Sdn. Bhd.
- Closure of Restoran Tsim Tung Sdn. Bhd.

(ii) Oversee the Group's business operations and financial performance against the approved business plans

The Board has a collective responsibility and accountability in overseeing the businesses of the Group.

The Independent Non-Executive Directors ("INEDs") bring independent judgment and objective views to decisions taken by the Board. The Group Managing Director, on the other hand, is supported by the Executive Directors and the Key Senior Management team for the day-to-day management of the business and operations of the Group by ensuring that effective systems, controls and resources are in place to execute business strategies and plans entrusted to them. The Key Senior Management team highlights to the Executive Directors the significant operational issues and concerns arisen from the normal business operation and the progress of the key initiatives undertaken by them.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.1 Establishing clear roles and responsibilities of the Board *cont'd*

##### ***Duties and Responsibilities of the Board*** *cont'd*

- (ii) Oversee the Group's business operations and financial performance against the approved business plans *cont'd*

During the FYE 2019, the Executive Directors conducted quarterly Group performance and budget reviews together with the Key Senior Management team before AC and Board meetings. The Board monitors the performance of Key Senior Management team on a regular basis vide the insertion of the following agenda items in the Board Meetings:-

- "To review the financial performance for the quarterly financial period"; and
- "To receive the Progress Report on the Group for the quarterly financial period".

The Key Senior Management team analysed the financial results and discussed on various operational issues and factors that affecting the businesses. Instructions were given by the Board to the Key Senior Management team to take necessary actions to rectify problems faced and preventive actions were taken to avoid recurrence of similar problems in future. Any enquiries/concerns raised by the Board members in relation to the abovementioned agenda items would be clarified by a member of the Key Senior Management Team.

- (iii) Identify principal risks and ensuring the implementation of appropriate internal control system and to manage these risks

The Board recognises the importance of risk management and maintaining a sound and adequate system of internal controls which covers financial, operational and statutory compliance to mitigate risks.

The RMC, which is led by an Independent Director to assist the Board to oversee the risk management aspects of the Group. The Chairman of the RMC reports to the Board on a periodical basis regarding the Group's risk exposures and the adequacy of compliance and control throughout the Group.

A Steering Committee which was set up on 4 November 2016, comprising of the management team from various departments. The Steering Committee is responsible to submit its risk management review to the RMC on a half-yearly basis and the Steering Committee has conducted the following during FYE 2019:-

- (i) reviewed the identified risks and the effectiveness of current controls in placed in mitigating the identified risks;
- (ii) Presented and discussed high risks identified to RMC during meeting; and
- (iii) Followed up on queries and suggestions raised by RMC.

During the FYE 2019, the Board, through the RMC has adopted the following measurements:-

##### **Investment**

The Group is consolidating its' investments profile. Those unperformed investment will be discontinued in order to strengthen the Group financial performance. The Group's Investment decision might lead to a potentially high risk factor since it has a direct implication to the Group financial performance. The Board has requested RMC and Internal Auditors to review all investment profile and recommend appropriate measurement to mitigate investment risk.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.1 Establishing clear roles and responsibilities of the Board *cont'd*

##### ***Duties and Responsibilities of the Board*** *cont'd*

- (iii) Identify principal risks and ensuring the implementation of appropriate internal control system and to manage these risks *cont'd*

##### **Finance**

Due to the nature of the business, cash collections is a potentially high risk factor where cash misappropriation could occur. The Group monitors closely on the daily cash and deposits bank in of all restaurants with proper segregation of duties and implemented controls over all cash handling procedures including limits of authorities, periodic internal inspection and sufficient insurance coverage on potential mishandling risk to ensure strict adherences to the Group's cash handling policy.

Notwithstanding with the delegation to the RCM, the Board as a whole remains responsible for all the actions of the RCM with regards to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control in the Company's Annual Report.

- (iv) Establish and oversee a succession planning programme for Board and senior management of the Group including the remuneration and compensation policy thereof

The Board is mindful that succession planning is an integral part of the business continuity plan of the Company in ensuring the Company continues to achieve its long-term objectives. The Board, through the NC, is responsible for the succession planning of the Directors of the Company and Group. The NC has been entrusted by the Board to identify and assess potential candidates for the position in the Board and Key Senior Management team. The NC seeks to ensure that an appropriate succession planning framework, including the formulation of the nomination, selection and succession policies and procedures for the succession planning are in place.

The NC will continue to perform its duty to identify potential candidates to ensure orderly succession of the position of the Board and Key Senior Management team.

- (v) Review the adequacy and integrity of the internal control system and management information system of the Group

The Board is committed to establish and maintain an adequate internal control system in all its business functions to provide reasonable assurance of effective and efficient operations, comply with the applicable laws and regulations as well as the internal policies and procedures of the Group.

The AC has been delegated by the Board to review the adequacy and integrity of the Group's internal control systems and management information system. The AC has in turn entrusted the outsourced Internal Auditors, to carry out such tasks and the same be incorporated as part of the Internal Audit Plan of the year to be adopted. The Internal Auditors are required to report to the AC with their findings and recommendations on the status of the internal control system of the Group on a quarterly basis.

Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control in this Annual Report.



# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.1 Establishing clear roles and responsibilities of the Board *cont'd*

##### ***Duties and Responsibilities of the Board*** *cont'd*

- (vi) Oversee the development and implementation of various Board policies

The Board had established the following Board policies, serves as a guide to strengthen the governance of the Company:-

- Board Charter;
- Whistle Blowing Policy;
- Internal Audit Charter;
- Shareholder Communication Policy;
- Policies and procedures to assess the suitability, objectivity and independence of External Auditors;
- Related Party Transactions Policy; and
- Risk Management Policies and Procedures.

The abovementioned policies are to be regularly reviewed by the Board as and when required.

- (vii) Avoiding conflicts of interest and ensuring disclosure of possible conflicts of interest

The Board has instituted Code of Ethics and Code by way of inclusion in the Board Charter as a guide for all individual Directors, their personal interests or the interest of any associated person is not allow to conflict with the interests of the Company and report to the Board on any potential conflict.

In addition, all individual Directors shall abstain from making decisions in respect of his own remuneration and re-election.

- (viii) Undertake various functions and responsibilities as specified in the guidelines and directives issued by the regulatory authorities from time to time.

The Board take note on the functions and responsibilities as specified in the regulatory requirements i.e. ACE LR of Bursa Securities and Companies Act 2016 on a regular basis.

During the FYE 2019, the Board has attended the training titled "Managing Related Party Transactions ("RPT") & Recurrent RPT", to help the Board keep abreast of such developments in order to discharge their functions and responsibilities as Board of Director.

The Board has adopted a formal schedule of matters specifically reserved to the Board for decision-making, which include but not limited to the followings:-

- i. Approval of business strategies and plans;
- ii. Approval of Group annual budget;
- iii. Acquisitions and disposals that are material to the business;
- iv. Declaration of interim dividend and make recommendation of final dividend for approval by shareholders, if any;
- v. Material corporate exercise, if any;
- vi. Approval of financial statements;
- vii. Investment in projects above a pre-determined limit;
- viii. Appointment of new Directors, Managing Director and other senior management positions based on recommendation of the NC; and
- ix. Related party transactions.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.1 Establishing clear roles and responsibilities of the Board *cont'd*

##### **Chairman of the Board**

The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority.

##### *Role of Founder/Chairman of the Board*

Being the founder of the “Restoran Oversea (海外天)”, Mr. Yu Soo Chye @ Yee Soo Chye has become as synonymous as the brand name itself which protrude confidence and good quality of Cantonese cuisine. Therefore, the Board has resolved to maintain Mr. Yu Soo Chye @ Yee Soo Chye as Chairman of the Board to continue in his role as the unofficial “Oversea’s brand ambassador” for the essential survival and business continuation of the Group.

The responsibilities of the Chairman, among others, include but not limited to the following:-

- (i) Lead the Board and ensure its effectiveness of all aspects;
- (ii) Preside at Board and shareholders meetings and ensuring the proceedings thereof comply with good conduct and practices;
- (iii) Facilitate the deliberation and discussion to enable the Board to arrive at clear and quality decisions on issues discussed;
- (iv) Ensure constructive relations between Directors, and between the Board and the management team; and
- (v) Ensure effective communication with shareholders and relevant stakeholders.

##### *Role of Group Managing Director*

With approximately fifty-seven (57) years of industry experience under his belt, Mr. Yu Soo Chye @ Yee Soo Chye has extensive experience in the operation and management of food services outlets, the Board has resolved to maintain Mr. Yu Soo Chye @ Yee Soo Chye, the Group Managing Director and Chairman to report to the Board, notwithstanding the non-adherence to the Practice 1.3 of the new MCCG but to the essential survival and business continuation of the Group.

As the alternate practice, the Board undertakes the following effort to ensure there is a balance of power and authority on the Board:-

- (a) The decision of the Board shall always be agreed upon by at least majority of the Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.
- (b) A clear division of responsibilities for the role of Chairman of the Board has been outlined in the Board Charter, which are distinct and separate from his roles and responsibilities as Group Managing Director through a separate employment contract.

##### **Qualified Company Secretaries**

The Board is supported by two (2) suitably qualified and competent Company Secretaries as follows:-

- Ms. Chua Siew Chuan, FCIS
- Mr. Cheng Chia Ping, ACIS

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.1 Establishing clear roles and responsibilities of the Board *cont'd*

##### **Qualified Company Secretaries** *cont'd*

The brief profile of the Company Secretaries are as follows:-

##### **Ms. Chua Siew Chuan, FCIS**

Ms. Chua has been elected as a Fellow Member of the MAICSA since 1997. She has more than thirty-five (35) years of experience in handling corporate secretarial matters, with working knowledge of many industries and government services. She is the Immediate Past President of MAICSA and currently is the Chairman of the Technical & Professional Practice Committee and Deputy Chairman of the Membership Committee of MAICSA.

Ms. Chua is a Chartered Secretary by profession. She is the Managing Director of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.

Ms. Chua has been appointed as company secretary of the Company with effect from 1 November 2016.

##### **Mr. Cheng Chia Ping, ACIS**

Mr. Cheng has been elected as an Associate Member of the MAICSA since 2012. He has more than ten (10) years of experience in handling corporate secretarial matters, with working knowledge of many industries and non-profit organisations.

Mr. Cheng is a Chartered Secretary by profession. He is a Manager (Corporate Secretarial) of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Mr. Cheng is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.

Mr. Cheng has been appointed as company secretary of the Company with effect from 1 November 2016.

For the FYE 2019, the Company Secretaries had attended the relevant continuous professional development programmes as required by MAICSA for practising company secretaries. Both the Company Secretaries possessed a valid Practising Certificate issued by MAICSA for the FYE 2019.

All Directors have unrestricted access to the advice and support of the Company Secretaries in relation to Board policies and procedures, compliance of applicable rules and regulations by the Group and corporate governance related practices.

The main roles and responsibilities of the Company Secretaries, include but not limited to the following:-

- (a) Co-ordinate with Management on the logistics of all Board and Committee Meetings, attend the Board and Committee Meetings and record the Minutes of the Meetings accordingly.
- (b) Ensure timely communication of the decision of the Board or Committee to be conveyed to the relevant parties and whether any follow-up actions are required.
- (c) Advise the Board on its roles and responsibilities, particularly the additional or changes in obligations arising from the implementation of the new laws and regulations or any amendments thereof.
- (d) Provide advisory assistance to the new Director(s) appointed to the Board.
- (e) Identify relevant training and development programmes for the Directors, based on the training needs determined by the NC for the particular financial year.
- (f) Advise the Board on the requirements of corporate disclosures in accordance with the ACE LR for various corporate proposal, as well as compliance with the ACE LR, Capital Market and Services Act 2007 and the Companies Act 2016.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.1 Establishing clear roles and responsibilities of the Board *cont'd*

##### **Qualified Company Secretaries** *cont'd*

The main roles and responsibilities of the Company Secretaries, include but not limited to the following:-  
*cont'd*

- (g) Ensure that all the proceedings of the general meetings are in order and the general meetings are properly called and convened, record the Minutes of the general meetings, as well as the discussion during the Questions and Answers session.
- (h) Identify the corporate governance initiatives which are applicable to the Group and highlighted the same to the Board for consideration. Monitor the corporate governance practices, by proposing relevant agenda items to be included as recurring meeting agenda.
- (i) Advise the Board on corporate governance related matters.
- (j) Facilitate the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's review.

For the FYE 2019, the Board is satisfied with the performance and support rendered the Company Secretaries to the Board in discharging its functions.

##### **Access to information and advice**

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors and External Auditors and, may seek advice from the management on issues under their respective purview.

During the FYE 2019, the Notice of the scheduled Board Meeting is served to the Directors at least seven (7) days prior to the Board Meeting. Unless there is exceptional case for convening of Special Meeting of the Board to address emergency issue, shorter notice is allowed with the consent of all Directors.

During the FYE 2019, for each meetings, the meeting papers detailing the matters to be transacted at the meeting, had been circulated to all Directors at least seven (7) days in advance of the meetings, so that the Directors have ample time to review and consider the relevant information.

All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings include pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decision made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.

##### **Protocol for seeking of professional advisory services**

Where applicable, the Directors whether as a full board or in their individual capacity, are encouraged to seek independent professional advice from the following parties:-

- For corporate and/or governance matters, the external Company Secretaries;
- For audit and/or audit-related matters, any representatives of the audit engagement team of the External Auditors or the outsourced Internal Auditors;
- For any other specific issues where professional advice is required to enable the Board to discharge its duties in connection with specific matters, the Board may proceed to do so, upon the approval of the Chairman/Group Managing Director, in relation to the quantum of fees to be incurred.

For the FYE 2019, the Board sought advices from the external Company Secretaries. Other than the above, the Board has not sought any other independent professional advices.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.2 Demarcation of responsibility

##### **Board Charter**

The Board Charter serves as a guide to the Board members of their roles and responsibilities in discharging their duties as Directors. The principles of good corporate governance are set out in the MCCG and ACE LR were taken into consideration during the process of formalising the Board Charter.

The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remain consistent with the policies and procedures of the Board. The Board Charter was reviewed and approved by the Board on 30 June 2016.

The Board Charter entails the following:

- i. The Board;
- ii. Duties and responsibilities of the Board;
- iii. Schedule of matters specifically reserved to the Board;
- iv. Roles of the Chairman of the board;
- v. Roles of the Chief Executive Officer/Group Managing Director;
- vi. Board Committees;
- vii. Code of ethics and conduct;
- viii. Board meeting;
- ix. Access to information and advice;
- x. Appointment, re-appointment and re-election of Directors;
- xi. Directors' training;
- xii. Directors' remuneration;
- xiii. Board and Board members assessment; and
- xiv. Endorsement and review of the Board Charter.

The Board Charter is to be regularly reviewed by the Board as and when required. As at the date of this Annual Report, the Board Charter has not been reviewed by the Board since its establishment as the Board viewed that the Board Charter is suffice for the Board, Board Committees and the Management to carry out their roles and responsibilities.

A full copy of the Board Charter is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

#### 1.3 Good business conduct and corporate culture

##### **Code of Ethics and Conduct**

The Directors and the employees of the Group are expected to behave ethically and professionally for or on behalf of the Company comply with the Code of Ethics and Conduct of the Company.

The Code of Ethics and Conduct for Directors covers, among others, the aspects of the business operations, including compliance with the applicable laws, duties and responsibilities, conflict of interest, confidential information, workplace environment, working behaviour, discipline and conduct, use of resources, protecting Company's assets, dealing with external parties and dealings in securities.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.3 Good business conduct and corporate culture *cont'd*

##### **Code of Ethics and Conduct** *cont'd*

The Code of Ethics and Conduct will be communicated to new Director upon his/her appointment. All Directors are required to understand and accept the terms of the Code of Ethics and Conduct and it forms part of the Company's induction programme for newly appointed Directors. The contents of the Code of Ethic and Conduct as set out in the Board Charter are as follow:-

##### **(a) Corporate Governance**

- i. Compliance with legal and regulatory requirements and Board policies at all times;
- ii. Recognise the primary responsibilities to the shareholders as a whole, having regard for the interest for all the stakeholders of the Group and to ensure that the business of the Group is properly managed and effectively controlled;
- iii. Act in the best interest of the Company and its Shareholders with integrity and in good faith, with due diligence and care;
- iv. To be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- v. Devote time and effort to attend meetings and to discharge those functions;
- vi. Must not allow personal interests or the interest of any associated person, to conflict with the interests of the Company and report to the Board on any potential conflict;
- vii. Must not take improper advantage and not to make improper use of information of the position as Director;
- viii. Must not use price sensitive non-public information, which can affect the prices of the securities of the Company or make any gain from such information until and unless it becomes publicly known;
- ix. Keep confidential of the board's discussions and deliberations; and
- x. Notify the Chairman before accepting any new directorship outside the Group and limit the directorship in listed issuers.

##### **(b) Relationship with Shareholders, Employees, Customers, Supplies and Visitors**

- i. Promote professionalism and improve the competency of management and employees at all times; and
- ii. Ensure adequate safety measures and provide proper protection to employees, customers, suppliers and visitors at workplace.

##### **(c) Social Responsibilities**

- i. Ensure the effective use of natural resources and consider the environment impact before disposal of waste;
- ii. Ensure the activities and the operations of the Company do not harm the interest and well-being of the society; and
- iii. Care and proactive to the needs of the community and to assist in society-related programmes.

The Code of Ethic and Conduct as set out in the Board Charter is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

##### **Whistle Blowing Policy**

The Whistle Blowing Policy is established to provide employees or stakeholders (shareholders, customers and suppliers) with proper internal reporting channels and guidance to raise genuine concerns on any wrongdoing or improper/unlawful conduct, inappropriate behaviour or malpractices within the Group or any action that could be harmful to the reputation of the Group or compromise the interests of the shareholders, stakeholders and the public.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.3 Good business conduct and corporate culture *cont'd*

##### **Whistle Blowing Policy** *cont'd*

For the FYE 2019, Whistle Blowing Policy has been reviewed and approved by the Board on 25 February 2019, which revised to include the protection to whistleblower and anonymous whistleblower in the Whistle Blowing Policy.

##### (a) Reporting procedure

Employees of the Group who wish to report concerns for malpractice, illegal act or omission of work by any employee of the Group should be communicated to the immediate superior. If for any reason, it is believed that this is not possible or appropriate to do so, the concern should be reported to the Group General Manager as follow:-

Name : Mr. Yap Teck Beng  
 Email : [tbyap@oversea.com.my](mailto:tbyap@oversea.com.my)  
 Mail : Oversea Enterprise Berhad  
 D-3-1 & D-3A-1, Seri Gembira Avenue,  
 Jalan Senang Ria, Taman Gembira,  
 58200 Kuala Lumpur, Wilayah Persekutuan  
 (Please mark "Strictly Confidential")

In case where reporting to the management is a concern, the report should be made directly to the Chairman of the AC. The channel of reporting is as follow:-

Name : Mr. Koong Lin Loong  
 Email : [lkoong@llkg.com.my](mailto:lkoong@llkg.com.my)  
 Mail : Oversea Enterprise Berhad  
 D-3-1 & D-3A-1, Seri Gembira Avenue,  
 Jalan Senang Ria, Taman Gembira,  
 58200 Kuala Lumpur, Wilayah Persekutuan  
 (Please mark "Strictly Confidential")

##### (b) Action(s) to be taken upon received the report

- i. All reports will be investigated promptly by the authorised person receiving the report. If required, he/she may seek assistance from the legal adviser or the Human Resource Department. He/she may also co-opt with any other employees from time to time to assist on investigation;
- ii. Upon completion of investigation, the authorised person will prepare and endorse the investigation report and give recommendation to the Audit Committee and Board of Directors for their deliberation. Decision taken by the Board will be implemented immediately; and
- iii. Where possible, proper steps will also be implemented to prevent similar situation arising.

##### (c) Investigation

Upon receipt of concerns raised under the Whistle Blowing Policy, investigation shall be carried out as soon as it is practicable. The objectives of conducting investigation are as follows:

- i. To collate information relating to the allegation. This may involve taking steps to protect or preserve documents or materials;
- ii. To consider the information collected and draw conclusions objectively and impartially;
- iii. To maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure; and
- vi. To make recommendations to the relevant approving authority arising from the conclusions drawn concerning remedial or other appropriate actions.



# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### I. Board Responsibilities *cont'd*

#### 1.3 Good business conduct and corporate culture *cont'd*

##### **Whistle Blowing Policy** *cont'd*

At the conclusion of the investigation, the authorised investigator will submit his findings to the Group General Manager or the Chairman of the AC, as appropriate.

For the FYE 2019, neither the Group General Manager nor the Chairman of the AC has received any report(s) of concern.

A copy of the Whistle Blowing Policy is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

##### **Sustainability**

The Group recognises the importance of promoting sustainability in regards to economic, environmental and social. It aims to follow and to promote good sustainability practices and continually integrates them into the Group's decision-making and activities, to avoid, minimise or mitigate adverse environmental, social or economic impacts of all our activities and to encourage our clients and business partners to do the same.

In upholding the commitment to sustainability, the Company is desirous to establish a Sustainability Policy with the guiding principles as follows:-

- i. To consider sustainability issues and integrate these considerations into all our business decisions, taking into consideration the economic, environmental and social aspects;
- ii. To ensure that potential adverse impacts and risks are assessed and avoided, or where avoidance is not possible, minimized, mitigated and managed;
- iii. Caring for the environment and promoting a culture of sustainability. Endeavour to remain environmentally friendly, avoid environmental contamination from its production effluents, efficient use and conservation of energy and resources and minimisation of waste;
- iv. Create awareness of sustainability among the employees, business associates and the community;
- v. Create a motivated, skilled and effective workforce through which organizational goals can be achieved by providing various training programs to staffs to boost their career growth;
- vi. To contribute to the society by participating in community or charity activities;
- vii. To observe and comply with all applicable legislation, regulations and practices; and
- viii. To maintain and promote high standards of corporate governance at all times.

The Board is in the midst of finalising the Sustainability Policy. The sustainability activities carried out during the FYE 2019 are set out in the Sustainability Statement on pages 15 to 19 in this Annual Report.

### II. Board Composition

#### **Size and Composition of the Board**

For the FYE 2019, the Board comprises eight (8) members and one (1) Alternate Director, three (3) of whom are INEDs and is in compliance with the Rule 15.02(1) of the ACE LR.

Nevertheless, with the sad departure of the late Madam Lee Pek Yoke, an Executive Director on 12 May 2019 and the resultant cessation of office of Ms. Yu Suat Yin as alternate director to Madam Lee Pek Yoke, the Board are currently comprises of seven (7) members, three (3) of whom are INEDs, three (3) Executive Directors and one (1) Group Managing Director.

The role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors and Management are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.



# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### ***Size and Composition of the Board*** *cont'd*

The Board took note of the requirement of Practice 4.1 of the MCGG which requires at least half (1/2) of the Board comprises Independent Directors, nonetheless, the Board is of the view that the current composition of the Board facilitates effective decision making and independent judgement where no individual shall dominate the Board's decision making.

The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, corporate affairs, legal and technical areas of the industry in which the Group operates. The individuality and vast experience of the Directors in arriving at collective decisions at board level will ensure impartiality.

As the alternate practice, the Board undertakes the decision of the Board shall always be agreed upon by at least majority of the Independent Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.

