C.I. HOLDINGS BERHAD
37918-A

Soaring Higher Towards Excellence

LAPORAN TAHUNAN
ANNUAL REPORT
2019

CONTENTS

Cover Rationale

On the cover is a flock of colourful birds in flight, creating a sense of perpetual upward movement. This reflects the company's never-ending quest for higher standards of excellence and greater achievements in the horizon. The birds also signify unity in vision, as they fly towards the same direction.

Each bird is formed by water droplets in colours that bring to mind the company's core businesses of edible oils and water-related wares. Water is also an auspicious symbol of money and prosperity – an apt motif for the company's strong financial growth.

CORPORATE INFOMATION

BOARD OF DIRECTORS

Datuk Seri Johari Bin Abdul Ghani
Non-Independent Non-Executive Chairman

Megat Joha Bin Megat Abdul Rahman
Group Managing Director

Datin Mariam Prudence Binti Yusof
Non-Independent Non-Executive Director

Dato' Sukumaran s/o Ramasamy
Non-Independent Non-Executive Director

Lee Cheang Mei
Non-Independent Non-Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin
Senior Independent Non-Executive Director

Teh Bee Tein
Independent Non-Executive Director

Kasinathan a/l Tulasi
Independent Non-Executive Director

Datuk Haji Ariffin Bin Imat
Independent Non-Executive Director

Fung Heen Choon
Alternate Director to Lee Cheang Mei

AUDIT COMMITTEE

Teh Bee Tein
Chairman, Independent Non-Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin
Senior Independent Non-Executive Director

Kasinathan a/l Tulasi
Independent Non-Executive Director

REMUNERATION COMMITTEE

Nor Hishammuddin Bin Dato' Mohd Nordin
Chairman, Senior Independent Non-Executive Director

Teh Bee Tein
Independent Non-Executive Director

Datuk Haji Ariffin Bin Imat
Independent Non-Executive Director

NOMINATION COMMITTEE

Nor Hishammuddin Bin Dato' Mohd Nordin
Chairman, Senior Independent Non-Executive Director

Teh Bee Tein
Independent Non-Executive Director

Datuk Haji Ariffin Bin Imat
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Teh Bee Tein Chairman
Megat Joha Bin Megat Abdul Rahman Member
Nor Hishammuddin Bin Dato' Mohd Nordin Member
Azlan Bin Ahmad Member
Chaw Pei Yee Member
Foo Loke Yean Member
Teoh Kar Hoe Member
Mohamad Eshadiq Bin Hamdan Risk Coordinator

GROUP MANAGEMENT TEAM

Megat Joha Bin Megat Abdul Rahman
Group Managing Director

Fung Heen Choon
Executive Director – Continental Resources Sdn Bhd

Lee Cheang Mei
Executive Director – Continental Resources Sdn Bhd

Dato' Sukumaran s/o Ramasamy
Managing Director – Palmtop Vegeoil Products Sdn Bhd

Azlan Bin Ahmad
Head of Corporate and Legal Affairs

Chaw Pei Yee
Senior Manager – Finance & Administration

Baharuddin Bin Basirun
Chief Operating Officer – Continental Resources Sdn Bhd

Foo Loke Yean
Chief Executive Officer – Doe Industries Sdn Bhd

COMPANY SECRETARIES

On Pooi Fong MAICSA 7018189
Tan Lai Hong MAICSA 7057707

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd. (Company No. 378993-D)
(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: 603–7849 0777 Fax: 603–7841 8151

REGISTERED OFFICE

Suite A-11-1, Level 11, Hampshire Place Office
157 Hampshire
No. 1, Jalan Mayang Sari
50450 Kuala Lumpur
Tel: 603–2182 7333 Fax: 603–2166 7208
www.cih.com.my

AUDITORS

BDO PLT (AF 0206)
BDO @ Menara CenTARa Level 8
360 Jalan Tunku Abdul Rahman
50100 Kuala Lumpur
Tel: 603–2616 2888 Fax: 603–2616 3190

PRINCIPAL BANKERS

Affin Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad

LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : CIHLDG Stock Code : 2828

NOTICE OF FORTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-First Annual General Meeting ("41st AGM") of the Company will be held at Ballroom 1, InterContinental Kuala Lumpur at 165, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 31 October 2019 at 9.30 a.m. for the following purposes:

AGENDA
AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year end 30 June 2019 together with the Directors' and Auditors' Reports thereon. — *Please refer to Explanatory Note 1*
2. To declare final single-tier dividend of 8 sen per ordinary share for the financial year end 30 June 2019. — *Ordinary Resolution 1*
3. To approve the payment of Directors' fees of RM237,950 for the financial year end 30 June 2019. — *Ordinary Resolution 2*
4. To approve the Directors' benefits up to an amount of RM163,000 for the period from 1 November 2019 until the next Annual General Meeting of the Company to be held in 2020. — *Ordinary Resolution 3*
5. To re-elect the following Directors, who retire by rotation in accordance with Article 92 of the Company's Constitution:
   (i) Encik Nor Hishammuddin Bin Dato' Mohd Nordin — *Ordinary Resolution 4*
   (ii) Mr. Kasinathan a/l Tulasi — *Ordinary Resolution 5*
6. To re-elect Datuk Seri Johari Bin Abdul Ghani, who was appointed during the year and retires in accordance with Article 98 of the Company's Constitution. — *Ordinary Resolution 6*
7. To re-appoint Messrs BDO PLT as auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. — *Ordinary Resolution 7*

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions:

8. **Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016** — *Ordinary Resolution 8*

   "THAT subject always to the Companies Act, 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being.

   AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. **Continuing in Office as Independent Non-Executive Directors**

   9.1 "THAT approval be and is hereby given to Encik Nor Hishammuddin Bin Dato' Mohd Nordin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." — *Ordinary Resolution 9*

   9.2 "THAT approval be and is hereby given to Ms. Teh Bee Tein who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." — *Ordinary Resolution 10*

10. **Proposed Adoption of A New Constitution of the Company** — *Special Resolution*

   "THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 9 October 2019 be and is hereby adopted as the Constitution of the Company."

NOTICE OF FORTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

ANY OTHER BUSINESS

11. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

NOTICE OF BOOK CLOSURE

NOTICE IS ALSO HEREBY GIVEN that a final single-tier dividend of 8 sen per ordinary share for the financial year ended 30 June 2019 will be payable on 14 November 2019 to depositors whose names appear in the Record of Depositors at the close of business on 31 October 2019 if approved by the members at the 41st AGM.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4:00 p.m. on 31 October 2019 in respect of ordinary transfer; and
(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
C.I. HOLDINGS BERHAD

ON POOI FONG (MAICSA 7018189)
TAN LAI HONG (MAICSA 7057707)
Company Secretaries

Kuala Lumpur
9 October 2019

Notes:

1. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57(2) of the Company's Constitution to issue a General Meeting Record of Depositors as at 25 October 2019. Only a member whose name appears in the Record of Depositors as at 25 October 2019 shall be entitled to attend the Meeting and to speak and vote thereat.

2. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his(her) stead. A proxy need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

3. A member of the Company may appoint a proxy or proxies to attend the Meeting. Where a member appoints two or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.

5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

7. To be valid, the Form of Proxy must be completed, signed and deposited at the Company's registered office at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in the case of a poll, not less than twenty-four (24) hours before the time appointed in taking of the poll, and in default the instrument of proxy shall be treated as valid.

8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice will be put to vote on a poll. Independent Scrutineers will be appointed to observe the polling process and to verity the results of the poll respectively.

NOTICE OF FORTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

Explanatory Notes to the Agenda:

Item 1 of the Agenda

This item of the Agenda 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 item of the Agenda is not put forward for voting.

Item 2 of the Agenda

With reference to Section 131 of the Companies Act, 2016, a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 29 August 2019, the Board has considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 14 November 2019 in accordance with the requirements under Section 132(2) and (3) of the Companies Act, 2016.

Item 3 of the Agenda

Section 230(1) of the Companies Act, 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Company is seeking shareholders' approval for the payment of Directors' fees of RM237,950 for the financial year ended 30 June 2019.

Details of the above are set out on page 25 of the Annual Report 2019.

Item 4 of the Agenda

The Company is also seeking shareholders' approval for the payment of benefits up to an amount of RM163,000 for the period from 1 November 2019 until the next Annual General Meeting of the Company to be held in 2020.

The estimated amount payable is based on the assumption that the Company maintain its existing Board composition. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional benefits to meet the shortfall.

The proposed payment of benefits comprises meeting and training allowances payable to the Chairman and members of the Board and Board Committees.

Item 5 of the Agenda

Article 92 of the Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an Annual General Meeting of the Company provided always that each director shall retire at least once in every three (3) years but shall be eligible for re-election.

With the current Board size of nine (9) directors, two (2) Directors namely Encik Nor Hishammuddin Bin Dato' Mohd Nordin and Mr. Kasinathan a/l Tulasi, being the longest in office since their last election are to retire in accordance with Article 92 of the Constitution.

Item 6 of the Agenda

Datuk Seri Johari Bin Abdul Ghani, the Non-Independent Non-Executive Chairman who was appointed during the year shall retire in accordance to Article 98 of the Company's Constitution.

Item 8 of the Agenda

The proposed Ordinary Resolution 9 is to empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

Item 9.1 of the Agenda

The Nomination Committee has assessed the independence of Encik Nor Hishammuddin Bin Dato' Mohd Nordin who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and the Board, upon the Nomination Committee's recommendation, had recommend for shareholders' approval for him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

NOTICE OF FORTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

(a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.
(b) He has vast experience in the legal field and was able to provide constructive and independent judgment from the legal perspective of the business.
(c) He consistently challenged management in an effective and constructive manner.
(d) He actively participated in board discussion and provided an independent voice on the board.

Item 9.2 of the Agenda

The Nomination Committee has assessed the independence of Ms. Teh Bee Tein who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and the Board, upon the Nomination Committee's recommendation, had recommend for shareholders' approval for her to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

(a) She fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.
(b) She has vast experience in the accounting and audit industry, which enabled her to provide constructive advice, expertise and independent judgment.
(c) She consistently challenged management in an effective and constructive manner.
(d) She actively participated in board discussion and provided an independent voice on the board.

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance published in April 2017, the tenure of an independent director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board but will be redesignated as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, the Board should justify and seek annual shareholders' approval.

However, in order for an independent director to continue to serve on the Board as an independent director after twelve (12) years, shareholders' approval must be sought through a two-tier voting process and the Board must provide justifications for the retention.

Encik Nor Hishammuddin Bin Dato' Mohd Nordin was appointed to the Board as an Independent Director of the Company on 30 May 2001 and have served as Independent Director for a cumulative term of more than twelve (12) years. In connection thereto, the retention of Encik Nor Hishammuddin Bin Dato' Mohd Nordin as Independent Director of the Company is subject to the approval by the shareholders via a two-tier voting process.

Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders meeting:
- Tier 1: Only the **Large Shareholder(s)** of the Company votes; and
- Tier 2: Shareholders **other than Large Shareholders** votes.

***Large Shareholder** means a person who –

- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the company;
- is the largest shareholder of voting shares in the company;
- has the power to appoint or cause to be appointed a majority of the directors of the company; or
- has the power to make or cause to be made, decisions in respect of the business or administration of the company, and to give effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of Tier 1 vote. The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

Item 10 of the Agenda

Proposed Adoption of A New Constitution of the Company

The proposed Special Resolution, if passed, will bring the Company's Constitution in line with the Companies Act, 2016 and the amended Main Market Listing Requirements of Bursa Malaysia Securities Berhad which was issued on 29 November 2017 and will enhance administrative efficiency.

The proposed new Constitution is set out in the Circular to Shareholders dated 9 October 2019 accompanying the Company's Annual Report for the financial year ended 30 June 2019.

NOTICE OF FORTY-FIRST ANNUAL GENERAL MEETING
(cont'd)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

No notice in writing has been received by the Company nominating any candidate for election as Directors at the 41st AGM of the Company. The Directors who are due for retirement and seeking for re-election pursuant to the Company's Constitution are as set out in the Notice of 41st AGM and their profile are set out in the Directors' Profile in the Annual Report 2019.

Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016

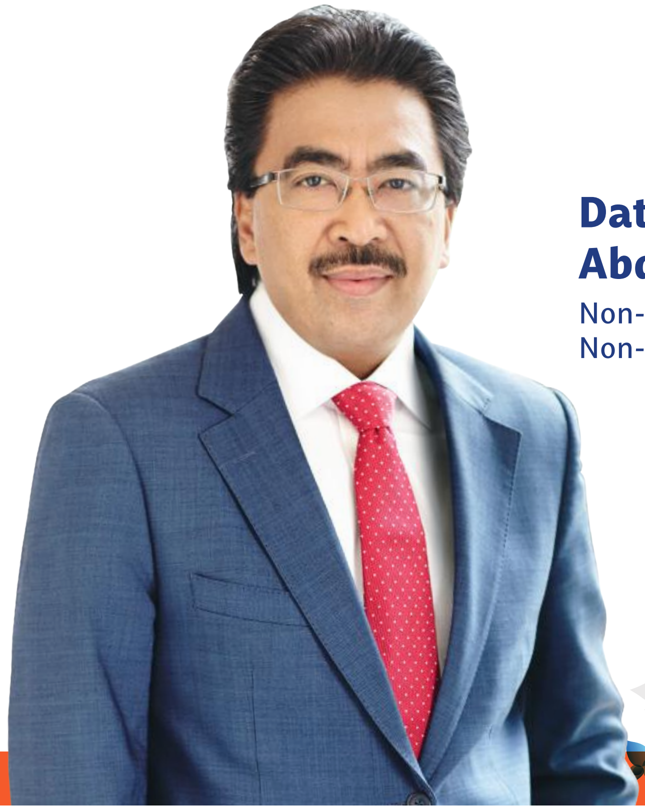
This is a renewal of the mandate obtained from the shareholders of the Company at the Annual General Meeting of 31 October 2018 and if passed, will empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

The renewal of this mandate would provide flexibility to the Company for any possible fund raising exercise, including but not limited for further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions. This authority is to avoid any delay and cost involved in convening a general meeting to approve such issuance of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fortieth Annual General Meeting held on 31 October 2018 and which will lapse at the conclusion of the 41st AGM to be held on 31 October 2019.

DIRECTOR'S PROFILE



Datuk Seri Johari Bin Abdul Ghani

Non-Independent
Non-Executive Chairman

Datuk Seri Johari Bin Abdul Ghani, male, aged 55, a Malaysian, was appointed to the Board on 6 March 2019. He was re-designated as Non-Independent Non-Executive Chairman on 30 May 2019. He is a qualified Chartered Accountant under the Chartered Association of Certified Accountants, United Kingdom. Datuk Seri Johari was a former Minister of Finance II from 27 July 2016 until 9 May 2018.

Datuk Seri Johari began his career at an international accounting firm, Peat Marwick & Co. (now known as KPMG). He has been involved in the corporate world for more than 25 years where he held senior positions in various companies both listed and unlisted. He is also shareholder of several companies listed on the Bursa Malaysia Securities Berhad which are involved in various industries. Datuk Seri Johari is currently a Chairman and a substantial shareholder of KUB Malaysia Berhad.

Datuk Seri Johari previously served on a number of Boards including amongst others, as the Chairman of Langkawi Development Authority (LADA), as a Director of Khazanah Nasional Berhad, a Trustee of Yayasan Pelaburan Bumiputera and a member of the National Productivity & Export Council.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Datuk Seri Johari does not have any convictions for offences within the past 5 years and was not subject of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

DIRECTOR'S PROFILE
(cont'd)

Encik Megat Joha Bin Megat Abdul Rahman

Group Managing Director

Encik Megat Joha Bin Megat Abdul Rahman, male, aged 56, a Malaysian, was appointed to the Board on 18 April 2013 as an Executive Director. Subsequently, he was re-designated as Group Managing Director on 29 July 2015. Currently, he is a member of the Risk Management Committee.

He is a USA trained and qualified accountant who graduated from Boston University, Massachusetts with a Degree in Accounting & Finance in 1986 and started his career with Peat Marwick Mitchell, Chicago, USA. Having passed the USA CPA examination in 1987 in Chicago he returned to join the KPMG Kuala Lumpur office in 1988.

In 1991, he joined Kumpulan FIMA Berhad where he served in various capacities as Vice President for the Agro-based group and Business development and as Executive Director and Chief Executive Officer ("CEO") for Percetakan Keselamatan Nasional and Security Printers, of FIMA Berhad.

In 1998, Encik Megat Joha joined the Kuala Lumpur Stock Exchange ("KLSE") (now known as Bursa Malaysia Securities Berhad) as Investigations Senior Manager for Market Supervision. In 1999, he led the project team in establishing the Labuan International Financial Exchange ("LFX") for the KLSE, and held the post of Assistant General Manager at LFX till 2002.

He left the KLSE in early 2002 to assume the post of Chief Operating Officer cum Executive Director (Operations) at Mayban Securities Sdn Bhd until late 2005.

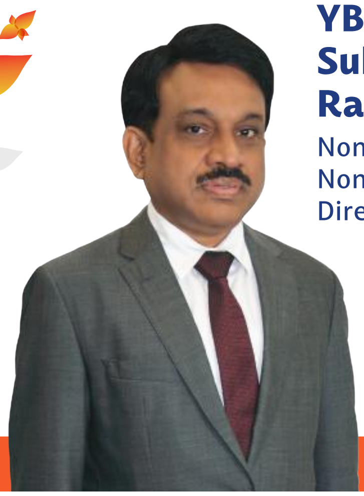
His various other stints included being the Group CEO of Majuperak Holdings Berhad and General Manager of Boustead Sissons Paints Sdn Bhd.

He is currently a Board member of KUB Malaysia Berhad, Central Cable Berhad and Padiberas Nasional Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Encik Megat Joha does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

DIRECTOR'S PROFILE
(cont'd)

YBhg Datin Mariam Prudence Binti Yusof
Non-Independent Non-Executive Director



YBhg Dato' Sukumaran s/o Ramasamy
Non-Independent Non-Executive Director

YBhg Datin Mariam Prudence Binti Yusof, female, aged 66, a Malaysian was appointed to the Board on 27 July 2005 as Non-Independent Non-Executive Director.

She graduated with BA (Honours), University of Malaya in 1974. She started her career in the field of human resource and organisational development with multinational companies, namely Motorola (M) Sdn Bhd, Intel (M) Sdn Bhd, Shell Malaysia Sdn Bhd and Nestle (M) Sdn Bhd. In 1984, she entered the field of stockbroking and was the Executive Director of Equity Market of MIDF Amanah Investment Bank Bhd, until her retirement.

Datin Mariam Prudence other previous appointments include being a Member of the Kuala Lumpur Stock Exchange Committee (KLSE), a Director of Labuan International Financial Exchange Inc. (LFX), a Director of Securities Clearing Automated Network Services Sdn Bhd (SCANS) and a Director of Research Institute & Investment Analyst Malaysia (RIIAM) and Trustee of the Bumiputera Training Fund of the Securities Commission. She was also the Chairman of the Membership Committee of the KLSE. She retired from the Board of KLSE and its subsidiaries on 10 April 2004.

In year 2002, she was elected as Chairman of the Association of Stockbroking Companies of Malaysia (ASCM) with the primary role of spearheading the demutualization of KLSE to its new entity, Bursa Malaysia Berhad.

On 26 August 2002, she was appointed as a member of the National Economic Action Council (NEAC) by the Prime Minister of Malaysia, and served until the year 2009.

She is currently a Board member of Bursa Malaysia Berhad, Bursa Malaysia Derivatives Berhad, Bursa Malaysia Derivatives Clearing Berhad and RAM Rating Services Berhad. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest.

Other than traffic offences, she does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

YBhg Dato' Sukumaran s/o Ramasamy ("Dato Kumar"), male, aged 62, a Malaysian was appointed to the Board on 10 June 2015 as Non-Independent Non-Executive Director.

After completing his secondary education, Dato' Kumar began his career in 1981 as a Plant Manager in Ngo Chew Hong Edible Oil Pte Ltd (subsidiary of Mewah International, a listed company in the Singapore Stock Exchange) and advanced in several positions in the company before becoming the Chief Executive Officer of the company. This equipped him with extensive knowledge on the daily operations of the company including production, finance and consumer marketing.

Dato' Kumar left the company in 2011 and was appointed Managing Director of Saber Pte Ltd. Dato' Kumar has 39 years of experience in the palm oil industries, specifically in the consumer pack segment. He is now the Managing Director of Palmtop Vegeoil Products Sdn Bhd. He is a well-known and respected figure in the industry with good relationships built with edible oil producers and suppliers.

Dato' Kumar possesses vast knowledge in the palm oil industry which he had successfully distributed edible oils and fats in retail packings to over 120 countries in Asia, Middle East, Australasia and Pacific Islands, Indian sub-continents, Africa, Caribbean Islands, Commonwealth of Independent States region and Europe.

