ORIENTAL

2019 Annual Report

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting ("23rd AGM") of Oriental Food Industries Holdings Berhad will be convened and held at Tiara Banquet Hall, Tiara Melaka Golf and Country Club, Jalan Gapam, Bukit Katil, 75760 Melaka on Wednesday, 28 August 2019 at 2.30 p.m. to transact the following businesses:-

A G E N D A

ORDINARY BUSINESS

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2019 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees amounting to RM350,000.00 for the financial year ended 31 March 2019. *(Resolution 1)*

3. To approve the proposed payment of Directors' remuneration and benefits (excluding Directors' fees) up to an amount of RM135,000.00 to the Directors with effect from 29 August 2019 until the next Annual General Meeting *(Resolution 2)*

4. To re-elect the following Directors, each of whom retires by rotation in accordance with Article 75 of the Constitution of the Company:-

   4.1 Tan Sri Dato' Azizan Bin Husain *(Resolution 3)*
   4.2 Mr Lim Hwa Yu *(Resolution 4)*

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 March 2020 and to authorise the Directors to determine their remuneration. *(Resolution 5)*

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

6. **Approval to Continue In Office as an Independent Non-Executive Director** *(Resolution 6)*

   "THAT Tan Sri Dato' Azizan Bin Husain who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years since 8 June 2000 be and is hereby retained and will continue to act as the Independent Non-Executive Director of the Company."

7. **Approval to Continue In Office as an Independent Non-Executive Director** *(Resolution 7)*

   "THAT Datuk Jeffery Ong Cheng Lock who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years since 14 May 2007 be and is hereby retained and will continue to act as the Independent Non-Executive Director of the Company."

8. **Approval to Continue In Office as an Independent Non-Executive Director** *(Resolution 8)*

   "THAT Mr. Lim Hwa Yu who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years since 23 February 1999 be and is hereby retained and will continue to act as the Independent Non-Executive Director of the Company."

9. **Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016** *(Resolution 9)*

"THAT subject always to the Companies Act, 2016 ("the Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and the approval of the relevant government/regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act 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 number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company."

10. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** *(Resolution 10)*

"THAT authority be and is hereby given in line with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particulars of which are set out in Part A, Circular to Shareholders dated 31 July 2019, with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this Resolution until:

i. the conclusion of the next AGM of the Company at which time the authority shall lapse, unless by Ordinary Resolution passed at a general meeting, the authority is renewed; or

ii. the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

iii. revoked or varied by a Resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER, THAT the Board of Directors be and is hereby authorised to do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company."

NOTICE OF ANNUAL GENERAL MEETING

11. **Proposed Renewal of Share Buy-Back Authority for the Purchase by the Company of its Own Shares ("Proposed Renewal of Share Buy-Back Authority")** *(Resolution 11)*

THAT, subject to the compliance with Section 127 of the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Board of Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that:-

i. the aggregate number of shares purchased does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Malaysia as at the point of purchase;

ii. the maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

iii. the Board of Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividend.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

a. the conclusion of the next AGM of the Company at which time the authority will lapse, unless by ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions; or

b. the expiration of the period within which the next AGM after that date is required by law to be held; or

c. revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Board of Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation and/or retention and/or distribution and/or selling of all or any part of the purchased shares in accordance with the Companies Act, 2016, the provisions of the Constitution of the Company and the requirements and/or guidelines of Bursa Securities for the Main Market and all other relevant governmental and/or regulatory authorities."

12. To transact any other business of the Company which due notices shall be given in accordance with the Constitution of the Company and the Companies Act, 2016.

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

KARINA CHONG MEI YING (LS 0009542)
CHAN SAU LENG (MAICSA 7012211)
RUZETI EMAR BINTI MOHD ROSLI (LS 0010372)
Joint Secretaries
Selangor Darul Ehsan

31 July 2019

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 20 August 2019 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.

2. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualifications of the proxy.

3. A member may appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

4. 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.

5. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy/proxies shall be deemed to confer authority to demand or join in demanding a poll.

7. The instrument appointing a proxy must be deposited at the Registered Office at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof as Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Securities requires all resolutions set out in the Notice of General Meeting to be put to vote by poll.

8. Proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

9. **Personal Data Privacy:**

   By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Statutory Financial Statements for the financial year end 31 March 2019

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act requires the Statutory Financial Statements to be laid at the AGM. As such, this agenda item does not require shareholders' approval and hence, is not put forward for voting.

2. Resolution 2- Directors' remuneration and benefits (excluding Directors' fees)

Resolution 2 relates to the proposed payment of Directors' remuneration and benefits (excluding Directors' fees) to the Directors from 29 August 2019 until the next AGM of the Company, which comprise the followings:-

Description	Chairman	Independent Non-Executive Directors & Non-Independent Non-Executive Directors	Executive Directors
Monthly Fixed Allowance	RM6,300.00 per month	Not Applicable	Not Applicable
Meeting Allowance for attendance of Board and Board Committee Meetings, and general meetings	RM500.00 per meeting	RM500.00 per meeting	Not Applicable
Monthly Claims	RM27,720.00 per annum	Not Applicable	Not Applicable

3. Resolution 6,7, 8– Approval to Continue in Office as Independent Non-Executive Director

At the same time, the Board of Directors also has recommended Tan Sri Dato' Azizan Bin Husain, Datuk Jeffery Ong Cheng Lock and Mr. Lim Hwa Yu, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years since 8 June 2000, 14 May 2007 and 23 February 1999 respectively to continue to act as Independent Non-Executive Directors subject to the shareholders' approval through a two-tier voting process at the 23rd AGM of the Company.