#### ***Tenure of Independent Directors***

It should be highlighted that the Company specialised in the provision of traditional and authentic Cantonese cuisine as well as various Hong Kong-styled cuisines. The ability to retain its key talent, which includes, inter alia, the Independent Directors with an intrinsic understanding of Cantonese culture as well as food and beverages trend remain one of the key success factors as well as sustainability of the Group.

The Board subscribes to an open policy on the tenure of INEDs whereby there should not be an arbitrary tenure be imposed on the INEDs. The Board believes that the length of tenure of Independent Directors on the Board does not interfere with their objective and independent judgement or their ability to act in the best interest of the Company. In addition, the Board will take into consideration of the existing board composition viz-a-viz the commercial interest/ benefits of the Company.

The Board takes cognisance that Practice 4.2 of MCGG recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director. In the event such director is to be retained as an independent director, the Board would first justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth (12) year, annual shareholders' approval would be sought through a two-tier voting process to retain the said director as an independent director.

#### **Retention of INEDs**

The Company will be seeking shareholders' approval at the forthcoming Twenty-Fourth Annual General Meeting ("AGM") for the retention of Mr. Koong Lin Loong and Mr. Chiam Soon Hock, the INEDs of the Company, both of whom have served the Board for a cumulative term of more than nine (9) years.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### *Tenure of Independent Directors cont'd*

#### Retention of INEDs *cont'd*

The Board through the NC has undertaken relevant assessments and recommended for Mr. Koong Lin Loong and Mr. Chiam Soon Hock to continue to serve as INEDs based on the following justifications:-

- They have fulfilled the definition of an Independent Director as set out under Rule 1.01 of the ACE LR of Bursa Securities;
- They are not involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company;
- They have no potential conflict of interest, whether business or non-business related, that the directors could have with the Company;
- They have not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with their duties and expected of them to carry out their duties as Independent Directors; and
- They did not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

#### ***Procedures for Appointment of Directors and Senior Management***

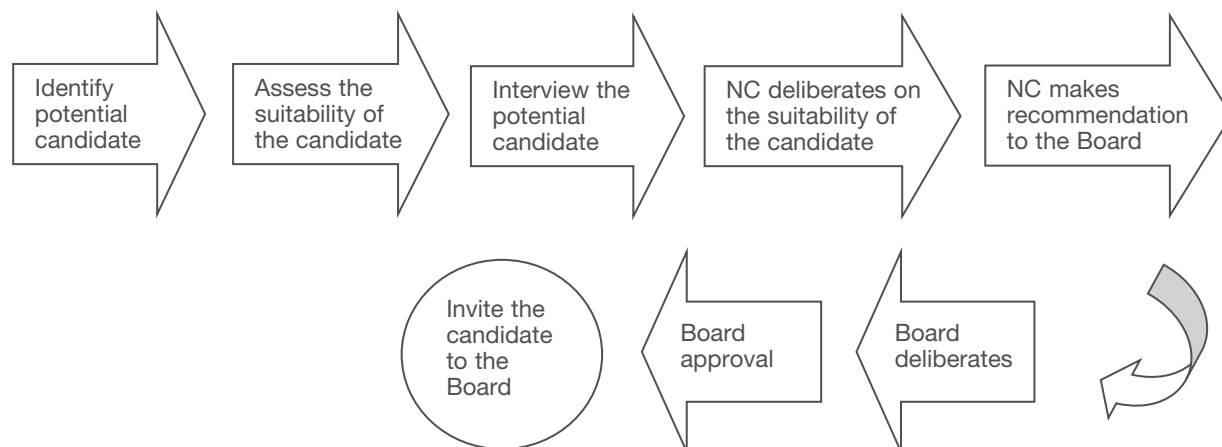
The NC is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors.

#### **Appointment of Directors**

In recommending to the Board of any appointment of Director, the NC considers the criteria, namely the composition requirements for the Board, skills, knowledge, expertise, experience, professionalism, integrity, capability, time commitment, character, competence and such other relevant criteria of the proposed candidate.

The NC will assess the independence of the candidate in the case of appointment of an Independent Non-Executive Director.

The process for the recruitment of new Director is summarised as follows:-



# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### *Procedures for Appointment of Directors and Senior Management cont'd*

##### Appointment of Directors *cont'd*

The NC is responsible to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors.

During FYE 2019, the Board, has taken into account of the assessment by the NC, is satisfied with the mix of skills and board composition level, therefore, no new Director is sourced and appointed to the Board.

In the event that candidate is required for the appointment of Director, the NC would use variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely rely on the recommendations from existing Board members, management or major shareholders.

##### Re-election of Directors

In accordance with the Article 85 of the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or the number nearest to one-third (1/3) shall retire from office at each AGM provided always that all Directors shall retire from office at least once every three (3) years in compliance with the Rule 7.26(2) of ACE LR of Bursa Securities.

For the FYE 2019, Mr. Khong Yik Kam, Mr. Koong Lin Loong and Mr. Chiam Soon Hock were due for retirement and being eligible have offered themselves for re-election. The shareholders have resolved Mr. Khong Yik Kam, Mr. Koong Lin Loong and Mr. Chiam Soon Hock be re-elected as a Directors of the Company at the Twenty-Third AGM held on 29 August 2018.

At the forthcoming Twenty-Fourth AGM, Mr. Yu Soo Chye @ Yee Soo Chye and Mr. Lee Seng Fan were due for retirement and being eligible have offered themselves for re-election.

In determining the Director's eligibility for re-election, the NC conducted the following assessments:-

- (i) Formal review of the performance of the retiring Directors, taking into account the results of the latest Board Effectiveness Evaluation, the time commitment to discharge their roles, the level of contribution to the Board through their skills, experience and strength in qualities; and
- (ii) Ability to act in the best interest of the Company in decision-making.

Upon review, the NC were satisfied with the performance of the abovementioned Directors and recommended their re-election to the Board for approval. The Board has in turn, recommended the same to be considered by the shareholders at the forthcoming Twenty-Fourth AGM of the Company.

##### Appointments to Board Committees

The review is conducted on an annual basis, and as and when the need arises, such as when a new Director is appointed. In determining the candidates for appointment to the Board Committees, various factors are considered by the NC, including but not limited to the following factors:-

- the needs of the particular Board Committees;
- the results of the Board Effectiveness Evaluation for the Board Committees;
- time commitment and availability;
- regulatory requirements; and
- best practices or governance practices.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### *Procedures for Appointment of Directors and Senior Management cont'd*

##### **Appointments to Senior Management**

The Human Resources Department is responsible for selection and appointment of candidates for senior management position based on selection criteria which best matches the requirements of the open position. The selection criteria includes (but not limited to) diversity in skills, experience, age, cultural background and gender.

##### ***Boardroom Diversity***

The NC recognises and embraces the importance of having a diverse Board that will benefit from a diverse mix of knowledge and experience, background, expertise, age, gender, ethnicity and other qualities in its composition. It is an essential element in maintaining competitive advantage by having diverse Board members to leverage different perspectives to various issues raised and help in decision making, which will contribute to the sustainable development of the Company. The NC will take into consideration the benefits of diversity in sourcing and selecting new Board members as well as in conducting annual assessment of Board and Board Committee members.

Despite the Board not having a formal Board Diversity Policy, the Board has indicated its commitment to boardroom diversity as follows:-

##### *Gender Diversity*

For the FYE 2019, the Board comprises two (2) female Directors, equivalent to 25% women representation on Board.

Notwithstanding so, the gender diversity rate has inadvertently being reduced upon the sad departure of the late Madam Lee Pek Yoke on 12 May 2019 and resulted the Board currently only comprises one (1) female Director, which equivalent to 14% women representation on Board.

The Board affirmed that gender diversity shall be one of the criteria to be considered by the NC during their evaluation process on potential candidate(s) for Board's membership to fill the above vacancy.

##### *Ethnicity Diversity*

The NC does not set any target on ethnicity diversity but endeavour to include any member who will improve the Board's overall composition balance.

##### *Age Diversity*

The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process.

The age profile of the Directors were ranging from early forties to seventies years of age, which underlies the Board's commitment to age diversity at the Board level appointment.

##### ***Board Committee***

##### **AC**

The AC was set up on 6 November 2009 with current TOR revised on 23 February 2018.

The membership of the AC are stated in the AC Report of this Annual Report. A summary of works of the AC to discharge their duties during the FYE 2019 is set out in the AC Report of this Annual Report.

A copy of the TOR of the AC is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### *Board Committee cont'd*

#### **NC**

The NC was set up on 17 May 2010 with current TOR revised on 30 June 2016. The NC comprises exclusively of INEDs as follows:-

NC	Designation	Directorate
Chui Mee Chuen	Chairperson	Independent Non-Executive Director
Koong Lin Loong	Member	Independent Non-Executive Director
Chiam Soon Hock	Member	Independent Non-Executive Director

The Chairperson of the NC, Ms. Chui Mee Chuen is the Independent Non-Executive Director of the Company. The NC is governed by its TOR of NC which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the NC as defined in the TOR, including but not limited to the following:-

- i. To propose nominees for appointment to the Board and Board Committees as additional member or filling up vacancy. The NC should consider the candidates' skills, knowledge, expertise, experience, professionalism, integrity, time commitment, character, competence and number of directorships in companies outside the Group, and in the case of candidates for the position of Independent Non-Executive Director, the NC should ensure the candidate meets the requirements as an Independent Non-Executive Director;
- ii. To oversee the overall composition of the Board and Board Committees in terms of the structure, size and composition;
- iii. To assist the Board in carrying out annual assessment on the effectiveness of the Board and Board Committees and the performance of each Director;
- iv. To carry out annual assessment on the independence of the Independent Directors;
- v. To assess on an annual basis the tenure of an Independent Director, to ensure it does not exceed a cumulative term of nine (9) years;
- vi. To make recommendation to the Board concerning the re-election of any Director under the retirement by rotation; and
- vii. To identify and assess potential candidates for the position of the Board and key management, to ensure that an appropriate succession planning framework is in place.

A copy of the TOR of the NC is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

#### **(a) Summary of Works**

Pursuant to Rule 15.08A(3) of ACE LR of Bursa Securities, the summary of activities of the NC during the FYE 2019 were disclosed as follows:-

- i. Reviewed and confirmed the minutes of the NC Meeting held in financial year ended 31 March 2018;
- ii. Carried out annual assessment on the effectiveness of the Board, the contribution of each Director and the Board committees;
- iii. Reviewed the term of office and performance of AC for the financial year ended 31 March 2018;
- iv. Reviewed the assessment of the independency of the INEDs;
- v. Reviewed the attendance of the Directors at Board and/or Board Committee Meetings for the financial year ended 31 March 2018;
- vi. Reviewed the training programmes attended by the Directors for the financial year ended 31 March 2018 and the training needs of the Directors for the FYE 2019.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### Board Committee *cont'd*

#### NC *cont'd*

#### (b) Time Commitment by Directors

The NC has been tasked to review the attendance of the Directors at Board and/or Board Committee Meetings. Upon review, the NC noted the Board members have devoted sufficient time and effort to attend Board and/or Board Committee meetings for the FYE 2019.

Details of attendance of each Director in respect of the Board and Board Committees meetings held during the FYE 2019 are as follows:

#### Board of Directors' Meeting

No.	Name of Directors	No. of Board Meetings attended	% of Attendance
1.	Yu Soo Chye @ Yee Soo Chye	4/4	100%
2.	Lee Pek Yoke	4/4	100%
3.	Khong Yik Kam	4/4	100%
4.	Lee Seng Fan	2/4	50%
5.	Yu Tack Tein	4/4	100%
6.	Koong Lin Loong	3/4	75%
7.	Chiam Soon Hock	4/4	100%
8.	Chui Mee Chuen	4/4	100%

#### NC

No.	Name of Directors	No. of NC Meetings attended	% of Attendance
1.	Chui Mee Chuen	1/1	100%
2.	Koong Lin Loong	0/1	0%
3.	Chiam Soon Hock	1/1	100%

#### RC

No.	Name of Directors	No. of RC Meetings attended	% of Attendance
1.	Chiam Soon Hock	2/2	100%
2.	Yu Soo Chye @ Yee Soo Chye	2/2	100%
3.	Chui Mee Chuen	2/2	100%

#### AC

The attendance of AC Meetings held during FYE 2019 is stated in the AC Report in this Annual Report.

Upon review, the NC noted the Directors, to the best of their ability, have devoted sufficient time and effort to attend Board and/or Board Committee Meetings for the FYE 2019.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### **Board Committee** *cont'd*

#### **NC** *cont'd*

#### (c) Continuing Education and Training of Directors

The Board acknowledges the importance of continuous education and training to equip themselves for the effective discharge of its duties.

The Board has cultivated the following best practices:-

- (a) All newly appointed Directors are required to attend the Mandatory Accreditation Training Programme (MAP) as prescribed by Bursa Securities within the stipulated timeframe;
- (b) All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment;
- (c) The Directors may be requested to attend additional training courses according to their individual needs as a Director/Board Committee's member on which they serve; and
- (d) The Directors are briefed by the Company Secretaries on the letters issued by Bursa Securities at the Board Meeting.

All Directors have attended the MAP prescribed by Bursa Securities.

Upon assessing the training needs of the Directors, the Board recognised that continuing education would be the way forward in ensuring its members are continually equipped with the necessary skills and knowledge to meet the challenges ahead. FYE 2019, the Board has participated in the following continuing education programmes:-

No.	Name of Directors	Training/Courses Attended
1.	Yu Soo Chye @ Yee Soo Chye	<ul style="list-style-type: none"> <li>● Managing Related Party Transaction (RPT) and Recurrent RPT</li> <li>● Briefing by the Company Secretaries on the amendments to the ACE LR of Bursa Securities</li> </ul>
2.	Lee Pek Yoke	<ul style="list-style-type: none"> <li>● Managing Related Party Transaction (RPT) and Recurrent RPT</li> <li>● Briefing by the Company Secretaries on the amendments to the ACE LR of Bursa Securities</li> </ul>
3.	Lee Seng Fan	<ul style="list-style-type: none"> <li>● Briefing by the Company Secretaries on the amendments to the ACE LR of Bursa Securities</li> </ul>
4.	Khong Yik Kam	<ul style="list-style-type: none"> <li>● Managing Related Party Transaction (RPT) and Recurrent RPT</li> <li>● Briefing by the Company Secretaries on the amendments to the ACE LR of Bursa Securities</li> </ul>
5.	Yu Tack Tein	<ul style="list-style-type: none"> <li>● Managing Related Party Transaction (RPT) and Recurrent RPT</li> <li>● Briefing by the Company Secretaries on the amendments to the ACE LR of Bursa Securities</li> </ul>

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### *Board Committee cont'd*

#### **NC** *cont'd*

#### (c) Continuing Education and Training of Directors *cont'd*

No.	Name of Directors	Training/Courses Attended
6.	Koong Lin Loong	<ul style="list-style-type: none"> <li>Briefing by the Company Secretaries on the amendments to the ACE LR of Bursa Securities</li> <li>MFRS15 Revenue from Contracts with Customers &amp; Application to Construction Contracts and Property Development Activities</li> <li>A Comprehensive Review of Latest Developments in MFRS</li> <li>GST Regime, Tax Holiday Period and the New SST Regime – Transitional Issues</li> <li>GST to SST – The New SST Mechanism and Transitional Issues</li> <li>Preparing for Sales and Service Tax (SST)</li> <li>National Tax Conference 2018</li> <li>National GST Conference 2018</li> <li>2019 Budget Seminar</li> <li>Taklimat Teknikal Pengauditan Koperasi</li> <li>MYGCAP Reviewers Course</li> </ul>
7.	Chiam Soon Hock	<ul style="list-style-type: none"> <li>Managing Related Party Transaction (RPT) and Recurrent RPT</li> <li>Briefing by the Company Secretaries on the amendments to the ACE LR of Bursa Securities</li> </ul>
8.	Chui Mee Chuen	<ul style="list-style-type: none"> <li>Briefing by the Company Secretaries on the amendments to the ACE LR of Bursa Securities</li> <li>9th International Rubber Glove Conference</li> <li>The New Constitution under the Companies Act 2016</li> </ul>
9.	Yu Suat Yin (Alternate Director to Lee Pek Yoke)	<ul style="list-style-type: none"> <li>Managing Related Party Transaction (RPT) and Recurrent RPT</li> <li>Briefing by the Company Secretaries on the amendments to the ACE LR of Bursa Securities</li> </ul>

In addition, the Company Secretaries and External Auditors update the Board on a regular basis the respective changes and amendments to regulatory requirements and laws and accounting standards to help Directors keep abreast of such developments.

Upon review, the Board concluded that the Directors' Trainings for the FYE 2019 were adequate.

#### 2020 Directors' Training

In recognising the need to keep abreast with the fast changing business and regulatory environment, the Board has encouraged its members to attend at least one (1) continuing education programme, whereby it should be in relation to the ACE LR of Bursa Securities, Companies Act 2016 or corporate governance of a listed corporation.



# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### **Board Committee** *cont'd*

#### **RC**

The RC was set up on 19 August 2011 with current TOR revised on 30 June 2016. The RC comprises two (2) Non-Executive Director and one (1) Group Managing Director and the composition of the RC is as follows:-

RC	Designation	Directorate
Chiam Soon Hock	Chairman	Independent Non-Executive Director
Yu Soo Chye @ Yee Soo Chye	Member	Group Managing Director
Chui Mee Chuen	Member	Independent Non-Executive Director

The RC is governed by its TOR of RC which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the RC as defined in the TOR, including but not limited to the following:-

- i. To ensure that remuneration for Directors is set at a competitive level to recruit, attract, retain and motivate high calibre individuals;
- ii. To recommend to the Board the remuneration packages for the Executive Directors and to review and assess the remuneration packages of the Executive Directors in all forms, with or without other independent professional advice or other outside advice to reflect the Board's responsibilities, expertise and complexity of the Company's activities;
- iii. To determine and agree with the Board an appropriate performance framework, assessing Directors' performance against targets and determine resultant annual remuneration levels; and
- iv. To determine the policy for and scope of service agreements for Directors, termination payment and compensation commitments.
- v. To determine and recommend to the Board any performance related pay schemes for the Executive Directors and/or any other persons as the RC is designated to consider by the Board; and
- vi. Review and recommend to the Board a formal and transparent remuneration policy and framework for Non-Executive Directors.

A copy of the TOR of the RC is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

#### **(a) Summary of Works**

The following works were undertaken by the RC during the FYE 2019:-

- i. Reviewed and confirmed the minutes of the RC Meeting held in financial year ended 31 March 2018;
- ii. Deliberated on the remuneration packages of the Executive Directors of the Company for the FYE 2019 and recommended the same to the Board for approval;
- iii. Reviewed the Directors' fees payable to the Directors of the Company for the financial year ended 31 March 2018 and recommended the same to the Board of Directors for approval;
- iv. Reviewed the benefits payable to the Directors of the Company for the period from Twenty-Third AGM until the next AGM of the Company in year 2019 pursuant to Section 230(1)(b) of the Companies Act 2016 and recommended the same to the Board of Directors for approval;
- v. Deliberated on the remuneration packages of the Executive Directors of the Company for the financial year ending 31 March 2020 and recommended the same to the Board for approval;
- vi. Reviewed the Directors' fees payable to the Directors of the Company for the FYE 2019 and recommended the same to the Board of Directors for approval; and
- vii. Reviewed the benefits payable to the Directors of the Company for the period from Twenty-Fourth AGM until the next AGM of the Company in year 2020 pursuant to Section 230(1)(b) of the Companies Act 2016 and recommended the same to the Board of Directors for approval.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### **Board Committee** *cont'd*

#### **Risk Management Committee**

The RMC was set up on 19 August 2011 with current TOR revised on 20 February 2017.

The membership of the RMC are stated in the corporate information of this Annual Report. The RMC is governed by its TOR of RMC which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the RMC as defined in the TOR.

A copy of the TOR of the RMC is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

During the FYE 2019, two (2) RMC meeting were held. The activities carried out by the RMC were as follows:-

- (i) Reviewed the identified risks and the effectiveness of current controls in placed in mitigating the identified risks;
- (ii) Reviewed and discussed on the revised Risk Assessment Report;
- (iii) Reviewed and discussed on the newly developed Risk Management tools; and
- (iv) Establishment of Risk Management Policy.

#### **Investment Committee**

The Investment Committee was set up on 17 May 2010 with current TOR revised on 23 February 2018.

The composition of the Investment Committee is as follows:-

<b>Name</b>	<b>Position</b>	<b>Office Designation</b>
Yu Soo Chye @ Yee Soo Chye	Chairman	Group Managing Director
Yu Tack Tein	Member	Executive Director
Yu Suat Yin	Member	Vice President, Group Operation
Yap Teck Beng	Member	Group General Manager

The Investment Committee is governed by its TOR of Investment Committee which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the Investment Committee as defined in the TOR.

A copy of the TOR of the Investment Committee is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

During the FYE 2019, four (4) Investment Committee meetings were held. The activities carried out by the Investment Committee were as follows:-

- i. Reviewed the performance of dim sum and steamboat outlet at Jalan Imbi, Kuala Lumpur;
- ii. Reviewed the performance of the restaurant in Genting Highlands, Pahang Darul Makmur;
- iii. Review the performance of the restaurant in Lockchart Road, Hong Kong;
- iv. Review the performance of Chin Swee Temple Outlet;
- v. Review the performance of the associates companies in Getting Highlands;
- vi. Discussed on the status update of new investment opportunity in KLIA 2; and
- vii. Discussed on the closure of Restoran Oversea (Subang Parade) Sdn. Bhd. and Restoran Tsim Tung Sdn. Bhd.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### II. Board Composition *cont'd*

#### ***Annual Assessment on effectiveness of Board and Individual Directors***

Assessment of the effectiveness of the Directors, the Board as a whole and the Board Committees are being carried out annually. The objective is to improve the Board's effectiveness by identifying gaps, maximise strengths and address weaknesses. The Chairman of the Board oversees the overall evaluation process and responses are analysed by the NC, before being tabled and discussed at the Board.

During the FYE 2019, the Board through the NC conducted the following annual assessments:-

<b>Evaluation</b>	<b>Assessment criteria</b>
Individual Directors	<ul style="list-style-type: none"> <li>● Fit and proper;</li> <li>● Contribution and performance; and</li> <li>● caliber and personality.</li> </ul>
Board and Board Committee	<ul style="list-style-type: none"> <li>● Board mix and composition;</li> <li>● Quality of information and decision making;</li> <li>● Boardroom activities; and</li> <li>● Board Committees' Performance</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>● Quality and composition</li> <li>● Skills and Competencies</li> <li>● Meeting Administration and Conduct</li> <li>● Duties and Responsibilities</li> </ul>

Based on the assessments conducted for the FYE 2019, the NC was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.

#### ***Annual Assessment on Independence of Directors***

The Board recognises that it is important to assess the independence of its Independent Directors. An "Independent Director" must satisfy the definition of "independent director" set out in Rule 1.01 and Guidance Note 9 of the ACE LR of Bursa Securities.

The Board has conducted annual assessment on its Independent Directors through the assistance of the NC. The Board has put in place proper policies and procedures to ensure effectiveness of the INEDs on the Board.