He is currently a Board member of Tradewinds Plantation Berhad. He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Dato' Kumar does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

DIRECTOR'S PROFILE
(cont'd)

Ms. Lee Cheang Mei
Non-Independent Non-Executive Director

Encik Nor Hishammuddin Bin Dato' Mohd Nordin
Senior Independent Non-Executive Director

Ms. Lee Cheang Mei ("Joyce Lee"), aged 60, a Malaysian, was appointed to the Board on 7 May 2014 as an Alternate Director to Mr. Fung Heen Choon. She was re-designated as Non-Independent Non-Executive Director of the Company on 28 February 2018.

She is the co-founder and Managing Director of Continental Resources Sdn Bhd (173543-U) ("CRSB"), a wholly-owned subsidiary of the Company. She obtained her Certificate of Administrative Management from the administration and business management professional body, Institute of Administrative Management, in 1983. She has more than 30 years of experience in the edible oils industry where her core competency is in the marketing and sales of edible oils.

Ms. Joyce Lee began her career as a marketing executive in Felda Marketing Services Sdn Bhd ("Felda") in 1981 where she was responsible for the export sales of palm oil and its downstream products. During her 7 years tenure with Felda, she successfully developed the export market for 2 regions, namely Asia (including Australasia) and the Middle East. Ms. Joyce Lee then joined Seacourt Pty Ltd, Australia in 1988 as Marketing Director where she was responsible to explore and create business opportunities as well as market of Malaysia's palm oil and other liquid oil products to Australian consumers. In 1990, Ms. Joyce Lee left Seacourt Pty Ltd and co-founded CRSB where she was appointed Managing Director of CRSB.

Ms. Joyce Lee's current position as Executive Director of CRSB is responsible for identifying, developing and directing the implementation of CRSB's business strategies to ensure growth and progress in expanding market presence in the Asia (including Australasia), Middle East and Africa regions. She is also responsible for product development, brand and company positioning as well as ensuring a positive culture and working environment to achieve optimum employee productivity.

She has no directorships in other public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest.

Other than traffic offences, Ms. Joyce Lee does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

Encik Nor Hishammuddin Bin Dato' Mohd Nordin, male, aged 53, a Malaysian, was appointed to the Board as an Independent Non-Executive Director and a member of the Audit Committee on 30 May 2001. He was appointed as Senior Independent Non-Executive Director on 29 May 2019. Currently, he is the Chairman of the Remuneration Committee and Nomination Committee, and also a member of the Risk Management Committee.

He holds a Bachelor of Law (LLB) degree with honours and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1994. He is presently the Managing Partner of Messrs Hisham Yoong – K.C. Lim, a legal firm.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Encik Nor Hishammuddin does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

DIRECTOR'S PROFILE
(cont'd)

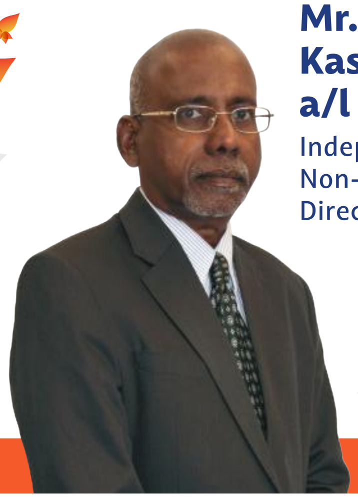
Ms. Teh Bee Tein
Independent Non-Executive Director

Ms. Teh Bee Tein, female, aged 63, a Malaysian, was appointed to the Board on 15 April 2009 as an Independent Non-Executive Director. Currently, she is the Chairman of the Audit Committee and Risk Management Committee, and also a member of the Nomination Committee and Remuneration Committee.

Ms. Teh is a member of the Malaysian Institute of Accountants (MIA) and also a Fellow of the Association of Chartered Certified Accountants-United Kingdom. She has over 30 years experience in public accounting practice, both in Malaysia and the United Kingdom. She is currently the Managing Partner of B.T. Teh, Thiang & Co.-Chartered Accountants (Petaling Jaya), a partner of Thiang & Co.-Chartered Accountants (Klang) and the Managing Director of B.T. Teh Tax Services Sdn Bhd.

She has no directorships in other public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest.

Other than traffic offences, Ms. Teh does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.



Mr. Kasinathan a/l Tulasi
Independent Non-Executive Director

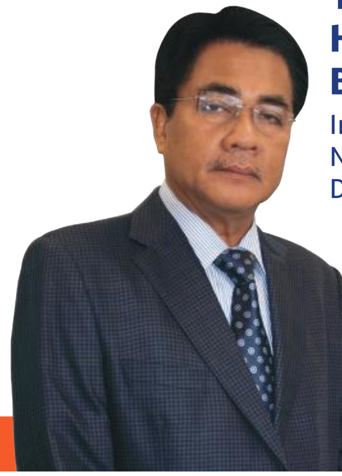
Mr. Kasinathan a/l Tulasi ("Mr. Sunther"), male, aged 61, a Malaysian, was appointed to the Board on 8 February 2011 as an Independent Non-Executive Director and a member of the Audit Committee.

He holds a Bachelor of Law (LL.B) degree with honours from the University of London (External), and he is also a Barrister (Lincoln's Inn). He started his career as a Legal Executive in Messrs Shah & Burke and read in the chambers of Mr. Philip Waller QC in London. Mr. Sunther returned to Malaysia and was called to the Malaysian Bar on 27 September 1991. Upon being called to the Bar, he joined the legal firm of Messrs Sajali, Amier & Partners. In December 1992, Mr. Sunther resigned from Messrs Sajali, Amier & Partners to set up the partnership of Messrs A. Zahari Thulasi now known as Messrs Affendi Zahari.

He is currently a Board member of Central Cable Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Mr. Sunther does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

DIRECTOR'S PROFILE
(cont'd)



YBhg Datuk Haji Ariffin Bin Imat
Independent Non-Executive Director

YBhg Datuk Haji Ariffin Bin Imat, aged 63, a Malaysian, was appointed to the Board as Independent Non-Executive Director on 6 March 2017. He is currently a member of Remuneration Committee and Nomination Committee.

He graduated with BEc (Honours) in the field of Applied Economics, University Malaya in 1979, and served for 36 years in the public sector. He started his career as an Administrative and Diplomatic Officer, and was promoted to the State Development Officer in 1987, and served until he retired on 31 December 2015.

He has extensive experience in the implementation and monitoring of Government 5-Year Plan development projects and the implementation of special projects. He is also experienced in managing the relationship and cooperation between central agencies, ministries and state governments.

Throughout 36 years of service, has been awarded the Bintang Cemerlang Melaka (B.C.M), Ahli Mangku Negara (A.M.N) and Panglima Mahkota Wilayah (P.M.W) by His Majesty the Yang Di-Pertuan Agong in conjunction with Federal Territory Day in 2015.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, he does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

Mr. Fung Heen Choon
(Alternate Director to Ms. Lee Cheang Mei)
Non-Independent Non-Executive Director

Mr. Fung Heen Choon ("Julian Fung"), male, aged 62, was appointed to the Board on 7 May 2014 as Non-Independent Non-Executive Director. On 28 February 2018, he was re-designated as an alternate director to Ms. Lee Cheang Mei.

He is the co-founder and Executive Director of Continental Resources Sdn Bhd (173543-U) ("CRSB"), a wholly-owned subsidiary of the Company. He obtained his Bachelor of Arts degree in Economics from North East London Polytechnic, United Kingdom, in 1982. He has more than 20 years of experience in the edible oils industry where his core competency is in operations, accounting and finance.

Mr. Julian Fung began his career as an account assistant in London's E.F. Hutton Pte Ltd in 1984 and was responsible for contract reconciliation and producing financial reports. In 1987, Mr. Julian Fung returned to Malaysia and joined Seccon Management Services Sdn Bhd as Manager and served the company for a period of 3 years. Mr. Julian Fung was responsible for the business development of the company as well as secretarial and management consultation services to its clients. Mr. Julian Fung resigned from Seccon Management Services Sdn Bhd in 1990 and co-founded CRSB where he was appointed Executive Director of CRSB, a position he continues to hold till today.

Mr. Julian Fung is responsible for managing the administration and factory operations of CRSB, including evaluation and implementation of operational expansion plans, licensing, financial strategies and cash flow as well as securing trade facilities and financing from financial institutions.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Mr. Julian Fung does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

GROUP MANAGEMENT TEAM'S PROFILE

Encik Megat Joha Bin Megat Abdul Rahman
Group Managing Director

(Please refer to page 9 of Directors' Profile)

Mr. Fung Heen Choon
Executive Director - Continental Resources Sdn Bhd

(Please refer to page 13 of Directors' Profile)

Ms. Lee Cheang Mei
Executive Director - Continental Resources Sdn Bhd

(Please refer to page 11 of Directors' Profile)

Dato' Sukumaran s/o Ramasamy
Managing Director-Palmtop Vegeoil Products Sdn Bhd

(Please refer to page 10 of Directors' Profile)

Encik Azlan Bin Ahmad
Head of Corporate and Legal Affairs

Encik Azlan Bin Ahmad, aged 51, a Malaysian, holds an LL.B (Hons) degree from the Middlesex University, London and he qualified as a Barrister-at-Law (Lincoln's Inn), England. Currently, he is a member of the Risk Management Committee.

He was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1993 and spent more than 6 years in private legal practice before joining a public listed company in the fast food industry in year 2000 as its Legal Manager where he served for five years.

He joined the Company's then subsidiary, Permanis Sdn Bhd in 2005 as its Head of Legal and obtained his qualification as a Licensed Company Secretary in 2007. He served as the Group Company Secretary for the Company and its group of companies until July 2016. At the Company, he is responsible for overseeing the Legal and Corporate Secretarial Affairs department and provides advisory services in the same field to the Company and its subsidiaries.

Apart from Central Cables Berhad, a non-listed public company, he has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Encik Azlan does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

Ms. Chaw Pei Yee
Senior Manager-Finance and Administration

Ms. Chaw Pei Yee, aged 54, female, a Malaysian, holds a Master's Degree in Business from the Victory University of Technology, Australia. She is a member of the Malaysian Institute of Accountants, the Certified Practising Accountant Australia and Asean Chartered Professional Accountant. Currently, she is a member of the Risk Management Committee.

She has more than 9 years of experience in the external audit field covering a wide range of industries including property development, manufacturing, construction, hotel, plantations and investment holdings. Prior to joining the Company, she was an Accountant of a Public Listed Company in the Property Development sector.

She joined the Company as an Accountant and was appointed as Senior Manager-Finance and Administration on 16 April 2007. She oversees the finance, tax, administration and human resources of the Company.

She has no directorships in other public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest.

Other than traffic offences, Ms. Chaw does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

GROUP MANAGEMENT TEAM'S PROFILE
(cont'd)

Encik Baharuddin Bin Basirun
Chief Operating Officer of Continental Resources Sdn Bhd

Encik Baharuddin Bin Basirun, aged 56, male, a Malaysian, was appointed as the Chief Operating Officer of Continental Resources Sdn Bhd ("CRSB") on 1 May 2015.

After obtaining a Diploma in Accountancy from Universiti Teknologi MARA ("UiTM"), Shah Alam, Malaysia, he began his career in 1984, as an Assistant Accountant at Klang Port Authority (KPA). In 1986, he furthered his studies pursuing the Chartered Institute of Management Accountant (CIMA) qualifications at the Accountancy Tutors, London, United Kingdom. In 1992, upon his return to Malaysia, he joined the privatised Klang Port Management as an Assistant Accountant.

In 1995, he joined PDX Computers Sdn Bhd as a Senior Executive (Finance). Concurrently, he obtained his Bachelors of Accounting from UiTM and in 1996, he joined Prolink Development Sdn Bhd, as an Assistant Manager (Finance).

In 1997, he joined Konsortium Logistic Berhad ("KLB"), as an Accountant and his last position with KLB was as its Vice President. In 2004, he joined Ayamas Food Corporation Sdn Bhd ("Ayamas"), as a Senior Manager and in 2007 was promoted to the position of Deputy General Manager ("DGM") of KFC Manufacturing Sdn Bhd. His last position prior to joining the Company was as the DGM of Ayamas. During his 10 years with the QSR Group, he successfully set-up the Logistics Division, warehouse management system, re-engineering of its manufacturing system and production management system.

Currently, Encik Baharuddin is the Chief Operating Officer of the Edible Oil Products Division and is responsible for managing the operations and financial of the Group's Edible Oils Division including production planning, material planning, supply chain management, quality management, licensing, financial strategies, cash flow, trade facilities and financing from financial institutions and project manager for Enterprise Resource Planning (ERP) and Manufacturing Execution System (MES) implementation.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Encik Baharuddin does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

Mr. Foo Loke Yean
Chief Executive Officer of Doe Industries Sdn Bhd

Mr. Foo Loke Yean ("Robert Foo"), aged 54, male, a Malaysian, is a Graduate Member of The Chartered Institute of Marketing and Institute of Commercial Management, United Kingdom. After graduating he continued to pursue Advance Diploma in Business and Management from West Glamorgan Institute of Higher Education, Wales, United Kingdom. Currently, he is a member of Risk Management Committee of the holding company, C.I. Holdings Berhad.

Prior to joining Doe Industries Sdn Bhd (36788-T) ("Doe") in July 2001, he was with Hume Industries Berhad – Concrete Division as Sales Manager from 1990 to 2001. He has 25 years' experience in Building Material Industry.

He joined Doe in 2001 as Sales Manager later promoted in 2007 to General Manager – Sales and Marketing and subsequently in August 2009 was promoted to Chief Executive Officer of Doe Group of Companies. He is overall in charge of the Operation and Business Development of Tap and Sanitary Ware Division.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest.

Other than traffic offences, Mr. Robert Foo does not have any convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Company Profile

The Group is divided into two main divisions, namely the Edible Oil Products Division and the Tap and Sanitary Ware Division. The former focuses on exporting consumer-packed edible oil products while the latter is mainly involved in manufacturing, trading and distribution of sanitary ware and tap fittings to the property development market.

Edible Oil Products Division

The Edible Oil Products Division consists of Continental Resources Sdn Bhd (173543-U) ("CRSB") and the Palmtop Group.

CRSB has three plants based in Banting, Klang equipped with 22 packing lines with a rated packing capacity of 414,000 metric tonnes of edible oils per annum and 37 oil tanks with a total tankage capacity of 3,870 metric tonnes.

CRSB also has 13 jerry can moulding machines with a monthly production capacity of 600,000 jerry cans in various sizes, i.e. 3L, 5L, 10L, 18L, 20L & 25L.

As CRSB manufactures its own jerry cans packaging material, there are cost savings of between 3% to 5% in terms of expenses incurred for the purchase of packing materials and its logistics costs. These savings are either shared with our customers or serve to improve of selling margins. Additionally, CRSB also packs and exports high quality jerry cans with very minimal rejections and customer complaints. Placing CRSB in a more competitive position amongst its competition in the industry to thus increase profitability and market share.

Palmtop Group in turns operates two packing plants in Pasir Gudang, Johor which comprises of Palmtop Vegeoil Products Sdn Bhd (266956-P), PNC Oil Factory (Malaysia) Sdn Bhd (371637-V) and Continental Palms Pte Ltd, a sales & marketing office based in Singapore. It has 14 packing lines with a rated packing capacity of 237,000 metric tonnes of edible oils per annum and 32 oil tanks with a total capacity of 4,000 metric tonnes.

Tap And Sanitary Ware Division

The Tap and Sanitary Ware Division currently has one manufacturing plant in Senawang, Negeri Sembilan. It also has a sales and marketing headquarters located in Damansara Utama, Petaling Jaya which also functions as a distribution centre.

The division is committed to service and promote business partnerships with its retail outlets nationwide, leverage Original Equipment Manufacturer ("OEM") partnerships with local and overseas brands and work closely with major developers and government agencies to secure orders. It will also emphasise on building material to increase revenue and focus on stringent control on quality for OEM/trading items. Through its agents under the respective brands, the division traded various types of building materials such as roof tiles, wall and floor tiles, paint, kitchen appliances, precast concrete products and timber plywood.

Vision

The Group strives to develop, enhance and create a comprehensive portfolio of consumer brands to enable the generation of sustainable profit growth and reasonable investment returns to the shareholders.

Principal Activities Of The Group

- Blending and packing of vegetable-based edible oils.
- Marketing, branding and merchandising of various consumer-packed edible oil products in the domestic and international market.
- Manufacturing and trading a broad range of tap and sanitary ware products.

Key Markets

Asia (including Australasia), Africa and the Middle East regions.

Strategies In Creating Value

- Leveraging core competencies and areas of strategic advantage.
- Identifying compelling market opportunities by maintaining abreast of market developments and evolving customer needs.
- Offering a broad and compelling portfolio of products and brands tailored to customer needs/wants.
- Continual optimization of business processes.
- Providing opportunities for growth and enrichment to our employees, our business partners and the communities in which we operate.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Highlights Of The Group's Financial Information For The Past 5 Financial Years

Financial (in RM'000)	2019	2018	2017	2016	2015
Revenue	2,272,914	2,602,701	2,175,392	1,305,383	399,278
Profit/(loss) before interest and tax	45,934	58,395	59,528	57,630	18,253
Finance costs	(12,640)	(13,095)	(8,683)	(5,311)	(1,102)
Net profit/(loss)	27,074	45,034	38,573	38,348	13,093
Shareholders' Funds	210,392	211,153	192,946	173,880	147,290
Total assets	573,969	588,973	664,075	421,865	250,255
Borrowings	202,057	243,034	248,274	134,867	35,516
Debt/Equity (%)	96	115	129	78	24
Earnings per share	11.75 sen	19.20 sen	16.70 sen	16.43 sen	7.56 sen
Net assets per share (RM)	1.30	1.30	1.19	1.07	0.91
Dividend per share	8 sen	10 sen	8 sen	5 sen	–

Share Performance (RM)	2019	2018	2017	2016	2015
Year high	1.94	2.39	2.73	3.20	2.95
Year low	1.21	1.80	2.28	1.67	0.98
Year close	1.37	1.84	2.34	2.55	2.44
Market capitalisation (as at financial year end)	221.94 million	298.08 million	379.08 million	413.1 million	395.28 million

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Revenue

The Group's revenue decreased by 12.7% to RM2.3 billion from RM2.6 billion for the financial year under review as compared to the previous financial year, mainly due to the following:

- Decrease in shipments of full container loads and tonnage sold due to lower demands.
- Lower average palm olein prices by 19% from USD651 per tonne to USD528 per tonne due to oversupply. This was caused by the contraction in the price of soybean oils, as a result of bumper harvest and to an extent the ensuing US-China trade war.

Profit Before Tax ("PBT") & Expenses (costs)

The Group's PBT decreased by 26.3% to RM33 million for the current year from RM45 million in the previous year in line with the decrease in revenue.

Operating expenses decreased from RM85 million to RM72 million during the year, a 15.1% drop as compared to the previous year due to lower compensation paid to customers, lower travelling expenses, staff refreshment, entertainment costs, documentation fees, trade exhibition expenses, provision of bonus, upkeep of factory equipment costs, agency fees and penalties.

Total finance costs also declined by 3.5% from RM13.1 million to RM12.6 million during the year. This is mainly due to lower utilisation of trade facilities because of lower palm olein prices and from the efforts to reduce facility utilisation to control finance costs by paying cash for certain capital expenditures, wherever possible.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

Assets: Trade Receivables
Trade receivables decreased by 5.5% from RM304 million to RM287 million during the year. This was primarily due to lower crude palm oil and palm olein prices during the period under review.

Assets: Inventories
There was an increase in inventories by 10%, from RM42 million to RM46 million in line with the lower demands during the year under review.

Assets: Cash And Bank Balances
The Group's bank balances and deposits placed with financial institutions decreased slightly by 5.8%, from RM128 million to RM120 million mainly due to better utilisation of cash reserves as against using bank facilities.

Liabilities: Trade And Other Payables
The Group's trade and other payables increased by 29.4% from RM94 million in the previous financial year to RM122 million, where we utilised and maximised supplier's credit terms whenever possible.

Capital Structure And Capital Resources
The Group remains prudent in maintaining a sound financial position to enable the execution of strategic objectives in creating value over the coming years. Group's borrowings decreased by 16.8% from RM243 million to RM202 million during the year.

Known Trends And Events
The challenging economic environment has taken its toll on the Group's Edible Oil Products Division during the year. The prolonged US and China trade war has reverberated globally and has caused some serious dents to the world's economy, and the palm oil industry is no exception. Since soybean and palm oils are almost perfect substitute goods, the lower price of the former has caused the price of the latter to go down as well. When consumers expect lower future prices, the demand will decrease. Evidently and unfortunately this has transpired during the year.

However, despite these challenges, the division still managed to register profit after tax, owing largely to its strong brand presence in the markets the division serve, loyal customer base and increasing other FMCG (fast moving consumer goods) non-oil export products with better margins as compared to palm oil.

Tap and Sanitary Ware Division continued to perform this year. The division once again managed to improve its bottom line against a backdrop of a sluggish and cautious trading environment.

High barrier of import for sanitary ware worked to the division's advantage. Focus were also given to the mid and low-end housing projects for the local market, the secondary or renovation markets and the higher margin hospital and healthcare facilities which has contributed satisfactorily in terms of revenue for the division.