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of the abovementioned Independent Non-Executive Directors based on the following justifications:-

i. They have fulfilled the criteria under the definition of Independent Directors as stated in the Bursa Securities' Main Market Listing Requirements, and therefore are able to bring independent and objective judgement to the Board;

ii. They have been with the Company for more than twelve (12) years and therefore understand the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at the Meetings;

iii. They have contributed sufficient time and efforts and attended all the Meetings for informed and balanced decision making; and

iv. They have exercised due care and diligence during their tenure as Independent Non-Executive Directors of the Company and carried out their fiduciary duty in the interest of the Company and shareholders without being subject to any influence from management.

NOTICE OF ANNUAL GENERAL MEETING

4. *Resolution 9 – Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016*

The Resolution 9, if approved, will empower the Directors of the Company, from the date of the above AGM, authority to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next AGM of the Company.

The Mandate is as renewal of the Mandate granted by the members at the last AGM held on 29 August 2018. The Mandate granted at the last AGM was not utilised by the Company and thus, no proceeds were raised.

The Renewed Mandate will empower the directors to raise funds via issuance of new shares without delay, in the event of business opportunities arise.

5. *Resolution 10 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature*

The Resolution 10, if approved, will enable the Company and its subsidiaries to continue entering into the recurrent related party transactions of a revenue or trading nature with Syarikat Perniagaan Chong Mah Sdn. Bhd., which are necessary for its day-to-day operations and are in the ordinary course of business and on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company. This authority unless revoked or varied at a General Meeting will expire at the next AGM.

Further information on the proposed Ordinary Resolution No. 10 is set out in Part A, Circular to Shareholders dated 31 July 2019 which is dispatched together with the Annual Report 2019 of the Company.

6. *Resolution 11 – Proposed Renewal of Share Buy-Back Authority*

The Resolution 11, if approved, will empower the Board of Directors to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company from time to time on the market of Bursa Securities upon such terms and conditions as the Board of Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed 10% of the total issued and paid-up share capital of the Company.

Further information on the proposed Ordinary Resolution No. 11 is set out in Part B, Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 31 July 2019 which is dispatched together with the Annual Report 2019 of the Company.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

NAMES OF DIRECTORS STANDING FOR RE-ELECTION

1. Resolution 3 and 4- Re-election of Directors

The Directors who are retiring pursuant to Article 75 of the Constitution of the Company and seeking for re-election at the forthcoming 23rd AGM are as follows:

(a) Tan Sri Dato' Azizan Bin Husain
(b) Mr Lim Hwa Yu

Details of the above Directors are set out in the Directors' Profiles section and their shareholdings in the Company, where applicable, are set out in the Analysis of Shareholdings section appearing on pages 13 to 15 and 118 to 120 respectively of the Company's Annual Report respectively.

CHAIRMAN'S STATEMENT

To Our Valued Shareholders,

I am pleased to report that that Oriental Food Industries Holdings Berhad ("the Company" or "the Group") delivered a good set of financial results for 2019. The Company is in a sound financial position with positive growth in revenue and profit as we made steady progress towards our objective of delivering sustainable value for our shareholders.

On behalf of the Board of Directors, I am pleased to present the 2019 Annual Report detailing a comprehensive report to our shareholders, on the activities, results and strategies of our Company.

Financial and Operations Review

The Group achieved another milestone in terms of sustainability growth in revenue as seen in the financial year ended 31 March 2019 ("FY 2019"). Revenue sustained on a year-on-year basis at RM286.5 million in FY 2019 as compared to RM288.30 million in the financial year ended 2018 ("FY 2018")

The Group's revenue was derived primarily from the Snack Food and Confectioneries segment, representing 100% of the Group's total revenue.

In terms of geographical segment, the Group's mixed revenue comprised of 35% local sales and 65% export sales.

Pre-tax profit of the Group increased as compared to FY 2018. The Group recorded an increase of 125% from RM8.2 million in FY 2018 to RM18.6 million in FY 2019.

Looking at the product performance, the financial year under review achieved encouraging growth of 3% in snack category, outperforming the growth in sales of cakes and potato crisps. This growth was particularly spurred by the rising trend of sales for our snack products.

Despite all challenges, the Group achieved satisfactory total net comprehensive income attributable to the shareholders of RM13.9 million in FY 2019. This translates to basic earnings per share of 5.78 sen.

In terms of our balance sheet, total loans and borrowings stood at nominal amount of RM25.8 million against the backdrop of shareholders' fund of RM189.6 million and cash and bank balances of RM9.5 million. The Group's good financial leverage has put the Group in a position that allows us to undertake further expansion activities.

We are indeed very pleased with our financial performance in the financial year under review, and are optimistic on maintaining this uptrend.

Dividends

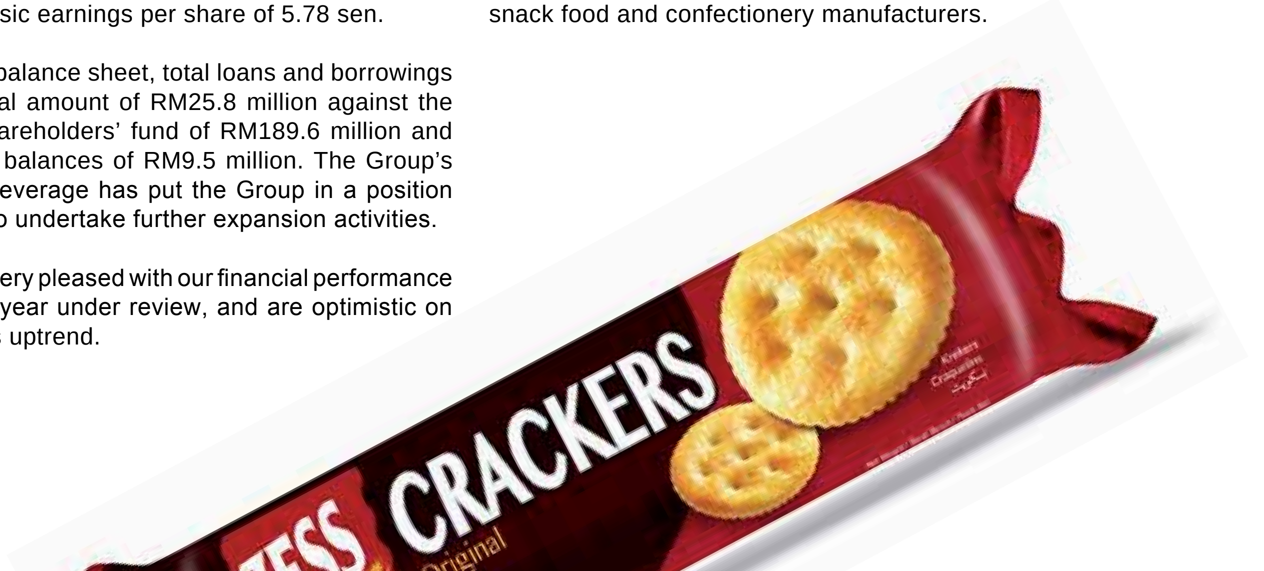
In line with the commendable financial performance of the Group, the total dividend payout for the year amounted to RM3.6 million of FY 2019's net profits.