For the FYE 2019, the NC has received assurance from the following INEDs vide their Letters of Declaration, confirming their independence and have undertaken to inform the Company immediately should there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company:-

- Mr. Koong Lin Loong
- Mr. Chiam Soon Hock
- Ms. Chui Mee Chuen

Based on the outcome of the abovementioned assessment conducted by the NC, the Board is satisfied with the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company for the FYE 2019.

The Board considers that its Independent Directors provide an objective and independent views on various issues dealt with at the Board and Board Committees level. All INEDs are independent of management and free from any relationship. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholder in the Company through the Board representation.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### III. Remuneration

#### *Directors and Senior Managements' Remuneration Policy and Procedures*

The Board had on 1 July 2019 adopted a Directors and Senior Management's Remuneration Policy and Procedure to set out the criterias for remunerating its Director and/or Senior Management.

The objective of the Directors and Senior Management's Remuneration Policy and Procedure are as follows:-

- Determine the level of remuneration package of Directors and senior management;
- Attract, develop and retain high performing and motivated Directors and senior management with a competitive remuneration package;
- Provide a remuneration such that the Directors and senior management are paid a remuneration commensurate with the responsibilities of their position; and
- Encourage value creation for the Company and its stakeholders.

The RC, when recommending the remuneration package of the Directors and Senior Management, shall be guided by the main components and procedures provided in the Directors and Senior Management's Remuneration Policy and Procedure.

The Directors and Senior Management's Remuneration Policy and Procedure is to be regularly reviewed by the Board as and when required.

A copy of the Directors and Senior Management's Remuneration Policy is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

#### 3.1 Remuneration of Directors

For the FYE 2019, the aggregate remuneration received/receivable by the Directors of the Company from the Company and the Group categorised into appropriate components are as follows:-

##### *Received from the Company*

Directors' Remuneration	Fees* (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Benefits- in-kind (RM'000)	Others (RM'000)	Total (RM'000)
<b>Executive Directors</b>						
Yu Soo Chye @ Yee Soo Chye	-	-	-	-	-	-
Lee Pek Yoke	-	-	-	-	-	-
Lee Seng Fan	-	-	-	-	-	-
Khong Yik Kam	-	-	-	-	-	-
Yu Tack Tein	-	-	-	-	-	-
Yu Suat Yin (Alternate Director to Lee Pek Yoke)	-	-	-	-	-	-
<b>Non-Executive Directors</b>						
Koong Lin Loong	36	-	-	-	-	36
Chiam Soon Hock	36	-	-	-	-	36
Chui Mee Chuen	36	-	-	-	-	36

\* Subject to the approval by shareholders at the Twenty-Fourth AGM

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### III. Remuneration *cont'd*

#### *Directors and Senior Managements' Remuneration Policy and Procedures cont'd*

#### 3.1 Remuneration of Directors *cont'd*

##### *Received on the Group Basis*

Directors' Remuneration	Fees (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Benefits- in-kind (RM'000)	Others (RM'000)	Total (RM'000)
<b>Executive Directors</b>						
Yu Soo Chye @ Yee Soo Chye	-	588	163	28	160	939
Lee Pek Yoke	-	204	60	-	117	381
Lee Seng Fan	-	192	80	-	45	317
Khong Yik Kam	-	114	23	5	30	172
Yu Tack Tein	-	132	12	-	57	201
Yu Suat Yin (Alternate Director to Lee Pek Yoke)	-	117	10	9	52	188
<b>Non-Executive Directors</b>						
Koong Lin Loong	36	-	-	-	-	36
Chiam Soon Hock	36	-	-	-	-	36
Chui Mee Chuen	36	-	-	-	-	36

#### 3.2 Remuneration of top five (5) senior management

The Board is of the view that, given that the disclosure of the remuneration of the top five (5) senior management will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by the competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance.

The Board will ensure that the remuneration for the senior management personnel is commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group's performance.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AC

#### *Separation of the positions of the chair of the AC and the Board*

In compliance with Practice 8.1 of the MCCG, the AC is chaired by Mr. Koong Lin Loong, which is a separate person from the chair of the Board, Mr. Yu Soo Chye @ Yee Soo Chye.

The composition of the AC is set out in the **AC Report** of this Annual Report.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

### I. AC *cont'd*

#### ***No appointment of former key audit partners as member of the AC***

In compliance with Practice 8.2 of the MCCG, the AC has instituted a policy by way of inclusion in the TOR of the AC that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The TOR of the AC has been updated accordingly in order for the AC to formalise such policy.

As a matter of practice, the AC has recommended to the NC not to consider any key audit partner as a potential candidate for Board Directorship/Audit Committee membership to affirm the AC's stand on such policy.

#### ***Assessment on External Auditors***

In compliance with Practice 8.3 of the MCCG, the AC has policies and procedures to assess the suitability, objectivity and independence of External Auditors vide annual assessment of the suitability, objectivity and independence of the External Auditors.

The Policies and Procedures to assess the Suitability, Objectivity and Independence of External Auditors has been revised on 25 February 2019. The salient terms are as follows:-

#### **Assessment Criteria**

(i) Fees

The External Auditors must provide a fee quotation for its audit services. However, price will not be the sole determining factor of suitability.

(ii) Competence, audit quality and resource capacity

Audit quality typically increases with audit firm size because of experience and functional industry knowledge. Typically, large or global companies have expansive resources, in terms of personnel, expertise and worldwide availability.

The Committee shall consider the audit firm's reputation and the qualifications of its professionals, including the breadth and depth of resources, expertise and experience of the team members. Their networking ability and competency to address any complex issues, are equally important to assess its suitability.

(iii) Non-audit work

All engagements of the External Auditors to provide non-audit services are subject to the necessary approvals outlined in the Policy (section 5).

(iv) Independence

The External Auditors must satisfy the Committee that it is independent and outline the procedures it has in place to maintain its independence.

The independence of the External Auditors is integral to the role of auditors and the Committee shall give due consideration to this requirement when putting forward a recommendation to the Board.

The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors. A written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements is to be given to the Company.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

### I. AC *cont'd*

#### **Assessment on External Auditors** *cont'd*

#### **Assessment Criteria** *cont'd*

#### (iv) Independence *cont'd*

A former key audit partner has to observe a cooling-off period of at least two (2) years before being appointed as a member of the Committee to safeguard the independence of the audit by avoiding the potential threats which may arise when a key audit partner is in a position to exert significant influence over the audit and preparation of the Company's financial statements.

Former key partner includes the engagement partner, the individual responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgement on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion.

#### (v) Material matters

The External Auditors must outline its proposed procedures to address the issue of material significance or matter of disagreement with the Management. The External Auditors is required to disclose to the Committee all issues of material significance and all matters of disagreement with the Management, whether resolved or unresolved, and to assist the Committee to review such matters.

A copy of the Policies and Procedures to assess the Suitability, Objectivity and Independence of External Auditors is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

During FYE 2019, the AC has carried out the annual assessment and in its assessment, the AC considered, inter alia, the following factors:-

For "**suitability**" assessment:-

- The External Auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements;
- To the knowledge of the AC, the External Auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("**MIA**") which has not been reserved by the Disciplinary Board of MIA;
- The External Auditors firm has the geographical coverage required to audit the Group;
- The External Auditors firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The External Auditors firm consistently meets the deadlines set by the Group;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The External Auditors' scope is adequate to cover the key financial and operational risks of the Group.

For "**objectivity**" assessment:-

- The nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

### I. AC *cont'd*

#### **Assessment on External Auditors** *cont'd*

For “*independence*” assessment:-

- The engagement partner has not served for a continuous period of more than five (5) years with the Company;
- The AC receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- Tenure of the current auditors.

The External Auditors provided a written statement that they will continuously complied with the relevant ethical requirements regarding independence throughout the audit of the Group, in accordance with the International Federation of Accountants’ Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants’ By-Laws (On Professional Ethics, Conduct and Practice). They are not aware of any relationship between Messrs. Crowe Malaysia and the Group that, in their professional judgment, may reasonably be thought to impair their independence. They have reviewed the non-audit services provided to the Company during the FYE 2019 and are not aware of any non-audit services that have compromised our independence as External Auditors of the Company.

Upon completion of its assessment, the AC was satisfied with Messrs. Crowe Malaysia’s technical competency and audit independence and recommended to the Board the re-appointment of Messrs. Crowe Malaysia as External Auditors for the financial year ending 31 March 2020. The Board has in turn, has recommended the same for shareholders’ approval at the forthcoming Twenty-Fourth AGM of the Company.

#### **Skillsets of AC**

The AC conducts self and peer evaluation annually to assess the performance and skillsets of the individual AC members and their peers.

During the FYE 2019, the AC members had completed the assessment on individual basis and the results were compiled by the Company Secretaries and tabled for the NC’s review.

Based on the results of the assessment, the AC members are financially literate and understand the Group’s business. The AC as a whole, has necessary skills and knowledge to discharge their duties. The AC members had also given feedback to their peers on areas of focus for enhancement.

The members of the AC have attended various continuous trainings and development programmes as detailed in Principle A, Section II, Continuing Education and Training of Directors in this Statement.

### II. Risk management and internal control framework

#### **Risk Management and Internal Control Framework**

The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group’s operations that not limiting to financial aspects of the business but also operational and regulatory compliance. The AC has been entrusted by the Board to ensure effectiveness of the Group’s internal control systems. The ultimate objectives are to protect the Group’s assets and safeguard shareholders’ investments.



# Corporate Governance Overview Statement

cont'd

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

### II. Risk management and internal control framework *cont'd*

#### ***Risk Management and Internal Control Framework*** *cont'd*

The RMC leads by an Independent Non-Executive Director to assist the Board to oversee the risk management framework of the Group. The Chairman of the RMC reports to the Board on areas of high risk and the adequacy of compliance and control throughout the Group. A Steering Committee comprises of the Management staff from various departments was formed on 4 November 2016 to assist on the risk management aspects of the respective departments. The Steering Committee is responsible to report to the RMC on key risks identified and action plans to mitigate such risks. As a result of the increased level of challenge, the RMC continues to devote additional effort, time and resources in managing risk.

The composition of the RMC and Steering Committee are as follows:-

#### RMC

Office	Name and Designation
--------	----------------------

Chairman	Chiam Soon Hock (Independent Non-Executive Director)
Member	Yu Suat Yin (Vice President, Group Operation)
Member	Yap Teck Beng (Group General Manager)
Member	Soh Jin Yiat (Deputy Group General Manager)

#### Steering Committee

Office	Name and Designation
--------	----------------------

Chairman	Yap Teck Beng (Group General Manager)
Member	Yu Suat Yin (Vice President, Group Operation)
Member	Soh Jin Yiat (Deputy Group General Manager)
Member	Chow Way Keong (Group Admin Manager)
Member	Lee Pek Chan (Group Purchasing Manager)
Member	Lee Fui Meng (Group Finance Manager)
Member	Raymond Ng Mun Loong (Group MIS Manager)
Member	Lee Ying Hoe (Group Marketing Manager)

**The Statement on Risk Management and Internal Control** as set out in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

#### ***Internal Audit Function***

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Company's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

The Company outsourced its internal audit function to an independent internal audit service provider, namely Sterling Business Alignment Consulting Sdn. Bhd., who reports directly to the AC. The functions of the Internal Auditors is to assist the AC in providing independent assessment and review on the adequacy, efficiency and effectiveness of the key controls and processes in the operating units, as well as the governance aspect of the Group and to ensure compliance with the established policies and procedures of the Group.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

### II. Risk management and internal control framework *cont'd*

#### *Internal Audit Function cont'd*

The internal controls are tested for effectiveness and efficiency by the Internal Auditors. The report of the internal audit is tabled for AC's review and comments, and the audit findings will then be communicated to the Board. The outsourced Internal Auditor's representatives met up four (4) times with the AC for the FYE 2019.

During the FYE 2019, the AC had reviewed and assessed the adequacy of the scope, functions, competency, resources and independence of the Sterling Business Alignment Consulting Sdn. Bhd., the outsourced Internal Auditors for the FYE 2019 and that they have the necessary authority to carry out their work.

The **AC Report** as set out in this Annual Report provides further details of the Internal Audit Function.

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

### I. Communication with Stakeholders

The Board recognises the importance of an effective communication channel between the Board, Shareholders and the general public and shall inform in a timely manner to its Shareholders of its latest business and corporate developments in enhancing value to its shareholders.

In consequence thereto, the Board had a Shareholders' Communication Policy in place to provide guidance as well as ensuring a consistent approach towards the Company's communication with the Shareholders.

A copy of the Shareholders' Communication Policy is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

During the FYE 2019, the Company has implemented the following manners to communicate with its Shareholders:-

#### i. General meeting

The Twenty-third AGM was held on 29 August 2018. The Chairman of the AGM allowed reasonable time for questions and answers session in the AGM to ensure that all subject matters tabled are thoroughly considered and debated. The summary of the key matters discussed at the AGM of the company was uploaded onto the company's website after the AGM.

#### ii. Announcements made to Bursa Securities

Annual Report, quarterly financial results and various announcements made to Bursa Securities in accordance with the ACE LR of Bursa Securities.

#### iii. Annual Report and Circular to Shareholders

The Annual Report for year 2018 and Circular to Shareholder in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature, together with the notice of AGM were distributed to Shareholders on 31 July 2018.

#### iv. Company's website

All announcements released to Bursa Securities are also appear in the Company's website at [www.oversea.com.my](http://www.oversea.com.my). Shareholders and the general public may also access to the said website for information such as stock price, corporate information, financial information, Board Charter, TOR of the Board Committees, Annual Reports, outcome of the general meetings and other information.

# Corporate Governance Overview Statement

cont'd

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS** *cont'd*

### **I. Communication with Stakeholders** *cont'd*

During the FYE 2019, the Company has implemented the following manners to communicate with its Shareholders:- *cont'd*

v. **Media release**

Write-ups about the business of the Group were published on local newspapers and the clippings have been uploaded to the Company's website.

### **II. Conduct of general meetings**

#### ***Notice of AGM***

In compliance with Practice 12.1 of the MCGG, the notice of Twenty-Third AGM together with the Annual Report and Circular is dispatched to shareholders at least twenty-eight (28) days prior to the meeting date. Full explanation of the effects of a proposed resolution of any special business will accompany the notice of the AGM.

#### ***Directors' Commitment***

All the Directors were present at the Twenty-Third AGM of the Company held in year 2018 to engage with the shareholders personally and proactively.

The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote.

The Board ensure that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

The Chairmen of the Board Committees are also readily available to address the questions posted by the shareholders at the general meetings.

#### ***Poll Voting***

In line with the ACE LR of the Bursa Securities on the requirement for poll voting for all resolution set out in the notice of general meetings, during the Twenty-Third AGM held in year 2018, the resolutions tabled at the Twenty-Third AGM were all voted by poll.

#### ***Electronic Poll Voting***

Taking into consideration of the shareholders' profile of the Company, the Board has adopted electronic voting in Twenty-Third AGM of the Company held on 29 August 2018 to facilitate and ease shareholders' participation at the AGM. The Board believes that the electronic voting will ensure accurate and efficient outcomes of the poll voting process. Therefore, the Board shall again be adopting electronic voting at the forthcoming Twenty-Fourth AGM scheduled to be held on 28 August 2019.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

### II. Conduct of general meetings *cont'd*

#### ***Voting in absentia and Remote Shareholders' Participation at General Meeting(s)***

Prior to implementing the voting in absentia and remote shareholders' participation at general meeting(s), the Board noted several factors/ conditions need to be fulfilled prior to making such consideration:-

- Relevant amendments to the Articles of Association/ Constitution of the Company to outline the procedures for enabling such Voting/ Participation;
- Availability of technology and infrastructure;
- Affordability of the technology and infrastructure;
- Sufficient number of shareholders residing/locating at particular remote location(s);
- Age profile of the shareholders.

In view thereof, the Board will not be recommending the adoption such Voting/ Participation at the forthcoming Twenty-Fourth AGM of the Company.

### CONCLUSION

The Board is satisfied that for the FYE 2019, it complies substantially with the principles and guidance of the MCCG.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors passed on 19 July 2019.

# Audit Committee Report

The Board of Directors (“Board”) is pleased to present the Audit Committee Report for the financial year ended 31 March 2019 (“FYE2019”).

## COMPOSITION OF THE AUDIT COMMITTEE (“AC”)

The AC comprises the following three (3) Independent Non-Executive Directors:-

1. Koong Lin Loong - Chairman
2. Chiam Soon Hock - member
3. Chui Mee Chuen - member

The Independent Non-Executive Directors satisfied the test of independence under the ACE Market Listing Requirements (“ACE LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and also meets the requirements of the new Malaysian Code on Corporate Governance (“MCCG”).

The Chairman of the AC, Mr. Koong Lin Loong is an Independent Non-Executive Director. In this respect, the Company complies with Rule 15.10 of the ACE LR of Bursa Securities. Furthermore, in compliance with Practice 8.1 of the MCCG, the Chairman of AC is not the Chairman of the Board.

In addition, Mr. Koong Lin Loong and Ms. Chui Mee Chuen, being members of the Malaysian Institute of Accountants (“MIA”), fulfilled the requirement of Paragraph 15.09(1)(c) of the ACE LR of Bursa Securities.

The performance of the AC and each of its members were reviewed by the Board on 27 May 2019 and was satisfied that they are able to discharge their functions, duties and responsibilities in accordance with the Terms of Reference of the AC, thereby supporting the Board in ensuring appropriate corporate governance standards within the Group.

## ATTENDANCE OF MEETINGS

A total of four (4) AC meetings were held during the FYE2019. The details of attendance at AC meetings held during the FYE2019 were as follows:-

Name of AC Members	No. of AC Meetings attended	%
Koong Lin Loong (Chairman)	3/4	75
Chiam Soon Hock	4/4	100
Chui Mee Chuen	4/4	100

## MINUTES OF MEETINGS

The minutes of the AC meeting were recorded and tabled for confirmation at the next following AC meeting and presented to the Board for notation.

## TERMS OF REFERENCE

The Terms of Reference of the AC are available for viewing at the Group’s corporate website at [www.oversea.com.my](http://www.oversea.com.my). The last review of the Terms of Reference of the AC was on 23 February 2018.

# Audit Committee Report

cont'd

## SUMMARY OF WORK OF THE AC

During the FYE2019 and up to the date of this Report, the summary of works undertaken by the AC to meet its responsibilities in the discharge of its function and duties comprised the followings:-

### (a) Overview of Financial Performance and Reporting

- i. Reviewed the unaudited quarterly financial results for the quarters ended 31 March 2018 (FYE2018), 30 June 2018, 30 September 2018, 31 December 2018 and 31 March 2019 on 22 May 2018, 29 August 2018, 26 November 2018, 25 February 2019 and 27 May 2019, respectively, and recommend the same to the Board for approval;
- ii. Reviewed the draft audited financial statements of the Company for the FYE2018 and recommended the same to the Board for approval on 25 July 2018;
- iii. Reviewed the financial performance of the Company and the Group;
- iv. Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR which took effect on 1 July 2016; and
- v. Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

### (b) Oversight of External Audit

- i. Reviewed the Audit Review Memorandum for the FYE2018 and FYE2019 presented by the External Auditors on 22 May 2018 and 27 May 2019, respectively, entailing the significant audit findings, significant deficiencies in internal control, status of audit, compliance with the ethical requirements on independence, communication with the AC, summary of audit adjustments, summary of unadjusted differences and total audit and non-audit fees;
- ii. Reviewed the Group's Audit Planning Memorandum for the FYE2019 on 25 February 2019, entailing mainly the overview of audit approach and areas of audit emphasis of the Group;
- iii. Reviewed and evaluated the adequacy and effectiveness of the Group's accounting policies, procedures and system of internal controls;
- iv. Reviewed the Independent Valuation Report on the methodology and the basis of the valuation and the accounting entries taken up by the Management for the revaluation of properties;
- v. Met three (3) times with the External Auditors on 22 May 2018, 25 February 2019 and 27 May 2019 without the presence of the Management and the Executive Directors; and
- vi. Reviewed the suitability and independence of the External Auditors vide a formalised "Assessment on External Auditors" on 22 May 2018 and 27 May 2019 upon reviewed and being satisfied with the results of the said assessment, the same has been recommended to the Board for approval.

### (c) Oversight of Internal Audit

- i. Reviewed the Internal Audit Plan for the FYE 2019 and financial year ended 31 March 2020 presented by the outsourced Internal Auditors;
- ii. Reviewed the reports from the Internal Auditors and assessed the Internal Auditors' findings and the management's responses and made the necessary recommendations to the Board for approval on 22 May 2018, 29 August 2018, 26 November 2018, 25 February 2019 and 27 May 2019;
- iii. Reviewed the adequacy of the scope and coverage of the Group's activities, functions, competency and resources of the Internal Audit functions;

# Audit Committee Report

cont'd

## SUMMARY OF WORK OF THE AC *cont'd*

### (c) Oversight of Internal Audit *cont'd*

- iv. Reviewed the existing internal controls and work processes undertaken by the respective departments in the companies under review for relevant areas or business and the Group's systems and practices for identification and management of risks;
- v. Reviewed and recommended improvements to the existing System of Internal Controls and Risk Management System of the Group; and
- vi. Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors on 22 May 2018 and 27 May 2019 and that they have the necessary authority to carry out their work.

### (d) Reviewed of related party transactions

- i. Monitored and reviewed the recurrent related party transactions and any conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of management integrity on a quarterly basis in accordance with the mandate approved by Shareholders on 29 August 2018.

### (e) Oversight of Risk Management

- i. Reviewed the Risk Assessment Report and Risk Assessment Tool, both dated 31 July 2018 presented by the Risk Management Committee on 29 August 2018.

### (f) Oversight of Internal Control Matters

- i. Reviewed and confirmed the minutes of the AC Meetings;
- ii. Reviewed the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2019;
- iii. Reviewed the proposed investments undertaken by the Investment Committee; and
- iv. Reviewed the revised Policies and Procedures to Assess the Suitability and Independence of External Auditors and recommend to the Board for approval on 25 February 2019.

The Board is satisfied that the AC has carried out their responsibilities and duties in accordance with the AC's Terms of Reference.

## INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process.

### (1) Outsourced Internal Auditors

The Group has appointed an outsourced internal audit service provider to carry out the internal audit function, namely Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling") The Internal Auditors conduct independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. The Internal Auditors report directly to the AC and assist the Board in monitoring the internal controls and mitigate the risks of the Group.

# Audit Committee Report

cont'd

## INTERNAL AUDIT FUNCTION *cont'd*

### (1) Outsourced Internal Auditors *cont'd*

The profile of Sterling is set out as follows:-

Principal Engagement Lead	:	So Hsien Ying
Qualifications	:	Certified Internal Control Professional from Internal Control Institute Associate Member of The Institute of Internal Auditors Malaysia (IIAM) Master in Business Administration (Finance) (Hull) BSc Economics (Hons) (London)
Experiences	:	more than twenty (20) years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review
Number of resources	:	each internal audit review ranges from three (3) to four (4) staff per visit

Sterling is a corporate member of the Institute of Internal Auditors Malaysia ("IIAM"). Sterling use the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.

FYE 2019, Sterling's engagement team personnel have affirmed to the AC that in relation to the Company/ Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.