REVIEW OF OPERATING ACTIVITIES

Operating Activities
The Group's profit before interest and taxation decreased by 21.31% from RM58.4 million to RM46 million this year. The decrease was particularly attributed to the reduction in margins as there was an oversupply of palm olein due to the contraction in the price of its substitute, the soybean oils. The prolonged trade war between US and China has brought upon this anomaly during the financial year under review, when China banned US products from entering its market. As a result, there was an oversupply of soybean oils causing the price to go down narrowing the price spreads between soybean oils and palm olein, thus becoming a more competitive substitute.

Aside from that, there are no further significant developments in the operating activities during the financial year.

ANTICIPATED OR KNOWN RISKS

Foreign Exchange Risk
The Group exports approximately 95% of its products worldwide each year, thereby increasing the risk of exposure to currency exchange. However, this risk is mitigated by way of forward currency contracts, wherever possible.

Country Risk
To a large extent, financial performance is dependent on political, economic and regulatory environment in the importing countries. Any adverse developments may result in default of contracts, collection problems leading to bad debts and possible loss of market share. The Group thus closely monitor the situation on a weekly basis of the importing countries to identify, plan and execute counter measures to mitigate such risks.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

FUTURE PROSPECTS

Possible Trend And Outlook
The Group will focus on its expansion plans for revenue growth for its edible oil operations and with smart partnership tie-up with property developers for the tap-ware and sanitary ware divisions to enhance shareholders' value.

The Edible Oil Products Division is focusing on expanding its customer base and products range to improve future earnings and margins for the Group. In addition, the division has also initiated cost control measures in its daily operation. It is also reorganising its current production floor layout in order to accommodate increasing demand by improving production efficiency by way of increasing production automation to help reduce reliance on manual processes and workers.

The Tap and Sanitary Ware Division has managed to secure a number of hospital projects to ensure a more sustainable and long-term business model, with more still in the negotiation stage. The division will continue to focus into specification and extension of its range of products in the healthcare market.

The division also aspires to be the "Station Master" for tap and sanitary ware for all MRT and LRT stations nationwide, after securing the supply tender to all 32 MRT 2 stations from Sg Buloh – Serdang – Putrajaya. Going forward, it is looking to secure more of such projects to ensure a sustainable stream of income and better profit margin for the Group.

Dividend Policy
The Group has no dividend policy in place on the account of possible requirements of funds for future expansions and growth.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of C.I. Holdings Berhad ("CIHB" or "the Company") is committed in ensuring that the Company and its subsidiaries (the "Group") practise a high standard of corporate governance in discharging its responsibilities to enhance shareholders' value and financial position of the Group.

The Board continues to review its existing corporate governance practices and policies throughout the Group in ensuring full application of key corporate governance principles as set out in the Malaysian Code of Corporate Governance 2017 ("MCCG").

This statement which is made pursuant to paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out the manner in which the Group has applied the principles and recommendations of MCCG. It must be read together with the Corporate Governance Report published on CIHB's website at **www.cih.com.my**.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is cognisant of its responsibilities by ensuring proper control of the economics and financial management of the Company and validates the strategic directions proposed by the Management for implementation.

The Board acts in the best interests of CIHB, honestly, fairly and diligently and in accordance with the duties and obligations imposed upon it by the Constitution of the Company and the law.

The Board also serves as a panel to provide effective guidance on the assessment of principal risks and the appropriate systems to manage these risks, as well as to review the adequacy and integrity of the Company's internal control system in safeguarding shareholder interests and the Company's assets.

The Board's role and responsibilities include but are not limited to the following:

- Setting and reviewing the objectives, goals and strategic plans for the Group with a view to maximising shareholders' value.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Implementing succession planning for senior management.
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

To ensure the effective discharge of its functions and responsibilities, the Board has in place, business authority limits which sets out relevant matters which the Board has delegated to the Management Team led by the Group Managing Director ("GMD"). These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

There is a schedule of matters reserved specifically for the Board's decision, including the conflict of interest issues relating to a substantial shareholder or a Director, material acquisitions and disposition of assets not in the ordinary course of business, investments in Capital projects, authority levels, treasury policies, risk management policies as well as key human resource issues. The Executive Directors and the Management are tasked to ensure compliance with this. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group. The Business Authority Limits for all the subsidiaries were last reviewed and updated on 21 September 2016 with the approval from the Board.

It is also the Directors' responsibility to declare to the Board whether they have any potential or actual conflict of interest in any transactions or in any contract or proposed contract with the Company or any of its related companies. Where issues involve conflict of interest, the Directors will abstain from discussion and voting on the matters as well as abstain from any other decision making process in relation to these transactions.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference.

The roles of the Chairman and GMD remain separate and distinct. The Chairman plays an important leadership role and is responsible for:

- Leading the Board in setting the values and standards of the Company;
- Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- Ensuring the provision of accurate, timely and clear information to Directors;
- Ensuring effective communication with shareholders and relevant stakeholders;
- Arranging regular evaluation of the performance of the Board, its Committees and individual Directors; and

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

- Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.

The Chairman, in consultation with the GMD and the Company Secretaries, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda. He ensures that all Directors are properly briefed on issues arising at Board meetings, sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion, the issues discussed are forward looking and concentrates on strategy, every Board resolution is put to vote to ensure the will of the majority prevails and that all Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

The Company is committed to the highest standards of ethics and business conduct and has set in place a Code of Conduct which governs employees conduct and behaviour in carrying out their duties and responsibilities in the day-to-day business operations. The Code of Conduct outlines minimum standards expected of employees in dealing with conflicts of interest, supplier relationships, interests in competitors, external businesses or activities, transactions with the Company, use of the Company's property or information, disclosure of information, personal or romantic relationships, laws and regulations, condonation, business records, illegal or questionable payments and supplier obligations.

The Board Charter was last revised and updated on 29 May 2019 to be in line with MCCG, sets out inter alia, the roles and responsibilities of the Board and Board Committees, the procedures for convening Board meetings, financial reporting, investor relations and shareholder communication. The Charter which serves as a source of reference for Directors, will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is made available for reference at the Company's website at **www.cih.com.my/about-us/corporate-governance**.

An Employee Handbook, which was adopted by the Group includes the Employee's Code of Conduct and Whistleblowing Policy, which is intended to cover protection for staff who raise concerns in relation to irregular and unlawful practices.

In addition to the Code of Conduct, a Whistle Blowing Policy has been put in place. The existence of the whistle blower policy provides a mechanism and offers protection for employees to report matters such as financial malpractice or impropriety or fraud, failure to comply with legal obligations or statutes, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. The protection of the employee who report breaches and non-compliances is in line with the Public Interest Disclosure Act which came into effect in 1999. The policy is disseminated to subsidiaries and is available for access by employees.

This policy is designed to enable employees of the Company to raise concerns internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety. This policy is intended to cover concerns which are in the public interest and may at least initially be investigated separately but might then lead to the invocation of other procedures e.g. disciplinary. These concerns could include:

- Financial malpractice or impropriety or fraud
- Failure to comply with a legal obligation or Statutes
- Dangers to health and safety or the environment
- Criminal activity
- Improper conduct or unethical behaviour
- Attempts to conceal any of these

The employees are guided by the Whistleblowing Policy when relying on any information in relation to the abovementioned in writing to designated persons stated in the said policy. Upon receipt of report made together with available evidence, the investigator is tasked to investigate and take all reasonable steps to ensure that investigations regarding the report and disclosure are carried out fairly, unbiased and with due regards to the principles of nature justice. The investigator will report the outcome of the investigation to the GMD or Chairman.

The details of the procedures and lodgement channels of the Whistleblowing Policy are available on the Company's website at **www.cih.com.my**.

The Board members have full access to the two (2) Companies Secretaries, both are professionally qualified, who play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures as well as compliance with the relevant guidelines, regulatory and statutory requirements, corporate governance and best practices.

The Company Secretaries are also responsible in organising and attending all Board and Committee Meetings, ensuring adherence to board policies and procedures and that all statutory records are well maintained at the registered office of the Company. The Company Secretaries also ensure that the deliberations and decisions made at the Board and Committee Meetings are well captured and minuted.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

II. Board Composition

CIHB is led and managed by a competent Board comprising members with vast experience in the fields relevant to the Company. The breadth and depth of the Board skills are vital for the successful stewardship of CIHB's strategic direction and operations to maximise shareholder value. Besides having an extensive knowledge and expertise in the real estate investment and property development, the Board possesses a good mix of skills in business strategies, management, finance, economics, legal and human resources.

As at 30 June 2019, the Board has ten (10) members, comprising one (1) Executive Director and nine (9) Non-Executive Directors, of which four (4) of the Non-Executive Directors are Independent Directors, four (4) are Non-Independent Non-Executive Directors and one (1) Alternate Director. This complies with the Listing Requirements of at least two (2) or one-third (1/3) of the Board to be independent.

During the financial year ended 30 June 2019, five (5) Board meetings were held to review the Group's operations, to approve the quarterly financial results, year-end financial statements and other matters such as the business plan, the direction of the Group, new investment and business proposals. A summary of the attendance of each Director at the Board meetings held during the financial year under review is as follows:

Directors	Designation	No. of Board Meetings Attended
Datuk Seri Johari Bin Abdul Ghani (Appointed on 6 March 2019)	Chairman, Non-Independent Non-Executive Director	1/1
Megat Joha Bin Megat Abdul Rahman	Group Managing Director	5/5
Datin Mariam Prudence Binti Yusof	Non-Independent Non-Executive Director	3/5
Dato' Sukumaran s/o Ramasamy	Non-Independent Non-Executive Director	5/5
Lee Cheang Mei	Non-Independent Non-Executive Director	5/5
Nor Hishammuddin Bin Dato' Mohd Nordin	Senior Independent Non-Executive Director	5/5
Teh Bee Tein	Independent Non-Executive Director	5/5
Kasinathan a/l Tulasi	Independent Non-Executive Director	4/5
Datuk Haji Ariffin Bin Imat	Independent Non-Executive Director	5/5
Fung Heen Choon	Alternate Director to Lee Cheang Mei, Non-Independent Non-Executive Director	4/5
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz (Resigned on 30 May 2019)	Chairman, Senior Independent Non-Executive Director	5/5

The Independent Directors provide independent judgment, objectivity and check and balance on the Board. This is to protect the interests of shareholders, employees, various other stakeholders and the communities where the Company operates.

The Board takes cognisant of the recommendation to have gender diversity on the Board and will through its Nomination Committee ("NC") take steps to ensure that women candidates are sought as part of its recruitment exercise. Currently, the Company has three (3) women directors achieving its target of at least 30% of women participation on the Board.

In maintaining the effectiveness of the Board and the independence of Independent Directors, the Board through its NC performs annual assessment in order to review that the Board as a whole and to ensure that individual director performed effectively in discharging their functions and duties as well as to mitigate risks arising from conflict of interests or undue influence affecting their independence. The assessment is conducted via the Assessment Sheet for each of the Board and the Independent Directors of the Company. The assessment on independence serves as a form of attestation by the Independent Directors that they are able to exercise independent judgment, impartiality and objectivity in the best interest of the Company.

In determining the succession planning for the members of the Board, the NC ensures that each nominated candidate has comprehensive job description covering experience, qualifications and core competencies required of a director and taking into account the existing skills and expertise of the Board and the anticipated time commitment required before recommending the appointment as Director to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

Succession planning for the GMD, Executive Directors, Chief Executive Officer of the Group and key management personnel is deliberated on by the NC and thereafter makes necessary recommendation to the Board for their consideration and approval.

Whilst succession planning for other Senior Management positions is determined by a structured process led by the Human Resource Department and endorsed by the GMD of the Company, Executive Directors and/or Chief Executive Officer of the subsidiaries.

The Board, with the support from Company Secretaries would assessed the training needs of each director. The Directors of the Company attended and participated in various trainings, seminars and forums organised either externally or internally by the Company in areas of finance, tax, accounting and regulatory updates. Members of the Board constantly, on their own initiatives update themselves on the development of the aforesaid by way of reading related literatures and publications on the same.

Some of the development and training programmes attended by Directors for the financial year ended 2019 were as follows:

Director	Training Programme	Organiser	Date
Datuk Seri Johari Bin Abdul Ghani	Developing Professional Skills.	Humanology	25 & 26 March 2019
	Achieving Self Confidence: Racing Towards Industry 4.0.	Humanology	7 & 8 May 2019
Megat Joha Bin Megat Abdul Rahman	Market Forum 2018 - Assessing 2018, Thriving 2019	Malaysia Palm Oil Council	13 November 2018
Datin Mariam Prudence Binti Yusof	Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2019/2020.	Bursa Malaysia Derivatives Berhad	6 March 2019
	Invest Malaysia Conference 2019.	Maybank Investment Bank Berhad	20 March 2019
Dato' Sukumaran s/o Ramasamy	Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2019/2020.	Bursa Malaysia Derivatives Berhad	4 to 6 March 2019
Lee Cheang Mei	Palm Oil Trade Fair and Seminar KL.		28 & 29 August 2018
	Affin Bank Trade Talk.	Affin Bank Berhad	6 September 2018
	Market Forum 2018 Assessing 2018, Thriving 2019.	Malaysia Palm Oil Council	13 November 2018
	Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2019/2020.	Bursa Malaysia Derivatives Berhad	4 to 6 March 2019
	Bank Islam Annual Investor Corporate.	Bank Islam Malaysia Berhad	3 April 2019
Nor Hishammuddin Bin Mohd Nordin	Seminar on Intellectual Property.	Bar Council Malaysia	9 July 2018
	Updates to Companies Act 2016.	Kuala Lumpur Bar	4 September 2018
	Seminar on AMLA.	Bar Council Malaysia	6 December 2018
	MIA's Engagement Session with Audit Committee Members on Integrated Reporting.	MIA	30 April 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

Director	Training Programme	Organiser	Date
Teh Bee Tein	National Tax Conference 2018.	Chartered Tax Institute of Malaysia ("CTIM")	16 & 17 July 2018
	MIA International Accountants ("MIA") Conference 2018.	MIA	9 & 10 October 2018
	2019 Budget Seminar.	CTIM	4 December 2018
	Malaysia Business Reporting System (MBRS) for Prepares: Financial Statements.	Suruhanjaya Syarikat Malaysia and MIA	26 & 27 December 2018
	MFRS Financial Instruments Masterclass covering MFRS 132, 7 and 9 with Practical Applications and Case Studies.	MIA	10 & 11 April 2019
	MIA's Engagement Session with Audit Committee Members on Integrated Reporting.	MIA	30 April 2019
Datuk Haji Ariffin Bin Imat	Discover Better Value Together: Turning Possibilities into Actual Opportunities.	Boardroom Malaysia	3 April 2019
Fung Heen Choon (Alternate Director to Lee Cheang Mei)	Palm Oil Trade Fair and Seminar KL.		28 & 29 August 2018
	Affin Bank Trade Talk.	Affin Bank Berhad	6 September 2018
	Market Forum 2018 Assessing 2018, Thriving 2019.	Malaysia Palm Oil Council	13 November 2018
	Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2019/2020.	Bursa Malaysia Derivatives Berhad	4 to 6 March 2019
	Bank Islam Annual Investor Corporate.	Bank Islam Malaysia Berhad	3 April 2019

III. Remuneration

The Board believes in a competitive and transparent remuneration framework that supports the Directors' and Senior Management's responsibilities and fiduciary duties in managing the Group to achieve its long term objective and enhance stakeholders' value.

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of Executive Directors, the remuneration is structured to link rewards to corporate and individual performance based on key performance indicators. For Non-Executive Directors, the level of remuneration reflects their experience and level of responsibilities.

Non-Executive Directors

Name	Salary/Fees (RM'000)	Bonus (RM'000)	Defined Contribution Plan – EPF (RM'000)	Other Emoluments/ Allowances (RM'000)	Benefits In-Kind (RM'000)	Total (RM'000)
Datuk Seri Johari Bin Abdul Ghani (Appointed on 6 March 2019)	13	-	-	-	-	13
Datin Mariam Prudence Binti Yusof	35	-	-	6	-	41
Teh Bee Tein	35	-	-	37	-	72
Nor Hishammuddin Bin Dato' Mohd Nordin	35	-	-	30	-	65
Kasinathan a/l Tulasi	35	-	-	16	-	51
Datuk Ariffin Bin Imat	35	-	-	12	-	47
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz (Resigned on 30 May 2019)	50	-	-	21	-	71
Total	238	-	-	122	-	360

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

Executive Directors

Name	Salary/Fees (RM'000)	Bonus (RM'000)	Defined Contribution Plan – EPF (RM'000)	Other Emoluments/ Allowances (RM'000)	Benefits In-Kind (RM'000)	Total (RM'000)
Megat Joha Bin Megat Abdul Rahman	820	130	109	50	28	1,137
Dato' Sukumaran s/o Ramasamy	1,860	-	58	-	-	1,918
Lee Cheang Mei	760	256	86	-	32	1,134
Fung Heen Choon	760	256	86	-	21	1,123
Total	4,200	642	339	50	81	5,312

* Dato' Sukumaran s/o Ramasamy, Ms. Lee Cheang Mei and Mr. Fung Heen Choon are executive directors of the subsidiaries and their remuneration are paid out of such subsidiaries.

The remuneration (including salary, bonus, allowances, benefits-in-kind and other emoluments) of top four (4) key Senior Management personnel on a named basis during the financial year in bands of RM50,000 are set out below:

Range of Remuneration	Key Senior Management
RM400,000 – RM450,000	Azlan Bin Ahmad (Head-Corporate and Legal Affairs)
RM400,000 – RM450,000	Baharuddin Bin Basirun (Chief Operating Officer of Continental Resources Sdn Bhd)
RM300,000 – RM350,000	Foo Loke Yean (Chief Executive Officer of Doe Industries Sdn Bhd)
RM300,000 – RM350,000	Chaw Pei Yee (Senior Manager-Finance and Administration)

The disclosures on Practise 6.2 and 7.1 to 7.3 of the MCCG are disclosed in the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee ("AC") comprises three (3) members, all of whom are Non-Executive Directors and is chaired by and Independent Non-Executive Director.

The composition of the AC is reviewed by the NC annually and recommended to the Board for approval. In safeguarding and an independent and effective AC whilst taking guidance from the MCCG, the NC recommends that the membership for AC consists at least one (1) member who is financially literate and possesses appropriate level of expertise, experience and strong understanding of the Company's business.

The disclosures on Practise 8.1 to 8.5 of the MCCG are disclosed in the Corporate Governance Report.

II. Risk Management and Internal Control Framework

The Board understands that the ultimate responsibility for ensuring a sound internal control system which provides reasonable assurance on the effectiveness and efficiency of the systems lies with the Board. The Group's internal control system is crafted to manage the risks to achieve Company's objectives aside from safeguarding the stakeholder's interest and the Group's assets.

The internal audit function of the Group is performed in-house and reports to the AC directly in order to ensure that the independence of the Internal Audit Department is preserved.

The disclosures on Practise 9.1 and 9.2 of the MCCG are disclosed in the Corporate Governance Report and the details of the Risk Management and Internal Control Framework are set out in the Statement on Internal Control and Risk Management of the Annual Report.

III. Internal Audit

The internal audit function is performed in-house whose primary responsibility is to assure the Board, through the AC, that the internal control systems are functioning as intended.

In providing this assurance, the Internal Audit Department carries out regular audit activities in accordance with its annual audit plan to review the adequacy and integrity of internal control systems and to identify opportunities for improvement in operational efficiency. The AC reports to the Board on its activities, significant audit results or findings and necessary recommendations or actions needed to be taken by management to rectify those issues.

The internal audit plan for each financial year will be approved by the AC and stipulates, amongst others, the internal auditors' role, scope and authority, organisation status and reporting structure, independence and objectivity and responsibilities.

The disclosures on Practises 10.1 to 10.2 of the MCCG are disclosed in the Corporate Governance Report as well as Audit and Risk Management Committee's Report of the Annual Report.

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

I. Communication With Stakeholders

The Board acknowledges the need for shareholders to be informed of all material business matters of the Company. Announcements to Bursa Securities are made on significant developments and matters of the Group. Financial results are released on a quarterly basis to provide shareholders with a regular overview of the Group's performance. The Corporate Communication Department of the Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.

In addition to published annual report and quarterly results announced to Bursa Securities, the Company has a website at **www.cih.com.my** from which investors and shareholders can access for information about the Group. Any enquiries may be directed to this email address, **info@cih.com.my**.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

II. Conduct Of General Meetings

The Company's general meetings serve as a forum for dialogue and interaction with shareholders. Notice of the Annual General Meeting ("AGM") and Annual Report are sent to the shareholders at least 21 days before the date of the meeting. The Board has ensured each item of special business included in the notice of meeting is accompanied by an explanatory statement on the effects of the proposed resolution.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

Notices of general meetings with sufficient information of business to be dealt with thereat are also published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. At the general meetings, shareholders have direct access to the Board and are encouraged to participate in the question and answer session.

Resolutions will be voted by way of poll as required under the Listing Requirements of Bursa Securities, and the Company will make an announcement on the detailed results to Bursa Securities.