The dividend policy of paying a minimum of 35% of net profit to the shareholders remains unchanged. With this, shareholders will be able to consistently enjoy the returns in correspondence with the future growth of the Group.

Business Outlook & Strategies

With the completion of the new manufacturing plant and acquisition of new production machineries, the Company has many exciting plans underway in 2019 and in the next couple of years. The Company is planning to launch new types of products and enhance the quality, taste and get-up of the current products with the new and advanced technology and fully automated production lines to accommodate both local and overseas demands.

In the last financial year, the Company launched its biscuit products under the brand name "Zess" to the market and the snack food and confectionery business remained as the household names of consumers particularly brands like "Jacker" and Super Ring". Although competition in the food retail market continued to increase, the Company still managed to retain its position as one of the leading snack food and confectionery manufacturers.



CHAIRMAN'S STATEMENT

At OFIH we believe that one of the key drivers is the value of our customers. The Sales and Export Team are constantly in contact with potential and existing customers. Surveys are periodically conducted on customer satisfaction.

Here at OFIH, the Top Management are hands-on in the day-to-day management of the Group. The Research and Development ("R&D") division of the Group will continue to place emphasis on research and investment on packaging design.

Together with our continued investment in R&D, infrastructure and our people, this will help us create long term value for our shareholders.

The Company has been actively connecting with consumers through social media network on promotions, product launches, contest and other activities which have been very successful.

On the regional front, the Group plans to appoint more distributors in major oversea markets. Presently, Oriental's products are sold to more than 40 countries, including highly-discerning consumer markets such as Japan and Australia.

Armed with the ISO 9001, ISO 22000, Food Safety and HACCP (Hazard Analysis and Critical Control Point) certifications, the Group endeavors to continuously improve its product quality to keep up with the ever-demanding international health standards.

Apart from the above, the Company ensures that it manufactures only Halal products which have been certified by the Department of Islamic Development Malaysia ("JAKIM") and the relevant recognized Islamic authorities.

Corporate Social Responsibility ("CSR")

The Group recognizes that it needs to give back to the communities in which it operates in. This is evident through its corporate philanthropy efforts and emphasis on health, safety and environmental standards as detailed on pages 19 to 28 under Sustainability Statement.

The Group also practices gender equality, ethical labour policies and creating a safe workplace environment.

Corporate Governance

The Board is committed towards upholding the values of corporate governance by embracing the principles and best practices set out in the Malaysian Code of Corporate Governance.

The Board has recently incorporated the following policies which can be viewed at the Company's corporate website www.ofih.com.my:-

Board Charter
Code of Conduct
Whistle-Blowing Policy
Nomination and Election Process of Board Members
Board Remuneration Policy
Corporate Disclosure Policy
Corporate Social Responsibility, Environmental and Sustainability Policy

Acknowledgement

I would like to thank our Board of Directors for their guidance and counsel in the last financial year, I am also appreciative of our Top Management and senior management team.

In conclusion, I would like to thank our staff for their dedication and contributions to the OFIH Group. Last but not least, I would like also to extend our appreciation to our shareholders, clients, consultants, suppliers, partners and business associates for their unwavering support.

TAN SRI DATO' AZIZAN BIN HUSAIN
Chairman

CORPORATE STRUCTURE

Oriental Food Industries Holdings Berhad ("OFIH") was incorporated on 8 June 1996 in Malaysia under the Companies Act, 1965 as a public limited company. OFIH was listed on the Second Board of Bursa Malaysia Securities Berhad in August 2000 and subsequently transferred to the Main Board on 13 October 2003. Currently OFIH is listed on the Main Market of Bursa Malaysia Securities Berhad.

OFIH is principally an investment holding company with a group of subsidiaries that are engaged in the following activities:

NAME OF MAJOR SUBSIDIARIES	EQUITY INTEREST (%)	PRINCIPAL ACTIVITIES
Subsidiaries of OFIH		
• Oriental Food Industries Sdn. Bhd. ("OFI")	100	Manufacturing and marketing of snack food, confectionery and biscuit products
• OFI Properties Sdn. Bhd. ("OFIP")	99.99	Property Development.
Subsidiary of OFI		
• Oriental Food Marketing (M) Sdn. Bhd. ("OFM")	100	Sales and marketing of snack food, confectionery and biscuit products.