### (2) Summary of Internal Audit works for the FYE2019

During the FYE2019 and up to the date of this Report, the summary of works undertaken by the Internal Auditors comprised the followings:-

- i. Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- ii. Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- iii. The internal audits performed met the objective of highlighting to the AC the audit findings which required follow-up actions by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective Internal Control System within the Group, as well as any weaknesses in the Group's Internal Control System;
- iv. Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management; and
- v. Presentation of audit findings and corrective actions to be taken by the Management in the quarterly AC Meetings.

### (3) Total costs incurred for the FYE2019

The cost incurred for the internal audit function of the Group for the FYE2019 was amounted to RM53,500/- (FYE2018: RM52,000/-).

### (4) Review of internal audit function

The AC and the Board were satisfied with the performance of the Internal Auditors for the FYE2019 and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsource of the internal audit function.



# Statement on Risk Management and Internal Control

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors is pleased to provide the Statement on the Risk Management and Internal Control of the Group, which had been prepared in accordance with the “Statement of Risk Management & Internal Control: Guidance for Directors of Public Listed Companies” (“**the Risk Management & Internal Control Guidance**”) and Malaysian Code on Corporate Governance 2017 (“**MCCG 2017**”).

## BOARD RESPONSIBILITY

The Board of Directors (“Board”) is responsible for the adequacy and effectiveness of the Group’s risk management and internal control system. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal control and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders’ investment and the Group’s assets. The Board is pleased to provide the Statement on the Risk Management and Internal Control, which outlines the nature and scope of risk management and internal control of the Group except for associate companies during the financial year end 31 March 2019 (“FY2019”).

The system of risk management and internal control covers finance, operations, management information systems and compliance with relevant laws, regulations, policies and procedures. There is an ongoing process to identify, evaluate and manage significant risk faced or potentially to be encountered by the Group. The process is regularly reviewed by the Board, through the Audit Committee (“**AC**”).

Due to the limitations that are inherent in any system of internal controls, these systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives and it can only provide reasonable and not absolute assurance against material misstatement or loss.

The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control risks, are operated with the assistance of management throughout the FY2019.

The key features of the risk management and internal control systems are described under the following headings:-

## RISK MANAGEMENT PROCESS

The Board regards risk management as an integral part of business operations. The Board has established a Risk Management Committee (“**RMC**”) to fulfil its corporate governance duties in overseeing the establishment of a risk management framework and maintaining a sound system of risk management and internal control throughout the Group. A Steering Committee (“**SC**”) has, in turn, being formed by the RMC to assist with the execution of the risk action plan formalised by the RMC to instill risk management culture and awareness in the Group.

## RMC

The RMC has identified and reviewed the major business risk factors affecting the Group and derived risk management strategies to manage and mitigate the risks identified. The following factors were considered in the risk assessment:

- (a) The nature and extent of risks facing the Group;
- (b) The extent and categories of risk which it regards as acceptable for the Group to bear;
- (c) The likelihood of the risks concerned materialising; and
- (d) The Group’s ability to reduce the incidence of risks that may materialise and their impact on the business.

For the FY2019, the RMC has held two (2) meetings.

# Statement on Risk Management and Internal Control

cont'd

## SC

The Head of Department (“**HOD**”) from the following departments have been automatically co-opted as a member of SC by default:-

Department	Name of HOD	Office Designation
Strategic Planning	Yap Teck Beng	Group General Manager
Production	Soh Jin Yiat	Deputy Group General Manager
Finance and Accounts	Lee Fui Meng	Group Finance Manager
Office Administration	Chow Way Keong	Group Admin Manager
Purchasing	Lee Pek Chan	Group Purchasing Manager
Human Resources	Wong Ket Ching	Acting Group Human Resource Manager
Sales	Yap Teck Beng	Group General Manager
Marketing	Lee Ying Hoe	Group Marketing Manager
MIS	Raymond Ng Mun Loong	Group MIS Manager
Corporate Affairs	Yu Suat Yin	Vice President, Group Operation
Restaurant Operations	Yu Suat Yin	Vice President, Group Operation

Further particulars on the RMC and SCT in terms of their respective composition, Terms of Reference (“**TOR**”) and summary of activities undertaken can be found in the Corporate Governance Overview Statement.

## IDENTIFICATION OF PRINCIPAL RISKS

Assisted by the SC, the RMC has conducted assessments on all potentially serious risks inherent in strategies and business processes as part of the internal control and essential for evaluating the relevance and reliability of information and its context.

Strategic risks have been identified by RMC through SC’s discussions with the Group’s management personnel in the context of their understanding of external forces, industry issues and the Group’s business.

Given that the Group operates in the food service industry, the RMC recognised that the business process of the Group would not be structured by process, but rather by departmental basis for ease of identification, monitoring and control by the senior management team.

## RISK EVALUATION PROCESS

The SC assists the RMC in defining the Group’s risk appetite in terms of its tolerance through specific risk limits, during their process of assessing the identified principal risk.

The risk evaluation process undertaken by the SC involves the utilisation of the following assessment models:-

### (a) Risk Likelihood Definitions

This model is to assist in ascertaining the possibility of each identified risk might materialise as resulted from the Group’s activities.

Risk Likelihood	Definitions
High (H)	More Than 50% Chance
Medium (M)	More Than 5% and Less Than 50% Chance
Low (L)	Less Than 5% Chance

# Statement on Risk Management and Internal Control

cont'd

## RISK EVALUATION PROCESS *cont'd*

### (b) Impact Rating Definitions

This model is to assist in ascertaining the monetary and non-monetary impact of each identified risk to the Group's financial and non-financial position.

Magnitude of Impact	Impact Definitions	
	Monetary	Non-Monetary
High (H)	More Than RM 200,000	May Significantly Impact
Medium (M)	More Than RM 50,000 And Less Than RM 200,000	Probably May Materially Impact
Low (L)	Less Than RM 50,000	Probably May Not Materially Impact

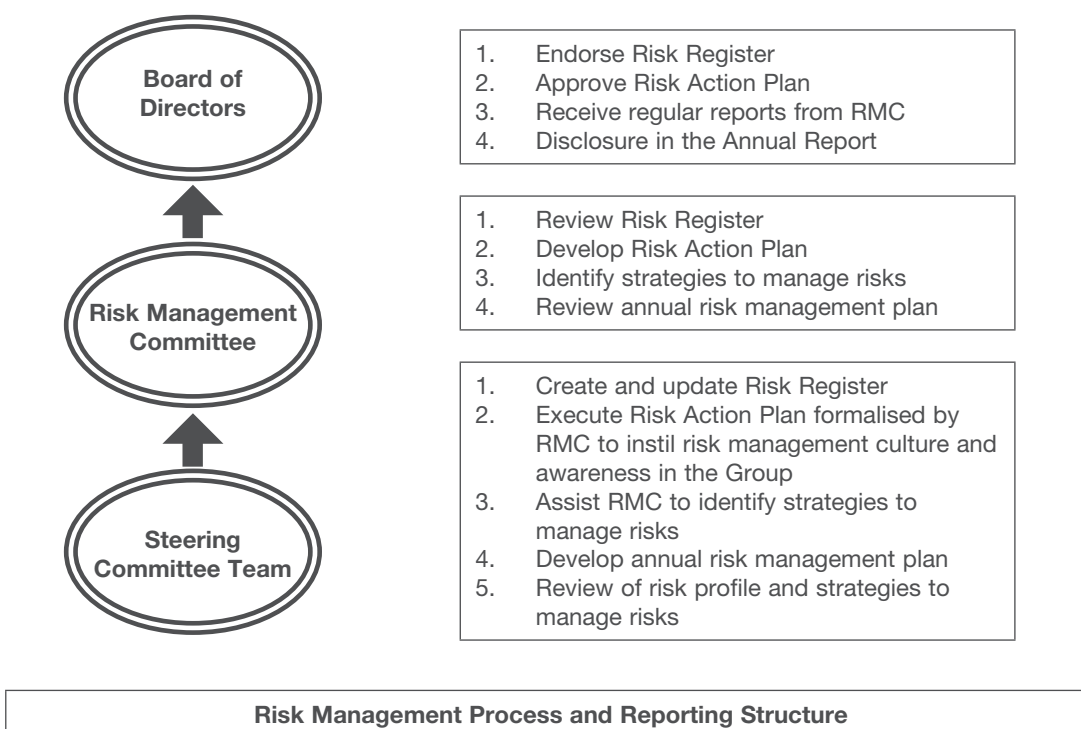
### (c) Overall Risk Rating Matrix

This model used to determine overall risk rating after evaluating the likelihood of happen and the overall monetary and non-monetary impact to the Group.

Risk Likelihood	RISK IMPACT (MONETARY & NON-MONETARY)		
	LOW (L)	MEDIUM (M)	HIGH (H)
High (H)	Low	Medium	High
Medium (M)	Low	Medium	Medium
Low (L)	Low	Low	Low

## RISK MANAGEMENT PROCESS AND REPORTING STRUCTURE

The risk management process and reporting structure have been illustrated in the diagram below:-



# Statement on Risk Management and Internal Control

cont'd

## RISK MANAGEMENT PROCESS AND REPORTING STRUCTURE *cont'd*

For the FY2019, the RMC has met the Board two (2) times to discuss about the Company's risk profile and risk management issues which include the following key items:-

- i. Risk Identification Methodology;
- ii. Risk Assessment Approach;
- iii. Risk Determination;
- iv. Summary of Risk Rating; and
- v. Recommendation.

There are no significant changes in terms of risk profile and overall risk rating from the previous year.

## KEY ELEMENTS OF INTERNAL CONTROL

The Group has an established system of internal controls that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. The control structure and environment are supported by the following activities:-

### 1. Authority and Responsibility

Certain responsibilities are delegated to the following Board Committees through clearly defined TOR which are reviewed periodically and/or when the need arises:-

- i. Audit Committee;
- ii. Nominating Committee;
- iii. Remuneration Committee; and
- iv. Risk Management Committee.

### 2. Internal Audit

#### Qualified and Independent Internal Auditors

The Group's internal audit has been outsourced to an independent service provider. The Board has appointed Sterling Business Alignment Consulting Sdn. Bhd. ("SBACSB"), an established internal audit advisory practice provider in Malaysia. Prior to their appointment, the AC has considered the following criteria:-

- i. Length of establishment;
- ii. Core specialty area;
- iii. Industry reputation;
- iv. International affiliation;
- v. Qualification and experience of the engagement partner and team; and
- vi. Existing client base.

The costs incurred for the internal audit functions for the financial year ended 31 March 2019 were RM53,500.

#### Risk-Based Internal Audits

SBACSB has prepared a risk-based internal audit plan based on their review of the financial report of the Group and taking into consideration the impact of the different areas of the Group based on the materiality of the numbers reported.

Through SBACSB, the effectiveness and efficiency of the Group's risk management and internal control system were examined and evaluated in an independent capacity. SBACSB has assessed the Group's compliance with policies and procedures as well as relevant laws and regulations. SBACSB then provided reports on issues relating to internal controls and the associated risks together with recommendations for appropriate actions to the AC.

# Statement on Risk Management and Internal Control

cont'd

## KEY ELEMENTS OF INTERNAL CONTROL *cont'd*

### 2. Internal Audit *cont'd*

#### Summary of Works Undertaken by the Internal Auditors

For FY2019, SBACSB had:-

- Carried out their activities in accordance with the scope of work;
- Presented their findings with the AC on quarterly basis and recommended corrective actions for the Management; and
- Conducted follow-up review on their previous internal audit reports.

#### Adequacy of Scope, Functions, Competency and Resources of the Outsourced Internal Audit Functions

In the first quarter of FY2019, the AC had vided its assessment, assessed the adequacy of scope, functions, competency and resources of the outsourced internal audit function and that it has the necessary authority to carry out its work and the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function for the FY2019.

Based on the collated results of the above-said assessment, the AC was of the view that the internal audit has added value to the Group by providing further assurance relating to internal control and fraud control and assessed the Internal Auditors' performance as "Adequate".

### 3. Monitoring and Reporting

The Group Finance Manager in charge of the Group's financial affairs is required to give assurance to the AC that adequate processes and controls are in place in the preparation of each quarterly financial statements, including consolidated condensed financial statements, and that appropriate accounting policies are adopted and applied consistently to give a true and fair view of the state of affairs of the Group and to ensure compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Company Act 2016 in Malaysia.

### 4. Staff Competency

It is part of the Company's policies to ensure the provision of constant training and development programmes to ensure that the employees are kept up-to-date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

## ASSURANCE FROM THE MANAGEMENT

The Board has received assurance from the Executive Director and the Group General Manager that the function of the Company's risk management and internal control system for the financial year under review, and up to the date of approval of this statement, has been sound and sufficient, in all material aspects, based on the risk management model and internal control system adopted by the Group, thereby safeguarding the shareholders' investments; the interests of customers; regulators; employees and other stakeholders, as well as the Group's assets.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the listing requirements, the External Auditors have reviewed this statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report. Their reviews were performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG3") Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in Annual Report issued by the Malaysian Institute of Accountants.

# Statement on Risk Management and Internal Control

cont'd

## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS** *cont'd*

Based on their review, the External Auditors reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the statement factually inaccurate.

## **CONCLUSION**

For the financial year under review and up to 19 July 2019, being the date of this Statement, the Board noted that there is an ongoing process of identifying, evaluating, and managing significant risks faced by the Group. The Board considers the existing systems of internal controls currently in place for the Group to be adequate and sufficient taking into the account the material risks of the business environment within which the Group operates. The Board will ensure that the internal control framework be continuously reviewed, improved and enhanced to ensure its effectiveness, adequacy and relevance.

This statement was made in accordance with a Board resolution dated 19 July 2019.

## Additional Compliance Information

### 1. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year ended 31 March 2019 ("FYE 2019").

### 2. AUDIT AND NON-AUDIT FEES

The breakdown of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the FYE 2019 by Messrs. Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), the External Auditors, or a firm or company affiliated to the External Auditors' firm are as follow:-

	Company (RM)	Group (RM)
<u>Audit services rendered</u>	35,000	205,000
<u>Non-audit services rendered</u>		
- Review of the Statement on Risk Management and Internal Control	4,000	4,000
	39,000	209,000

### 3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Twenty-Third Annual General Meeting ("AGM") of the Company held on 29 August 2018, the shareholders of the Company has given their approval for the renewal of its existing mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs") with the related party which are necessary for the day-to-day operation and are in the ordinary course of business of the Group.

The said mandate will lapse at the forthcoming Twenty-Fourth AGM of the Company scheduled to be held on 28 August 2019. The Company has no intention to seek its shareholders' approval to renew the existing mandate as well as obtain new shareholders mandate for the RRPTs at the Twenty-Fourth AGM of the Company.

Details of the RRPTs occurred during the FYE 2019 are disclosed in Note 39 to the Financial Statements set out on page 146 of this Annual Report.

### 4. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries which involved Directors and major shareholders' interest either still subsisting at the end of the FYE 2019 or entered into since the end of the previous financial year of the Company that have not been reflected in the financial statement for the FYE 2019.

# Additional Compliance Information

cont'd

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flow for the financial year then ended. In preparing these financial statements, the Directors have:

- i. adopted appropriate accounting policies and applying them consistently;
- ii. made judgement and estimates that are prudent and reasonable;
- iii. ensured all applicable approved accounting standards have been followed; and
- iv. prepared the financial statements on the going concern basis.

The Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records are accurate and reliable.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and the applicable approved Malaysian Accounting Standard Board approved accounting standard in Malaysia.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

This statement on Directors' Responsibility in respect the Financial Statements is made in accordance with the resolution of the Board of Directors dated 19 July 2019.



# Financial Statements

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# Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(4,545,736)	(4,410,242)
Attributable to:-		
Owners of the Company	(4,545,736)	(4,410,242)

## DIVIDENDS

No dividend was recommended by the directors for the financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## TREASURY SHARES

During the financial year, there were no treasury shares being purchased or cancelled by the Company.

As at 31 March 2019, the Company held as treasury shares a total of 3,900,000 (2018 - 3,900,000) of its 246,415,000 (2018 - 246,415,000) issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM835,550 (2018 - RM835,550). The details on the treasury shares are disclosed in Note 21 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

# Directors' Report

cont'd

## **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## **CURRENT ASSETS**

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

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

## **VALUATION METHODS**

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

## **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 that has arisen since the end of the financial 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 financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and 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 AN UNUSUAL NATURE**

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

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

# Directors' Report

cont'd

## DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Khong Yik Kam  
 Lee Seng Fan  
 Yu Soo Chye @ Yee Soo Chye  
 Chiam Soon Hock  
 Koong Lin Loong  
 Yu Tack Tein  
 Chui Mee Chuen  
 Lee Pek Yoke (Demised on 12 May 2019)  
 Yu Suat Yin (Alternate Director to Lee Pek Yoke) (Resigned on 12 May 2019)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Lee Seng Pun  
 Yu Tack Yuen  
 Yu Suat Li  
 Yu Suat Yin

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			At 31.3.2019
	At 1.4.2018	Bought/ Alloted	Sold/ Transferred	
<i>Direct Interests in the Company</i>				
Yu Soo Chye @ Yee Soo Chye	82,744,270	-	-	82,744,270
Lee Pek Yoke	20,460,593	-	-	20,460,593
Khong Yik Kam	6,356,338	100,000	-	6,456,338
Lee Seng Fan	5,868,496	-	-	5,868,496
Chiam Soon Hock	100,000	-	-	100,000
Koong Lin Loong	100,000	-	-	100,000
Yu Suat Yin	163,333	-	-	163,333
<i>Indirect Interests in the Company</i>				
Khong Yik Kam ^	1,450,000	-	(100,000)	1,350,000
Lee Seng Fan #	50,917,358	-	-	50,917,358
Yu Tack Tein @	600,033	-	-	600,033
Yu Suat Yin *	10,000	-	-	10,000

Notes:-

^ - Deemed interested by virtue of his substantial shareholding and directorship in Rung Juang Realty Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and his spouse's shareholdings in the Company pursuant to Section 59(1)(c) of the Companies Act 2016.

# Directors' Report

cont'd

## **DIRECTORS' INTERESTS** *Cont'd*

Notes:-

- # - *Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company pursuant to Section 8 of the Companies Act 2016 and his spouse's shareholding in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.*
- @ - *Deemed interested by virtue of his substantial shareholding and directorship in Simple Angel Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*
- \* - *Deemed interested by virtue of her spouse's shareholding in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.*

By virtue of their shareholdings in the Company, Yu Soo Chye @ Yee Soo Chye and Lee Seng Fan are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other director holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 39(b) to the financial statements.

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

## **DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 32 to the financial statements.

## **INDEMNITY AND INSURANCE COST**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM10,000,000 and RM18,030 respectively. No indemnity was given to or insurance effected for auditors of the Company.

## **SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

# Directors' Report

cont'd

## AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 32 to the financial statements.

Signed in accordance with a resolution of the directors dated 19 July 2019.

**Yu Tack Tein**

**Khong Yik Kam**

## Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Yu Tack Tein and Khong Yik Kam, being two of the directors of Oversea Enterprise Berhad, state that, in the opinion of the directors, the financial statements set out on pages 84 to 163 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 of 31 March 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 19 July 2019.

**Yu Tack Tein**

**Khong Yik Kam**

## Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Yu Tack Tein, being the director primarily responsible for the financial management of Oversea Enterprise Berhad, do solemnly and sincerely declare that the financial statements set out on pages 84 to 163 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Yu Tack Tien, I/C No. 740608-14-5253  
at Kuala Lumpur  
in the Federal Territory  
on this 19 July 2019

**Yu Tack Tein**

Before me

**Datin Hajah Raihela Wanchik (W-275)**  
Commissioner for Oaths

# Independent Auditors' Report

To the members of Oversea Enterprise Berhad  
(Incorporated in Malaysia) Company No: 317155-U

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Oversea Enterprise Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 84 to 163.

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 March 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

We are independent of the Group and 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 financial 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Risk that revenue may be overstated arising from pressure faced by the Group in achieving performance targets as revenue recognition has a direct impact on the results of the Group.</p> <p>We determined this to be a key audit matter as the vast majority of revenue is settled in cash or by credit card and focused on manual adjustments to revenue as they are susceptible to manipulation.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• tested the operating effectiveness of internal controls relevant to recognition of revenue.</li> <li>• tested sales transactions recorded to relevant supporting documents to ascertain validity of sales.</li> <li>• assessed sales transactions as well as credit notes issued, both before and after the year end date to assess whether the revenue was recognised in the correct period.</li> <li>• tested the journal entries on revenue recognition.</li> <li>• performed analytical review on the sales trend and gross profit margin.</li> </ul>



# Independent Auditors' Report

To the members of Oversea Enterprise Berhad  
(Incorporated in Malaysia) Company No: 317155-U  
cont'd

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS** *Cont'd*

### ***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 the 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditors' Report

To the members of Oversea Enterprise Berhad  
(Incorporated in Malaysia) Company No: 317155-U  
cont'd

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *Cont'd*

### *Auditors' Responsibilities for the Audit of the Financial Statements Cont'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 Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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 of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

**Chua Wai Hong**  
02974/09/2019 J  
Chartered Accountant

19 July 2019  
Kuala Lumpur

# Statements of Financial Position

At 31 March 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>ASSETS</b>					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	39,638,968	43,629,805
Investments in associates	6	690,897	1,599,913	-	-
Property, plant and equipment	7	48,981,676	47,464,987	129,318	149,962
Investment properties	8	2,450,000	2,450,000	-	-
Other investments	9	737,018	141,007	-	-
Intangible asset	10	61,075	90,947	-	-
Long-term receivables	11	84,688	81,985	-	-
Deferred tax assets	12	49,000	49,000	-	-
		53,054,354	51,877,839	39,768,286	43,779,767
CURRENT ASSETS					
Inventories	13	5,040,616	5,515,631	-	-
Trade receivables	14	498,408	583,805	-	-
Other receivables, deposits and prepayments	15	2,432,243	2,509,696	84,835	69,600
Amount owing by subsidiaries	16	-	-	7,687,161	8,402,812
Amount owing by associates	17	176,100	140,100	-	-
Current tax assets		77,801	276,503	17,820	47,300
Short-term investments with financial institutions	18	44,584	43,238	-	-
Deposits with licensed banks	19	2,690,887	6,806,486	259,231	509,541
Cash and bank balances		2,814,695	4,429,354	146,430	277,251
		13,775,334	20,304,813	8,195,477	9,306,504
<b>TOTAL ASSETS</b>		<b>66,829,688</b>	<b>72,182,652</b>	<b>47,963,763</b>	<b>53,086,271</b>

The annexed notes form an integral part of these financial statements

# Statements of Financial Position

At 31 March 2019

cont'd

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>EQUITY AND LIABILITIES</b>					
EQUITY					
Share capital	20	50,321,157	49,283,000	50,321,157	49,283,000
Treasury shares	21	(835,550)	(835,550)	(835,550)	(835,550)
Share premium	22	-	1,038,157	-	1,038,157
Reserves	23	4,981,946	9,700,525	(6,165,420)	(1,755,178)
<b>TOTAL EQUITY</b>		<b>54,467,553</b>	<b>59,186,132</b>	<b>43,320,187</b>	<b>47,730,429</b>
NON-CURRENT LIABILITIES					
Long-term borrowings	24	1,474,616	1,515,507	-	-
Deferred tax liabilities	12	5,507,377	5,791,584	-	-
		6,981,993	7,307,091	-	-
CURRENT LIABILITIES					
Trade payables	27	2,042,409	3,040,386	-	-
Other payables and accruals	28	3,122,504	2,336,917	206,135	196,793
Amount owing to subsidiaries	16	-	-	4,437,441	5,159,049
Short-term borrowings	29	138,841	123,869	-	-
Current tax liabilities		76,388	188,257	-	-
		5,380,142	5,689,429	4,643,576	5,355,842
<b>TOTAL LIABILITIES</b>		<b>12,362,135</b>	<b>12,996,520</b>	<b>4,643,576</b>	<b>5,355,842</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>66,829,688</b>	<b>72,182,652</b>	<b>47,963,763</b>	<b>53,086,271</b>