In facilitating greater participation by shareholders at AGMs of the Company, CIHB will continue to explore possible means of leveraging on technology.

This Corporate Governance Overview Statement was approved by the Board of CIHB on 29 August 2019.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") is pleased to present the Audit Committee Report and its activities held throughout the financial year ended 30 June 2019 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

1. MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee ("AC") currently comprises the following members, all of which are Independent Non-Executive Directors. In accordance with corporate governance best practice, the AC Chairman has the necessary accounting and finance qualification. A summary of their respective attendance at the AC meetings held during the financial year are as follows:

Members	No. of Meetings Attended	Percentage (%)
Teh Bee Tein (MIA 3454) – Chairman *Independent Non-Executive Director*	5/5	100.0%
Nor Hishammuddin Bin Dato' Mohd Nordin – Member *Senior Independent Non-Executive Director*	5/5	100.0%
Kasinathan a/l Tulasi – Member *Independent Non-Executive Director*	4/5	80.0%

The AC held five (5) meetings during the financial year ended 30 June 2019. The Group Managing Director and the Head of Internal Audit attended the AC meetings upon invitation. Other senior management personnel of the Group also attended the meetings upon invitation by the AC, as and when necessary. The Company's external auditors attended three (3) meetings during the financial year where they were invited to discuss matters relating to the statutory audit. They were also given the opportunity to raise areas of concern without the presence of the Management.

The Chairman of the AC undertakes a continuing process of engagement with the senior executives of the Company and the Group as well as the external auditors so that the AC is kept up-to-date with all important issues affecting the Company and the Group.

During the year, the AC members attended conferences, seminars and training programmes relevant to their roles and responsibilities.

The AC has the authority to examine specific issues and report to the Board with its recommendation. The final decision on all matters, however, lies with the entire Board of the Company.

2. TERMS OF REFERENCE

The Terms of Reference of the AC are aligned with the Listing Requirements of Bursa Securities, recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG") and relevant best practices. Necessary revisions will be made to the Terms of Reference to be in line with the amendments of the Listing Requirements of Bursa Securities.

The Terms of Reference of the AC was last reviewed and updated on 22 November 2017 and is made available on the Company's corporate website at **http://www.cih.com.my/about-us/corporate-governance**.

3. ACTIVITIES OF THE AC

In discharging its duties and responsibilities, the AC had undertaken the following activities and work during the year:

Financial And Operations Review

(a) Reviewed the quarterly financial results and annual audited financial statements of the Company.

The AC is delegated with the responsibility to ensure that the Group's statutory accounts are fairly stated and conform to the relevant regulations and acceptable accounting standards.

The AC focuses particularly on changes in or implementation of major accounting policies, significant and other legal requirements before recommending them for approval by the Board for announcement to Bursa Securities.

In review of the annual audited financial statements, the AC had discussed with Management and the External Auditors the accounting principles and standards and the judgements of the items that may affect the financial statements as well as issues and reservation arising from the statutory audits.

AUDIT COMMITTEE REPORT
(cont'd)

(b) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the recommendations set out in the MCCG in conjunction with the preparation of the Corporate Governance and Risk Management and Internal Control Statements.

(c) Pursuant to Sections 131 and 132 of the Companies Act, 2016, a company may only make a distribution to shareholders out of profits of the company if the company is solvent.

In this regard, the AC considered the quantum and cash flow impact of dividend payment. The AC reviewed the Statement of Assets and Liabilities as well as Cash Flow Statement to ensure that the Company meets the solvency requirements before the distribution of profits was recommended to the Board and to shareholders for approval.

External Audit

(a) Reviewed the independence status and performance of the External Auditors for the financial year ended 30 June 2018.

The AC carried out an annual assessment on the performance of External Auditors covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors.

The AC also ensured that the Company obtained written assurance from the External Auditors confirming their independence throughout their term of engagement for the financial year.

Having satisfied with the independence, suitability and performance of Messrs BDO PLT, the AC recommended to the Board for approval of the re-appointment of Messrs BDO PLT as External Auditors for the ensuing financial year end of 30 June 2019 at its meeting held last year on 21 August 2018.

(b) Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the External Auditors.

During the year under review, the AC had two (2) independent meetings with the External Auditors without the presence of Management to discuss any problems/issues arising from the final audit and the assistance given by the employees during the course of audit by External Auditors. The AC was pleased to report that there was no significant matter of disagreement that arose between the External Auditors and Management.

(c) Reviewed the External Auditors' audit plan for the financial year end of 30 June 2019, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud consideration and the risk of management override and also the new and revised auditors reporting standards.

(d) Reviewed all non-audit services to be performed by the External Auditors to reinforce the independence and objectivity of the External Auditors.

Internal Audit

(a) Reviewed the Internal Audit Reports and Follow-up Audit Reports on the Company and the Group during the financial year under review and the audit findings and recommendations to improve any weaknesses or non-compliance and the respective Management's responses thereto, particularly on the following:

- Purchasing Process Review;
- Incoming Finished Goods Quality Control Review;
- Sales Process Risk Based Review;
- Showroom's Cash Sales Process Review; and
- Production Documentation Flow and Performance Review.

Through the follow-up reports from Internal Auditors, the AC was able to ensure that the Management's action plan on outstanding issues and that all key risks and control weaknesses were properly addressed and implemented.

(b) Reviewed and approved the Internal Audit Plan for financial year ending 30 June 2020 to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and comprehensive and that all the risk areas are audited annually.

Related Party Transactions

The AC reviewed all related party transactions entered into by the Company and the Group (if any) to ensure that such transactions are undertaken on normal commercial terms and that internal control procedures employed are both sufficient and effective.

AUDIT COMMITTEE REPORT
(cont'd)

4. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and reports to the AC. The internal audit function acts independently on the activities and operations of other operating units. Its principal role is to undertake independent, regular and systematic reviews of the internal control system so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively. The costs incurred for the internal audit function in respect of the financial year ended 30 June 2019 was RM443,000 (financial year ended 30 June 2018: RM443,000).

A summary of the internal audit cost is as follows:

Cost Category	RM ('000)	Percentage (%) of Total Cost
Manpower	419	95%
Travelling (inclusive of accommodation)	24	5%
Total	443	100%

During the financial year under review, the internal auditors reviewed and assessed the operational procedures and effectiveness of internal control on all the subsidiaries of the Group. Compliance tests had also been conducted to ascertain the extent of compliance with control procedures and guidelines.

The Group Internal Audit undertakes internal audit function based on the internal audit plan. Other than the scheduled reviews, the Group Internal Audit may undertake special assignments outside the normal scope of its daily activities. Findings and recommendations for improvement as well as Management's response were presented to the AC and the Board for further deliberation.

During the year under review, the AC had four (4) meetings with the Internal Auditors to discuss the Internal Audit Reports. During the internal audit process, there were no material internal control failures or significant issues discovered during the financial year under review.

SUSTAINABILITY STATEMENT

Sustainability is the integral part of the Company and its subsidiaries' (the "Group") way of doing business and a guiding principle to the decision making and development processes. The Group's sustainability strategy is determined by the Board of Directors who provides oversight of the corporate sustainability performance. The Group Managing Director ("GMD") oversees the implementation of the Group's sustainability approach and ensures that key targets are being met.

This Sustainability Statement outlines the efforts at embedding sustainability throughout the Group in the economic, environmental and social spheres, including efforts at improving the Group's practices.

MATERIALITY

The Group identifies and prioritises the sustainability issues that matter most to the business and stakeholders. An issue is material if two conditions are met. Firstly, it impacts the business in terms of growth, cost, risks and/or trust. Secondly, it is important to the stakeholders such as customers, employees, governments, investors, non-governmental organisations ("NGOs") and suppliers.

In determining if an issue is material, the Group also considers whether it is aligned with the Group's Mission and Vision. The Group uses the materiality assessment to identify priority sustainability issues across the value chain. Materiality ensures the Group reports on the issues of most interest.

ECONOMIC, ENVIRONMENTAL AND SOCIAL ("EES") IMPACTS

The Group acknowledges its impacts on the economic conditions of the stakeholders and on economic systems at local, national and global levels, its impact on living and non-living natural systems, including land, air, water and ecosystems, as well as the impacts the Group has on the social systems within which it operates.

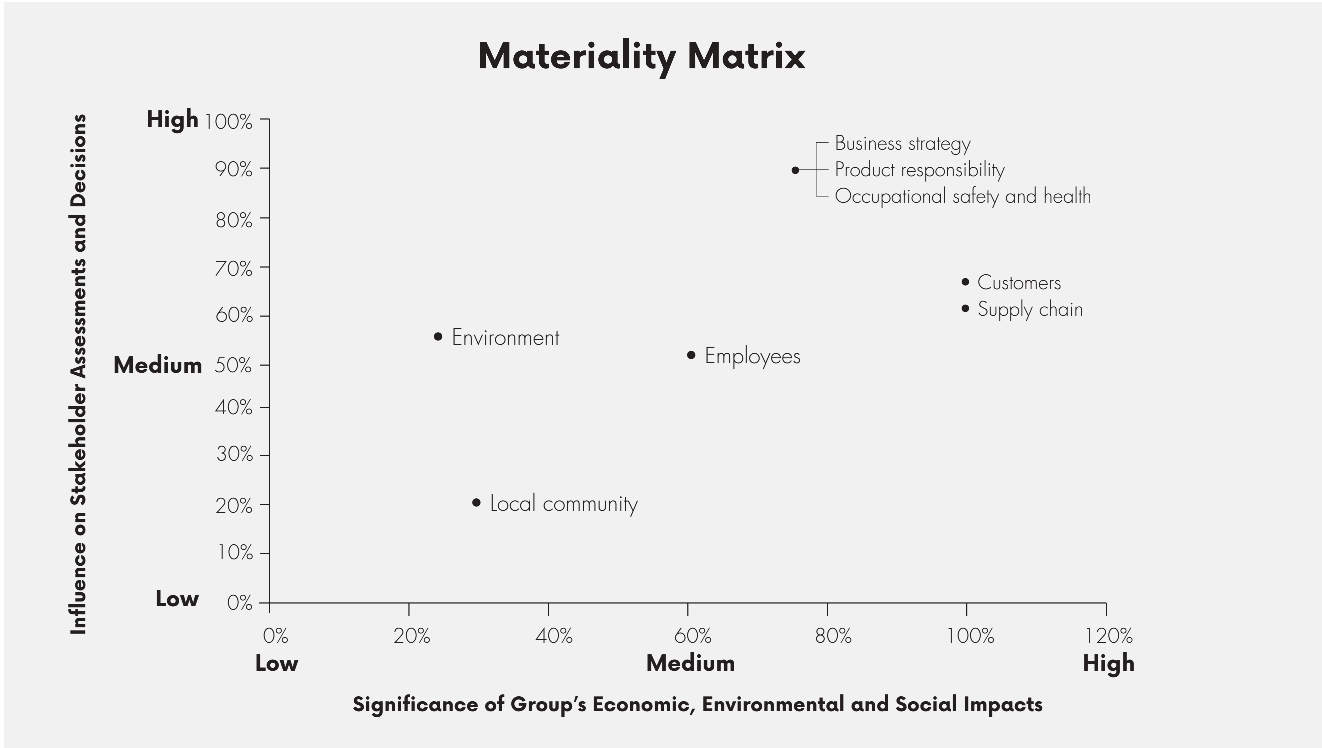
The Group has developed a list of relevant issues, based on the engagements with internal and external stakeholders. Among others, the stakeholders considered in the development of the list were:

- Internal – Board of Directors, GMD, the management and employees.
- External – regulators and government authorities, suppliers, customers, NGOs, shareholders (retail and institutional) and community.

Since then, the Group has established an ongoing process whereby emerging concerns raised by stakeholders during any engagement will be documented and updated in the list.

THE MATERIALITY MATRIX

The chart below shows the outcomes of the materiality assessment in terms of the significance of EES impact to the Group or influence on stakeholder assessments and decisions.



SUSTAINABILITY STATEMENT
(cont'd)

MATERIAL SUSTAINABILITY MATTERS

The Group has identified and categorised the material sustainability matters into the following – business strategy, product responsibility, occupational safety and health, customers, supply chain, environment, employees and local community.

- **BUSINESS STRATEGY**

  Since most of the Group's revenues are highly dependent on export sales, the Group acknowledges that any reduction on export sales due to competitive pricing abroad will impact bottom line and erode market share.

  With this in mind, the Group is dedicated to having close rapports with the customers, and continuously searching for new customers and markets, which will reduce the dependency on a single customer. The Group always seeks ways to secure competitively-priced materials to reduce costs and improve margins.

- **PRODUCT RESPONSIBILITY**

  The Group prioritises its customers' satisfaction by continually offering a broad, balanced and compelling portfolio of products and brands tailored to its customer's needs.

  The Group's Edible Oil Products division continuously ensures that it conforms to the various food and quality standards imposed by the respective Government agencies and licensing bodies in Malaysia and the importing countries. It also adheres to the stringent food and quality standards imposed by its customers.

  The division is proud to be awarded with various accreditations such as ISO, Good Manufacturing Practices ("GMP"), Hazard Analysis and Critical Control Points ("HACCP"), HALAL, KOSHER, MeSTI and Phytosanitary Certifications. In addition, to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders, the division has become a member of the Roundtable on Sustainable Palm Oil ("RSPO"). A dedicated officer has been assigned to undertake the role of ensuring compliance to the abovementioned standards and requirements.

  Whereas for the Tap and Sanitary Ware division, the Group has designed and expanded its range of products to conform to the Malaysian Standard MS1184:2014. The tap wares and mixers produced by the Group comply with British Standard BS EN200:2008 (one of the world's highest standard) to ensure good durability and performance. Meanwhile, the Group's range of sanitary wares products comply with the Malaysian Standards MS795, MS1522, MS147 and MS2578 and are in accordance with the statutory requirements.

  The Group's tap and sanitary wares are registered and meet the requirements of Suruhanjaya Perkhidmatan Air Negara ("SPAN"), and are therefore approved to be used throughout the country. Selected water-efficient taps and low-flushing capacity cisterns ("WC") are labelled with the Malaysian Water-Efficiency Product Labelling Scheme ("MWEPLS"), so as to provide consumers with detailed information on the water-saving features of the products to ease their buying decision.

- **OCCUPATIONAL SAFETY AND HEALTH**

  Another area of concern in business is occupational safety and health ("OSH"). This includes the health hazard due to unconducive working environment, old machineries, poor facilities, oil spillage, dust, which can result in accidental injuries, health issues and fire hazard. Since the Group relies heavily on humans and machineries in the plants, any untoward fire incident may result in the loss of life, injuries as well as damage to the machineries.

  The Group puts safety first, and continuously emphasises on safety and courses on safety-related matters. Regular morning briefings to production workers, regular inspections on safety equipment, and regular maintenance of the machineries and facilities are among the measures taken to mitigate the risks. The Group also ensures that insurance coverage is in place, all the fire hoses are functioning well, annual inspection by the Fire Department is done, fire drills and exercises are scheduled to mitigate the fire-related risks.

  The Health and Safety Committee, tasked to ensure a safe and healthy working environment, has prepared safety policies and ensured effective implementation of the said policies. The health and safety officer is certified by the National Institute of Occupational Safety and Health ("NIOSH"). The committee has also done the Chemical Health Risk Assessment ("CHRA"), the Noise Mapping, the Medical Exposure Monitoring and the audiometric tests according to OSH Act 1994.

  To the best of the Group's knowledge, there has been no report of injury or accident at the workplace during the year under review.

- **CUSTOMERS**

  The Group's customers are mainly abroad. Thereby, any political or economic instability of the importing countries, could put the Group's business in jeopardy. Some of the key sustainability issues identified in this category are non-payment and default of contracts, foreign exchange risks and shortage of USD Dollar in the importing countries.

SUSTAINABILITY STATEMENT
(cont'd)

  In order to mitigate such risks, the Group continuously monitors the credit rating of the customers, and deploy hedging instruments such as foreign currency forward contracts. The Group is also becoming less dependent on sales from particular countries or region, by spreading sales percentage to other countries or region to diversify/reduce impacts.

- **SUPPLY CHAIN**

  The Group will face the risk of a production halt if the supplies ceases to arrive, incur extra costs in terms of overtime, delay delivery to port (special service request/SSR) and short ship (delay to next shipment).

  In order to mitigate risks associated with the supply chain, the Group monitors the suppliers' credit limits, credit terms and stock's availability on a daily basis. The Group also maintains good rapport with all the suppliers to ensure smooth day-to-day operations which may disrupt production schedules and deliveries.

- **ENVIRONMENT**

  The Group actively minimises the impact its business operations have on the environment and manages them in the following areas; raw material and energy utilisation, waste management and supply chain optimisation.

  The Group implements an ongoing product wastage elimination programme, as well as product and packaging design optimisation to reduce raw material wastage and/or utilisation. It also specifies recycled packaging products. The Group also aims to conserve energy and production inputs through optimisation of its production processes. These waste management programmes are in accordance with the regulations of the Department of Environment.

  The Group also promotes its extensive range of water conservation products to help its customers conserve water and energy, which conform to Malaysia's Green Building Index ("GBI") and Singapore's Water Efficiency Labelling Scheme ("WELS").

  On the supply chain management front, the Group prioritises suppliers who are ISO 14000 (Environmental Management System; EMS) certified.

  The Group's Edible Oil Products division have also implemented the appropriate procedures to minimise production wastage whereby any oil leakages as a result of dented tins, jerry cans and spoilt PET bottles will be rejected and sent to the rework area. All salvaged oil spillage is then transferred into a dedicated bullet tank and subsequently filtered into a storage tank. Any remaining oil spillage will then flow into the drain and be collected by the oil trap system and disposed-off only as sludge oil to approved buyers.

  Additionally, recyclable items such as rejected jerry cans, PET bottles, plastics, shrink wraps, caps, inserts, carton boxes and wooden pallets are then sent to the disposal area for collection by approved buyers and sold as scrap items.

- **EMPLOYEES**

  The Group takes care of its employees' welfare and personal development by providing them with a rewarding, healthy, safe and fair workplace, in accordance to Malaysia Employment Act 1955 and their collective agreements.

  The Group also strives to improve working environment and continues to provide competitive salary packages and benefits to its workforce. This will help curb a high turnover of general local workers, which will result in disruption of operation, loss of productivity thus increases costs of production.

- **LOCAL COMMUNITY**

  The Group is committed to contribute to the general welfare of the community, particularly in promoting water conservation and proper disposal of industrial waste into common drainage in order to preserve the surrounding environment.

  The Group, via its Edible Oil Products division, participated in local communities' activities such as Persatuan Thalasemia Tawau, Majlis Sukan, Kebajikan Dan Kebudayaan, Jabatan Bomba Dan Penyelamat Malaysia, Jawatankuasa Kemajuan Dan Keselamatan Kampung ("JKKK") Kebun Baru and Persatuan Kaunselling Universiti Malaya ("PERKUM").

  During the recent toxic fumes incident in Sungai Kim Kim Pasir Gudang, the Group participated in aiding the local authorities by providing masks, aprons and drinks to the affected victims in the rehabilitation centre whilst they received medical treatment.

  Whereas its Tap and Sanitary Ware division donated to LPS SJK (C) Tung Hua S2 Height, SP Foundation, Eco World Foundation and Montfort Youth Training Centre.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

This Statement on Risk Management and Internal Control is made in accordance with paragraph 15.26 (b) of Bursa Malaysia Securities Berhad Listing Requirements and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, which requires Directors of listed companies to include a statement in their annual reports on the state of their risk management and internal controls.

The Board of Directors (the "Board") of C.I. Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 30 June 2019.

2. THE BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound system of internal controls and effective risk management practices in the Group to safeguard shareholders' investment and the Group's assets. The Board continuously ensures the adequacy and integrity of the overall internal control system for the Group.

There are two (2) commitees at Board level that support the Board in its risk management and internal control responsibilities:

- Risk Management Committee ("RMC") which is tasked with overseeing the Group's risk management and compliance aspect of the Group;
- Audit Committee ("AC") which is tasked with assessing the risk and internal control environment and overseeing financial reporting, including the internal and external audit.

These committees are empowered by clearly established and approval term of reference in the above mentioned responsibilities. Accordingly, the Board is committed to the development and maintenance of an effective risk management framework and internal control system to safeguard the shareholders' investments and the Group's assets.

However, due to the limitations that are inherent in risk management framework and internal control system, the Board recognises that such system is designed to manage rather than to eliminate the risk of failure to achieve the Group's business objectives and therefore, the system by its nature can only provide reasonable assurance but not absolute assurance against material misstatement, operational failures, loss or fraud. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits.

3. RISK MANAGEMENT

The Group has a formal risk management framework, which enables the management and the Board to share a common model for the effective communication and evaluation of all principal risks and controls. The Risk Framework covers a broad variety of risks, including but not limited to business continuity issues, governance issues, financial issues and operational issues.