OFIH Group Corporate Structure

Major Subsidiaries

Subsidiary of Oriental Food Industries Sdn. Bhd.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Azizan bin Husain *(Chairman)*	Independent Non-Executive Director
Datuk Seri Son Chen Chuan	Group Managing Director
Datuk Son Tong Leong	Group Chief Executive Officer
Datuk Son Tong Eng	Executive Director
Mr. Lim Keat Sear	Non- Independent Non-Executive Director
Datuk Jeffery Ong Cheng Lock	Independent Non-Executive Director
Mr. Lim Hwa Yu	Independent Non-Executive Director

JOINT COMPANY SECRETARIES

Karina Chong Mei Ying (LS 0009542)
Chan Sau Leng (MAICSA 7012211)
Ruzeti Emar Binti Mohd Rosli (LS 0010372)

REGISTERED OFFICE

Level 8 Symphony House
Block D13 Pusat Dagangan Dana 1
Jalan PJU1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7841 8000
Fax : +603 7841 8199

SHARE REGISTRAR

Sectrars Management Sdn Bhd
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad Brickfields
50470 Kuala Lumpur
Malaysia
Tel : +603 2276 6138
Fax : +603 2276 6131

AUDITORS

Ernst & Young (AF 0039)

CORPORATE HEAD OFFICE

No. 65, Jalan Usaha 7
Air Keroh Industrial Estate
75450 Melaka
Tel : +606 231 0333
Fax : +606 232 2066
Email : info@ofi.com.my
Websites : www.ofih.com.my
: www.jacker.com.my

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK NAME

OFI

STOCK CODE

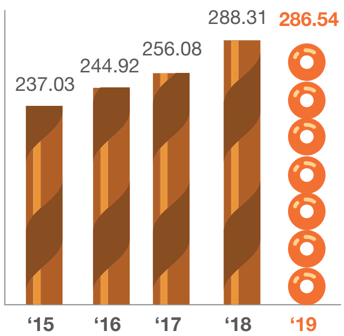
7107

GROUP FINANCIAL HIGHLIGHTS

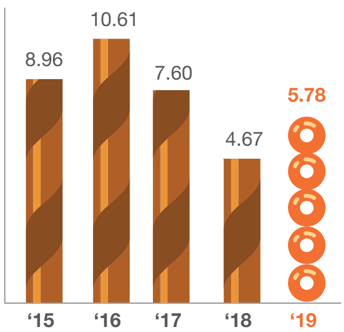
Income Statements RM'mil	2015	2016	2017	2018	2019
Revenue	**237.03**	**244.92**	**256.08**	**288.31**	**286.54**
Cost of sales	(180.47)	(181.09)	(200.91)	(230.28)	(235.29)
Gross Profit	**56.56**	**63.83**	**55.17**	**58.03**	**51.25**
Other operating income	2.91	6.28	4.83	1.10	3.91
Selling and distribution cost	(22.33)	(22.64)	(20.72)	(27.79)	(14.66)
Administrative expenses	(11.27)	(13.45)	(15.60)	(22.19)	(20.89)
Other operating expenses	(0.27)	(1.52)	(0.08)	(0.01)	-
Profit from operations	**25.60**	**32.50**	**23.60**	**9.14**	**19.61**
Finance cost	(0.18)	(0.44)	(0.54)	(0.88)	(1.06)
Profit before tax	**25.42**	**32.06**	**23.06**	**8.26**	**18.55**
Tax	(3.91)	(6.58)	(4.83)	2.94	(4.33)
Profit after tax	**21.51**	**25.48**	**18.23**	**11.20**	**14.22**
Non-controlling Interest	-	0.02	(0.01)	-	-
Net Comprehensive Income	**21.51**	**25.46**	**18.24**	**11.20**	**13.87**
Net dividend per share (sen)*	9.50	12.50	4.00	3.50	1.50
Earnings per share	8.96	10.61	7.60	4.67	5.78
Depreciation & Amortisation	7.63	9.01	9.32	9.94	11.96
Number of Shares	60.00	240.00	240.00	240.00	240.00
EBITDA	33.23	41.51	32.92	19.08	31.57

* Dividend recognised/paid during the financial year and is excluding the dividend paid after the respective financial year end and final dividend proposed for the shareholders' approval

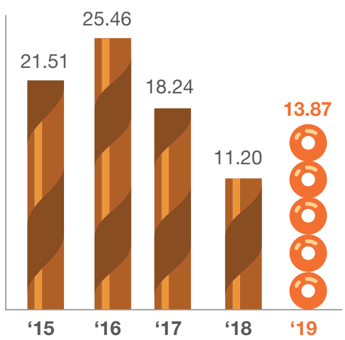
REVENUE (RM'mil)



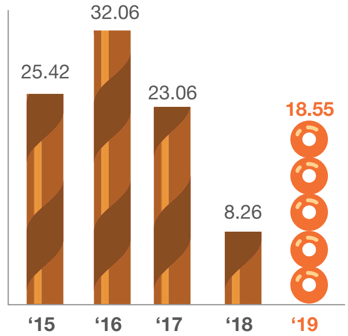
EARNING PER SHARE (Sen)



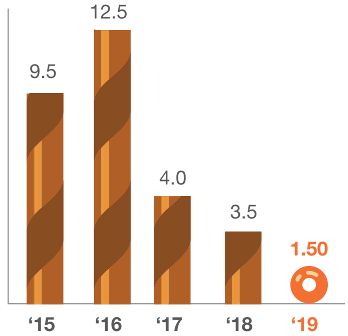
NET COMPREHENSIVE INCOME (RM'mil)



PROFIT BEFORE TAXATION (RM'mil)



DIVIDEND PER SHARE (Sen)



PROFILE OF THE BOARD OF DIRECTORS

Tan Sri Dato'Azizan Bin Husain
75 years of age/Male/Malaysian
Independent Non-Executive Chairman

Tan Sri Dato' Azizan bin Husain ("Tan Sri Azizan") was appointed as the Independent Non-Executive Chairman on 8 June 2000. He is also a member of the Risk Management and Audit Committee, Nomination Committee and Remuneration Committee.

Tan Sri Azizan is currently the Chairman of other private companies.

Tan Sri Azizan holds a B. A. Honours Degree and Diploma in Public Administration from the University of Malaya and a Post Graduate Diploma in Economics and Master in Urban and Regional Planning from the University of Colorado, Boulder, United States of America.