The annexed notes form an integral part of these financial statements

# Statements of Profit or Loss and Other Comprehensive Income

At 31 March 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	30	55,210,761	58,517,458	-	-
COST OF SALES		(21,759,960)	(23,191,446)	-	-
GROSS PROFIT		33,450,801	35,326,012	-	-
OTHER INCOME		4,053,249	4,157,289	111,110	117,807
		37,504,050	39,483,301	111,110	117,807
SELLING AND DISTRIBUTION EXPENSES		(29,124,942)	(29,733,691)	(51,208)	(81,124)
ADMINISTRATIVE EXPENSES		(12,761,013)	(12,768,754)	(4,297,383)	(312,346)
FINANCE COSTS		(87,304)	(70,050)	-	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	31	(27,117)	(1,099,364)	(172,761)	-
SHARE OF PROFITS OF EQUITY ACCOUNTED ASSOCIATES		657,556	622,104	-	-
LOSS BEFORE TAXATION	32	(3,838,770)	(3,566,454)	(4,410,242)	(275,663)
INCOME TAX EXPENSE	33	(706,966)	(1,293,214)	-	-
LOSS AFTER TAXATION		(4,545,736)	(4,859,668)	(4,410,242)	(275,663)
OTHER COMPREHENSIVE (EXPENSES)/ INCOME	34				
<u>Items that Will Not be Reclassified Subsequently to profit or loss</u>					
Fair value changes of equity investments		(199)	-	-	-

The annexed notes form an integral part of these financial statements

# Statements of Profit or Loss and Other Comprehensive Income

At 31 March 2019  
cont'd

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
OTHER COMPREHENSIVE (EXPENSES)/ INCOME <i>Cont'd</i>	34				
<u>Items that Will be Reclassified Subsequently to profit or loss</u>					
Fair value changes of available-for-sale financial assets		-	(874)	-	-
Transfer to profit or loss upon disposal of available-for-sale financial assets		-	(41,875)	-	-
Foreign currency translation differences		(172,644)	403,115	-	-
		(172,644)	360,366	-	-
<b>TOTAL OTHER COMPREHENSIVE (EXPENSES)/INCOME</b>		(172,843)	360,366	-	-
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR</b>		(4,718,579)	(4,499,302)	(4,410,242)	(275,663)
<b>LOSS AFTER TAXATION ATTRIBUTABLE TO:-</b>					
Owners of the Company		(4,545,736)	(4,789,564)	(4,410,242)	(275,663)
Non-controlling interest		-	(70,104)	-	-
		(4,545,736)	(4,859,668)	(4,410,242)	(275,663)
<b>TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-</b>					
Owners of the Company		(4,718,579)	(4,440,481)	(4,410,242)	(275,663)
Non-controlling interest		-	(58,821)	-	-
		(4,718,579)	(4,499,302)	(4,410,242)	(275,663)
<b>LOSS PER SHARE (SEN):</b>	35				
- Basic		(1.87)	(1.97)	-	-
- Diluted		(1.87)	(1.97)	-	-

The annexed notes form an integral part of these financial statements

# Statements of Changes in Equity

For the Financial Year Ended 31 March 2019

The Group	Note	Non-Distributable				Distributable				Total Equity	
		Share Capital	Treasury Shares	Share Premium	Share Revaluation Reserve	Foreign Exchange Translation Reserve	Fair Value Reserve	Accumulated Losses	Attributable to Owners of the Company		Non-controlling Interest
		RM	RM	RM	RM	RM	RM	RM	RM	RM	
Balance at 1.4.2017		49,283,000	(867,063)	1,038,157	18,109,735	(520,500)	(20,432)	(3,696,239)	63,326,658	-	63,326,658
Loss after taxation for the financial year		-	-	-	-	-	-	(4,789,564)	(4,789,564)	(70,104)	(4,859,668)
Other comprehensive (expenses)/income for the financial year:											
- Fair value changes of available for-sale financial assets	23.1	-	-	-	-	-	(874)	-	(874)	-	(874)
- Transfer to profit or loss upon disposal of available-for-sale financial assets	23.1	-	-	-	-	-	(41,875)	-	(41,875)	-	(41,875)
- Foreign currency translation differences		-	-	-	-	391,832	-	-	391,832	11,283	403,115
Total comprehensive expenses for the financial year		-	-	-	-	391,832	(42,749)	(4,789,564)	(4,440,481)	(58,821)	(4,499,302)
Balance carried forward		49,283,000	(867,063)	1,038,157	18,109,735	(128,668)	(63,181)	(8,485,803)	58,886,177	(58,821)	58,827,356

The annexed notes form an integral part of these financial statements

# Statements of Changes in Equity

For the Financial Year Ended 31 March 2019

cont'd

The Group	Note	Non-Distributable				Distributable				Total Equity	
		Share Capital	Treasury Shares	Share Premium	Share Revaluation Reserve	Foreign Exchange Translation Reserve	Fair Value Reserve	Accumulated Losses	Attributable to Owners of the Company		Non-controlling Interest
		RM	RM	RM	RM	RM	RM	RM	RM	RM	
Balance brought forward		49,283,000	(867,063)	1,038,157	18,109,735	(128,668)	(63,181)	(8,485,803)	58,886,177	(58,821)	58,827,356
Contributions by and distributions to owners of the Company:											
- Treasury shares sold	21	-	31,513	-	-	-	-	9,358	40,871	-	40,871
- Issuance of shares by a subsidiary to non-controlling interest		-	-	-	-	-	-	-	-	85,167	85,167
- Changes in ownership interests in subsidiary that do not result in loss of control		-	-	-	-	23,706	-	186,483	210,189	(210,189)	-
- Disposal of a subsidiary		-	-	-	-	48,895	-	-	48,895	183,843	232,738
Amortisation of revaluation reserve	23.3	-	-	-	-	72,601	-	195,841	299,955	58,821	358,776
Balance at 31.3.2018		49,283,000	(835,550)	1,038,157	17,871,829	(56,067)	(63,181)	(8,052,056)	59,186,132	-	59,186,132

The annexed notes form an integral part of these financial statements



# Statements of Changes in Equity

For the Financial Year Ended 31 March 2019

cont'd

The Group	Note	Non-Distributable				Distributable				Total Equity	
		Share Capital	Treasury Shares	Share Premium	Share Revaluation Reserve	Foreign Exchange Translation Reserve	Fair Value Reserve	Accumulated Losses	Attributable to Owners of the Company		Non-controlling Interest
		RM	RM	RM	RM	RM	RM	RM	RM	RM	
Balance at 1.4.2018		49,283,000	(835,550)	1,038,157	17,871,829	(56,067)	(63,181)	(8,052,056)	59,186,132	-	59,186,132
Loss after taxation for the financial year		-	-	-	-	-	-	(4,545,736)	(4,545,736)	-	(4,545,736)
Other comprehensive expenses for the financial year:											
- Fair value changes of equity instruments	23.1	-	-	-	-	-	(199)	-	(199)	-	(199)
- Foreign currency translation differences	23.2	-	-	-	-	(172,644)	-	-	(172,644)	-	(172,644)
Total comprehensive expenses for the financial year		-	-	-	-	(172,644)	(199)	(4,545,736)	(4,718,579)	-	(4,718,579)
Balance carried forward		49,283,000	(835,550)	1,038,157	17,871,829	(228,711)	(63,380)	(12,597,792)	54,467,553	-	54,467,553

The annexed notes form an integral part of these financial statements

# Statements of Changes in Equity

For the Financial Year Ended 31 March 2019

cont'd

The Group	Note	Non-Distributable				Distributable				Total Equity	RM
		Share Capital	Treasury Shares	Share Premium	Share Revaluation Reserve	Foreign Exchange Translation Reserve	Fair Value Reserve	Accumulated Losses	Attributable to Owners of the Company		
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance brought forward		49,283,000	(835,550)	1,038,157	17,871,829	(228,711)	(63,380)	(12,597,792)	54,467,553	-	54,467,553
Contributions by and distributions to owners of the Company:											
- Transfer to share capital upon implementation of the Companies Act 2016	22	1,038,157	-	(1,038,157)	-	-	-	-	-	-	-
Amortisation of revaluation reserve	23.3	-	-	-	(237,906)	-	-	237,906	-	-	-
Balance at 31.3.2019		50,321,157	(835,550)	-	17,633,923	(228,711)	(63,380)	(12,359,886)	54,467,553	-	54,467,553

The annexed notes form an integral part of these financial statements

# Statements of Changes in Equity

For the Financial Year Ended 31 March 2019

cont'd

The Company	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Accumulated Losses RM	Total Equity RM
Balance at 1.4.2017		49,283,000	(867,063)	1,038,157	(1,488,873)	47,965,221
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	(275,663)	(275,663)
Contributions by and distributions to owners of the Company:						
- Treasury shares sold	21	-	31,513	-	9,358	40,871
Balance at 31.3.2018/1.4.2018		49,283,000	(835,550)	1,038,157	(1,755,178)	47,730,429
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	(4,410,242)	(4,410,242)
Contributions by and distributions to owners of the Company:						
- Transfer to share capital upon implementation of the Companies Act 2016	22	1,038,157	-	(1,038,157)	-	-
Balance at 31.3.2019		50,321,157	(835,550)	-	(6,165,420)	43,320,187

# Statements of Cash Flows

For the Financial Year Ended 31 March 2019

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Loss before taxation	(3,838,770)	(3,566,454)	(4,410,242)	(275,663)
Adjustments for:-				
Amortisation of intangible asset	17,378	36,795	-	-
Bad debts written off:				
- trade and other receivables	19,308	16,174	-	-
Depreciation of property, plant and equipment	2,979,178	2,972,791	43,684	68,504
Impairment loss:				
- amount owing by an associate	-	697,000	-	-
- amount owing by a subsidiary	-	-	172,761	-
- investment in associates	146,668	-	-	-
- investment in subsidiaries	-	-	3,990,837	-
- other investments	-	58,355	-	-
- other receivables	67,117	344,009	-	-
- property, plant and equipment	1,729,607	619,716	-	-
Intangible assets written off	22,646	-	-	-
Interest expense	90,942	74,385	-	-
Other investment written off	107,770	-	-	-
Property, plant and equipment written off	205,304	271,364	-	-
Accretion of long-term receivables	(12,101)	(12,862)	-	-
Dividend income from other investments	(846)	(4,896)	-	-
Gain on disposal of:				
- other investments	-	(45,250)	-	-
- property, plant and equipment	(3,999)	(24,689)	-	-
Interest income	(186,222)	(315,611)	(11,510)	(21,159)
Net gain on disposal of an associate	(3)	-	-	-
Net gain on disposal of a subsidiary	-	(1,016,722)	-	-
Reversal of impairment loss of amount owing by associates	(40,000)	-	-	-
Share of net profit of equity accounted associates	(59,152)	(431,092)	-	-
Operating profit/(loss) before working capital changes	1,244,825	(326,987)	(214,470)	(228,318)
Decrease in inventories	475,015	7,576	-	-
Decrease/(Increase) in trade and other receivables	85,823	(187,440)	(15,235)	(3,225)
(Decrease)/Increase in trade and other payables	(212,390)	2,360,467	9,342	6,923
<b>CASH FROM/(FOR) OPERATIONS</b>	<b>1,593,273</b>	<b>1,853,616</b>	<b>(220,363)</b>	<b>(224,620)</b>
Income tax paid	(1,243,223)	(684,425)	(19,720)	(23,100)
Income tax refunded	338,883	-	49,200	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD</b>	<b>688,933</b>	<b>1,169,191</b>	<b>(190,883)</b>	<b>(247,720)</b>

The annexed notes form an integral part of these financial statements

# Statements of Cash Flows

For the Financial Year Ended 31 March 2019

cont'd

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		688,933	1,169,191	(190,883)	(247,720)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to associates		-	(537,000)	-	-
Disposal of a subsidiary, net of cash and cash equivalents disposed of	36	-	(146,275)	-	-
Dividend income received		846	4,896	-	-
Interest received		186,222	315,611	11,510	21,159
Investments in associates		(480)	(549,600)	-	-
Payment for intangible asset		(10,152)	(20,294)	-	-
Placement of deposits pledged with licensed banks		(8,779)	(10,649)	-	-
Proceeds from disposal of:					
- an associate		3	-	-	-
- other investments		-	119,250	-	-
- property, plant and equipment		4,425	24,748	-	-
Repayment from associates		4,000	-	-	-
Repayment from/(Advance to) subsidiaries		-	-	542,890	(50,750)
Purchase of other investments		-	(58,355)	-	-
Purchase of property, plant and equipment	37(a)	(6,331,804)	(5,195,308)	(23,040)	-
Redemption of preferred shares from associated company		118,000	-	-	-
Withdrawal of deposits with maturity periods more than three months		-	2,500,000	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(6,037,719)	(3,552,976)	531,360	(29,591)
BALANCE CARRIED FORWARD		(5,348,786)	(2,383,785)	340,477	(277,311)

The annexed notes form an integral part of these financial statements

# Statements of Cash Flows

For the Financial Year Ended 31 March 2019

cont'd

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
BALANCE BROUGHT FORWARD		(5,348,786)	(2,383,785)	340,477	(277,311)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment to subsidiaries		-	-	(721,608)	-
Advances from subsidiaries	37(b)	-	-	-	126,754
Net cash inflow from issuance of shares by subsidiaries to non-controlling interests		-	85,167	-	-
Interest paid		(90,942)	(74,385)	-	-
Repayment of hire purchase obligations	37(b)	(75,545)	(40,527)	-	-
Repayment of term loans	37(b)	(49,774)	(53,602)	-	-
Resale of treasury shares		-	40,871	-	40,871
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(216,261)	(42,476)	(721,608)	167,625
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,565,047)	(2,426,261)	(381,131)	(109,686)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(172,644)	478,336	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		10,830,899	12,778,824	786,792	896,478
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(c)	5,093,208	10,830,899	405,661	786,792

The annexed notes form an integral part of these financial statements

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business, are at D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 July 2019.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

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

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

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MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 - Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 - 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements other than the new classification of financial assets under MFRS 9 which is disclosed in Note 43.3 to the financial statements. This is because the measurement of financial assets under MFRS 9 and the timing and amount of revenue recognised under MFRS 15 are consistent to the Group's current practice.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 3. BASIS OF PREPARATION *cont'd*

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment of Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

(i) MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

(ii) Amendments to MFRS 128: Long-term Interests in Associate and Joint Venture

The amendments to MFRS 128 clarify that MFRS 9 shall apply to long-term interests in associates and joint ventures before applying the loss allocation and impairment requirements of MFRS 128. Furthermore, in applying MFRS 9 to long-term interests, an entity should not take into account of any adjustments to the carrying amount of the long-term interests that result from the application of MFRS 128.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

#### (a) Impairment of Property, Plant and Equipment

The Group determines whether its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

#### (b) Impairment of Investment in Associates

The Group determines whether its investment in associates is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of investment in associates as at the reporting date is disclosed in Note 6 to the financial statements.

#### (c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 13 to the financial statements.

#### (d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 14 to the financial statements.

#### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.2 BASIS OF CONSOLIDATION *cont'd*

#### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2018 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

#### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

#### (c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES *cont'd*

#### (c) Foreign Operations *cont'd*

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

### 4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.4 FINANCIAL INSTRUMENTS *cont'd*

#### (a) Financial Assets *cont'd*

##### *Debt Instruments*

##### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

##### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

##### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

##### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.4 FINANCIAL INSTRUMENTS *cont'd*

#### (b) Financial Liabilities

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

##### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

#### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.4 FINANCIAL INSTRUMENTS *cont'd*

#### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### Accounting Policies Applied Until 31 March 2018

The Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening of financial position on 1 April 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.
- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of investments includes transaction costs.

On the disposal of the investments in subsidiaries the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### 4.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of the investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2018 - MFRS 139). Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

### 4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Leasehold land and buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.7 PROPERTY, PLANT AND EQUIPMENT *cont'd*

Land and buildings are revalued periodically, at least once in every five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease periods
Buildings	2%
Plant and machinery	20%
Motor vehicles	20%
Renovation, furniture and fittings	10 - 20%
Equipment and electrical installation	10 - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used by the Group. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

### 4.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.8 INVESTMENT PROPERTIES *cont'd*

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

### 4.9 INTANGIBLE ASSETS

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

#### (a) Trademarks

The purchased trademarks are stated at cost less accumulated amortisation and impairment losses, if any. The trademarks are amortised over their remaining useful lives. In the event that the expected future economic benefits are no longer probable of being recovered, the trademarks are written down to their recoverable amounts.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.10 LEASED ASSETS

#### (a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

#### (b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

### 4.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price, production costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of production and the estimated costs necessary to make the sale.

### 4.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### 4.13 IMPAIRMENT

#### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables, as well as on financial guarantee contracts.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.13 IMPAIRMENT *cont'd*

#### (a) Impairment of Financial Assets *cont'd*

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

#### Accounting Policy Applied Until 31 March 2018

The Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening of financial position on 1 April 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of the Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

#### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.13 IMPAIRMENT *cont'd*

#### (b) Impairment of Non-financial Assets *cont'd*

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

### 4.14 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

### 4.15 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

#### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

### 4.16 INCOME TAXES

#### (a) Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are 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).

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.16 INCOME TAXES *cont'd*

#### (b) Deferred tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

### 4.17 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

### 4.18 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.19 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares and share options granted to employees.

### 4.20 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

### 4.21 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### 4.22 REVENUE FROM CONTRACTS WITH CUSTOMER

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.22 REVENUE FROM CONTRACTS WITH CUSTOMER *cont'd*

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

#### (a) Sale of Food and Beverage

Revenue from sale of food and beverage is recognised when the Group has transferred control of the food and beverage to the customer, being when the food and beverage have been delivered to the customer and upon its acceptance. Payment of the transaction is due at the point the food and beverage being accepted by the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### (b) Service Fee Income

Service fee income represents service charge to customers at the Group's restaurants and is recognised at the point of sales.

#### (c) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

### 4.23 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

#### (a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

#### (b) Rental Income

Rental income is accounted for on a straight-line method over the lease term unless collectability is in doubt.

#### (c) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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## 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Unquoted shares, at cost	47,109,805	47,109,805
Accumulated impairment losses	(7,470,837)	(3,480,000)
	<b>39,638,968</b>	<b>43,629,805</b>
Accumulated impairment losses:-		
At 1 April	(3,480,000)	(3,480,000)
Addition during the financial year	(3,990,837)	-
At 31 March	<b>(7,470,837)</b>	<b>(3,480,000)</b>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parents		Principal Activities
		2019 %	2018 %	
Restoran Oversea (Imbi) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Subang Parade) Sdn. Bhd.^	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Oversea Training Academy Sdn. Bhd.	Malaysia	100	100	Training provider.
Haewaytian Restaurant Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Tsim Tung Sdn. Bhd.^	Malaysia	100	100	Restaurant operator.
Haewaytian Cake House Sdn. Bhd.	Malaysia	100	100	Manufacturer and wholesaler of confectioneries.
Haewaytian Food Industries Sdn. Bhd.	Malaysia	100	100	Distributor of food products.
Restoran Oversea Confectioneries Sdn. Bhd.	Malaysia	100	100	Manufacturer and wholesaler of confectioneries.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 5. INVESTMENTS IN SUBSIDIARIES *cont'd*

The details of the subsidiaries are as follows:- *cont'd*

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parents		Principal Activities
		2019 %	2018 %	
Tenshou International Sdn. Bhd.	Malaysia	100	100	Retailer of foodstuff.
Haewaytian Trading Sdn. Bhd.	Malaysia	100	100	Distributing general products.
Restoran Oversea Holdings Sdn. Bhd.	Malaysia	100	100	Owner of trademark.
Restoran Oversea JV (International) Sdn. Bhd.	Malaysia	100	100	Investment holding.
Ipoh Group Limited # *	Hong Kong	100	100	Restaurant and cafe operator.
Restoran Oversea Hong Kong Dim Sum Sdn. Bhd.*	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Skyplaza GH) Sdn. Bhd.*	Malaysia	100	100	Restaurant operator.
Restoran Oversea (P.J.) Sdn. Bhd. ^	Malaysia	100	100	Dormant.
Restaurant Oversea (CST) Sdn. Bhd. (formerly known as Tunas Citarasa Sdn. Bhd)*	Malaysia	100	100	Restaurant operator.

Notes:-

- ^ - *The subsidiary has ceased its business operations.*
- # - *This subsidiary was audited by another firm of chartered accountant.*
- \* - *Held through Restoran Oversea JV (International) Sdn. Bhd.*

During the financial year, the Company carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment loss of RM3,990,837 (2018 - RM Nil), representing in the writedown of the investments to their recoverable amounts was recognised in "Administrative Expenses" line item of the statement of profit or loss and other comprehensive income.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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## 6. INVESTMENTS IN ASSOCIATES

	The Group	
	2019 RM	2018 RM
Unquoted shares, at cost	621,768	2,342,088
Share of post-acquisition profits/(losses), net of dividend received	215,797	(80,294)
	837,565	2,261,794
Accumulated impairment losses	(146,668)	(661,881)
	690,897	1,599,913
Accumulated impairment losses:-		
At 1 April	(661,881)	(661,881)
Addition during the financial year	(146,668)	-
Reversal during the financial year	661,881	-
At 31 March	(146,668)	(661,881)

The details of associates are as follows:-

Name of Associate	Principal place of Business	Effective Equity Interest		Principal Activities
		2019 %	2018 %	
Burger Foundry Australia Pty. Ltd.	Australia	-	30.1	Restaurant operator.
Wanhohi GH Sdn. Bhd.	Malaysia	20.0	20.0	Restaurant operator.
Santaisan Sdn. Bhd.	Malaysia	19.9	33.3	Investment holding.
Blissful Intuition Sdn. Bhd.	Malaysia	-	35.0	Investment holding.

- (a) During the financial year, the Group disposed of its entire equity interest in Burger Foundry Australia Pty. Ltd ("BFA") for a cash consideration of AUD 1 which is equivalent to RM3. In the previous year, the Group did not recognise losses relating to BFA, as its share of losses exceeded the Group's interest in BFA. The Group has no obligation in respect of these losses. Full impairment loss has been recognised in "Administrative Expenses" line item of the statement of profit or loss and other comprehensive income in the previous financial year as BFA was operating at a loss. Consequently, the gain on disposal in BFA was recognised in "Other Income" line item of the statement of profit or loss and other comprehensive income.
- (b) The statutory financial year end of Wanhohi GH Sdn. Bhd. and its subsidiary ("Wanhohi GH Group") is 31 December. The share of results in Wanhohi GH Group is based on the unaudited financial statements for the 12 months ended 31 March 2019.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 6. INVESTMENTS IN ASSOCIATES *cont'd*

- (c) During the financial year, Santaisan Sdn. Bhd. ("SAN"), an indirect associate of the Company, has increased its issued share capital from 900 to 1,501. The entire allotment of shares of 601 were allotted to non-controlling interests. Consequently, the Group's equity interest in SAN was diluted from 33.3% to 19.9% and remained an associate to the Group. Although the Group holds less than 20% of the voting power in SAN, the Group is able to exercise significant influence because it has representation on the board of directors of the associate.