The RMC comprises seven (7) members, out of which three (3) are appointed representatives from the Board, two (2) of which are Independent Non-Executive Directors. The Chairman of the RMC is an Independent Non-Executive Director. The others are representatives from the various operating subsidiaries. The roles and responsibilities of the RMC include the following:

(a) To formalise the Group's Risk Management Policy including objectives, strategy and scope of risk management activities as well as to ensure the strategy, framework and methodology have been implemented and consistently applied.
(b) To ensure that a well-structured and systematic process exists for the comprehensive identification, assessment and management of risks faced by the Group.
(c) To ensure that risk management process and culture are embedded throughout the Group.
(d) To ensure that appropriate reporting and feedback are received from management and reporting to the Board on the Group's risk profile and any major changes to the risk profile.

A Risk Coordinator was appointed to administer the Risk Management Framework. Under the Risk Management Framework, risk identification is a line management responsibility, whereby an employee shall recognise and identify the risk arises to the Risk Owner who is a named individual accountable for all aspects of the risk including assessment, evaluation, monitoring and reporting. For each risk, we determine the risk source and subsequently determine the cause for each risk, then the consequence is ascertained and the risk is then classified into either controllable, preventive or inherent. Risk that has been identified and assessed is categorised broadly under one of the following categories:

- Governance
- Business
- Operational
- Information
- Financial

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

Risk assessment is an exercise of evaluating risk by considering the likelihood and impact in order to ascertain its relevance to the business and efficacy of current treatment. The Risk Owner is responsible for the assessment of risk exposure within the business operations which involves identifying the range of options for treating risk including accepting, mitigating, spreading, transferring, avoiding or monitoring the risk. Appropriate risk treatment plans are then prepared after assessing each option followed by implementation of those plans. All the above mentioned are recorded and updated in the Risk Register which is then used to develop a risk profile for each company.

The Risk Coordinator works in conjunction with the management of each subsidiary to work through the Risk Management Framework and updates the Risk Register. The results of this exercise are then reported to the RMC, which meets on a half yearly basis. The RMC reviews and discusses the risk profiles of the various subsidiaries, taking special note of any changes and developments, the existing controls, action plans in place to manage the risks and any further actions necessary. The RMC then reports to the Board on a half yearly basis.

In addition, the Group Managing Director and/or Executive Director conduct meetings with senior management of subsidiaries within the Group on a monthly basis. Amongst others, the key risks facing the respective subsidiaries are discussed and monitored.

Furthermore, the Board has assigned to the AC the duty of reviewing and monitoring the effectiveness of the Group's internal control system, a critical element of effective risk management.

4. INTERNAL AUDIT FUNCTION

The Group has an internal audit function whose primary responsibility is to assure the Board, through the AC, that the internal control systems are functioning as intended. In providing this assurance, the Internal Audit Department carries out regular audit activities in accordance with its annual audit plan to review the adequacy and integrity of internal control systems and to identify opportunities for improvement in operational efficiency. A comprehensive Audit Report is produced to highlight audit findings and provide recommendations to Management for comments and action. A follow-up audit would be carried out to monitor status of completion and compliance to agreed action plan. The AC reports to the Board on its activities, significant audit results or findings and necessary recommendations or actions needed to be taken by management to rectify those issues.

The Internal Auditors perform their tasks in accordance to International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors Malaysia, which apply and uphold the following principles and rules of conduct:

- Integrity
- Objectivity
- Confidentiality
- Competency

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

The Board has put in place other internal control measures including:

(a) An organisation structure with key responsibilities clearly defined for the Board, committees of the Board and the executive management of the Group's operating business units.
(b) Authorisation limits established to provide a functional framework of authority for approving expenditures.
(c) Monthly reporting of operating business unit's performance.
(d) The Board's review of quarterly reports on each operating business unit.
(e) The human resources function that coordinates the employees' training and development programmes as well as occupational health and safety programmes at all levels to enhance competency, work quality, ability and safety.
(f) An enterprise business application software which incorporates several in-built system controls, where upgrades/updates are implemented when necessary, to assist the management in achieving various internal control objectives.
(g) Data and internal technology policy such as E-mail & Internet Access Policy and System & Data Security Policy. In addition, the Group has also put in place a back-up system and disaster recovery plan.
(h) The clear documentation and regular review of policies and procedures regulating financial and operating activities.
(i) The comprehensive Employee Handbook and Code of Conduct is in place to ensure employees observe prescribed standard of business ethics when conducting themselves at work and in their relationship with external parties.
(j) A Whistle Blowing Policy is in place to help ensure conformance to the guidelines set out in the Employee Handbook and Code of Conduct by enabling the employees of the Company to raise concerns in a responsible and effective manner. The Whistle Blowing Policy covers concerns such as; financial malpractice or impropriety or fraud, failure to comply with legal obligations or statutes, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. In addition, the policy outlines safeguards for the whistle blower including protection and confidentiality. Furthermore, the process for making a disclosure and the process of investigating an allegation are also outlined in the policy.
(k) Task force unit had been established for specific activities such as disposal of old stocks and promotion of special range launches.
(l) Management of individual subsidiaries and business divisions are continuously assessing for risks within their business environment and formulate mitigating strategies and/or corrective actions to minimise risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

6. CONCLUSION

Based on the observations and reports provided to the Board for financial year under review, the Board is of the opinion that the risk management and internal control that is in place is adequate and effective to safeguard the interest of the Group's shareholders, their investments and the Group's assets.

During the financial year under review, there was no major breakdown in internal controls that caused any material loss. The Management has taken the necessary measure to improve the risk management and internal control system by continuously reviewing, monitoring and considering all risks faced by the Group to ensure that the risks are within acceptable levels within the Group's business objectives.

DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 ("CA") to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the CA in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared financial statements on a going concern basis as the Directors have reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors acknowledge the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the CA and applicable approved accounting standards.

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

DIRECTORS' REPORT and AUDITED FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities and the details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	27,074	13,070
Attributable to:		
Owners of the parent	19,037	13,070
Non-controlling interests	8,037	–
	27,074	13,070

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year was as follows:

	Company RM'000
In respect of financial year ended 30 June 2018:	
Final dividend of 10.0 sen per ordinary share, paid on 14 November 2018	16,200

A final dividend in respect of the financial year ended 30 June 2019 of 8.0 sen per ordinary share, amounting to RM12,960,000 has been recommended by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, would be accounted for as appropriation of retained earnings in the financial year ending 30 June 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

The Directors who have held office during the financial year and up to date of this report are as follows:

C.I. Holdings Berhad
Datuk Seri Johari Bin Abdul Ghani (Appointed on 6 March 2019)
Megat Joha Bin Megat Abdul Rahman
Datin Mariam Prudence Binti Yusof
Dato' Sukumaran s/o Ramasamy
Nor Hishammuddin Bin Dato' Mohd Nordin
Teh Bee Tein
Kasinathan a/l Tulasi
Datuk Haji Ariffin Bin Imat
Lee Cheang Mei
Fung Heen Choon (Alternate Director to Lee Cheang Mei)
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz (Resigned on 30 May 2019)

Subsidiaries of C.I. Holdings Berhad (excluding those who are already listed above)
Amir Nashrin Bin Johari (Appointed on 24 January 2019)
Azlan Bin Ahmad
Chaw Pei Yee
Foo Loke Yean

DIRECTORS' REPORT
(cont'd)

Subsidiaries of C.I. Holdings Berhad (excluding those who are already listed above)
Wong Lip Wai
K.J. Kuruvilla a/l John Kuruvilla
Muhammad Razid Bin Sawall

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance at 1.7.2018	Bought	Sold	Balance at 30.6.2019
Shares in the Company				
Direct interests:				
Megat Joha Bin Megat Abdul Rahman	1,000,000	–	–	1,000,000
Fung Heen Choon	10,300,000	–	–	10,300,000
Lee Cheang Mei	10,515,000	–	–	10,515,000
Dato' Sukumaran s/o Ramasamy	1,953,000	51,000	–	2,004,000
Indirect interests:				
Datuk Seri Johari Bin Abdul Ghani	53,000,000	–	–	53,000,000
Datin Mariam Prudence Binti Yusof	34,344,900	–	–	34,344,900
Teh Bee Tein	230,900	–	–	230,900

	Number of ordinary shares			
	Balance at 1.7.2018	Bought	Sold	Balance at 30.6.2019
Shares in a subsidiary				
Palmtop Vegeoil Products Sdn. Bhd.				
Direct interests:				
Dato' Sukumaran s/o Ramasamy	2,475,000	–	–	2,475,000

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Datuk Seri Johari Bin Abdul Ghani and Datin Mariam Prudence Binti Yusof are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than deemed benefits arising from related party transactions as disclosed in Note 30 to the financial statements and remuneration received by certain Directors as directors and officers of subsidiaries.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT
(cont'd)

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 30(c) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the Directors, the officers and the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

I. As At The End Of The Financial Year

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

II. From The End Of The Financial Year To The Date Of This Report

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and
(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely 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; and
(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

III. As At The Date Of This Report

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT
(cont'd)

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2019 are disclosed in Note 25 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board in accordance with a resolution of the Directors.

....
Datuk Seri Johari Bin Abdul Ghani
Director

....
Megat Joha Bin Megat Abdul Rahman
Director

Kuala Lumpur
2 October 2019

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 47 to 97 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

....
Datuk Seri Johari Bin Abdul Ghani
Director

....
Megat Joha Bin Megat Abdul Rahman
Director

Kuala Lumpur
2 October 2019

STATUTORY DECLARATION

I, Megat Joha Bin Megat Abdul Rahman, being the Director responsible for the financial management of C.I. Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 97 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
2 October 2019)

Megat Joha Bin Megat Abdul Rahman

Before me:
Mardhiyyah Abdul Wahab (W729)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF C.I. HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of C.I. Holdings Berhad, which comprise the statements of financial position as at 30 June 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 47 to 97.

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 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Recoverability of trade receivables

As at 30 June 2019, the net carrying amount of trade receivables of the Group was RM287 million, as disclosed in Note 9 to the financial statements.

The Group has impaired trade receivables of RM0.6 million during the financial year.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Audit response

Our audit procedures performed included the following:

(i) recomputed the probability of default using historical data of the Group;
(ii) recomputed the correlation coefficient between forward looking factors and historical credit losses to determine the appropriateness of the forward-looking information of the Group; and
(iii) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF C.I. HOLDINGS BERHAD (Incorporated in Malaysia) (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (Continued)

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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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:

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

We communicate with 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 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF C.I. HOLDINGS BERHAD (Incorporated in Malaysia)
(cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
02895/08/2020 J
Chartered Accountant

Kuala Lumpur
2 October 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	84,951	70,583	445	90
Intangible assets	6	11,261	11,261	–	–
Investments in subsidiaries	7	–	–	46,300	46,300
Other investment	8	10	10	10	10
Trade and other receivables	9	–	400	15,572	2,718
		96,222	82,254	62,327	49,118
CURRENT ASSETS					
Inventories	10	46,327	42,071	–	–
Derivative financial assets	11	1,711	7,077	–	–
Trade and other receivables	9	303,675	326,602	12,749	22,966
Current tax assets		5,889	3,418	124	179
Cash and bank balances	12	120,145	127,551	52,598	58,671
		477,747	506,719	65,471	81,816
TOTAL ASSETS		573,969	588,973	127,798	130,934
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	95,147	95,147	95,147	95,147
Reserves	14	115,245	116,006	31,476	34,606
		210,392	211,153	126,623	129,753
Non-controlling interests	7(d)	31,733	29,732	–	–
TOTAL EQUITY		242,125	240,885	126,623	129,753
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	15	16,709	12,779	260	86
Deferred tax liabilities	19	1,145	286	–	–
Retirement benefit obligations	20	500	782	–	–
		18,354	13,847	260	86
CURRENT LIABILITIES					
Trade and other payables	21	122,134	94,380	857	1,051
Derivative financial liabilities	11	5,330	7,823	–	–
Borrowings	15	185,348	230,255	58	44
Current tax liabilities		678	1,783	–	–
		313,490	334,241	915	1,095
TOTAL LIABILITIES		331,844	348,088	1,175	1,181
TOTAL EQUITY AND LIABILITIES		573,969	588,973	127,798	130,934

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	23	2,272,914	2,602,701	16,600	19,841
Cost of sales	24	(2,164,416)	(2,487,218)	–	–
Gross profit		108,498	115,483	16,600	19,841
Other income		9,865	28,222	2,219	2,029
Selling and distribution costs		(17,740)	(19,105)	–	–
Administrative expenses		(50,427)	(49,645)	(5,389)	(4,985)
Other expenses		(4,262)	(16,560)	(44)	(44)
Finance costs		(12,640)	(13,095)	(16)	(16)
Profit before tax	25	33,294	45,300	13,370	16,825
Tax expense	26	(6,220)	(266)	(300)	(506)
Profit for the financial year		27,074	45,034	13,070	16,319
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		35	21	–	–
Items that will not be reclassified subsequently to profit or loss					
Re-measurement of defined benefit liability	20	113	–	–	–
Total comprehensive income		27,222	45,055	13,070	16,319
Profit attributable to:					
Owners of the parent		19,037	31,107	13,070	16,319
Non-controlling interests	7(d)	8,037	13,927	–	–
		27,074	45,034	13,070	16,319
Total comprehensive income attributable to:					
Owners of the parent		19,171	31,167	13,070	16,319
Non-controlling interests		8,051	13,888	–	–
		27,222	45,055	13,070	16,319
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	27	11.75	19.20		
Diluted	27	11.75	19.20		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

			Non-Distributable	Distributable			
Group	Note	Share capital RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2017		95,147	(42)	97,841	192,946	24,204	217,150
Profit for the financial year		–	–	31,107	31,107	13,927	45,034
Foreign currency translation		–	60	–	60	(39)	21
Total comprehensive income		–	60	31,107	31,167	13,888	45,055
Transaction with owners							
Dividend paid	28	–	–	(12,960)	(12,960)	–	(12,960)
Dividend paid to non-controlling interest of a subsidiary	7(e)	–	–	–	–	(8,360)	(8,360)
Balance as at 30 June 2018		95,147	18	115,988	211,153	29,732	240,885
Balance as at 1 July 2018		95,147	18	115,988	211,153	29,732	240,885
Adjustment on initial application of MFRS 9	33	–	–	(3,732)	(3,732)	–	(3,732)
Balance as at 1 July 2018, as restated		95,147	18	112,256	207,421	29,732	237,153
Profit for the financial year		–	–	19,037	19,037	8,037	27,074
Foreign currency translation		–	21	–	21	14	35
Re-measurement of defined benefit liability		–	–	113	113	–	113
Total comprehensive income		–	21	19,150	19,171	8,051	27,222
Transaction with owners							
Dividend paid	28	–	–	(16,200)	(16,200)	–	(16,200)
Dividend paid to non-controlling interest of a subsidiary	7(e)	–	–	–	–	(6,050)	(6,050)
Balance as at 30 June 2019		95,147	39	115,206	210,392	31,733	242,125

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Company	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2017		95,147	31,247	126,394
Profit for the financial year		–	16,319	16,319
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	16,319	16,319
Transaction with owners				
Dividend paid	28	–	(12,960)	(12,960)
Balance as at 30 June 2018		95,147	34,606	129,753
Profit for the financial year		–	13,070	13,070
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	13,070	13,070
Transaction with owners				
Dividend paid	28	–	(16,200)	(16,200)
Balance as at 30 June 2019		95,147	31,476	126,623

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		33,294	45,300	13,370	16,825
Adjustments for:					
Bad debts written off		744	8,174	–	–
Depreciation of property, plant and equipment	5	8,674	7,048	46	131
Dividend income		–	–	(13,000)	(16,301)
Fair value adjustments on derivative instruments	11	2,873	7,369	–	–
Impairment losses on:					
– amounts owing by subsidiaries	9	–	–	44	44
– trade receivables	9	646	997	–	–
Interest expense		12,640	13,095	16	16
Interest income		(2,036)	(2,261)	(2,144)	(2,027)
Inventories written down	10	100	–	–	–
Inventories written back	10	(138)	(46)	–	–
(Gain)/Loss on disposal of property, plant and equipment		(108)	167	(75)	(1)
Net unrealised gain on foreign exchange		(737)	(2,082)	–	–
Property, plant and equipment written off	5	2	5	–	–
Provision for retirement benefit obligations	20	75	94	–	–
Reversal of impairment loss on trade and other receivables	9	(585)	(15)	–	–
Operating profit/(loss) before changes in working capital		55,444	77,845	(1,743)	(1,313)
Changes in working capital:					
Inventories		(4,218)	14,266	–	–
Trade and other receivables		15,268	49,955	111	(42)
Trade and other payables		27,718	(92,729)	(194)	198
Cash from/(used in) operations		94,212	49,337	(1,826)	(1,157)
Tax paid		(7,929)	(8,013)	(245)	(464)
Tax refunded		25	7	–	–
Contributions paid for retirement benefit	20	(244)	(37)	–	–
Net cash from/(used in) operating activities		86,064	41,294	(2,071)	(1,621)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019
(cont'd)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		–	–	(2,792)	(10,656)
Dividend received from a subsidiary		–	–	13,000	16,301
Placement of deposits with maturity periods of more than 3 months		(12,900)	(7,100)	(12,900)	(7,100)
Interest received		2,036	2,261	2,144	2,027
Proceeds from disposal of property, plant and equipment		118	434	75	1
Purchase of property, plant and equipment	5(b)	(22,670)	(16,750)	(83)	(60)
Net cash (used in)/from investing activities		(33,416)	(21,155)	(556)	513
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to shareholders		(16,200)	(12,960)	(16,200)	(12,960)
Dividend paid to non-controlling interest in a subsidiary		(6,050)	(8,360)	–	–
Drawdowns/(Repayments) of borrowings:					
- Term loan		10,617	2,912	–	–
- Bankers' acceptance		(50,286)	57,973	–	–
- Islamic term financing		2,606	(64,807)	–	–
- Hire purchase creditors		(4,579)	(5,868)	(130)	(44)
Interest paid		(12,640)	(13,095)	(16)	(16)
Net cash used in financing activities		(76,532)	(44,205)	(16,346)	(13,020)
Net decrease in cash and cash equivalents		23,884	(24,066)	(18,973)	(14,128)
Effect of exchange rate changes on cash and cash equivalents		3,383	(1,738)	–	–
Cash and cash equivalents at beginning of financial year		120,327	146,131	51,571	65,699
Cash and cash equivalents at end of financial year	12(g)	99,826	120,327	32,598	51,571

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

1. CORPORATE INFORMATION

C.I. Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.

The consolidated financial statements for the financial year ended 30 June 2019 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 2 October 2019.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities and the details of the subsidiaries are set out in Note 7 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 and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 33.1 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 July 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

C.I. Holdings Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the business segments, which requires different business and marketing strategies. The reportable segments are summarised as follows:

1.	Edible oil	Selling, packing and marketing of all types of edible oil.
2.	Tap-ware and sanitary ware	Manufacture and trading of household fittings and appliances such as water taps, plumbing accessories and sanitary wares.
3.	Investment holdings	Investment activities.

Others mainly comprised subsidiaries that have ceased operations and remained inactive.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities and retirement benefit obligations. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

4. OPERATING SEGMENTS (Continued)

2019	Edible oil RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	2,441,306	36,519	16,600	–	2,494,425
Inter-segment revenue	(204,697)	(214)	(16,600)	–	(221,511)
Revenue from external customers	2,236,609	36,305	–	–	2,272,914
Interest income	275	29	1,732	–	2,036
Finance costs	(12,560)	(64)	(16)	–	(12,640)
Net finance (expense)/income	(12,285)	(35)	1,716	–	(10,604)
Depreciation of property, plant and equipment	8,424	204	46	–	8,674
Segment profit/(loss) before tax	32,161	762	385	(14)	33,294
Other material non-cash items:					
- Bad debts written off	744	–	–	–	744
- Fair value adjustment on derivative instruments	2,873	–	–	–	2,873
- Gain on disposal of property, plant and equipment	(34)	–	(74)	–	(108)
- Impairment loss on trade receivables	211	435	–	–	646
- Inventories written back	(5)	(133)	–	–	(138)
- Reversal of impairment losses on trade receivables	(481)	(104)	–	–	(585)
- Unrealised gain on foreign exchange	(737)	–	–	–	(737)
Additions to non-current assets other than financial instruments and deferred tax assets	22,611	27	401	–	23,039
Segment assets	469,280	34,207	64,593	–	568,080
Segment liabilities	323,476	4,851	1,188	6	329,521

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

4. OPERATING SEGMENTS (Continued)

2018	Edible oil RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	2,726,747	34,305	19,841	–	2,780,893
Inter-segment revenue	(158,241)	(110)	(19,841)	–	(178,192)
Revenue from external customers	2,568,506	34,195	–	–	2,602,701
Interest income	397	31	1,833	–	2,261
Finance costs	(12,964)	(115)	(16)	–	(13,095)
Net finance (expense)/income	(12,567)	(84)	1,817	–	(10,834)
Depreciation of property, plant and equipment	6,699	218	131	–	7,048
Segment profit/(loss) before tax	44,593	203	518	(14)	45,300
Other material non-cash items:					
- Bad debts written off	8,174	–	–	–	8,174
- Fair value adjustment on derivative instruments	7,369	–	–	–	7,369
- Loss/(Gain) on disposal of property, plant and equipment	169	(1)	(1)	–	167
- Impairment losses on trade receivables	971	26	–	–	997
- Inventories written back	–	(46)	–	–	(46)
- Reversal of impairment losses on trade receivables	–	(15)	–	–	(15)
- Unrealised gain on foreign exchange	(2,078)	(4)	–	–	(2,082)
Additions to non-current assets other than financial instruments and deferred tax assets	22,262	–	61	–	22,323
Segment assets	479,293	35,840	70,422	–	585,555
Segment liabilities	337,717	6,318	1,196	6	345,237

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

4. OPERATING SEGMENTS (Continued)

Reconciliations of reportable segment profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2019 RM'000	2018 RM'000
Profit for the year		
Total profit for reportable segments	33,294	45,300
Tax expense	(6,220)	(266)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	27,074	45,034
Assets		
Total assets for reportable segments	568,080	585,555
Current tax assets	5,889	3,418
Assets of the Group	573,969	588,973
Liabilities		
Total liabilities for reportable segments	329,521	345,237
Deferred tax liabilities	1,145	286
Current tax liabilities	678	1,783
Retirement benefit obligations	500	782
Liabilities of the Group	331,844	348,088

Geographical information

The manufacturing facilities and sales offices of the Group are based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers.