Tan Sri Azizan started his career with the Ministry of Agriculture in 1967 and retired in 1999 as the Secretary-General in the Ministry of Defence, Malaysia. Prior to his retirement, he had progressed on and gained vast experience from various departments in the civil service. During his years with the Government Service, he has served as Assistant Secretary with the Centre for Development Studies and Economic Planning Unit in Prime Minister's Department, Director of Economic Planning Unit, Sabah, Sabah State Director of Development, Deputy Secretary-General with Ministry of Land and Regional Development, Deputy Director-General (Sectoral) Economic Planning Unit with Prime Minister's Department, Director of Public Sector Companies Monitoring Division in the Ministry of Finance and Deputy Secretary-General (Operation) with the Ministry of Finance.

Tan Sri Azizan has attended all four (4) Board meetings held in the financial year.

Tan Sri Azizan does not hold shares in the Company and is not related to any Director and/or major shareholders of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

Datuk Seri Son Chen Chuan
72 years of age/ Male/Malaysian
Group Managing Director

Datuk Seri Son Chen Chuan ("Datuk Seri Son") was appointed to the Board since 8 June 2000 and is currently the Group Managing Director.

Datuk Seri Son is the founder of the Company and its subsidiaries ("the Group"). He is the driving force of the Group. With his decade long experience in the industry and extensive knowledge gained through the years, he formulates and implements the Group's corporate strategy. He also develops new products for both local and overseas market, ensuring that the quality of products and packaging are high, keeping close contact with the local and overseas distributors to obtain suggestions and feedback on the OFI products. Datuk Son had through the years fostered close relationships with the suppliers and customers.

Datuk Seri Son has attended all four (4) Board meetings held in the financial year.

Datuk Seri Son is related to Datuk Son Tong Leong (son) and Datuk Son Tong Eng (son). He is a substantial shareholder in the Company by virtue of his direct and indirect interests in the shareholdings held by himself and his children and via his shareholding in Apendo Capital Sdn. Bhd. and Summer Legend Sdn. Bhd. Other than the recurrent related party transactions as disclosed in page 123, he does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

PROFILE OF THE BOARD OF DIRECTORS

Datuk Son Tong Leong
49 years of age/ Male/Malaysian
Group Chief Executive Officer

Datuk Son Tong Leong was appointed to the Board on 8 June 2000. He holds a Bachelor's degree in Business from the Edith Cowan University, Australia.

He began his career in 1994 as the Factory Manager of OFI and was promoted to General Manager of the Company in 1998. In 2018, he was redesignated from Executive Director to Group Chief Executive Officer. He is in charge of the overall corporate administration, human resources, marketing and operations of the Company. He has maintains excellent relationship with staffs of all levels, customers, suppliers and the Company's business partners. He also oversees the factory operations and ensures that production activities are carried out smoothly in compliance with the ISO and HACCP standards.

He has attended all four (4) Board meetings held in the financial year.

He is a shareholder of the Company and is related to Datuk Seri Son Chen Chuan (father) and Datuk Son Tong Eng (brother), all of whom are Directors of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

Datuk Son Tong Eng
48 years of age/ Male/Malaysian
Executive Director

Datuk Son Tong Eng was appointed to the Board on 8 June 2000. He holds a Diploma in Mechanical Engineering from the Federal Institute of Technology, Kuala Lumpur.

He has more than ten (10) years of experience in the food industry and is currently the Executive Director of OFI. He oversees the factory operations and human resource related matters.

He has attended all four (4) Board meetings held in the financial year.

He is a shareholder of the Company and is related to Datuk Seri Son Chen Chuan (father) and Datuk Son Tong Leong (brother), all of whom are the Directors of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

Mr. Lim Hwa Yu
63 years of age/ Male/Malaysian
Independent Non-Executive Director

Mr. Lim Hwa Yu ("Mr. Lim") was appointed to the Board on 23 February 1999. He is also a member of the Risk Management and Audit Committee, Remuneration Committee and Nomination Committee. Mr. Lim qualified as an Accountant from the United Kingdom in 1979. He is a Fellow of the Chartered Association of Certified Accountants, United Kingdom; Fellow of the Institute of Taxation, United Kingdom, and a Member of the Malaysian Institute of Accountants.

He is a partner of a public accounting firm, H.Y. Lim & Co. He has extensive experience in the field of corporate planning and management.

He has attended all four (4) Board meetings held in the financial year.

Mr. Lim does not hold shares in the Company and is not related to any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

PROFILE OF THE BOARD OF DIRECTORS

Datuk Jeffery Ong Cheng Lock
68 years of age/ Male/Malaysian
Independent Non-Executive Director

Datuk Jeffery Ong Cheng Lock ("Datuk Jeffery") was appointed to the Board on 14 May 2007. He also serves as a member of the Risk Management and Audit Committee, Remuneration Committee and Nomination Committee.

Datuk Jeffery is an Associate of the Institute of Business Administration, Australia and was formerly the Senior Director of Human Resources of Infineon Technologies, responsible for Recruitment, Compensation & Benefits, Welfare, Training, Employee Relations and Government Relations. He currently serves as the Council Member of the Federation of Malaysian Manufacturers ("FMM"), Chairman of FMM Malacca Branch, Member of the Malaysian Institute of Management, Member of the Malaysian Institute of Personnel Management and Member of the Malacca Industrial Skills Development Centre. Datuk Jeffery was a Former Board Member of OSH National Council, Panel Member of the Industrial Court and the SOCSO Appellate Court.

Datuk Jeffery has attended three (3) out of four (4) Board meetings held in the financial year.

Datuk Jeffery does not hold shares in the Company and is not related to any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

Mr. Lim Keat Sear
68 years of age/ Male/Malaysian
Non Independent Non-Executive Director

Mr. Lim Keat Sear was appointed to the Board on 8 June 2000. He also serves as a member of the Nomination Committee and Remuneration Committee.