The statutory financial year end of Santaisan Sdn. Bhd. and its wholly-owned subsidiaries ("Santaisan Group") is 31 December. The share of results in Santaisan Group is based on the unaudited financial statements for the 12 months ended 31 March 2019.

- (d) Blissful Intuition Sdn. Bhd. ("BI"), an indirect associate of the Company, has increased its issued share capital from RM10,000 to RM20,000. The Group subscribed for 480 ordinary shares and the remaining shares were allotted to non-controlling interests. Consequently, the Group's equity interest in BI was diluted from 35% to 19.9% and accordingly accounted for as other investment to the Group.

The summarised unaudited financial information for each associate that is material to the Group is as follows:-

	<b>Wanhoi GH Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<u>At 31 March</u>		
Non-current assets	1,836,248	2,364,888
Current assets	2,772,192	2,515,533
Non-current liabilities	(581,936)	-
Current liabilities	(1,254,606)	(1,874,415)
Net assets	2,771,898	3,006,006
Less: Non-controlling interests	(177,857)	-
Net assets attributable to owners of Wanhoi GH Group	2,594,041	3,006,006
<u>12-month Period Ended 31 March</u>		
Revenue	16,441,732	17,324,872
Profit after taxation/Total comprehensive income attributable to owners of Wanhoi GH Group	2,508,218	3,530,178
Group's share of profit after taxation/Total comprehensive income for the financial year	451,186	709,291
Dividend received	439,985	183,146
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets	518,808	601,201
Goodwill	-	-
Carrying amount of the Group's interests in this associate	518,808	601,201

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 6. INVESTMENTS IN ASSOCIATES *cont'd*

The summarised unaudited financial information for each associate that is material to the Group is as follows:-  
*cont'd*

	<b>Santaisan Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<u>At 31 March</u>		
Non-current assets	2,419,579	2,644,108
Current assets	3,535,348	2,176,475
Non-current liabilities	(426,215)	-
Current liabilities	(3,589,889)	(3,934,859)
Net assets	1,938,823	885,724
Less: Non-controlling interests	(1,077,806)	-
Net assets attributable to owners of Santaisan Group	861,017	885,724
<u>12-month Period Ended 31 March</u>		
Revenue	18,151,458	10,860,623
Profit/(Loss) after taxation/Total comprehensive income/(expenses) attributable to owners of Santaisan Group	1,240,107	(261,586)
Group's share of profit/(loss) after taxation/Total comprehensive income/(expenses) for the financial year	264,184	(87,187)
Dividend received	158,419	7,866
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets	172,089	295,212
Goodwill	-	-
Carrying amount of the Group's interests in this associate	172,089	295,212

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 6. INVESTMENTS IN ASSOCIATES *cont'd*

The summarised unaudited financial information for each associate that is material to the Group is as follows:-  
*cont'd*

	Blissful Group	
	2019	2018
	RM	RM
At 31 March		
Non-current assets	-	6,420
Current assets	-	703,580
Net assets	-	710,000
12-month Period Ended 31 March		
Revenue	-	-
Profit after taxation/Total comprehensive income for the financial year	-	-
Group's share of profit after taxation/Total comprehensive income for the financial year	-	-
Reconciliation of Net Assets to Carrying Amount		
Group's preference shares in this associate	-	700,000
Group's share of net assets	-	3,500
Goodwill	-	-
Carrying amount of the Group's interests in this associate	-	703,500

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT

	At 1.4.2018		Additions		Disposal		Write-offs		Impairment Loss		Transfer		Depreciation Charges		At 31.3.2019	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>The Group</b>																
<b>2019</b>																
<i>Carrying Amount</i>																
Freehold land	5,860,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,860,000
Freehold buildings	6,998,400	-	-	-	-	-	-	-	-	-	-	-	(145,800)	-	6,852,600	
Leasehold land	17,089,556	-	-	-	-	-	-	-	-	-	-	-	(227,486)	-	16,862,070	
Leasehold buildings	10,801,996	-	-	-	-	-	-	-	-	-	-	-	(225,029)	-	10,576,967	
Plant and machinery	463,559	35,116	-	-	-	-	-	-	(23,840)	-	-	-	(218,365)	-	256,470	
Motor vehicles	856,665	206,421	-	-	-	-	-	-	-	-	-	-	(334,340)	-	728,746	
Renovation, furniture and fittings	3,365,199	3,202,563	-	(80,976)	-	-	-	(80,976)	(831,604)	-	567,172	-	(1,169,588)	-	5,052,766	
Equipment and electrical installation	1,287,720	2,987,104	(426)	(124,328)	(426)	-	(124,328)	(874,163)	(874,163)	-	155,058	-	(658,570)	-	2,772,395	
Capital work-in-progress	741,892	-	-	-	-	-	-	-	-	-	(722,230)	-	-	-	19,662	
	47,464,987	6,431,204	(426)	(205,304)	(426)	(205,304)	(1,729,607)	(1,729,607)	(1,729,607)	-	-	-	(2,979,178)	-	48,981,676	

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group	At	Additions	Disposal	Write-offs	Impairment Loss	Disposal of Subsidiary	Foreign Exchange Differences	Depreciation Charges	At
	1.4.2017								31.3.2018
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>Carrying Amount</i>									
Freehold land	5,860,000	-	-	-	-	-	-	-	5,860,000
Freehold buildings	7,144,200	-	-	-	-	-	(145,800)	(145,800)	6,998,400
Leasehold land	17,317,040	-	-	-	-	-	(227,484)	(227,484)	17,089,556
Leasehold buildings	11,027,025	-	-	-	-	-	(225,029)	(225,029)	10,801,996
Plant and machinery	565,535	156,519	(1)	-	-	-	(258,494)	(258,494)	463,559
Motor vehicles	748,437	433,773	(3)	(2,954)	(1)	-	(322,587)	(322,587)	856,665
Renovation, furniture and fittings	2,285,575	2,225,000	(53)	(152,620)	(155,247)	-	(837,456)	(837,456)	3,365,199
Equipment and electrical installation	1,678,977	1,796,124	(2)	(115,790)	(464,468)	(574,811)	(76,369)	(955,941)	1,287,720
Capital work-in-progress	-	741,892	-	-	-	-	-	-	741,892
	46,626,789	5,353,308	(59)	(271,364)	(619,716)	(574,811)	(76,369)	(2,972,791)	47,464,987



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group	At Cost RM	At Valuation RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
<b>2019</b>					
Freehold land	-	5,860,000	-	-	5,860,000
Freehold buildings	-	7,290,000	(437,400)	-	6,852,600
Leasehold land	382,555	17,160,000	(680,485)	-	16,862,070
Leasehold buildings	61,439	11,190,000	(674,472)	-	10,576,967
Plant and machinery	8,991,869	-	(8,711,559)	(23,840)	256,470
Motor vehicles	3,253,058	-	(2,524,311)	(1)	728,746
Renovation, furniture and fittings	19,959,379	-	(13,919,762)	(986,851)	5,052,766
Equipment and electrical installation	10,519,444	-	(6,408,418)	(1,338,631)	2,772,395
Capital work-in-progress	19,662	-	-	-	19,662
	43,187,406	41,500,000	(33,356,407)	(2,349,323)	48,981,676
<b>2018</b>					
Freehold land	-	5,860,000	-	-	5,860,000
Freehold buildings	-	7,290,000	(291,600)	-	6,998,400
Leasehold land	382,555	17,160,000	(452,999)	-	17,089,556
Leasehold buildings	61,439	11,190,000	(449,443)	-	10,801,996
Plant and machinery	8,989,753	-	(8,526,194)	-	463,559
Motor vehicles	3,046,637	-	(2,189,971)	(1)	856,665
Renovation, furniture and fittings	17,993,372	-	(14,472,926)	(155,247)	3,365,199
Equipment and electrical installation	9,093,340	-	(7,341,152)	(464,468)	1,287,720
Capital work-in-progress	741,892	-	-	-	741,892
	40,308,988	41,500,000	(33,724,285)	(619,716)	47,464,987

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Company	At 1.4.2018 RM	Addition RM	Depreciation Charges RM	At 31.3.2019 RM
<b>2019</b>				
<i>Carrying Amount</i>				
Renovation, furniture and fittings	98,552	-	(14,624)	83,928
Equipment and electrical installation	51,410	23,040	(29,060)	45,390
	149,962	23,040	(43,684)	129,318
		At 1.4.2017 RM	Depreciation Charges RM	At 31.3.2018 RM
<b>2018</b>				
<i>Carrying Amount</i>				
Renovation, furniture and fittings		113,176	(14,624)	98,552
Equipment and electrical installation		105,290	(53,880)	51,410
		218,466	(68,504)	149,962
		At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2019</b>				
Renovation, furniture and fittings		146,239	(62,311)	83,928
Equipment and electrical installation		302,513	(257,123)	45,390
		448,752	(319,434)	129,318
<b>2018</b>				
Renovation, furniture and fittings		146,239	(47,687)	98,552
Equipment and electrical installation		279,473	(228,063)	51,410
		425,712	(275,750)	149,962

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

- (a) The carrying amounts of the property, plant and equipment which have been pledged to licensed banks as security for banking facilities granted to the Group are as follows:-

	The Group	
	2019 RM	2018 RM
Leasehold land	2,155,599	2,185,241
Leasehold buildings	377,967	385,996
	2,533,566	2,571,237

- (b) Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicles with a total carrying amount of RM471,586 (2018 - RM563,573), which were acquired under hire purchase terms. These leased assets had been pledged as security for the related finance leased liabilities of the Group in Note 25 to the financial statements.

- (c) The leasehold land is amortised over 58 - 88 years.

- (d) If the land and buildings were measured using the cost model, the carrying amounts would be as follows:-

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2019</b>			
Freehold land and buildings	8,886,730	(1,386,784)	7,499,946
Leasehold land and buildings	11,479,368	(1,309,242)	10,170,126
	20,366,098	(2,696,026)	17,670,072
<b>2018</b>			
Freehold land and buildings	8,886,730	(1,210,396)	7,676,334
Leasehold land and buildings	11,479,368	(1,172,587)	10,306,781
	20,366,098	(2,382,983)	17,983,115

- (e) During the financial year, the Group has carried out a review of the recoverable amount of certain equipment in subsidiaries which had been persistently making losses. An impairment loss of RM1,729,607 (2018 - RM619,716), representing the writedown of the equipment to the recoverable amount was recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 32 to the financial statements.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 8. INVESTMENT PROPERTIES

	The Group	
	2019 RM	2018 RM
Freehold land and buildings, at fair value	2,450,000	2,450,000

Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

The details of the Group's investment properties carried at fair values are analysed as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2019/2018</b>				
Shoplot	-	1,473,500	-	1,473,500
Terrace house	-	950,000	-	950,000
Carpark	-	26,500	-	26,500
	-	2,450,000	-	2,450,000

## 9. OTHER INVESTMENTS

	The Group	
	2019 RM	2018 RM
Fair Value Through Other Comprehensive Income (2018: Available-for-sale)		
- Quoted shares in Malaysia	16,200	10,800
- Quoted shares outside Malaysia	16,838	22,437
	33,038	33,237
Fair value through Other Comprehensive Income (2018: Cost)		
- Unquoted shares in Malaysia	3,980	-
- Golf club membership	-	107,770
	3,980	107,770
Amortised cost	700,000	-
	737,018	141,007

### Equity Investments at Fair Value Through Other Comprehensive Income

At 1 April 2018, the Group designated its investments in quoted and unquoted shares to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 10. INTANGIBLE ASSET

	The Group	
	2019 RM	2018 RM
Trademark, at cost:-		
At 1 April	452,213	431,919
Addition during the financial year	10,152	20,294
Written off during the financial year	(27,836)	-
At 31 March	434,529	452,213
Amortisation of intangible asset	(373,454)	(361,266)
	61,075	90,947
Amortisation of intangible asset:-		
At 1 April	(361,266)	(324,471)
Amortisation during the financial year	(17,378)	(36,795)
Written off during the financial year	5,190	-
At 31 March	(373,454)	(361,266)

## 11. LONG-TERM RECEIVABLES

	The Group	
	2019 RM	2018 RM
Minimum staff loan repayments:		
- within one year	76,578	81,844
- within two to five years	105,830	101,995
- more than five years	-	3,000
	182,408	186,839
Less: Prepaid operating expenses	(21,142)	(23,010)
	161,266	163,829

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 11. LONG-TERM RECEIVABLES *cont'd*

The fair value of staff loans are repayable as follows:-

	The Group	
	2019	2018
	RM	RM
Current (Note 15):		
- within one year	76,578	81,844
Non-current:		
- within two to five years	84,688	80,206
- more than five years	-	1,779
	84,688	81,985
	161,266	163,829
Prepaid operating expenses:-		
At 1 April	(23,010)	(31,584)
Addition during the financial year	(10,233)	(4,288)
Accretion of long-term receivables	12,101	12,862
Recognised in profit or loss during the financial year	1,868	8,574
At 31 March	(21,142)	(23,010)

The staff loans are unsecured, interest-free and to be settled in cash. The staff loans are recognised initially at fair value. The difference between the fair value and the nominal loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of prepaid operating expenses.

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2019	2018
	RM	RM
At 1 April	(5,742,584)	(5,450,727)
Recognised in profit or loss during the financial year (Note 33)	284,207	(293,005)
Foreign exchange differences	-	1,148
At 31 March	(5,458,377)	(5,742,584)
Presented as follows:-		
Deferred tax assets	49,000	49,000
Deferred tax liabilities	(5,507,377)	(5,791,584)
	(5,458,377)	(5,742,584)

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 12. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

The deferred tax assets/(liabilities) recognised at the end of the reporting period before appropriate off-setting are as follows:-

	The Group	
	2019	2018
	RM	RM
Deferred tax assets:-		
Impairment losses	49,000	49,000
Deferred tax liabilities:-		
Property, plant and equipment:		
- arising from revaluation surplus	(4,709,601)	(4,834,561)
- accelerated capital allowances over depreciation	(784,100)	(943,347)
Investment properties	(13,676)	(13,676)
	(5,507,377)	(5,791,584)
	(5,458,377)	(5,742,584)

The deferred tax assets on unutilised tax losses have been recognised on the basis of the Group's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The unutilised tax losses can be carried forward to subsequent financial years until fully utilised.

No deferred tax assets are recognised at the end of the reporting period on the following items:-

	The Group	
	2019	2018
	RM	RM
Accelerated capital allowance over depreciation	(837,988)	(28,663)
Excess of depreciation over capital allowance	146,584	94,564
Unabsorbed capital allowances	2,644,774	1,246,471
Unutilised tax losses	10,402,764	5,956,114
	12,356,134	7,268,486

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The unused tax losses expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source subject to no substantial change in shareholders of the subsidiaries.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 13. INVENTORIES

	The Group	
	2019	2018
	RM	RM
At cost:-		
Food	3,697,735	4,529,244
Beverage	378,642	214,646
Raw materials	540,788	102,452
Packing materials	147,174	562,899
Finished goods	276,277	106,390
	5,040,616	5,515,631

None of the inventories is carried at net realisable value.

	The Group	
	2019	2018
	RM	RM
Recognised in profit or loss:-		
Inventories recognised as cost of sales	19,119,835	20,973,375

## 14. TRADE RECEIVABLES

	The Group	
	2019	2018
	RM	RM
Trade receivables	1,231,750	1,317,147
Allowance for impairment losses	(733,342)	(733,342)
	498,408	583,805

The Group's normal trade credit terms range from cash term to 60 (2018 - cash term to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables is an amount of RM96,791 (2018 - RM105,946) owing by the related parties. The amount owing is unsecured, interest-free and subject to the normal trade credit terms. The amount owing is to be settled in cash.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	530,751	806,472	152	5,127
Deposits	1,987,529	1,750,694	56,096	44,340
Prepayments	325,089	296,539	28,587	20,133
	2,843,369	2,853,705	84,835	69,600
Allowance for impairment losses	(411,126)	(344,009)	-	-
	2,432,243	2,509,696	84,835	69,600

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Allowance for impairment loss:-				
At 1 April	(344,009)	-	-	-
Addition during the financial year (Note 31)	(67,117)	(344,009)	-	-
At 31 March	(411,216)	(344,009)	-	-

Included in the other receivables are staff loans of RM76,578 (2018 - RM81,844) as disclosed in Note 11 to the financial statements.

## 16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

Amount Owing by Subsidiaries	The Company	
	2019 RM	2018 RM
Non-trade balances	7,859,922	8,402,812
Allowance for impairment losses	(172,761)	-
	7,687,161	8,402,812
Allowance for impairment losses:-		
At 1 April	-	-
Addition during the financial year (Note 31)	172,761	-
At 31 March	172,761	-
<b>Amount Owing to Subsidiaries</b>		
Non-trade balances	4,437,441	5,159,049

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 17. AMOUNT OWING BY ASSOCIATES

	The Group	
	2019 RM	2018 RM
Non-trade balances	2,757,400	2,761,400
Allowance for impairment losses	(2,581,300)	(2,621,300)
	176,100	140,100
Allowance for impairment losses:-		
At 1 April	(2,621,300)	(1,924,300)
Addition during the financial year (Note 31)	-	(697,000)
Reversal during the financial year (Note 31)	40,000	-
At 31 March	(2,581,300)	(2,621,300)

The non-trade balances are unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

## 18. SHORT-TERM INVESTMENTS WITH FINANCIAL INSTITUTIONS

	The Group 2019		The Group 2018	
	Carrying amount	Market Value	Carrying Amount	Market Value
	RM	RM	RM	RM
Money market fund, at fair value	44,584	44,584	43,238	43,238

The short-term investments are designated as financial asset at fair value through profit or loss and are measured at fair value.

## 19. DEPOSITS WITH LICENSED BANKS

The effective interest rates of deposits at the end of the reporting period were as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	%	%	%	%
Effective interest rates	2.75 to 3.35	2.74 to 3.70	3.00 to 3.20	2.74 to 3.20

The maturity periods of deposits at the end of the reporting period were as follows:-

	The Group		The Company	
	2019	2018	2019	2018
Maturity period (month)	1 to 12	1 to 12	1	1

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 19. DEPOSITS WITH LICENSED BANKS *cont'd*

Included in the deposits with licensed banks of the Group at the end of the reporting period was an amount of RM456,958 (2018 - RM448,179) which has been pledged to licensed banks as security for banking facilities granted to the Group.

Included in the deposits with licensed bank of the Group at the end of the reporting period was an amount of RM249,042 (2018 - RM243,942) which was held in trust for the Group by a director. The deposits will be transferred to the Group at a time to be directed by the Group.

## 20. SHARE CAPITAL

	The Group/The Company			
	2019	2018	2019	2018
	Number Of Shares		RM	RM
<b>Issued and Fully Paid-up</b>				
Ordinary Shares				
At 1 April	246,415,000	246,415,000	49,283,000	49,283,000
Transfer from share premium account	-	-	1,038,157	-
At 31 March	246,415,000	246,415,000	50,321,157	49,283,000

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

## 21. TREASURY SHARES

	The Group/ The Company	
	2019	2018
	RM	RM
At 1 April	835,550	867,063
Treasury shares sold	-	(31,513)
At 31 March	835,550	835,550

The amount relates to the acquisition cost of treasury shares.

In the previous financial year, the Company reissued its treasury shares by resale in the open market. Details are as follows:-

Date	Price Per Share RM	Number of Shares	Total Consideration RM	Total Cost RM
At 1 April 2017		4,047,100	-	867,063
5 April 2017	0.28	(47,100)	13,086	(10,090)
6 April 2017	0.28	(100,000)	27,785	(21,423)
		3,900,000	40,871	835,550

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 21. TREASURY SHARES *cont'd*

The total shares purchased under the share buy-back program were financed by internally generated funds. The ordinary shares purchased were retained as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

The proceeds from the resale of treasury shares were utilised as working capital in the previous financial year.

## 22. SHARE PREMIUM

	The Group/ The Company	
	2019 RM	2018 RM
At 1 April	1,038,157	1,038,157
Transfer to share capital pursuant to the Companies Act 2016	(1,038,157)	-
At 31 March	-	1,038,157

## 23. RESERVES

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Fair value reserve	23.1	(63,380)	(63,181)	-	-
Foreign exchange translation reserve	23.2	(228,711)	(56,067)	-	-
Revaluation reserve	23.3	17,633,923	17,871,829	-	-
Accumulated losses		(12,359,886)	(8,052,056)	(6,165,420)	(1,755,178)
		4,981,946	9,700,525	(6,165,420)	(1,755,178)

### 23.1 Fair Value Reserve

	The Group	
	2019 RM	2018 RM
At 1 April	(63,181)	(20,432)
Fair value loss on investment in quoted shares (Note 9)	(199)	(874)
Reversal upon disposal of investment in quoted shares	-	(41,875)
At 31 March	(63,380)	(63,181)

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income (2018 - available-for-sale financial assets).

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 23. RESERVES *cont'd*

### 23.2 Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiary whose functional currency is different from the Group's presentation currency.

### 23.3 Revaluation Reserve

	The Group	
	2019 RM	2018 RM
At 1 April	17,871,829	18,109,735
Amortisation of revaluation reserve	(237,906)	(237,906)
At 31 March	17,633,923	17,871,829

The revaluation reserve represents the increase in the fair value of land and buildings of the Group (net of deferred tax, where applicable) presented under property, plant and equipment.

## 24. LONG-TERM BORROWINGS

	The Group	
	2019 RM	2018 RM
Hire purchase payables (Note 25)	243,826	236,006
Term loans (Note 26)	1,230,790	1,279,501
	1,474,616	1,515,507

## 25. HIRE PURCHASE PAYABLES

	The Group	
	2019 RM	2018 RM
Minimum hire purchase payments:		
- not later than 1 year	99,936	78,729
- later than one year and not later than 5 years	247,106	259,845
- later than 5 years	20,777	-
	367,819	338,574
Less: Future finance charges	(40,671)	(35,281)
Present value of hire purchase payables	327,148	303,293
Analysed by:-		
Current liabilities (Note 29)	83,322	67,287
Non-current liabilities (Note 24)	243,826	236,006
	327,148	303,293

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 25. HIRE PURCHASE PAYABLES *cont'd*

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase as disclosed in Note 7 to the financial statements. The hire purchase arrangements are expiring from 3 to 7 (2018 - 4 to 5) years.
- (b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.66% to 6.69% (2018 - 4.66% to 6.20%) per annum. The interest rate is fixed at the inception of the hire purchase arrangements.