	2019 RM'000	2018 RM'000
Revenue from external customers		
Malaysia	77,919	84,820
Africa	1,584,594	1,965,596
Asia	533,921	233,429
Other regions	76,480	318,856
	2,272,914	2,602,701

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2019 Carrying amount	Balance as at 1 July 2018 RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	Reclassification RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Balance as at 30 June 2019 RM'000
Buildings	12,255	3,490	–	–	8,094	(710)	–	23,129
Freehold land	11,041	4,152	–	–	–	–	–	15,193
Leasehold land	5,368	4,011	–	–	–	(411)	–	8,968
Plant and machinery	18,338	4,363	(10)	–	9,178	(5,836)	1	26,034
Office furniture and equipment	1,274	216	*	(2)	452	(477)	2	1,465
Renovation	5,460	610	–	–	310	(449)	1	5,932
Motor vehicles	1,833	514	*	–	–	(791)	11	1,567
Construction -in-progress	15,014	5,683	–	–	(18,034)	–	–	2,663
	70,583	23,039	(10)	(2)	–	(8,674)	15	84,951

	At 30 June 2019		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	28,330	(5,201)	23,129
Freehold land	15,193	–	15,193
Leasehold land	10,934	(1,966)	8,968
Plant and machinery	55,686	(29,652)	26,034
Office furniture and equipment	4,578	(3,113)	1,465
Renovation	8,349	(2,417)	5,932
Motor vehicles	5,041	(3,474)	1,567
Construction-in-progress	2,663	–	2,663
	130,774	(45,823)	84,951

* Disposal of property, plant and equipment with a less than RM1,000 and Nil carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2018 Carrying amount	Balance as at 1 July 2017 RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	Reclassification RM'000	Depreciation charge for the financial year RM'000	Exchange differences RM'000	Balance as at 30 June 2018 RM'000
Buildings	12,859	2	–	–	–	(606)	–	12,255
Freehold land	10,916	125	–	–	–	–	–	11,041
Leasehold land	5,752	–	–	–	–	(384)	–	5,368
Plant and machinery	16,001	6,921	(258)	(1)	37	(4,362)	–	18,338
Office furniture and equipment	1,280	437	*	(4)	11	(443)	(7)	1,274
Renovation	5,739	178	–	–	(11)	(444)	(2)	5,460
Motor vehicles	2,715	318	(343)	–	–	(809)	(48)	1,833
Construction -in-progress	709	14,342	–	–	(37)	–	–	15,014
	55,971	22,323	(601)	(5)	–	(7,048)	(57)	70,583

	At 30 June 2018		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	16,745	(4,490)	12,255
Freehold land	11,041	–	11,041
Leasehold land	6,923	(1,555)	5,368
Plant and machinery	44,598	(26,260)	18,338
Office furniture and equipment	4,123	(2,849)	1,274
Renovation	7,425	(1,965)	5,460
Motor vehicles	4,857	(3,024)	1,833
Construction-in-progress	15,014	–	15,014
	110,726	(40,143)	70,583

* Disposal of property, plant and equipment with a NIL carrying amount.

Company 2019	Balance as at 1 July 2018 RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2019 RM'000
Carrying amount						
Office furniture and equipment	60	7	–	*	(16)	51
Renovation	22	–	–	–	(22)	–
Motor vehicles	8	394	*	–	(8)	394
	90	401	*	*	(46)	445

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	At 30 June 2019		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	865	(814)	51
Renovation	413	(413)	–
Motor vehicles	402	(8)	394
	1,680	(1,235)	445

Company 2018	Balance as at 1 July 2017 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2018 RM'000
Carrying amount					
Office furniture and equipment	24	51	–	(15)	60
Renovation	84	–	–	(62)	22
Motor vehicles	53	9	*	(54)	8
	161	60	*	(131)	90

	At 30 June 2018		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	891	(831)	60
Renovation	413	(391)	22
Motor vehicles	366	(358)	8
	1,670	(1,580)	90

* Disposal of property, plant and equipment with less than RM1,000 carrying amount.

(a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment except for freehold land and construction-in-progress are stated at cost less any accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group operates. The principal depreciation period and annual rates used are as follows:

Buildings	2% - 13%
Leasehold land	over the lease period up to 99 years
Plant and machinery	2% - 33%
Office furniture and equipment	8% - 40%
Renovation	10% - 20%
Motor vehicles	20% - 25%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents machinery and office equipment under installation and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is ready for use.

NOTES TO THE FINANCIAL STATEMENTS
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5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	23,039	22,323	401	60
Financed by hire purchase	(369)	(5,573)	(318)	–
Cash payments on purchase of property, plant and equipment	22,670	16,750	83	60

(c) The carrying amounts of the property, plant and equipment of the Group and of the Company under hire purchase at the end of the reporting period are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Motor vehicles	1,399	1,785	394	1
Plant and machinery	4,247	9,647	–	–
Office equipment	7	12	–	–
	5,653	11,444	394	1

Details of terms and condition of the hire purchase arrangements are disclosed in Note 15 and Note 17 to the financial statements.

(d) The carrying amounts of property, plant and equipment of the Group pledged to licensed banks for banking facilities granted to certain subsidiaries at the end of the reporting period as disclosed in Note 15, Note 16 and Note 18 to the financial statements are as follows:

	Group	
	2019 RM'000	2018 RM'000
Buildings	18,406	10,674
Freehold land	15,193	10,916
Leasehold land	2,097	2,123
Plant and machinery	13,050	–
	48,746	23,713

NOTES TO THE FINANCIAL STATEMENTS
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6. INTANGIBLE ASSETS

Group 2019	Balance as at 1 July 2018/30 June 2019 RM'000
Carrying amount	
Goodwill	11,242
Trademark	19
	11,261

	At 30 June 2019		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill	11,242	–	11,242
Trademark	19	–	19
	11,261	–	11,261

Group 2018	Balance as at 1 July 2017/30 June 2018 RM'000
Carrying amount	
Goodwill	11,242
Trademark	19
	11,261

	At 30 June 2018		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill	11,242	–	11,242
Trademark	19	–	19
	11,261	–	11,261

(a) Goodwill

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired.

The recoverable amount of the goodwill associated with the acquisition of Continental Resources Sdn. Bhd. (the "cash generating unit" or "CGU") has been determined based on value in use calculations using a cash flow forecast and projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow forecast and projections, the forecasted growth rates used to extrapolate cash flows for the five-year period, and the calculations of value in use for the CGUs are most sensitive to the following assumptions:

(i) Growth rates
The forecasted average annual revenue growth rate from 2020 to 2024 is 4.0%. The average annual revenue growth rate used in 2018 was 7.0%.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

6. INTANGIBLE ASSETS (Continued)

(a) Goodwill (continued)

(ii) Pre-tax discount rates
The pre-tax discount rate used was 5.1% (2018: 6.1%). In determining the appropriate discount rate due consideration has been given to the weighted average cost of capital of the Group and reflect specific risks relating to the relevant CGU.

A reasonably possible change in the assumptions above would not cause any impairment loss on goodwill.

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiary and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Other intangible assets are recognised only when the identifiability, control and future economic benefits probability are met. The other intangible assets are initially measured at cost. After initial recognition, other intangible assets are measured at cost less accumulated impairment losses, if any.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	147,030	147,030
Less: Accumulated impairment losses	(100,730)	(100,730)
	46,300	46,300

(a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Continental Resources Sdn. Bhd.	Malaysia	100	100	Selling, manufacturing and packing of edible oils
Doe Industries Sdn. Bhd.	Malaysia	100	100	Manufacture and selling of water taps, showers and other plumbing fittings
C.I. Building Industries Sdn. Bhd.	Malaysia	100	100	Investment holding
C.I. Engineering Sdn. Bhd.	Malaysia	100	100	Investment holding
C.I. Management Sdn. Bhd.	Malaysia	100	100	Inactive
C.I. Construction Sdn. Bhd.	Malaysia	100	100	Inactive
C.I. Marketing Sdn. Bhd.	Malaysia	100	100	Inactive
C.I. Halla Environmental Technology Sdn. Bhd.	Malaysia	100	100	Inactive

NOTES TO THE FINANCIAL STATEMENTS
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(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Subsidiary of Continental Resources Sdn. Bhd.				
Palmtop Vegeoil Products Sdn. Bhd.	Malaysia	60	60	Selling and packing of edible oils
Subsidiaries of Palmtop Vegeoil Products Sdn. Bhd.				
PNC Oil Factory (Malaysia) Sdn. Bhd.	Malaysia	60	60	Selling and packing of edible oils
Continental Palms Pte. Ltd.*	Singapore	60	60	Selling and marketing of edible oils
Tradekey PT Foods Nigeria Limited *	Nigeria	60	–	Inactive
Subsidiaries of Doe Industries Sdn. Bhd.				
Doe Marketing Sdn. Bhd.	Malaysia	100	100	Dealership and distribution of household fittings and appliances
Potex Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of ceramic sanitary wares and related products
Elegant Flow Sdn. Bhd.	Malaysia	100	100	Trading of sanitary wares and related products
Subsidiary of C.I. Building Industries Sdn. Bhd.				
C.I. Quarries Sdn. Bhd.	Malaysia	100	100	Investment holding
Subsidiaries of C.I. Quarries Sdn. Bhd.				
Capital Aim Sdn. Bhd.	Malaysia	100	100	Investment holding
C.I. Damansara Quarry Sdn. Bhd.	Malaysia	65	65	Inactive
Subsidiary of Capital Aim Sdn. Bhd.				
C.I. Quarries (Nilai) Sdn. Bhd.	Malaysia	100	100	Inactive
Subsidiary of C.I. Engineering Sdn. Bhd.				
C.I. Auto Services Sdn. Bhd.	Malaysia	51	51	Inactive

* Subsidiary not audited by BDO PLT or BDO International Member Firms.

(c) On 24 July 2018, Palmtop Vegeoil Products Sdn. Bhd. ("Palmtop") together with PNC Oil Factory (Malaysia) Sdn. Bhd., both of which are 60%-owned subsidiaries of the Group, incorporated a subsidiary Tradekey PT Foods Nigeria Limited ("Tradekey") in the Federal Republic of Nigeria with an issued and paid-up share capital of Nigeria Naira 5,000,000 (equivalent to RM56,400) comprising 5,000,000 ordinary shares of Nigeria Naira 1.00 each. The intended principal activity of Tradekey PT Foods Nigeria Limited is general wholesale trade, including general importers and exporters, and trading on various commodities.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(d) Subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	Palmtop Vegeoil Products Sdn. Bhd. (Group) RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2019			
NCI percentage of ownership interest and voting interest (%)	40%		
Carrying amount of NCI	31,469	264	31,733
Profit/(Loss) allocated to NCI	8,040	(3)	8,037

	Palmtop Vegeoil Products Sdn. Bhd. (Group) RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2018			
NCI percentage of ownership interest and voting interest (%)	40%		
Carrying amount of NCI	29,465	267	29,732
Profit/(Loss) allocated to NCI	13,930	(3)	13,927

(e) Summarised financial information before intra-group elimination of a subsidiary that has material NCI as at the end of each reporting period are as follows:

	Palmtop Vegeoil Products Sdn. Bhd. (Group) RM'000
2019	
Assets and liabilities	
Non-current assets	24,606
Current assets	302,085
Non-current liabilities	(1,705)
Current liabilities	(245,221)
Net assets	79,765
Results	
Revenue	1,864,803
Profit for the financial year	20,101
Total comprehensive income	20,136
Cash flows from operating activities	64,881
Cash flows used in investing activities	(15,053)
Cash flows used in financing activities	(51,122)
Net decrease in cash and cash equivalents	(1,294)
Dividend paid to NCI	(6,050)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(e) Summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (continued)

	Palmtop Vegeoil Products Sdn. Bhd. (Group) RM'000
2018	
Assets and liabilities	
Non-current assets	19,796
Current assets	313,671
Non-current liabilities	(2,924)
Current liabilities	(255,787)
Net assets	74,756
Results	
Revenue	2,142,797
Profit for the financial year	34,824
Total comprehensive income	34,726
Cash flows from operating activities	15,247
Cash flows from investing activities	2,461
Cash flows used in financing activities	(27,712)
Net decrease in cash and cash equivalents	(10,004)
Dividend paid to NCI	(8,360)

8. OTHER INVESTMENT

	Group and Company	
	2019 RM'000	2018 RM'000
Non-current		
Financial assets at fair value through profit or loss		
– Club membership	10	15
Less: Impairment loss	–	(5)
	10	10

(a) Prior to 1 July 2018, the club membership were classified as available-for-sale financial assets pursuant to MFRS139 *Financial Instruments: Recognition and Measurement.*

(b) A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(c) The fair value of club membership of the Group and of the Company is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(d) The club membership is held by the Company under a subsidiary Director's name.

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current				
Other receivable				
Amounts due from subsidiaries	–	–	15,572	2,718
Prepayment	–	400	–	–
	–	400	15,572	2,718
Current				
Trade receivables				
Trade receivables	293,033	306,144	–	–
Less: Impairment losses	(5,765)	(2,013)	–	–
	287,268	304,131	–	–
Other receivables				
Other receivables	9,670	16,845	77	199
Deposits	5,880	4,575	162	162
Amounts due from subsidiaries	–	–	16,442	26,504
	15,550	21,420	16,681	26,865
Less: Impairment losses				
- Other receivables	(385)	(385)	–	–
- Amounts due from subsidiaries	–	–	(3,982)	(3,938)
	15,165	21,035	12,699	22,927
	302,433	325,166	12,699	22,927
Prepayments	1,242	1,436	50	39
	303,675	326,602	12,749	22,966

(a) Trade and other receivables, excluding prepayments, are classified as financial assets measured at amortised cost.

(b) The normal trade credit terms granted by the Group in respect of trade receivables ranged from 14 to 90 days (2018: 14 to 90 days) from the date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable in cash and cash equivalents, except for an amount owing by a subsidiary amounting to RM15,200,000 (2018: RM14,200,000), which was unsecured, subject to fixed interest rate of 4.0% (2018: 4.0%) per annum and payable in cash and cash equivalents. The amounts due from subsidiaries under non-current are receivable after twelve (12) months.

(d) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted to reflect current and forward-looking information such as gross domestic product ("GDP") affecting the ability of the consumers to settle the receivables. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the common credit risk characteristic, namely receivables aging status.

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES (Continued)

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the consolidated statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

(e) The loss allowance as at 30 June 2019 of the Group is determined as follows:

Group	Current RM'000	1 - 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000
2019				
Expected loss rate	0.02%	0.32%	17.7%	
Gross carrying amount				
– trade receivables	142,208	120,218	30,607	293,033
Loss allowance	(37)	(394)	(5,334)	(5,765)
	142,171	119,824	25,273	287,268

	Gross carrying amount RM'000	Impairment loss RM'000	Net carrying amount RM'000
2018			
Neither past due nor impaired	187,327	–	187,327
Past due but not impaired			
1 to 30 days	66,865	–	66,865
31 to 60 days	14,301	–	14,301
61 to 90 days	18,139	–	18,139
More than 90 days	17,499	–	17,499
Past due but not impaired	2,013	(2,013)	–
	306,144	(2,013)	304,131

<u>Trade receivables that are neither past due nor impaired</u>

In the previous financial year, trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

<u>Trade receivables that are past due but not impaired</u>

In the previous financial year, trade receivables that are past due but not impaired arose from active corporate customers with healthy business relationships, and the Group is of the view that these balances are recoverable based on historical receipts pattern.

Trade receivables of the Group that are past due but not impaired are unsecured in nature.

NOTES TO THE FINANCIAL STATEMENTS
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9. TRADE AND OTHER RECEIVABLES (Continued)

(e) The loss allowance as at 30 June 2019 of the Group is determined as follows (continued):

Trade receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the previous reporting period are as follows:

Group	Individually impaired 2018 RM'000
Trade receivables, gross	2,013
Less: Impairment losses	(2,013)
	–

(f) The reconciliation of movements of the impairment loss for trade and other receivables at the end of each reporting period are as follows:

Group	Lifetime ECL allowance RM'000	Individually impaired RM'000	Total RM'000
Trade receivables			
As at 1 July 2018 under MFRS 139	–	2,013	2,013
Effect of adoption of MFRS 9	4,832	–	4,832
Opening impairment losses of trade receivables in accordance with MFRS 9	4,832	2,013	6,845
Charge for the financial year	235	411	646
Reversal of impairment loss	(104)	(481)	(585)
Written off	–	(1,141)	(1,141)
As at 30 June 2019	4,963	802	5,765
As at 1 July 2017 under MFRS 139	–	1,031	1,031
Charge for the financial year	–	997	997
Reversal of impairment loss	–	(15)	(15)
As at 30 June 2018	–	2,013	2,013
Other receivables and deposits			
As at 1 July 2018 under MFRS 139	–	385	385
Effect of adoption of MFRS 9	*	–	*
Opening impairment losses of other receivables and deposits in accordance with MFRS 9	*	385	385
Charge for the financial year	*	–	*
As at 30 June 2019	*	385	385
As at 1 July 2017 under MFRS 139	–	385	385
Charge for the financial year	–	–	–
As at 30 June 2018	–	385	385

NOTES TO THE FINANCIAL STATEMENTS
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9. TRADE AND OTHER RECEIVABLES (Continued)

(f) The reconciliation of movements of the impairment loss for trade and other receivables at the end of each reporting period are as follows: (continued)

Company	Lifetime ECL allowance RM'000	Individually impaired RM'000	Total RM'000
Other receivables and deposits			
As at 1 July 2018 under MFRS 139	–	–	–
Effect of adoption of MFRS 9	*	–	*
Opening impairment losses of other receivables and deposits in accordance with MFRS 9	*	–	*
Charge for the financial year	*	–	*
As at 30 June 2019	*	–	*
As at 1 July 2017 under MFRS 139	*	–	*
Charge for the financial year	*	–	*
As at 30 June 2018	*	–	–
Amounts due from subsidiaries			
As at 1 July 2018 under MFRS 139	–	3,938	3,938
Effect of adoption of MFRS 9	*	–	*
Opening impairment losses of amounts due from subsidiaries in accordance with MFRS 9	*	3,938	3,938
Charge for the financial year	*	44	44
As at 30 June 2019	*	3,982	3,982
As at 1 July 2017 under MFRS 139	*	3,894	3,894
Charge for the financial year	*	44	44
As at 30 June 2018	*	3,938	3,938

* *The effects of expected credit loss is insignificant*

(g) Impairment for other receivables and amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probabilities of non-payment by other receivables and amounts due from subsidiaries are adjusted by forward looking information such as gross domestic product ("GDP") and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for other receivables and amounts due from subsidiaries.

It requires management to exercise significant judgement in determining the probabilities of default by other receivables and amounts due from subsidiaries, appropriate forward looking information and significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS
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9. TRADE AND OTHER RECEIVABLES (continued)

(h) At the end of each reporting period, the Group has no significant concentration of credit risk except for trade receivable from one (1) customer constituting 9% (2018: 10%) of total receivables of the Group. The Group does not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

(i) The currency exposure profile of receivables excluding prepayments is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Euro ("EUR")	57,164	17,484	–	–
United States Dollar ("USD")	205,267	253,116	–	–
Singapore Dollar ("SGD")	1,082	689	–	–
RM	38,920	53,877	28,271	25,645
	302,433	325,166	28,271	25,645

(j) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
– USD/RM – strengthen	4,680	5,771	–	–
– USD/RM – weaken	(4,680)	(5,771)	–	–

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

10. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost		
Raw materials	11,544	11,933
Work-in-progress	295	910
Finished goods	34,483	29,220
	46,322	42,063
At net realisable value		
Raw materials	5	8
	46,327	42,071

(a) Inventories are stated at the lower of cost and net realisable value and cost is determined using the weighted average formula.