He has been in the snack and confectionery business for more than twenty (20) years. He joined Syarikat Perniagaan Chong Mah Sdn. Bhd., a distributor of snack food and confectionery in 1973 and became a director of the Company in 1978.

He has attended all four (4) Board meetings held in the financial year.

He is a substantial shareholder of the Company by virtue of his direct and indirect interest via Syarikat Perniagaan Chong Mah Sdn. Bhd., Thung Shung (M) Sdn. Bhd. and Summer Legend Sdn. Bhd and is not related to any of the Directors of the Company. Other than the recurrent related party transactions as disclosed in page 123, he does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

PROFILE OF KEY SENIOR MANAGEMENT

Karina Chong Mei Ying
48 years of age/Female/Malaysian
Group Company Secretary

Ms Karina Chong first joined the Group in 1996 to 2005 and thereafter re-joined the Group on 1 February 2007. She holds a Bachelor of Law degree from the University of London and is a Registered License Secretary with the Companies Commission of Malaysia. She has twenty-three (23) years of experience in her scope of duties.

She is in charge of the secretarial, legal, corporate, human resources and administration matters and reports to the Directors of the Group. She is also the Joint Company Secretary of the Group.

She does not hold shares in the Company and is not related to any Director and/or major shareholders of the Company. She does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

Yap Siew Kuan
50 years of age/Female/Malaysian
Group Accountant

Ms Yap Siew Kuan joined the Company on 15 January 2015. She was a graduate from Chartered Institute of Management Accountants and is a member of Malaysian Institute of Accountants. She has twenty-seven (27) years of experience in the accounting and audit line.

She is in charge of the corporate accounts and finances of the Group and reports to the Directors of the Company.

She does not hold shares in the Company and is not related to any Director and/or major shareholders of the Company. She does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUPS' BUSINESS AND OPERATIONS

Oriental Food Industries Holdings Berhad ("the Company" or "the Group") has made its mark in the snack food and confectionery manufacturing industry today as one of the companies holding the leading position in the said industry in Malaysia.

The Group remains focused on placing the needs and interests of its customers' first by manufacturing an assortment of snack food and confectionery products that focuses on quality. Generally these products can be divided into five (5) broad categories, which are snack food, wafer, biscuits, potato snacks and bakery products.

The Group has various product brand names, most of which are commercially strong generating the required sales and profit both locally and overseas. Super Ring, Jacker, Rota and Oriental are currently well-known household brand names in Malaysia.

FINANCIAL RESULTS AND FINANCIAL CONDITION

Despite undergoing a challenging year in 2018, the Group has managed to secure a continued growth in revenue as seen in the financial year ended 31 March 2019 ("FY 2019") results as reflected in the table below:

	2019 RM'000	2018 RM'000	Y-O-Y RM'000	%
Revenue	286,548	288,310	(1,762)	(0.6)
Gross Profit	51,255	58,031	(6,776)	(11.7)
Profit Before Tax ("PBT")	18,553	8,254	10,299	124.8
Financial Costs	1,061	882	(179)	(20.3)
Profit After Tax ("PAT")	14,219	11,198	3,021	27.0
Shareholders' Fund	189,598	184,890	4,708	2.5
Total Assets	256,057	251,610	4,447	1.8
Borrowings	25,800	23,360	(2,440)	(10.4)
Debt/ Equity (%)	19.7	22.9		
Earnings Per Share (sen)	5.78	4.67		
Net Assets Per Share (sen)	0.79	0.77		

REVENUE

The Group recorded lower revenue of RM286.5 million in the financial year 2019, a decrease of 0.6% as compared to the previous financial year of RM288.3 million. The decrease was due to compliance of new applicable accounting standard where certain selling and distribution expenses were reclassified which resulted in an impact of RM16.43 million on revenue.

Revenue information based on the geographical location of customers is as follows:

	Revenues			
	01.04.2018 - 31.03.2019		01.04.2017 - 31.03.2018	
	RM'000	%	RM'000	%
Malaysia	101,617	35	106,698	37
Asia	129,136	45	125,268	43
Others	55,795	20	56,344	20
Total reported segments	286,548	100	288,310	100

MANAGEMENT DISCUSSION AND ANALYSIS

NET PROFIT

The Group's profit after tax, however, is higher at RM14.2 million as compared to RM11.2 million in the previous financial year. This is due to lower operating costs and gain from foreign exchange. Earnings per share of the Group stood at 5.78 sen.

FINANCIAL POSITION

The Group's financial position remains strong with total assets of RM256.1 million against total liabilities of RM66.5 million. The Group has cash reserves of RM9.5 million as at the current financial year end as compared to RM6.1 million in the previous financial year. One of its major subsidiary is currently embarking on capital expansion projects which are expected to carry on for the next few years.

Net tangible asset per share, attributable to owner improved to RM0.79 (2018: RM0.77). Gearing ratio of the Group stood at 19.7% (2018: 22.9%) and the shareholders' funds is RM189.6 million. The Group's current ratio is 2.41x.

DIVIDEND

The Group constantly declare a dividend payout for every quarter for the past years. Total dividend declared for the financial year 2019 was 2.2 sen (2018: 2.5 sen) per share.

GROUP's PROSPECTS

The Group is currently making machinery acquisitions for some expansion projects for new product lines. The management expects that these new lines will contribute positively towards the growth and profitability of the Group. These programs are expected to be completed in stages in the next few years.

The Board expects that the performance of the Group will be satisfactory for the next financial year ending 31 March 2020, despite facing various challenges of competitive markets.

SUSTAINABILITY STATEMENT

Oriental Food Industries Holdings Berhad ("OFIH" or "the Company") recognises that sustainability involves the proactive approach by the Company to play a part in maintaining and improving the present generation's quality of life and at the same time work towards protecting the future generations to enhance their quality of life. OFIH has always believed that in order to sustain economic and social growth, social considerations has to be adhered to while ensuring minimal impact on the environment.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, OFIH's sustainability framework is focused on the evaluation of the economic, environmental and social risk and opportunities coexistent with the Company's corporate governance framework and corporate social responsibilities.