## 26. TERM LOANS

	The Group	
	2019 RM	2018 RM
Current liabilities (Note 29)	55,519	56,582
Non-current liabilities (Note 24)	1,230,790	1,279,501
	1,286,309	1,336,083

Details of the repayment terms are as follows:-

Term Loan	Number of Monthly Instalment	Monthly Instalments RM	Date of Commencement of Repayment	The Group Amount Outstanding	
				2019 RM	2018 RM
1	240	3,930	18.7.2014	532,109	550,700
2	240	3,930	18.7.2014	527,602	546,454
3	180	1,984	1.11.2016	226,598	238,929
				1,286,309	1,336,083

The term loans bore effective interest rates ranging from 4.69% to 4.72% (2018 - 4.84% to 4.97%) per annum at the end of the reporting period and are secured by:-

- (a) a first legal charge over certain properties of the Group as disclosed in Note 7 to the financial statements; and
- (b) a joint and several guarantee of certain directors of the Group.

## 27. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2018 - 30 to 90) days.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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## 28. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables:-				
Third parties	1,343,680	845,479	40,639	23,941
Goods and services tax payable	534,978	417,841	-	6,280
	1,878,658	1,263,320	40,639	30,221
Accruals	899,459	772,582	165,496	166,572
Deposits received	344,387	301,015	-	-
	3,122,504	2,336,917	206,135	196,793

## 29. SHORT-TERM BORROWINGS

	The Group	
	2019 RM	2018 RM
Hire purchase payables (Note 25)	83,322	67,287
Term loans (Note 26)	55,519	56,582
	138,841	123,869

## 30. REVENUE

	The Group	
	2019 RM	2018 RM
<u>Revenue from Contracts with Customers</u>		
Sale of food and beverage	43,210,347	47,378,695
Sale of moon cakes and other baked products	11,981,164	11,138,763
	55,191,511	58,517,458
<u>Revenue from Other Sources</u>		
Interest income	19,250	-
	55,210,761	58,517,458

The information on the disaggregation of revenue is disclosed in Note 40 to the financial statements.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 31. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other Investment:				
Allowance for impairment loss during the financial year (MFRS 139)	-	58,355	-	-
Other Receivables (Note 15):				
Allowance for impairment loss during the financial year:				
Additions individually impaired under MFRS 139	-	344,009	-	-
Additions under MFRS 9	67,117	-	-	-
<u>Amount Owing by Subsidiary (Note 16):</u>				
Allowance for impairment loss during the financial year (MFRS 9)	-	-	172,761	-
<u>Amount Owing by Associates (Note 17):</u>				
Allowance for impairment loss during the financial year (MFRS 139)	-	697,000	-	-
Reversal of impairment losses during the financial year	(40,000)	-	-	-
	27,117	1,099,364	172,761	-



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 32. LOSS BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before taxation is arrived at after charging/ (crediting):-				
Amortisation of intangible asset	17,378	36,795	-	-
Audit fee:				
- for the financial year	219,816	205,841	29,000	27,000
- underprovision in the previous financial year	13,000	5,000	2,000	2,000
Bad debts written off:				
- trade and other receivables	19,308	16,174	-	-
Depreciation of property, plant and equipment	2,979,178	2,972,791	43,684	68,504
Directors' remuneration	2,595,983	2,611,566	108,000	108,000
Impairment loss:				
- investments in associates	146,668	-	-	-
- investments in subsidiaries	-	-	3,990,837	-
- property, plant and equipment	1,729,607	619,716	-	-
Intangible assets written off	22,646	-	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdraft	8,534	-	-	-
- hire purchase	19,937	12,008	-	-
- term loans	62,471	62,377	-	-
Other investments written off	107,770	-	-	-
Property, plant and equipment written off	205,304	271,364	-	-
Realised loss on foreign exchange	852	71,586	-	-
Rental of premises	4,374,340	4,427,491	-	-
Rental of plant and machineries	131,704	114,703	-	-
Reversal of impairment loss on investment in associates	661,881	-	-	-

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 32. LOSS BEFORE TAXATION *cont'd*

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before taxation is arrived at after charging/ (crediting) <i>cont'd</i> :-				
Staff costs:				
- salaries, wages, bonuses and allowances	18,792,509	19,717,540	-	-
- defined contribution plan	1,671,393	1,745,579	-	-
- other benefits	963,289	944,109	-	-
Accretion of long-term receivables	(12,101)	(12,862)	-	-
Dividend income from equity investments at fair value through other comprehensive income (2018 - available-for sale financial assets) at the end of the reporting period	(846)	(4,896)	-	-
Gain on disposal of:				
- an associate	(3)	-	-	-
- other investments	-	(45,250)	-	-
- property, plant and equipment	(3,999)	(24,689)	-	-
Interest income on financial assets measured at amortised cost	(186,222)	(315,611)	(11,510)	(21,159)
Investment properties:				
- rental income	(103,010)	(53,650)	-	-
- direct expenses for revenue generating properties	25,843	8,736	-	-
Net gain on disposal of a subsidiary	-	(1,016,722)	-	-
Service fee income	(3,669,984)	(3,752,538)	-	-

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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## 33. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax:				
- for the financial year	990,453	961,955	-	-
- underprovision in the previous financial year	720	38,254	-	-
	991,173	1,000,209	-	-
Deferred tax (Note 12):				
- origination and reversal of temporary differences	(122,334)	344,005	-	-
- overprovision in the previous financial year	(161,873)	(51,000)	-	-
	(284,207)	293,005	-	-
	706,966	1,293,214	-	-

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before taxation	(3,838,770)	(3,566,454)	(4,410,242)	(275,663)
Tax at the statutory tax rate of 24% (2018 - 24%)	(921,305)	(855,949)	(1,058,458)	(66,159)
Tax effects of:-				
Non-deductible expenses	578,195	1,763,974	1,038,372	51,784
Non-taxable income	(9,806)	(13,822)	-	-
Effect of change in corporate income tax rate	-	(4,903)	-	-
Utilisation of reinvestment allowances	-	(57,911)	-	-
Utilisation of deferred tax assets not recognised previously	(15,740)	(180,450)	-	-
Deferred tax assets not recognised during the financial year	1,236,775	655,021	20,086	14,375
Under/(Over)provision in the previous financial year:				
- current tax	720	38,254	-	-
- deferred tax	(161,873)	(51,000)	-	-
Income tax expense for the financial year	706,966	1,293,214	-	-

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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## 33. INCOME TAX EXPENSE *cont'd*

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

	The Group	
	2019	2018
	RM	RM
Income tax savings during the financial year arising from:-		
Utilisation of current financial year's tax losses	53,703	739,009
Utilisation of unabsorbed capital allowances previously not recognised as deferred tax assets	38,419	75,402
	<b>92,122</b>	<b>814,411</b>

## 34. OTHER COMPREHENSIVE (EXPENSES)/INCOME

	The Group	
	2019	2018
	RM	RM
<b>Items that Will Not be Reclassified Subsequently to Profit or Loss</b>		
Fair value of equity investments:		
- changes during the financial year (Note 9)	(199)	-
<b>Items that Will be Reclassified Subsequently to Profit or Loss</b>		
Fair value of available-for-sale financial assets:		
- changes during the financial year	-	(874)
- transfer to profit or loss upon disposal	-	(41,875)
	-	(42,749)
Foreign currency translation:		
- changes during the financial year	(172,644)	403,115
	<b>(172,843)</b>	<b>360,366</b>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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## 35. LOSS PER SHARE

The loss per share is calculated by dividing the Group's loss after taxation attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue excluding treasury shares during the financial year:-

	The Group	
	2019	2018
Loss after taxation attributable to owners of the Company (RM)	(4,545,736)	(4,789,564)
Weighted average number of ordinary shares in issue	242,515,000	242,513,114
Basic loss per share (sen)	(1.87)	(1.97)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic earnings per share.

## 36. DISPOSAL OF A SUBSIDIARY

In the previous financial year, the Group disposed of its equity interests in Taiwan Haewaytian Limited for a total consideration of TWD3,000.

The financial effects of the disposal at the date of disposal are summarised below:-

	The Group 2018 RM
Plant and equipment	574,811
Inventories	37,977
Trade and other receivables	273,014
Cash and bank balances	146,673
Trade and other payables	(2,281,537)
Non-controlling interests	183,843
Carrying amount of net liabilities disposed of	(1,065,219)
Foreign exchange translation reserve	48,895
Gain on disposal of a subsidiary (Note 32)	1,016,722
Net disposal proceeds	398
Less: Cash and bank balances of a subsidiary disposed of	(146,673)
Net cash outflow from the disposal of a subsidiary	(146,275)

There was no disposal of subsidiary in current financial year.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 37. CASH FLOW INFORMATION

- a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cost of property, plant and equipment purchased (Note 7)	6,431,204	5,353,308	23,040	-
Amount financed through hire purchase (Note (b) below)	(99,400)	(158,000)	-	-
Cash disbursed for purchase of property, plant and equipment	6,331,804	5,195,308	23,040	-

- (b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Hire Purchase RM	Total RM
<b>2019</b>	1,336,083	303,293	1,639,376
At 1 April			
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(49,774)	(75,545)	(125,319)
Repayment of borrowing interests	(62,471)	(19,937)	(82,408)
	(112,245)	(95,482)	(207,727)
<u>Non-cash Changes</u>			
New hire purchase (Note (a) above)	-	99,400	99,400
Finance charges recognised in profit or loss	62,471	19,937	82,408
	62,471	119,337	181,808
At 31 March	1,286,309	327,148	1,613,457

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 37. CASH FLOW INFORMATION *cont'd*

(b) The reconciliations of liabilities arising from financing activities are as follows:- *cont'd*

<b>The Group</b>	<b>Term Loans RM</b>	<b>Hire Purchase RM</b>	<b>Total RM</b>
<b>2018</b>	1,389,685	185,820	1,575,505
At 1 April			
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(53,602)	(40,527)	(94,129)
Repayment of borrowing interests	(62,377)	(12,008)	(74,385)
	(115,979)	(52,535)	(168,514)
<u>Non-cash Changes</u>			
New hire purchase (Note (a) above)	-	158,000	158,000
Finance charges recognised in profit or loss	62,377	12,008	74,385
	62,377	170,008	232,385
At 31 March	1,336,083	303,293	1,639,376

	<b>The Company</b>	
	<b>2019</b>	<b>2018</b>
<b>Amount Owing To Subsidiaries</b>		
At 1 April	5,159,049	5,032,295
<u>Changes in Financing Cash Flows</u>		
(Repayment to)/Advances from subsidiaries	(721,608)	126,754
At 31 March	4,437,441	5,159,049

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 37. CASH FLOW INFORMATION *cont'd*

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Short-term investments with financial institutions (Note 18)	44,584	43,238	-	-
Deposits with licensed banks (Note 19)	2,690,887	6,806,486	259,231	509,541
Cash and bank balances	2,814,695	4,429,354	146,430	277,251
	5,550,166	11,279,078	405,661	786,792
Less: Deposits pledged to licensed banks (Note 19)	(456,958)	(448,179)	-	-
	5,093,208	10,830,899	405,661	786,792

## 38. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate amounts of emoluments received and receivable by the directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<u>Directors of the Company</u>				
Executive directors:				
- salaries and other emoluments	1,948,949	1,965,001	-	-
- define contribution plan	205,060	203,864	-	-
Non-executive directors:				
- fee	108,000	108,000	108,000	108,000
	2,262,009	2,276,865	108,000	108,000
<u>Directors of the subsidiaries</u>				
Executive directors:				
- salaries and other emoluments	296,907	297,777	-	-
- define contribution plan	37,067	36,924	-	-
	333,974	334,701	-	-
	2,595,983	2,611,566	108,000	108,000

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM42,100 (2018 - RM42,930).



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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## 39. RELATED PARTY DISCLOSURES

### (a) Identities of Related Parties

Parties are considered to be related to the Group 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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(i) Subsidiaries:				
Expenses paid on behalf of	-	-	8,970	-
Expenses paid by	-	-	20,210	124,350
Advances (to)/from	-	-	(552,900)	2,351
Management fee received	-	-	99,600	96,600
(ii) Related parties:				
Rental expenses	1,415,700	1,307,200	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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## 40. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the key management personnel as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

- (i) Restaurant segment - involved in the business as restaurant operators.
- (ii) Manufacturing segment - involved in the manufacturing and wholesale of moon cake and other baked products.
- (iii) Trading and investment holding segment - involved in the trading of general and food products and providing corporate services and treasury functions.

The key management personnel assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Operating segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly corporate assets, liabilities and expenses. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These segments are eliminated on consolidation.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 40. OPERATING SEGMENTS *cont'd*

### 40.1 BUSINESS SEGMENTS

	Restaurants RM	Manufacturing RM	Trading and Investment Holding RM	Elimination RM	The Group RM
<b>2019</b>					
<b>Revenue</b>					
External revenue	43,203,291	11,981,164	26,306	-	55,210,761
Inter-segment revenue	368,359	7,404,948	795,264	(8,568,571)	-
Consolidated revenue	43,571,650	19,386,112	821,570	(8,568,571)	55,210,761
Represented by:-					
<u>Revenue recognised at a point of time</u>					
- Sales of food and beverage	43,571,650	-	-	(362,831)	43,208,819
- Sales of moon cakes and other baked products	-	19,386,112	802,320	(8,205,740)	11,982,692
<u>Revenue recognised over time</u>					
- Interest income	-	-	19,250	-	19,250
					55,210,761
<b>Results</b>					
Segment results	(5,492,210)	1,332,873	275,424	(525,109)	(4,409,022)
Finance costs	(70,275)	(17,029)	-	-	(87,304)
Share of profit in associate	-	-	657,556	-	657,556
(Loss)/Profit before taxation	(5,562,485)	1,315,844	932,980	(525,109)	(3,838,770)
Income tax expense					(706,966)
Loss after taxation					(4,545,736)
<b>Assets</b>					
Segment assets	63,890,882	27,917,030	63,011,431	(88,116,456)	66,702,887
Unallocated assets	44,341	62,110	20,350	-	126,801
Consolidated total assets					66,829,688
<b>Liabilities</b>					
Segment liabilities	36,913,578	5,816,555	29,323,685	(65,275,448)	6,778,370
Unallocated liabilities	1,295,381	4,286,744	1,640	-	5,583,765
Consolidated total liabilities					12,362,135
<b>Other Segment Items</b>					
Amortisation of intangible asset	564	6,625	10,189	-	17,378
Capital expenditure:					
- Property, plant and equipment	6,138,198	269,966	23,040	-	6,431,204
Depreciation of property, plant and equipment	2,147,097	780,877	51,204	-	2,979,178
Property, plant and equipment written off	205,304	-	-	-	205,304

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 40. OPERATING SEGMENTS *cont'd*

### 40.1 BUSINESS SEGMENTS *cont'd*

	Restaurants RM	Manufacturing RM	Trading and Investment Holding RM	Elimination RM	The Group RM
<b>2018</b>					
<b>Revenue</b>					
External revenue	47,378,202	11,138,764	492	-	58,517,458
Inter-segment revenue	337,383	6,713,828	29,616	(7,080,827)	-
Total revenue	47,715,585	17,852,592	30,108	(7,080,827)	58,517,458
<b>Results</b>					
Segment results	(2,330,470)	1,155,255	(2,338,999)	(604,294)	(4,118,508)
Finance costs	(69,410)	(640)	-	-	(70,050)
Share of profit in associate	-	-	622,104	-	622,104
(Loss)/Profit before taxation	(2,399,880)	1,154,615	(1,716,895)	(604,294)	(3,566,454)
Income tax expense					(1,293,214)
Loss after taxation					(4,859,668)
<b>Assets</b>					
Segment assets	63,342,663	28,379,862	58,056,048	(77,921,424)	71,857,149
Unallocated assets	200,293	73,160	52,050	-	325,503
Consolidated total assets					72,182,652
<b>Liabilities</b>					
Segment liabilities	30,680,377	7,234,322	24,521,364	(55,419,384)	7,016,679
Unallocated liabilities	1,682,300	4,297,541	-	-	5,979,841
Consolidated total liabilities					12,996,520
<b>Other Segment Items</b>					
Amortisation of intangible asset	564	24,664	11,567	-	36,795
Capital expenditure:					
- Property, plant and equipment	4,841,549	509,345	30,800	(28,386)	5,353,308
Depreciation of property, plant and equipment	2,099,770	802,130	70,891	-	2,972,791
Property, plant and equipment written off	271,364	-	-	-	271,364

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 40. OPERATING SEGMENTS *cont'd*

### 40.1 BUSINESS SEGMENTS *cont'd*

The information on the disaggregation of revenue is not presented for the comparative period as the Group has applied MFRS 15 using the modified retrospective application.

### 40.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments (but including investments in associates).

	Revenue		Non-current Assets	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>The Group</b>				
Malaysia	53,553,549	53,265,280	53,054,354	51,877,839
Hong Kong	1,657,212	1,879,058	-	-
Taiwan	-	3,373,120	-	-
	<b>55,210,761</b>	<b>58,517,458</b>	<b>53,054,354</b>	<b>51,877,839</b>

### 40.3 MAJOR CUSTOMERS

There are no single customer that contributed 10% or more to the Group's revenue.

## 41. CAPITAL COMMITMENTS

	The Group	
	2019 RM	2018 RM
Purchase of property, plant and equipment	29,493	4,398,396

## 42. OPERATING LEASE COMMITMENTS

The Group leases a number of restaurant premises under non-cancellable operating leases. The lease period range from 2 to 6 years (2018 - 2 to 6 years) with an option to renew after that date. None of the leases includes contingent rentals.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2019 RM	2018 RM
Not more than 1 year	4,775,602	3,272,277
Later than 1 year and not later than 5 years	3,804,032	5,040,394
	<b>8,579,634</b>	<b>8,312,671</b>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 43.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group does not have material transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

##### Exposure to Interest Rate Risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts at the end of the reporting period were:-

	The Group	
	2019 RM	2018 RM
<b>Fixed Rate Instruments</b>		
Deposit with licensed banks	2,690,887	6,806,486
Hire purchase payables	(327,148)	(303,293)
	2,363,739	6,503,193
	The Group	
	2019 RM	2018 RM
<b>Floating Rate Instruments</b>		
Term loans	(1,286,309)	(1,336,083)

##### Interest Rate Risk Sensitivity Analysis

The interest rate risk sensitivity analysis on the fixed rate instruments is not disclosed as these financial instruments are measured at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

#### (a) Market Risk *cont'd*

##### (ii) Interest Rate Risk *cont'd*

The following table details the sensitivity analysis to a reasonably possible change in the interest rate at the end of the reporting period, with all other variables held constant:-

	The Group	
	2019 Increase/ (Decrease) RM	2018 Increase/ (Decrease) RM
<b>Effects on (Loss)/Profit After Taxation</b>		
Increase of 100 basis points	(9,776)	(10,154)
Decrease of 100 basis points	9,776	10,154

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The equity price risk is monitored closely and managed to an acceptable level.

##### Exposure to Equity Price Risk

The equity price risk profile of the Group based on carrying amount at the end of the reporting period was:-

	The Group	
	2019 RM	2018 RM
Quoted shares in Malaysia	16,200	10,800
Quoted shares outside Malaysia	16,838	22,437
	<b>33,038</b>	<b>33,237</b>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

#### (a) Market Risk *cont'd*

##### (iii) Equity Price Risk *cont'd*

##### Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	The Group	
	2019	2018
	RM	RM
<b>Effects on Other Comprehensive Income</b>		
Increase of 10%	3,304	3,324
Decrease of 10%	(3,304)	(3,324)

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

##### (i) Credit Risk Concentration Profile

The Group does not have major concentration of credit risk related to any individual customer or counterparty.

##### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of the financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2019	2018
	RM	RM
Malaysia	493,482	583,805
Hong Kong	4,926	-
	498,408	583,805



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

#### (b) Credit Risk *cont'd*

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost is credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

##### Trade Receivable

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 5 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 trade receivables (including amount owing by related parties) are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Value RM
<b>The Group</b>			
<b>2019</b>			
Not past due	280,232	-	280,232
Past due:			
- less than 3 months	102,611	-	102,611
- 3 to 6 months	49,747	-	49,747
- over 6 months	65,818	-	65,818
	498,408	-	498,408
Credit impaired:			
Individually impaired	733,342	(733,342)	-
	1,231,750	(733,342)	498,408

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

#### (b) Credit Risk *cont'd*

##### (iii) Assessment of Impairment Losses *cont'd*

##### Trade Receivable *cont'd*

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables (including amount owing by related parties) is as follows:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
<b>The Group</b>				
<b>2018</b>				
Not past due	391,740	-	-	391,740
Past due:				
- less than 3 months	88,195	-	-	88,195
- 3 to 6 months	43,535	-	-	43,535
- over 6 months	793,677	(733,342)	-	60,335
	1,317,147	(733,342)	-	583,805

The movements in the loss allowances in respect of trade receivables is disclosed in Notes 14 to the financial statements.

##### Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

##### Deposits with Licensed Banks and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

##### Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

#### (b) Credit Risk *cont'd*

##### (iii) Assessment of Impairment Losses *cont'd*

##### Amount Owing By Subsidiaries *cont'd*

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>The Company</b>			
<b>2019</b>			
Low credit risk	7,687,161	-	7,687,161
Significant increase in credit risk	-	-	-
Credit impaired	172,761	(172,761)	-
	7,859,922	(172,761)	7,687,161

##### Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

#### (c) Liquidity Risk *cont'd*

##### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>The Group</b>						
<b>2019</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	2,042,409	2,042,409	2,042,409	-	-
Other payables and accruals	-	3,122,504	3,122,504	3,122,504	-	-
Hire purchase payables	4.66 - 6.69	327,148	367,819	99,936	247,106	20,777
Term loans	4.69 - 4.72	1,286,309	1,780,222	119,256	477,024	1,183,942
		<b>6,778,370</b>	<b>7,312,954</b>	<b>5,384,105</b>	<b>724,130</b>	<b>1,204,719</b>
<b>2018</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	3,040,386	3,040,386	3,040,386	-	-
Other payables and accruals	-	2,336,917	2,336,917	2,336,917	-	-
Hire purchase payables	4.66 - 6.20	303,293	338,574	78,729	259,845	-
Term loans	4.84 - 4.97	1,336,083	1,921,267	121,147	533,748	1,266,372
		<b>7,016,679</b>	<b>7,637,144</b>	<b>5,577,179</b>	<b>793,593</b>	<b>1,266,372</b>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

#### (c) Liquidity Risk *cont'd*

##### *Maturity Analysis cont'd*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM
<b>The Company</b>				
<b>2019</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	206,135	206,135	206,135
Amount owing to subsidiaries	-	4,437,441	4,437,441	4,437,441
Financial guarantee contracts in relation to corporate guarantees extended to subsidiaries	-	-	1,784,262	1,784,262
		4,643,576	6,427,838	6,427,838
<b>2018</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	196,793	196,793	196,793
Amount owing to subsidiaries	-	5,159,049	5,159,049	5,159,049
Financial guarantee contracts in relation to corporate guarantees extended to subsidiaries	-	-	1,784,262	1,784,262
		5,355,842	7,140,104	7,140,104

### 43.2 CAPITAL RISK MANAGEMENT

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investments with financial institutions (Note 18)	44,584	-
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>		
Quoted investments (Note 9)	33,038	-
Unquoted investments (Note 9)	3,980	-
	37,018	-
<u>Amortised Cost</u>		
Other investments (Note 9)	700,000	-
Trade receivables (Note 14)	498,408	-
Other receivables and staff loan (Note 11, 15)	204,313	152
Amount owing by subsidiaries (Note 16)	-	7,687,161
Amount owing by associates (Note 17)	176,100	-
Deposits with licensed banks (Note 19)	2,690,887	259,231
Cash and bank balances	2,814,695	146,430
	7,084,403	8,092,974
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Hire purchase payables (Note 25)	327,148	-
Term loans (Note 26)	1,286,309	-
Trade payables (Note 27)	2,042,409	-
Other payables and accruals (Note 28)	3,122,504	206,135
Amount owing to subsidiaries (Note 16)	-	4,437,441
	6,778,370	4,643,576

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS *cont'd*

	2018	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Available-for-sale Financial Assets</u>		
Other investments (Note 9)	141,007	-
<u>Loans and Receivables Financial Assets</u>		
Trade receivables (Note 14)	583,805	-
Other receivables and staff loans (Note 11,15)	544,448	5,127
Amount owing by subsidiaries (Note 16)	-	8,402,812
Amount owing by associates (Note 17)	140,100	-
Deposits with licensed banks (Note 19)	6,806,486	509,541
Cash and bank balances	4,429,354	277,251
	12,504,193	9,194,731
<u>Fair value through Profit or Loss</u>		
Short-term investments with financial institutions (Note 18)	43,238	-
<b>Financial Liability</b>		
<u>Financial Liabilities Measured at Amortised Cost</u>		
Trade payables (Note 27)	3,040,386	-
Other payables and accruals (Note 28)	2,336,917	196,793
Amount owing to subsidiaries (Note 16)	-	5,159,049
Hire purchase payables (Note 25)	303,293	-
Term loans (Note 26)	1,336,083	-
	7,016,679	5,355,842

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2019	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Equity Investments at Fair Value Through Other Comprehensive Expenses</u>		
Net loss recognised in other comprehensive income	(199)	-
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(44,128)	(161,251)
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(90,942)	-
	2018	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Available-for-sale Financial Assets</u>		
Net losses recognised in profit or loss	(13,105)	-
Net losses recognised in other comprehensive income	(42,749)	-
<u>Loans and Receivables Financial Asset</u>		
Net (losses)/gain recognised in profit or loss	(741,572)	21,159
<b>Financial Liability</b>		
<u>Financial Liability Measure at Amortised Cost</u>		
Net losses recognised in profit or loss	(74,385)	-



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2019</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted	33,038	-	-	-	-	-	33,038	33,038
- unquoted	-	3,980	-	-	-	-	3,980	3,980
Short-term investments with financial institutions	44,584	-	-	-	-	-	44,584	44,584
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	327,148	-	341,524	327,148
Term loans	-	-	-	-	1,286,309	-	1,286,309	1,286,309
<b>2018</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted investments	33,237	-	-	-	-	-	33,237	33,237
- golf club membership	-	-	-	-	-	-	#	107,770
Short-term investments with financial institutions	-	43,238	-	-	-	-	43,238	43,238
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	303,293	-	299,377	303,293
Term loans	-	-	-	-	1,336,083	-	1,336,083	1,336,083

Note:

# - The fair value cannot be reliably measured using valuation techniques.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

cont'd

## 43. FINANCIAL INSTRUMENTS *cont'd*

### 43.5 FAIR VALUE INFORMATION *cont'd*

#### (a) Fair Value of Financial Instruments Carried at Fair Value

The fair values of above have been determined using the following basis:-

- (i) The fair value of quoted investment is estimated based on their quoted closing bid prices at the end of the reporting period.
- (ii) The fair value of unquoted equity investments is determined to approximate the net assets of the investee as it is immaterial in the context of the financial statements.
- (iii) The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

There were no transfer between level 1 and level 2 during the financial year.

#### (b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair value of hire purchase payables and term loans that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2019	2018
Hire purchase payables	4.66 - 6.69%	4.66 - 6.20%
Term loans	4.69 - 4.72%	4.84 - 4.97%

# Ten Largest Properties Held by the Group

As at 31 March 2019

No.	Registered owner	Location	Description/ Existing Use	Type of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (sq ft)	Built-up area (sq ft)	Net Book Value As at 31/03/2019 (RM,000)	Year of last revaluation
1.	Haewaytian Restaurant Sdn. Bhd	No. 28, Jalan Dato, 30000 Ipoh, Perak	Restaurant	Commercial/ Building	Freehold	-	11	43,287	28,555	10,580	31/03/2016
2.	Haewaytian Cake House Sdn. Bhd.	Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated", 40150 Shah Alam, Selangor	2-storey detached warehouse cum factory with 1-storey office attached/ warehouse, factory cum office	Industrial Land/ Building	Leasehold 99 years	77 years (11.12.2096)	16	84,067	63,246	20,978	31/03/2016
3.	Restoran Oversea (PJ) Sdn. Bhd.	H-0-02 & H-1-02 (Lot H-02), Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	2-storey shop office/ property investment	Commercial/ Building	Freehold	-	11	1,430	2,487	1,500	31/03/2016
4.	Restoran Tsim Tung Sdn Bhd	No. 18, Pandan Indah 4/6, Pandan Indah, 55100 Kuala Lumpur	Shoptlot/for rental purpose	Commercial/ Building	Leasehold 99 years	74 Years (06.06.2093)	23	1,302	1,107	1,054	31/03/2016
5.	Restoran Tsim Tung Sdn Bhd	No. 20, Pandan Indah 4/6, Pandan Indah, 55100 Kuala Lumpur	Shoptlot/for rental purpose	Commercial/ Building	Leasehold 99 years	74 Years (06.06.2093)	23	1,302	1,107	1,054	31/03/2016
6.	Restoran Oversea (Subang Parade) Sdn. Bhd.	No. 29, Jalan SS 15/2B, 47500 Subang Jaya, Selangor	2-storey terrace/for rental purposes	Residential/ Building	Freehold	-	40	2,560	1,524	1,192	31/03/2016
7.	Haewaytian Restaurant Sdn. Bhd.	No. 57, Jalan Seenivasagam, 30450 Ipoh, Perak	Restaurant, storage facilities and staff hostel	Commercial/ Building	Leasehold 99 years	59 years (20.12.2078)	40	1,894	5,187	897	31/03/2016
8.	Oversea Training Academy Sdn Bhd.	No. 477, Jalan 5/46, Section 5, 46000 Petaling Jaya, Selangor	2-storey townhouse/ for rental purposes	Residential/ Building	Freehold	-	49	1,700	2,060	950	31/03/2016
9.	Restoran Oversea (PJ) Sdn. Bhd.	No. 31, Jalan U5/28, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor	1 ½ storey terrace/ factory, store room.	Industrial Land/ Building	Leasehold 99 years	77 years (11.12.2096)	19	3,003	3,181	1,050	31/03/2016
10.	Restoran Oversea (Subang Parade) Sdn. Bhd.	No. 4, Jalan SS15/3A, Subang Jaya, 47500 Petaling, Selangor	2-storey terrace/for rental purposes	Residential/ Building	Freehold	-	40	1,760	1,818	940	31/03/2016

Note: Other disclosure on land building owned by the Group are immaterial to disclose individually.

# Analysis of Shareholdings

As at 28 June 2019

Class of Securities	:	Ordinary shares
Total Issued Share Capital	:	246,415,000 Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%*	No. of Shares	%*
Less than 100	88	8.78	2,775	0.00
100 - 1,000	205	20.46	85,434	0.04
1,001 - 10,000	280	27.94	1,719,510	0.71
10,001 - 100,000	346	34.53	13,692,801	5.64
100,001 - less than 5% of issued shares	80	7.98	72,911,259	30.07
5% and above of issued shares	3	0.30	154,103,221	63.54
	<b>1,002</b>	<b>100.00</b>	<b>242,515,000</b>	<b>100.00</b>

Note:

\* Exclude the 3,900,000 shares that have been purchased and retained as treasury shares as at 28 June 2019.

## LIST OF SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company (holding 5% or more of the capital) based on the Register of Substantial Shareholders of the Company are as follows:-

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%*	No. of Shares	%*
Yu Soo Chye @ Yee Soo Chye	82,744,270	34.12	-	-
Lee Lim & Sons Sdn. Bhd.	50,898,358	20.99	-	-
Lee Pek Yoke (Estate)	20,460,593	8.44	-	-
Lee Seng Fan	5,868,496	2.42	50,917,358 <sup>(1)</sup>	21.00
Lee Seng Pun	497,000	0.20	50,898,358 <sup>(2)</sup>	20.99

\* Exclude the 3,900,000 shares that have been purchased and retained as treasury shares as at 28 June 2019.

<sup>(1)</sup> Deemed interested by virtue of his shareholdings in Lee Lim & Sons Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and his spouse' shareholdings in the Company pursuant to Section 59(1)(c) of the Companies Act 2016.

<sup>(2)</sup> Deemed interested by virtue of his shareholdings in Lee Lim & Sons Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

# Analysis of Shareholdings

As at 28 June 2019

cont'd

## DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of the Company based on the Register of Directors' Shareholdings of the Company are as follows: -

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%*	No. of Shares	%*
Yu Soo Chye @ Yee Soo Chye	82,744,270	34.12	-	-
Khong Yik Kam	6,456,338	2.66	1,350,000 <sup>(3)</sup>	0.56
Lee Seng Fan	5,868,496	2.42	50,917,358 <sup>(4)</sup>	21.00
Yu Tack Tein	-	-	600,033 <sup>(5)</sup>	0.25
Koong Lin Loong	100,000	0.04	-	-
Chiam Soon Hock	100,000	0.04	-	-
Chui Mee Chuen	-	-	-	-

\* Exclude the 3,900,000 shares that have been purchased and retained as treasury shares as at 28 June 2019.

<sup>(3)</sup> Deemed interested by virtue of his shareholdings and directorship in Rung Juang Realty Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 as well as his spouse's shareholdings in the Company pursuant to Section 59(1)(c) of the Companies Act 2016.

<sup>(4)</sup> Deemed interested by virtue of his shareholdings in Lee Lim & Sons Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016 and his spouse's shareholdings in the Company pursuant to Section 59(1)(c) of the Companies Act 2016.

<sup>(5)</sup> Deemed interested by virtue of his directorship and shareholdings in Simple Angel Capital pursuant to Section 8(4) of the Companies Act 2016.

# Analysis of Shareholdings

As at 28 June 2019

cont'd

## LIST OF 30 LARGEST SHAREHOLDERS REGISTERED

No.	Name	No. of Shares Held	%*
1	Yu Soo Chye @ Yee Soo Chye	82,744,270	34.12
2	Lee Lim & Sons Sdn. Bhd.	50,898,358	20.99
3	Lee Pek Yoke	20,460,593	8.44
4	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Tan Ching Ching)	10,978,200	4.53
5	Tan Han Chuan	9,985,900	4.12
6	Ting Sii Liong	9,291,700	3.83
7	Kwan Sia Hock	7,696,493	3.17
8	Khong Yik Kam	6,456,338	2.66
9	Lee Seng Fan	5,868,496	2.42
10	Chen Khai Voon	2,250,000	0.93
11	Rurng Juang Realty Sdn. Bhd.	950,000	0.39
12	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Hoo Yeek Foo)	902,800	0.37
13	M & A Nominee (Asing) Sdn. Bhd. (Pledged Securities Account for Meng Bin)	714,100	0.29
14	Boey Chee Kun	689,500	0.28
15	Lim Theam Chuan	687,100	0.28
16	Simple Angel Capital Sdn. Bhd.	600,033	0.25
17	Yeoh Soon Cheng	526,500	0.22
18	SJ SEC Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Kwan Sia Hock)	524,800	0.22
19	Jimmy Lim Thaw Chay	500,000	0.21
20	Public Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Wong Siew Oon)	500,000	0.21
21	RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Low Choon Chong)	500,000	0.21
22	Lee Seng Pun	497,000	0.20
23	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Chong Kok An)	493,700	0.20
24	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Teh Teaw Kee)	457,300	0.19
25	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Foong Poh Mei)	435,000	0.18
26	Ho Thean Hock	410,100	0.17
27	Lee Sow Kam	400,000	0.16
28	Goh Siang Giang	390,000	0.16
29	Lim Ka Chong	355,000	0.15
30	Chia Liang Chuan	324,100	0.13
	Total	217,487,381	89.68

\* Exclude the 3,900,000 shares that have been purchased and retained as treasury shares as at 28 June 2019.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Fourth (“24th”) Annual General Meeting of the Company will be held at Restoran Oversea Bandar Baru Sri Petaling, No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 28 August 2019 at 11:00 a.m. or at any adjournment thereof for the following purposes:-

## AGENDA

### As Ordinary Business

- |    |                                                                                                                                                                                                                                                 |                                                |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and the Auditors thereon.                                                                                     | <b>Please refer to<br/>Explanatory Note B1</b> |
| 2. | To approve the Directors’ fees of RM108,000/- for the financial year ended 31 March 2019.                                                                                                                                                       | <b>Resolution 1</b>                            |
| 3. | To re-elect the following Directors who retire pursuant to Article 85 of the Company’s Articles of Association, and being eligible, have offered themselves for re-election:-<br><br>(a) Mr. Yu Soo Chye @ Yee Soo Chye<br>(b) Mr. Lee Seng Fan | <b>Resolution 2<br/>Resolution 3</b>           |
| 4. | To re-appoint Messrs. Crowe Malaysia as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.                                                               | <b>Resolution 4</b>                            |

### As Special Business

To consider and, if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:-

- |    |                                                                                                                                                                                                                                                                                                                                                                                                                                          |                     |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 5. | <p><b>ORDINARY RESOLUTION</b><br/> <b>- PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS UNDER SECTION 230(1)(B) OF THE COMPANIES ACT 2016</b></p> <hr/> <p>“THAT the benefits payable to the Directors of the Company up to an amount of RM79,000/- for the period from 24th Annual General Meeting to the next Annual General Meeting in year 2020 pursuant to Section 230(1)(b) of the Companies Act 2016, be and is hereby approved.</p> | <b>Resolution 5</b> |
| 6. | <p><b>ORDINARY RESOLUTION</b><br/> <b>- RETENTION OF MR. KOONG LIN LOONG AS INDEPENDENT NON-EXECUTIVE DIRECTOR</b></p> <hr/> <p>“THAT Mr. Koong Lin Loong, who has served the Board as an Independent Non-Executive Director of the company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company.”</p>                                                   | <b>Resolution 6</b> |
| 7. | <p><b>ORDINARY RESOLUTION</b><br/> <b>- RETENTION OF MR. CHIAM SOON HOCK AS INDEPENDENT NON-EXECUTIVE DIRECTOR</b></p> <hr/> <p>“THAT Mr. Chiam Soon Hock, who has served the Board as an Independent Non-Executive Director of the company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company.”</p>                                                   | <b>Resolution 7</b> |

# Notice of Annual General Meeting

cont'd

## 8. ORDINARY RESOLUTION

### - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

“THAT pursuant to the Companies Act 2016, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

**Resolution 8**

## 9. SPECIAL RESOLUTION

### - PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

“THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Appendix I be and is hereby adopted as the Constitution of the Company (“**Proposed Adoption of New Constitution**”);

AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities (if any) and to do all acts and things and take all such steps as may be considered necessary to give effect to the Proposed Adoption of New Constitution.”

**Resolution 9**

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 or the Articles of Association of the Company.

By Order of the Board

**CHUA SIEW CHUAN** (MAICSA 0777689)

**CHENG CHIA PING** (MAICSA 1032514)

Company Secretaries

Kuala Lumpur  
29 July 2019

#### Notes:

#### (A) Information for Shareholders/Proxies

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 61 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 21 August 2019. Only a depositor whose name appears on the Record of Depositors as at 21 August 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A proxy need not be a member of the Company or a qualified legal practitioner, or an approved company auditor or a person approved by the Registrar. There is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak in the meeting.



# Notice of Annual General Meeting

cont'd

3. *To be valid, the Proxy Form, duly completed, must be deposited at the Registered Office of the Company at D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, provided that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).*
4. *A member shall not appoint more than two (2) proxies to attend at the same meeting and the appointment shall be invalid unless the member specified the proportions of his/their holdings to be represented by each proxy.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *If the appointor is a corporation, the Proxy Form must be executed under the corporation’s common seal or under the hand of an officer or attorney duly authorised.*
7. *Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-*
  - (a) *the constitution of the quorum at such meeting;*
  - (b) *the validity of anything he did as chairman of such meeting;*
  - (c) *the validity of a poll demanded by him at such meeting; or*
  - (d) *the validity of the vote exercised by him at such meeting.*

## **Explanatory Notes to Ordinary Business:-**

### **(B) Audited Financial Statements for the financial year ended 31 March 2019**

1. *This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*

### **(C) Resolution 1 – Directors’ Fees**

1. *This Agenda item is to approve the Proposed Directors’ fees for the financial year ended 31 March 2019 of RM108,000/- (2018: RM108,000/-).*

*The **Resolution 1**, if approved, will authorise the payment of Directors’ Fees pursuant to Article 94 of the Articles of Association of the Company.*

### **(D) Resolutions 2 to 3 - Re-election of Directors**

1. *In determining the eligibility of the Directors to stand for re-election at the forthcoming 24th Annual General Meeting, the Nominating Committee (“**NC**”) has considered the requirements under Paragraph 2.20A of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and recommended Mr. Yu Soo Chye @ Yee Soo Chye and Mr. Lee Seng Fan for re-election as Directors pursuant to Article 85 of the Articles of Association of the Company (“**Retiring Directors**”).*

*All the Retiring Directors have consented to their re-election, and abstained from deliberation and voting in relation to their individual re-election at the NC Meeting, where applicable and Board of Directors’ Meeting, respectively.*

### **(E) Resolution 4 - Re-appointment of Auditors**

1. *The Audit Committee (“**AC**”) have assessed the suitability, objectivity and independence of the External Auditors and recommended the re-appointment of Messrs. Crowe Malaysia as External Auditors of the Company for the financial year ending 31 March 2020. The Board has in turn reviewed the recommendation of the AC and recommended the same be tabled to the shareholders for approval at the forthcoming 24th Annual General Meeting of the Company under **Resolution 4**.*

# Notice of Annual General Meeting

cont'd

## **Explanatory Notes to Special Business:**

### **(F) Resolution 5 – Payment of Benefits Payable to the Directors**

1. The benefits payable to the Directors pursuant to Section 230(1)(b) of the Companies Act 2016 has been reviewed by the Remuneration Committee (“**RC**”) and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period from 24th Annual General Meeting to the next Annual General Meeting in year 2020. The benefits comprised of benefit-in-kind i.e. provision of motor vehicles and meeting allowances.

### **(G) Resolution 6 – Retention of Mr. Koong Lin Loong as Independent Non-Executive Director**

1. The Board has assessed the independence of Mr. Koong Lin Loong and is satisfied that he can continue bringing independent oversight to the Board in view of his wide experience in the areas of accounting, taxation and finance, and thereby safeguarding the minority interest of the Company. The Board believes his leadership quality, and knowledge and experiences in the industry will continue to contribute positively to the proceedings of the Board and the Board Committees.

### **(H) Resolution 7 – Retention of Mr. Chiam Soon Hock as Independent Non-Executive Director**

1. The Board has assessed the independence of Mr. Chiam Soon Hock and is satisfied that he can continue bringing independent oversight to the Board as a food connoisseur and thereby safeguarding the minority interest of the Company. The Board believes his leadership quality, and knowledge and experiences in the industry will continue to contribute positively to the proceedings of the Board and the Board Committees.

### **(I) Resolution 8 – Authority to Issue Shares pursuant to the Companies Act 2016**

1. The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the 24th Annual General Meeting of the Company (hereinafter referred to as the “**General Mandate**”).

The Company had been granted a general mandate by its shareholders at the Twenty-Third Annual General Meeting of the Company held on 29 August 2018 (hereinafter referred to as the “**Previous Mandate**”).

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting solely for such issuance and allotment of shares. This authority unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

### **(J) Resolution 9 - Proposed Adoption of New Constitution of the Company**

1. The proposed resolution, if passed, will streamline the Company’s Memorandum and Articles of Association with the Companies Act 2016, recent amendments made to ACE LR of Bursa Securities as well as to enhance administrative efficiency.

The Proposed Adoption of the new Constitution of the Company shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote and do vote in person or by proxy at the 24th Annual General Meeting of the Company.

Please refer to the Appendix I for further information.

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海外天集团有限公司

OVERSEA ENTERPRISE BERHAD (Company No. 317155-U)  
(Incorporated in Malaysia)

## FORM OF PROXY

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

\*I/We, \_\_\_\_\_ Company No./NRIC No. \_\_\_\_\_  
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a \*Member/Members of **OVERSEA ENTERPRISE BERHAD**, do hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME AS PER NRIC IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME AS PER NRIC IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/her, the CHAIRMAN OF THE MEETING, as \*my/our proxy to attend and vote for \*me/us and on \*my/our behalf at the Twenty-Fourth (“**24th**”) Annual General Meeting of the Company to be held at Restoran Oversea Bandar Baru Sri Petaling, No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 28 August 2019 at 11:00 a.m. or at any adjournment thereof.

Please indicate with an “X” in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees (Resolution 1)		
2.	To re-elect Mr. Yu Soo Chye @ Yee Soo Chye as Director ( <i>Article 85</i> ) (Resolution 2)		
3.	To re-elect Mr. Lee Seng Fan as Director ( <i>Article 85</i> ) (Resolution 3)		
4.	To re-appoint Messrs. Crowe Malaysia as Auditors of the Company (Resolution 4)		
<b>As Special Business</b>			
5.	<u>Ordinary Resolution</u> - To approve the benefits payable to the Directors under Section 230(1)(b) of the Companies Act 2016 (Resolution 5)		
6.	<u>Ordinary Resolution</u> - Retention of Mr. Koong Lin Loong as Independent Non-Executive Director (Resolution 6)		
7.	<u>Ordinary Resolution</u> - Retention of Mr. Chiam Soon Hock as Independent Non-Executive Director (Resolution 7)		
8.	<u>Ordinary Resolution</u> - Authority to Issue Shares pursuant to the Companies Act 2016 (Resolution 8)		
9.	<u>Special Resolution</u> - Proposed Adoption of New Constitution of the Company (Resolution 9)		

\* Strike out whichever not applicable

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature of Member/Common Seal

Fold This Flap For Sealing

Notes:

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 61 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 21 August 2019. Only a depositor whose name appears on the Record of Depositors as at 21 August 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
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3. To be valid, the Proxy Form, duly completed, must be deposited at the Registered Office of the Company at D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, provided that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).
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  - (b) the validity of anything he did as chairman of such meeting;
  - (c) the validity of a poll demanded by him at such meeting; or
  - (d) the validity of the vote exercised by him at such meeting.

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STAMP

**OVERSEA ENTERPRISE BERHAD (317155-U)**

D-3-1 & D-3A-1,  
Seri Gembira Avenue,  
Jalan Senang Ria,  
Taman Gembira,  
58200 Kuala Lumpur,  
Wilayah Persekutuan

1st Fold Here



海外天集团有限公司  
**OVERSEA ENTERPRISE BERHAD**  
(Company No. 317195-U)

D-3-1 & D-3A-1, Seri Gembira Avenue,  
Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur.  
Tel: 03-7972 9683 Fax: 03-7972 9662 Email: info@oversea.com.my

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