(b) Inventories of the Group recognised as cost of sales amounted to RM1,985,215,000 (2018: RM2,353,648,000) and inventories written back amounted to RM138,000 (2018: RM46,000), which was recognised in other income.

(c) During the financial year, inventories written down amounted to RM100,000, which was recognised as cost of sales.

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11. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2019			2018		
	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
Forward foreign exchange contracts	471,173	185	(2,995)	337,427	4,879	(4,960)
Commodity forward contracts	(321)	1,526	(2,335)	11,263	2,198	(2,863)
		1,711	(5,330)		7,077	(7,823)

(a) Derivative financial instruments are classified as fair value through profit or loss and measured at fair value, categorised as Level 2 of the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(b) The forward foreign exchange contracts were entered into with the objective of managing the exposure of the Group to currency risk for receivables, which are denominated in a currency other than the functional currency of the Group.

(c) The commodity forward contracts were entered into with the objective of managing the exposure of the edible oil segment of the Group to adverse price movements in vegetable oil commodity.

(d) The above derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit and loss. The resulting loss from the re-measurement of RM2,873,000 (2018: loss of RM7,369,000) is recognised in profit or loss.

(e) The unexpired foreign currency forward contracts, which have been entered into by the Group for its trade receivables and trade payables as at end of each reporting period are as follows:

Group	Contractual amount in Foreign Currency ("FC'000")	Equivalent amount in Ringgit Malaysia ("RM'000")	Average contractual rate RM/FC	Expiry dates
2019				
USD	85,496	351,879	4.12	3.7.2019 to 31.12.2019
EUR	25,200	119,293	4.73	18.9.2019 to 29.12.2019
2018				
USD	63,809	253,145	3.97	12.7.2018 to 2.1.2019
EUR	16,800	84,282	5.02	6.7.2018 to 7.12.2018

NOTES TO THE FINANCIAL STATEMENTS
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11. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(f) Detailed in the table below is a summary of the Group's financial instruments subject to price risk along with their contract values and mark-to-market fair value on closing, plus fair value recognised over the financial year.

Group	Contract and notional value <1 year RM'000	Fair value attributed to price changes at period closing <1 year RM'000
2019		
Commodity based		
Forward sales contracts	(41,925)	1,526
Forward purchase contracts	41,604	(2,335)
		(809)
2018		
Commodity based		
Forward sales contracts	(54,615)	2,198
Forward purchase contracts	65,878	(2,863)
		(665)

The exposure of the Group to price volatility was solely derived from palm products. If the price of palm products changes by 3%, profit after tax for the Group would have equally increased or decreased by approximately RM7,000 (2018: RM257,000).

12. CASH AND BANK BALANCES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash and bank balances	96,445	69,351	30,598	471
Deposits with licensed bank	23,700	58,200	22,000	58,200
	120,145	127,551	52,598	58,671

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) Deposits with licensed banks of the Group and of the Company are subject to fixed interest at rates ranging from 1.95% to 3.45% and 2.70% to 3.45% (2018: 2.80% to 3.69%) respectively.

(c) Deposits with the licensed banks of the Group and of the Company as at the end of the reporting period have maturity periods ranging from 6 days to 94 days and 28 days to 94 days (2018: 2 days to 113 days) respectively.

(d) Deposits with licensed banks of the Group and of the Company are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
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12. CASH AND BANK BALANCES (Continued)

(e) The currency exposure profile of cash and bank balances is as follows:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
RM	65,222	73,551	52,598	58,671
USD	28,139	21,917	–	–
SGD	2,606	3,333	–	–
EUR	24,173	28,750	–	–
Others	5	–	–	–
	120,145	127,551	52,598	58,671

(f) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
– EUR/RM – strengthen	551	656	–	–
– EUR/RM – weaken	(551)	(656)	–	–
– USD/RM – strengthen	642	500	–	–
– USD/RM – weaken	(642)	(500)	–	–

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

(g) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash and bank balances	96,445	69,351	30,598	471
Deposits with licensed banks	23,700	58,200	22,000	58,200
As reported in statements of financial position	120,145	127,551	52,598	58,671
Less: Deposits with maturity more than three (3) months	(20,000)	(7,100)	(20,000)	(7,100)
Less: Bank overdraft (Note 15)	(319)	(124)	–	–
As reported in statements of cash flows	99,826	120,327	32,598	51,571

(h) No expected credit losses were recognised arising from the deposits with licensed banks because the probability of default by these licensed banks were negligible.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
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13. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid up ordinary share				
As at 1 July/30 June	162,000	95,147	162,000	95,147

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

14. RESERVES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-distributable:				
Exchange translation reserve	39	18	–	–
	39	18	–	–
Distributable:				
Retained earnings	115,206	115,988	31,476	34,606
	115,245	116,006	31,476	34,606

Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS
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15. BORROWINGS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current liabilities				
Secured:				
Term loans	14,616	7,198	–	–
Hire purchase creditors	2,093	5,581	260	86
	16,709	12,779	260	86
Current liabilities				
Secured:				
Bank overdraft	319	124	–	–
Term loans	4,865	1,666	–	–
Bankers' acceptances	159,327	209,507	–	–
Islamic term financing	19,376	16,775	–	–
Hire purchase creditors	1,461	2,183	58	44
	185,348	230,255	58	44
Total borrowings				
Bank overdraft	319	124	–	–
Term loans (Note 16)	19,481	8,864	–	–
Bankers' acceptances	159,327	209,507	–	–
Islamic term financing (Note 18)	19,376	16,775	–	–
Hire purchase creditors (Note 17)	3,554	7,764	318	130
	202,057	243,034	318	130

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Bankers' acceptances are secured by first legal charges over freehold land, leasehold land and buildings of certain subsidiaries. In addition, bankers' acceptances are guaranteed by the following:

(i) corporate guarantee and indemnity by the Company and a negative pledge on the assets of certain subsidiaries; and
(ii) individual guarantee issued by a Director of the Group.

(c) The remaining maturities of borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Within one (1) year	185,348	230,255	58	44
More than one (1) year and less than five (5) years	16,011	11,919	260	86
More than five (5) years	698	860	–	–
	202,057	243,034	318	130

NOTES TO THE FINANCIAL STATEMENTS
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(cont'd)

15. BORROWINGS (Continued)

(d) The weighted average effective interest rates for the borrowings as at reporting date, are as follow:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Fixed rate				
Hire purchase creditors	5.55	5.65	4.33	6.86
Floating rate				
Bank overdraft	8.06	7.71	–	–
Term loans	5.50	6.67	–	–
Bankers' acceptances	3.71	4.10	–	–
Islamic term financing	4.81	5.12	–	–

(e) At the end of the reporting period, the interest rate profile of the borrowings are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate	3,554	7,764	318	130
Variable rate	198,503	235,270	–	–

(f) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit after tax				
- Increased by 1.0% (2018: 1.0%)	(1,509)	(1,788)	–	–
- Decreased by 1.0% (2018: 1.0%)	1,509	1,788	–	–

Sensitivity analysis for fixed rate borrowings at the end of reporting period is not presented as it is not affected by changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS
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(cont'd)

15. BORROWINGS (Continued)

(g) The maturity profile of the Group and Company's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group As at 30 June 2019	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Bank overdraft	319	–	–	319
Term loans	5,828	15,013	769	21,610
Bankers' acceptances	159,327	–	–	159,327
Islamic term financing	19,376	–	–	19,376
Hire purchase creditors	1,632	2,205	–	3,837
Total undiscounted financial liabilities	186,482	17,218	769	204,469
Company As at 30 June 2019				
Financial liabilities				
Hire purchase creditors	71	283	–	354
Total undiscounted financial liabilities	71	283	–	354

Group As at 30 June 2018	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Bank overdraft	124	–	–	124
Term loans	2,164	7,153	973	10,290
Bankers' acceptances	209,507	–	–	209,507
Islamic term financing	16,775	–	–	16,775
Hire purchase creditors	2,515	6,151	–	8,666
Total undiscounted financial liabilities	231,085	13,304	973	245,362
Company As at 30 June 2018				
Financial liabilities				
Hire purchase creditors	48	90	–	138
Total undiscounted financial liabilities	48	90	–	138

NOTES TO THE FINANCIAL STATEMENTS
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(cont'd)

15. BORROWINGS (Continued)

(h) The currency exposure profile of borrowings is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
USD	136	210	–	–
RM	201,921	242,824	318	130
	202,057	243,034	318	130

Sensitivity analysis for foreign currency risk at the end of reporting period is not presented as changes in exchange rates would not materially affect profit or loss.

(i) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows of the Group and of the Company as cash flows from financing activities.

Group As at 30 June 2019	Bankers' acceptances RM'000	Islamic term financing RM'000	Term loans RM'000	Hire purchase creditors RM'000	Total # RM'000
At 1 July 2018	209,507	16,775	8,864	7,764	242,910
Cash flows	(50,286)	2,606	10,617	(4,579)	(41,642)
Non-cash flows:					
Effect of foreign exchange	106	(5)	–	–	101
Other changes:					
Purchase of property, plant and equipment	–	–	–	369	369
At 30 June 2019	159,327	19,376	19,481	3,554	201,738

Total borrowings excludes bank overdraft.

Company As at 30 June 2019	Hire purchase creditors RM'000	Total RM'000
At 1 July 2018	130	130
Cash flows	(130)	(130)
Non-cash flows:		
Purchase of property, plant and equipment	318	318
At 30 June 2019	318	318

NOTES TO THE FINANCIAL STATEMENTS
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16. TERM LOANS

	Group	
	2019 RM'000	2018 RM'000
Term loan I	268	434
Term loan II	768	1,072
Term loan III	1,003	1,528
Term loan IV	1,588	1,764
Term loan V	3,873	4,066
Term loan VI	2,624	–
Term loan VII	7,235	–
Term loan VIII	2,122	–
	19,481	8,864

(a) Term loans of the Group are secured by:

(i) legal charges over the freehold land, building and plant and machineries of a subsidiary;
(ii) legal charges over leasehold land and building; and
(iii) corporate guarantee and indemnity by the Company and a negative pledge on the assets of a subsidiary.

(b) Term Loan I is repayable in hundred and eighty (180) equal monthly instalments, which commenced June 2006 and has no fixed repricing period. The interest rate charges for the term loan are based on the Base Lending Rate ("BLR") plus 0.60% per annum. Interest rate charged during the financial year is 7.41% (2018: 7.31%).

(c) Term Loan II is repayable in hundred and eighty (180) instalments, which commenced July 2007. The term loan carries interest at 3.00% per annum for the first year, BLR minus 1.00% per annum for the second year and thereafter at BLR plus 0.6% per annum. Interest rate charged during the financial year is 7.41% (2018: 7.31%).

(d) Term Loan III is repayable in sixty (60) equal monthly instalments, which commenced June 2016 and has no fixed repricing period. The interest rate charges for the term loan are based on the BLR plus 0.6% per annum. Interest rate charged during the financial year is 7.26% (2018: 7.31%).

(e) Term Loan IV is repayable hundred and eighty (180) equal monthly instalments, which commenced May 2013 and has no fixed repricing period. The interest rate charges for the term loan are based on the BLR minus 1.5% per annum. Interest rate charged during the financial year is 5.60% (2018: 5.21%).

(f) Term Loan V is repayable in sixty (60) equal monthly instalments, which commenced January 2018 and has no fixed repricing period. The interest rate charges for the term loan are based on the bank's Cost of Funds ("COF") plus 1.80% per annum. Interest rate charged during the financial year is 6.00% (2018: 6.00%).

(g) Term Loan VI is repayable in forty seven (47) equal monthly instalments, which commenced April 2019 and has no fixed repricing period. The interest rate charges for the term loan are based on the bank's COF plus 1.55% per annum. Average interest rate charged during the financial year is 5.33%.

(h) Term Loan VII is repayable in sixty (60) equal monthly instalments, which commenced February 2019 and has no fixed repricing period. The interest rate charges for the term loan are based on the bank's COF plus 1.55% per annum. Average interest rate charged during the financial year is 5.33%.

(i) Term Loan VIII is repayable in thirty six (36) equal monthly instalments, which commenced March 2019 and has no fixed repricing period. The interest rate charges for the term loan are based on the bank's COF plus 1.55% per annum. Average interest rate charged during the financial year is 5.33%.

(j) A covenant in relation to the secured I, II, III, IV and V amounting to RM7,500,000 (2018: RM8,864,000) is that the gearing ratio of a subsidiary in the Group shall not exceed 1.75 times throughout the tenure of the facilities and to maintain Tangible Net Worth of at least RM43,500,000. A covenant in relation to the secured VI, VII and VIII amounting to RM11,981,000 is that the subsidiary shall not declare or pay dividends of more than 80% of profit after tax.

NOTES TO THE FINANCIAL STATEMENTS
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17. HIRE PURCHASE CREDITORS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Minimum hire purchase payments:				
– not later than one (1) year	1,632	2,515	71	48
– later than one (1) year but not later than five (5) years	2,205	6,151	283	90
Total minimum hire purchase payments	3,837	8,666	354	138
Less: Future interest charges	(283)	(902)	(36)	(8)
Present value of hire purchase payments	3,554	7,764	318	130
Repayable as follows:				
Current liabilities:				
– not later than one (1) year	1,461	2,183	58	44
Non-current liabilities:				
– later than one (1) year but not later than five (5) years	2,093	5,581	260	86
	3,554	7,764	318	130

(a) The carrying amounts of hire purchase creditors of the Group and of the Company as at the end of the reporting period that do not approximate their fair values are:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 30 June 2019	3,554	3,322	318	297
At 30 June 2018	7,764	7,604	130	127

The fair value of hire purchase creditors is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

18. ISLAMIC TERM FINANCING

	Group	
	2019 RM'000	2018 RM'000
Secured		
Islamic acceptance bills	690	639
Islamic trade facilities	18,686	16,136
	19,376	16,775
Repayable as follows:		
Current liabilities		
– not later than one year	19,376	16,775

(a) Islamic acceptance bills are secured by first legal charge over the leasehold land and building of a subsidiary.

(b) Islamic acceptance bills and Islamic trade facilities are guaranteed by way of a corporate guarantee by the Company corporate guarantee and a negative pledge on the assets of certain subsidiaries.

19. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group	
	2019 RM'000	2018 RM'000
As at 1 July 2018/2017	286	4,587
Effects of first time adoption of MFRS 9	(1,100)	–
Recognised in profit or loss (Note 26)	1,959	(4,301)
As at 30 June 2019/2018	1,145	286
Presented after appropriate offsetting:		
Deferred tax assets, net	–	–
Deferred tax liabilities, net	1,145	286
	1,145	286

(b) The components and movements of deferred tax liabilities during the financial year prior to offsetting are as follows:

<u>Deferred tax liabilities of the Group</u>

	Property, plant and equipment RM'000	Unrealised gain on foreign exchange RM'000	Others RM'000	Total RM'000
As at 1 July 2017	2,045	2,542	–	4,587
Recognised in profit or loss	(2,923)	(1,378)	–	(4,301)
Balance as at 30 June 2018/1 July 2018	(878)	1,164	–	286
Effects of first time adoption of MFRS 9	–	–	(1,100)	(1,100)
Recognised in profit or loss	3,125	(1,161)	(5)	1,959
As at 30 June 2019	2,247	3	(1,105)	1,145

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

19. DEFERRED TAX LIABILITIES (Continued)

(c) Amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unused tax losses	6,052	7,189	736	736
Unabsorbed capital allowances	7,080	6,932	502	420
Other temporary differences	2,258	1,708	4,448	4,699
	15,390	15,829	5,686	5,855

Deferred tax assets of the Company have not been recognised in respect of these items as these items were derived from different business sources and it is not probable that taxable profits of the Company from the same business source would be available against which the deductible temporary differences could be utilised.

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

For the Malaysian entities, the unused tax losses up to the year of assessment 2018 shall be deductible until year of assessment 2025. The unused tax losses for the year of assessment 2019 onwards will expire in 7 years. The use of tax losses of a subsidiary in other country is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of the country in which the subsidiary operates.

20. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined benefit plan for non-executive staff who are entitled to a payment calculated by reference to their length of service and earnings. Provision for retirement benefit obligations is calculated based on the predetermined rate of basic salaries and length of service of the employees.

The amounts recognised in the statement of financial position are determined as follows:

	Group	
	2019 RM'000	2018 RM'000
Present value of unfunded retirement benefit obligations	500	782
Analysed as follows:		
Non-current liabilities		
– later than five (5) years	500	782

The total expenses recognised in profit or loss are as follows:

	Group	
	2019 RM'000	2018 RM'000
Current service cost	23	28
Past service cost	22	30
Interest cost	30	36
Expenses recognised in the statement of profit or loss and other comprehensive income included under administrative expenses	75	94

NOTES TO THE FINANCIAL STATEMENTS
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20. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The movements during the financial year in the amounts recognised in the statement of financial position in respect of the retirement benefit obligations are as follows:

	Group	
	2019 RM'000	2018 RM'000
As at 1 July 2018/2017	782	725
Recognised in profit or loss	75	94
Re-measurement effects recognised in other comprehensive income	(113)	–
Contributions paid	(244)	(37)
As at 30 June 2019/2018	500	782

The principal actuarial assumptions used are as follows:

	Group	
	2019 %	2018 %
Discount rates	4.5	4.9
Expected rates of salary increases	5.0	6.0
Price inflation	2.5	3.0

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables	82,759	69,687	–	–
Other payables	17,959	10,988	6	20
Accruals	21,416	13,705	851	1,031
	39,375	24,693	857	1,051
	122,134	94,380	857	1,051

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal credit terms granted to the Group in respect of trade payables ranged from 4 to 120 days (2018: 4 to 120 days) from the date of invoice.

NOTES TO THE FINANCIAL STATEMENTS
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(cont'd)

21. TRADE AND OTHER PAYABLES (Continued)

(c) The maturity profile of the Group and of the Company's trade and other payables at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
As at 30 June 2019	122,134	–	–	122,134
As at 30 June 2018	94,380	–	–	94,380
Company				
As at 30 June 2019	857	–	–	857
As at 30 June 2018	1,051	–	–	1,051

(d) The currency exposure profile of payables is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
EUR	1	3	–	–
USD	32,950	29,403	–	–
SGD	3,443	4,069	–	–
RM	85,569	60,905	857	1,051
Renminbi ("RMB")	171	–	–	–
	122,134	94,380	857	1,051

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Effects of 3% changes to RM against foreign currency				
Profit after tax				
– USD/RM – strengthen	(751)	(670)	–	–
– USD/RM – weaken	751	670	–	–

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

NOTES TO THE FINANCIAL STATEMENTS
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(cont'd)

22. COMMITMENTS

(a) Operating lease commitments - the Group and the Company as lessee

The Group and the Company had entered into non-cancellable lease agreements for office, equipment, leasehold land and factory and staff housing, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Future minimum lease payments:				
– not later than one (1) year	1,696	1,566	531	531
– later than one (1) year but not later than five (5) years	888	1,694	398	929
	2,584	3,260	929	1,460

(b) Capital commitments

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
– Approved but not contracted for	14,491	15,921
– Contracted but not provided for	–	8,256
	14,491	24,177

23. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers				
– Sale of goods	2,272,914	2,602,701	–	–
– Management fee	–	–	3,600	3,540
Other revenue				
– Dividend income	–	–	13,000	16,301
	2,272,914	2,602,701	16,600	19,841
Timing of revenue recognition				
Transferred at a point in time	2,272,914	2,602,701	–	–
Transferred over time	–	–	3,600	3,540
Other	–	–	13,000	16,301
	2,272,914	2,602,701	16,600	19,841

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS
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23. REVENUE (Continued)

(b) Management fees

Management fees is recognised on a straight-line basis when subsidiaries simultaneously receives and consumes the benefits.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

24. COST OF SALES

Cost of sales of the Group represents cost of inventories sold and other related expenses.

25. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging:				
Auditors' remuneration to BDO PLT:				
– Statutory audit	266	245	61	55
– Non-statutory audit	13	13	13	13
Other auditors' remuneration:				
– statutory	31	25	–	–
Bad debts written off:				
– trade receivables	744	–	–	–
– other receivables	–	8,174	–	–
Fair value adjustment on derivative instruments	2,873	7,369	–	–
Interest expense on:				
– bank overdraft	10	20	10	10
– term loans	712	466	–	–
– bankers' acceptances	11,569	12,213	–	–
– hire purchase creditors	297	371	4	6
– other	52	25	2	–
Loss on disposal of property, plant and equipment	–	167	–	–
And crediting:				
Interest income received from:				
– deposits with licensed banks	809	911	809	911
– short term investments	1,098	951	923	921
– subsidiaries	–	–	412	195
– other	129	399	–	–
Gain on disposal of property, plant and equipment	108	–	75	1
Net gain on foreign exchange:				
– realised	3,111	21,946	–	–
– unrealised	737	2,082	–	–

NOTES TO THE FINANCIAL STATEMENTS
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26. TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysian income tax:				
Current tax expense based on profit for the financial year	4,753	8,353	314	300
(Over)/Under-provision in prior years	(1,169)	(3,786)	(14)	206
	3,584	4,567	300	506
Foreign income tax	677	–	–	–
	4,261	4,567	300	506
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	1,020	(4,745)	–	–
Under-provision in prior years	939	444	–	–
	1,959	(4,301)	–	–
	6,220	266	300	506

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated taxable profits for the fiscal year. Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

(b) Certain subsidiaries of the Group have been awarded the following:

(i) Principal Hub status, which provides tax incentive to the subsidiary for a period of ten (10) years. The Principal Hub status commenced on the Year of Assessment 2017 under the Income Tax Act 1967.