GOVERNANCE STRUCTURE

The management and operations of OFIH Group as a whole is under the supervision and leadership of Datuk Seri Son Chen Chuan, Group Managing Director and Datuk Son Tong Leong, Group Chief Executive Officer. The Top Management are assisted by the Senior Management, Departmental Managers and Head of Departments in the day-to-day operations of the OFIH Group.

The OFIH Group comprises of three (3) subsidiary companies exercising different scope of duties as follows:

Subsidiaries of OFIH

• Oriental Food Industries Sdn. Bhd.	Manufacturing and marketing of snack food, confectionery and biscuit products.
• OFI Properties Sdn. Bhd.	Property Development.

Subsidiary of OFI

• Oriental Food Marketing (M) Sdn. Bhd.	Sales and marketing of snack food, confectionery and biscuit products.

SUSTAINABILITY STATEMENT

MATERIAL SUSTAINABILITY MATTERS

ECONOMIC

The core business of the Company is manufacturing and marketing of snack food, confectionery and biscuit products. The products are being sold locally and overseas.

In an effort to preserve shareholders' interest, OFIH strives to maintain high standards of corporate ethics and strict compliance with the laws and regulations of Malaysia and those countries where OFI products are being exported. This is because OFIH believes that high standard of integrity, honesty and accountability are the fundamental keys for a sustainable business.

FOOD SAFETY, QUALITY STANDARDS AND HALAL CERTIFICATIONS

OFIH places great importance in the safety and quality of all its products that is accessible to the entire population.

The Group has attained ISO 9001, ISO 22000, Food Safety and HACCP certifications for its products which further strengthen its footing in receiving worldwide recognition for food safety and quality assurance.

In addition, the Group expressed its commitment to manufacturing products in compliance with the Islamic principles of Halal certified food, a certification which had been conferred to all its products.

With the above in place, the Group strives to provide safe and affordable food products to its consumers.

RESEARCH AND DEVELOPMENT

The Research and Development ("R&D") Team is led by Datuk Seri Son Chen Chuan. The Group does not only strive to stay relevant in the industry through its R&D efforts but is also able to anticipate changes in consumer preferences. Thus, OFIH's product portfolio has evolved from snack food to confectionery and recently expanded into various biscuit products.

Apart from concentrating on the quality of the products, packaging too has been the main focus of the R&D team. It is one of the main aspects in protecting the food products and indirectly supports the environment without damage and waste.

SHAREHOLDERS' SUPPORT & COMMUNICATION

As always, the Group values its shareholders who have supported and invested in the Company; many of whom have remained with the Company throughout these years. The Board looks forward to meet its valued shareholders during Annual General Meetings to provide clearer insights of the Group's performance, position and future plans. Apart from that, the shareholders and investors are also able to check on the announcements and performance of the Company through its corporate website via an up-to-date link [http://www.ofih.com.my/investor-centre/]. Under the Investor Relations chapter, information beneficial to shareholders such as circulars and notices to shareholders, financial results, listing announcements, change of corporate information, general meetings and other relevant information are being uploaded regularly. Furtherance to that, there is also a contact email in OFIH's website for the shareholders to air their views, enquiries and comments. Other than investor relation matters, product information and other activities are also uploaded on the said website.

CORPORATE GOVERNANCE PRACTICES

The Group is headed by an effective board which assume responsibility for its leadership and control and is collectively responsible for promoting its success by directing and supervising its affairs. The Directors take decisions objectively in the best interests of the Group through good Corporate Governance practices.

The Group has ensured that the Policies and Procedures are in place to strengthen its corporate governance drive as well as being an effective tool to guide the Management and all its stakeholders relating to the following areas:

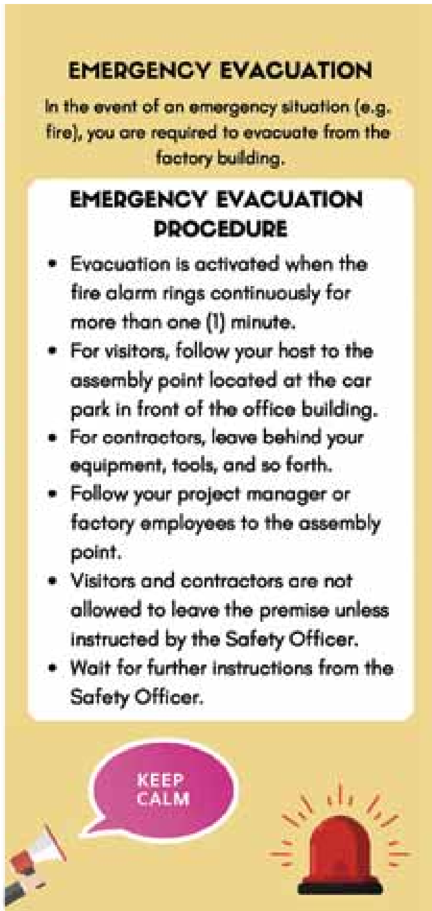
- Whistle Blowing Procedures
- Employees Career Development
- Grievance Handling
- Risk Management

SAFETY & HEALTH

The Group ensures that risks to health and safety from work activities are properly controlled and the efforts to do the same are beyond regulatory compliance.

The Management focuses in embedding and promoting good workplace health and safety practices. Adequate briefings and trainings are constantly provided to educate workers on workplace health and safety responsibilities and enforce at its workplace the Occupational Safety, Health and Environmental Policy in line with the Occupational Safety and Health Act 1994.

In the pursuit of the above, the Group implements practical strategies to achieve its Occupational Safety, Health and Environmental Policy ("OSHE") Mission Statement where the Company has the core responsibility to ensure the Safety, Health and Environment of all company's employees, contractors and visitors.