(ii) Automation capital allowance, of which capital allowance of 200% will be provided on the first RM4,000,000 expenditure incurred within three (3) years of assessment from 2015 to 2020. The automation capital allowance commenced on the Year of Assessment 2018 under Income Tax Act 1967.

NOTES TO THE FINANCIAL STATEMENTS
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(cont'd)

26. TAX EXPENSE (Continued)

(c) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	33,294	45,300	13,370	16,825
Tax at Malaysian statutory income tax rate of 24% (2018: 24%)	7,991	10,872	3,209	4,038
Tax effects in respect of:				
– non-allowable expenses	1,558	816	501	123
– non-taxable income	(606)	(13)	(3,355)	(3,912)
– different tax rates in foreign jurisdiction	(321)	65	–	–
– deferred tax assets not recognised	211	355	–	51
– utilisation of deferred tax assets previously unrecognised	(317)	(487)	(41)	–
– tax incentives	(2,066)	(8,000)	–	–
	6,450	3,608	314	300
(Over)/Under-provision of income tax in prior years	(1,169)	(3,786)	(14)	206
Under-provision of deferred tax in prior years	939	444	–	–
	6,220	266	300	506

(d) Tax on each component of other comprehensive income is as follows:

Group	Before tax RM'000	Tax effect RM'000	After tax RM'000
2019			
Foreign currency translations	35	–	35
Re-measurement of defined benefit liability	113	–	113
2018			
Foreign currency translations	21	–	21

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

27. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019 RM'000	2018 RM'000
Profit attributable to equity holders of the parent	19,037	31,107
	Unit'000	Unit'000
Weighted average number of ordinary shares in issue	162,000	162,000
	Sen	Sen
Basic earnings per ordinary share	11.75	19.20

(b) Diluted

The Group has no potential ordinary shares in issue as at reporting date and therefore, the diluted earnings per ordinary share equals basic earnings per ordinary share.

28. DIVIDENDS

	Group and Company			
	2019		2018	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
In respect of the financial year ended 30 June 2018:				
Final single-tier dividend, paid on 14 November 2018	10	16,200	–	–
In respect of the financial year ended 30 June 2017:				
Final single-tier dividend, paid on 10 November 2017	–	–	8	12,960

A final dividend in respect of the financial year ended 30 June 2019 of 8.0 sen per ordinary share, amounting to RM12,960,000 has been recommended by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, would be accounted for as appropriation of retained earnings in the financial year ending 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

29. EMPLOYEE BENEFITS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries and wages	28,968	34,244	2,950	2,875
Social security contributions	188	174	15	14
Contributions to defined contribution plan	2,467	2,662	348	343
Defined benefits plan	75	94	–	–
Other benefits	750	779	205	188
	32,448	37,953	3,518	3,420

Included in employee benefits of the Group and of the Company is Executive Director's and other key management personnel's remuneration as disclosed in Note 30(c) to the financial statements.

30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in the Note 7 to the financial statements;
(ii) Corporation in which the Directors of the Group have substantial financial interests; and
(iii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Subsidiaries:				
Management fee received	–	–	3,600	3,540
Interest income	–	–	412	195
Dividend income	–	–	13,000	16,301
Related parties:				
Advisory fee paid/payable	150	–	150	–
Management fee paid/payable	180	–	180	–

Related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS
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(cont'd)

30. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether Executive or otherwise) of the Group and of the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors:				
Executive Directors:				
– salaries, bonus and allowances	5,447	6,590	960	1,010
– defined contribution plan	442	450	109	115
	5,889	7,040	1,069	1,125
Non-Executive Directors:				
– fees	458	375	238	225
– allowances	122	121	122	121
	580	496	360	346
Total Directors' remuneration	6,469	7,536	1,429	1,471
Other key management personnel of the subsidiaries:				
– salaries, bonus and allowances	1,656	1,129	–	–
– defined contribution plan	179	141	–	–
Total other key management personnel remuneration	1,835	1,270	–	–
Total compensation of key management personnel	8,304	8,806	1,429	1,471

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company amounted to RM81,900 and RM29,000 respectively (2018: RM81,900 and RM29,000).

31. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2019 RM'000	2018 RM'000
Financial guanrantees given to financial institution for banking facilities granted to subsidiaries - secured	532, 771	515,836

Financial guarantee contracts issued by the Company are those contracts that require payments to be made to reimburse the holders for losses they incur because the specified debtors fails to make payments when due in accordance with terms of debt instruments.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

31. FINANCIAL GUARANTEE CONTRACTS (Continued)

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payment that would be required without the guarantees,or the estimated amount that would be payable to a thrid party for assuming the obligations.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiary companies as disclosed in Note 15, Note 16 and Note 18.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payout to shareholders, issue new ordinary and redeem debts, where necessary. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2018 and 30 June 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group includes within net debt, borrowings, trade and other payables, other liabilities, less cash and bank balances. Equity represents equity attributable to the owners of the parent. The net debt-to-equity ratios as at 30 June 2018 and 30 June 2019 are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Borrowings	202,057	243,034	318	130
Trade and other payables	122,134	94,380	857	1,051
Other liabilities	7,653	10,674	–	–
Total liabilities	331,844	348,088	1,175	1,181
Less: Cash and bank balances	(120,145)	(127,551)	(52,598)	(58,671)
Net debt/(cash)	211,699	220,537	(51,423)	(57,490)
Equity	210,392	211,153	126,623	129,753
Net debt to equity ratio	1.01	1.04	N/A	N/A

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares, if any) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement during the financial year.

(b) Financial risk management objectives and policies

Exposure to credit risk, liquidity and cash flow risk, foreign currency risk, interest rate risk and price fluctuation risk arises in the normal course of the businesses of the Group. The overall financial risk management objective of the Group is to minimise potential adverse effects on the financial performance of the Group.

The overall business strategies of the Group, its tolerance of risk and its general risk management philosophy are determined by management in accordance with prevailing economic and operating conditions. Financial risk management is carried out through risk reviews, internal control systems and adherence to the financial risk management policies of the Group. The Group does not have any financial instruments for trading purposes.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (continued)

The management policies of the Group for managing each of its financial risk are summarised below:

(i) Credit risk

Cash deposits and trade and other receivables could give rise to credit risk which requires the loss to be recognised if a counterparty fails to perform as contracted. Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The exposure and the creditworthiness of the counterparties of the Group are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The primary exposure of the Group and of the Company to credit risk arises through its trade receivables and other receivables. The carrying amount of financial assets as recorded in the financial statements, grossed up for any impairment losses, represents the maximum exposure to credit risk of the Group.

The credit risk concentration profiles have been disclosed in Note 9 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the operations and development activities of the Group.

Based on management's assessment, it is not probable that the counterparties to financial guarantee contracts will claim under the contract. The analysis of financial instruments by remaining contractual maturities has been disclosed in Note 15 and Note 21 to the financial statements respectively.

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is subject to foreign exchange fluctuations through the import of raw materials and packaging materials and export of finished goods. The Group monitors the movement in foreign currency exchange rates closely to ensure its foreign currency risk is minimised.

The foreign currency profile and sensitivity analysis have been disclosed in Note 9, Note 11, Note 12, Note 15 and Note 21 to the financial statements respectively.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rates risk arises primarily from their borrowings and deposits placed with licensed banks of the Group. The Group does not use derivative financial instruments to hedge this risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 12 and Note 15 to the financial statements respectively.

(v) Price fluctuation risk

The edible oil segment of the Group is inversely exposed to price fluctuation risk on sales and purchases of palm oil commodities. This segment enters into commodity forward contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

The objective of the Group on price risk management is to limit the exposure of the Group to fluctuations in market prices and to achieve expected margins on revenue.

The Group manages its price fluctuation risk by having policies and procedures governing forward positions.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
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33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

33.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	See MFRS 4 Paragraphs 46 and 48

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 15 and MFRS 9 described in the following sections.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 July 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and of the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (Continued)

33.1 New MFRSs adopted during the financial year (Continued)

(a) MFRS 9 *Financial Instruments* (continued)

(i) Classification of financial assets and financial liabilities (continued)

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12) months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (Continued)

33.1 New MFRSs adopted during the financial year (Continued)

(a) MFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 July 2018:

	Classification	
	Existing under MFRS 139	New under MFRS 9
Group		
Financial assets		
Other investment	AFS	FVTPL
Derivative financial assets	FVTPL	FVTPL
Trade and other receivables	L&R	AC
Cash and bank balances	L&R	AC
Financial liabilities		
Borrowings	OFL	AC
Trade and other payables	OFL	AC
Derivative financial liabilities	FVTPL	FVTPL
Company		
Financial assets		
Other investment	AFS	FVTPL
Other receivables	L&R	AC
Cash and bank balances	L&R	AC
Financial liabilities		
Borrowings	OFL	AC
Trade and other payables	OFL	AC

The following table are reconciliations of the carrying amount of the statement of financial position of the Group from MFRS 139 to MFRS 9 as at 1 July 2018:

	Existing under MFRS 139		New under MFRS 139
	Carrying amount as at 30 June 2018 RM'000	Remeasurement RM'000	Carrying amount as at 1 July 2018 RM'000
Trade and other receivables:			
Opening balance	326,602	–	326,602
Increase in impairment loss	–	(4,832)	(4,832)
Total trade and other receivables	326,602	(4,832)	321,770
Retained earnings:			
Opening balance	115,988	–	115,988
Increase in impairment loss for trade and other receivables	–	(3,732)	(3,732)
Total retained earnings	115,988	(3,732)	112,256

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019
(cont'd)

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (Continued)

33.1 New MFRSs adopted during the financial year (Continued)

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

The Group adopted MFRS 15 using the modified retrospective method (without practical expedients), with the effect of initially applying this Standard at the date of initial application of 1 July 2018. The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

There is no material impact on the adoption of MFRS 15 on the financial statements of the Group and of the Company.

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, Amendments and Interpretation since the effects would only be observable in future financial years.

LIST OF PROPERTIES
AS AT 30 JUNE 2019

Tenure	Location	Approximate Land Area (sq ft)	Approximate Age of Buildings (year)	Description	Date of Acquisition	2019 Net Book Value RM'000
Negeri Sembilan Darul Khusus						
Leasehold 99 years expiring 2077	Land with building at HS(D) 658 PT 1342, Senawang Industrial Estate, Seremban, Negeri Sembilan.	130,680 (Built-up Area)	39	Factory for Manufacturing Tap wares	10/06/1978	752
Freehold (2 individual lots)	Land at HS (D) 14031 PT 3272, HS (D) 14036 PT 3277, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan Darul Khusus.	43,594 48,115	–	Bungalow Land for Future Development of Orchard and Building	03/01/1999	–
Melaka						
Leasehold 99 years expiring 2101	Land with building at Lot No. 6672 – 6674 PM No. 567 – 569 Lot No. 6667 – 6669 PM No. 571 – 573 Mukim Sungei Baru Tengah, Daerah Alor Gajah, Melaka.	93,099 (Built-up Area)	23	Factory for Manufacturing Sanitary wares	03/11/1995	4,978
Selangor Darul Ehsan						
Freehold land	Land with building at GM 2514, Lot 2239, 9th Mile Telok Lot 2239, Jalan Rajawali, Batu 9, Kampung Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan.	175,602	14	Industrial land	20/09/2005	13,586
Freehold land	Land with building at GM 4406, Lot 11202, Mukim Teluk Panglima Garang, Lot 11202, Jalan Rajawali, Batu 9, Kampung Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan.	88,016	6	Industrial land	30/12/2012	12,102
Freehold land	Land with building at GM6505, Lot 11203, Mukim Teluk Panglima Garang, Lot 11203, Jalan Rajawali, Batu 9, Kampung Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan.	89,984	1	Agricultural	15/3/2019	4,276

LIST OF PROPERTIES
AS AT 30 JUNE 2019
(cont'd)

Tenure	Location	Approximate Land Area (sq ft)	Approximate Age of Buildings (year)	Description	Date of Acquisition	2019 Net Book Value RM'000
Johor Darul Takzim						
Leasehold 60 years expiring 2055	Land with building at PTD 115556, HSD 221665, Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim PLO 470, Jalan Keluli 1, 81700 Pasir Gudang, Johor Darul Takzim.	87,120	11	Industrial land	20/02/2008	4,147
Leasehold 60 years expiring 2052	Land with building at PTD 110329, HSD 200231, Mukim Plentong, Daerah Johor Bahru, No.18, Jalan Pekeliling, Taman Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim.	99,876	1	Industrial land	30/04/2019	7,449
						47,290

ANALYSIS BY SIZE OF SHAREHOLDINGS
AS AT 30 AUGUST 2019

Issued and fully paid-up share capital : 162,000,000 ordinary shares
Class of shares : Ordinary shares
Voting rights by show of hand : One vote for every member
Voting rights by poll : One vote for every share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	141	6.13	1,718	0.00
100 - 1,000	817	35.52	668,650	0.41
1,001 - 10,000	1,024	44.52	4,050,312	2.50
10,001 - 100,000	260	11.31	8,481,510	5.23
100,001 to less than 5% of issued shares	54	2.35	62,060,710	38.31
5% and above of issued shares	4	0.17	86,737,100	53.55
Total	**2,300**	**100.00**	**162,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1	JAG Capital Holdings Sdn Bhd	53,000,000	32.72	–	–
2	Continental Theme Sdn Bhd	12,922,100	7.98	–	–
3	Lee Cheang Mei	10,515,000	6.49	–	–
4	Fung Heen Choon	10,300,000	6.36	–	–
5	Datuk Seri Johari Bin Abdul Ghani	–	–	53,000,000	32.72[1]
6	Datin Mariam Prudence Binti Yusof	–	–	34,344,900	21.20[2]

Notes:
1 Deemed interest by virtue of his substantial shareholding in JAG Capital Holdings Sdn Bhd.
2 Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd,Sisma Water Technology Sdn Bhd and Continental Theme Sdn Bhd.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1	Megat Joha Bin Megat Abdul Rahman	1,000,000	0.62	–	–
2	Dato' Sukumaran s/o Ramasamy	2,004,000	1.24	–	–
3	Lee Cheang Mei	10,515,000	6.49	–	–
4	Fung Heen Choon *(Alternate Director to Lee Cheang Mei)*	10,300,000	6.36	–	–
5	Datuk Seri Johari Bin Abdul Ghani	–	–	53,000,000	32.72[1]
6	Datin Mariam Prudence Binti Yusof	–	–	34,344,900	21.20[2]
7	Teh Bee Tein	–	–	230,900	0.14[3]

Notes:
1 Deemed interest by virtue of his substantial shareholding in JAG Capital Holdings Sdn Bhd.
2 Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd, Sisma Water Technology Sdn Bhd and Continental Theme Sdn Bhd.
3 Indirect interest through shareholdings held by spouse.

ANALYSIS BY SIZE OF SHAREHOLDINGS
AS AT 30 AUGUST 2019
(cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for JAG Capital Holdings Sdn Bhd*	53,000,000	32.72
2	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Continental Theme Sdn Bhd*	12,922,100	7.98
3	Lee Cheang Mei	10,515,000	6.49
4	Fung Heen Choon	10,300,000	6.36
5	Duclos Sdn Bhd	5,360,000	3.31
6	Casa Biz Sdn Bhd	5,000,010	3.09
7	Leasing Corporation Sdn Bhd	4,686,400	2.89
8	Syed Ibrahim Sdn Bhd	4,540,000	2.80
9	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Syarifah Anita Ibrahim*	3,669,500	2.27
10	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Syarifah Aminah Ibrahim Binti Syed Ibrahim*	3,646,400	2.25
11	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Azril Akmar Bin Attan Akmar*	3,624,400	2.24
12	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah*	3,590,000	2.21
13	Sisma Water Technology Sdn Bhd	3,507,400	2.16
14	Du Ain Sdn Bhd	3,329,000	2.05
15	Tiger Vest Sdn Bhd	3,009,300	1.86
16	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah*	2,059,300	1.27
17	Dato' Sukumaran s/o Ramasamy	2,004,000	1.24
18	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Bank Vontobel AG*	1,582,700	0.98
19	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for RHB Smart Treasure Fund*	1,153,200	0.71
20	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for RDS Network Sdn Bhd*	1,106,600	0.68
21	Megat Joha Bin Megat Abdul Rahman	1,000,000	0.62
22	Yip Kean Sung	880,800	0.54
23	Azri Bin Abdul Ghani	746,100	0.46
24	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Exempt an for UOB Kay Hian Pte Ltd*	511,600	0.32
25	HSBC Nominees (Asing) Sdn Bhd *Exempt an for Bank Julius Baer & Co. Ltd*	500,000	0.31
26	HSBC Nominees (Asing) Sdn Bhd *Exempt an for UOB Kay Hian Pte Ltd*	486,600	0.30
27	HSBC Nominees (Asing) Sdn Bhd *Exempt an for Credit Suisse*	412,800	0.25
28	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for RHB Small CAP Opportunity Unit Trust*	386,800	0.24
29	Tan Sri Abdul Ghani Bin Abdul Aziz	360,000	0.22
30	Lim Tow Kuang	292,300	0.18
		144,182,310	**89.00**

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

AUDIT FEES

The total amount of audit and non-audit fees paid/payable to the external auditors and their associated companies by the Group and the Company for the financial year ended 30 June 2019 were tabulated as follows:

	Audit Fees		Non-Audit Fees	
	Group RM	Company RM	Group RM	Company RM
i) BDO PLT	266,000	60,500	12,500	12,500
ii) BDO Tax Services Sdn Bhd	–	–	32,650	5,000
	266,000	60,500	45,150	17,500

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 30 June 2019 or entered into since the end of the previous financial year.

CIHB

C.I. HOLDINGS BERHAD (Company No.: 37918-A)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

CDS Account No.	
No. of Shares Held	

I/We ____
(Full name in block letters, NRIC No. / Passport No. / Company No.)

of ____

____

being a member/members of **C.I. HOLDINGS BERHAD**, hereby appoint:

Full Name (in block letters)	NRIC No. / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in block letters)	NRIC No. / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman as *my/our proxy to vote for *me/ us on *my/ our behalf at the Forty-First Annual General Meeting of the Company, to be held at Ballroom 1, InterContinental Kuala Lumpur at 165, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 31 October 2019 at 9:30 a.m. and at any adjournment thereof.

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
Ordinary Resolution 1	To declare final single-tier dividend for the financial year end 30 June 2019		
Ordinary Resolution 2	To approve the payment of Directors' fees for the financial year end 30 June 2019		
Ordinary Resolution 3	To approve the Directors' benefits for the period from 1 November 2019 until the next Annual General Meeting to be held in 2020		
Ordinary Resolution 4	To re-elect Encik Nor Hishammuddin Bin Dato' Mohd Nordin as Director		
Ordinary Resolution 5	To re-elect Mr. Kasinathan a/l Tulasi		
Ordinary Resolution 6	To re-elect Datuk Seri Johari Bin Abdul Ghani as Director		
Ordinary Resolution 7	To re-appoint Messrs BDO PLT as Auditors of the Company		
	SPECIAL BUSINESS	**FOR**	**AGAINST**
Ordinary Resolution 8	Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 9	To retain Encik Nor Hishammuddin Bin Dato' Mohd Nordin as an Independent Non-Executive Director		
Ordinary Resolution 10	To retain Ms. Teh Bee Tein as an Independent Non-Executive Director		
Special Resolution	To approve the proposed adoption of new Constitution of the Company		

(Please indicate with a ("X") in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

Signed this ________ day of October, 2019

____
Signature(s) of Shareholder/Attorney
(if shareholder is a corporation, this part should be executed under seal)

NOTES:

1. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57(2) of the Company's Constitution to issue a General Meeting Record of Depositors as at 25 October 2019. Only a member whose name appears in the Record of Depositors as at 25 October 2019 shall be entitled to attend the Meeting and to speak and vote thereat.
2. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his(her) stead. A proxy need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. A member of the Company may appoint a proxy or proxies to attend the Meeting. Where a member appoints two or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
7. To be valid, the Form of Proxy must be completed, signed and deposited at the Company's registered office at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in the case of a poll, not less than twenty-four (24) hours before the time appointed in taking of the poll, and in default the instrument of proxy shall be treated as valid.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice will be put to vote on a poll. Independent Scrutineers will be appointed to observe the polling process and to verity the results of the poll respectively.

Fold this flap for sealing

Then fold here

STAMP

The Company Secretary

C.I. HOLDINGS BERHAD

(Company no. 37918-A)

Suite A-11-1, Level 11,
Hampshire Place Office,
157 Hampshire,
No. 1, Jalan Mayang Sari,
50450 Kuala Lumpur

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157 Hampshire,
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