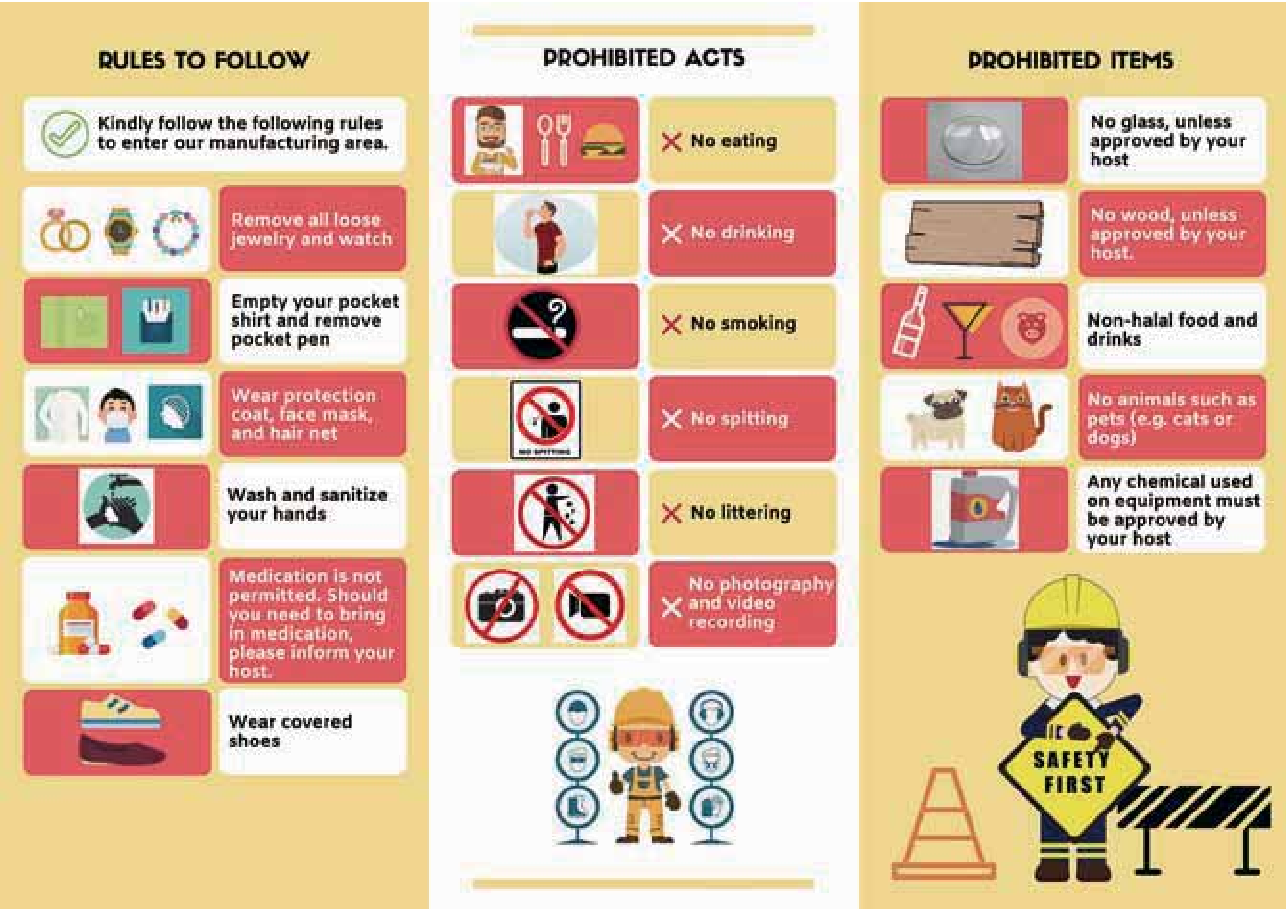


SUSTAINABILITY STATEMENT

SAFETY & HEALTH (CONTINUED)

The core objectives shall be achieved by the following exercises and goals:

- SAFE ENVIRONMENT AT WORKPLACE – There shall be a periodic safety audit of the factory premises to ensure that the premises are maintained as a safe environment of work.
- SAFE WORK PRACTICES – That standard operating procedures of work shall reflect safe working practices to reduce the possibility of harm on the employees, visitors and contractors.
- SAFETY AWARENESS – To instil the importance of safety practices in employees through orientation programs in the initial stage of their employment.
- PROVISION OF PPE – Personal Protection Equipment shall be provided to all employees when necessary to ensure their safety and health at workplace.
- MANAGEMENT SUPPORT – The Management shall direct and support all actions towards securing the safety, health and environment of Company's employees, visitors and contractors.



OFIH views the Safety, Health and Environment of its employees, contractors and Company visitors as an important agenda alike to maintain a business machinery to drive the Company towards achieving its organisational and corporate objectives.

ENVIRONMENTAL PRESERVATION

The OFIH Group extends its corporate social responsibility to the environmental domain. The Group recognizes that efforts to ensure environmental preservation are an important business challenge and believes that it is its responsibility as a manufacturer to observe all applicable environmental laws and regulations.

OFIH capitalises its corporate citizen role to promote environmental preservation by taking environmental protection measures and considerations in its day-to-day manufacturing operations and at the same time ensures compliance with the legal and regulatory requirements of the Malaysian Department of Environment ("DOE"), other regulators and authorities.

(a) Use of Natural Gas in Manufacturing Processes

The Company continues the use of natural gas in all its manufacturing processes for the reason that it is known to be environment friendly as it burns cleanly without the emission of any harmful gas, lowest in carbon hydrocarbon, odourless, colourless and non-toxic.

(b) Water Treatment Plant

OFIH continues with significant investment in the upgrading of its water treatment plant to ensure that wastewater from its processes undergo physical treatment followed by chemical treatment and subsequently biological treatment to remove contaminants and produce treated wastewater (or treated effluent) that is safer for the environment.

(c) Management of Manufacturing Waste

In the day-to-day production processes, waste is inevitable. However, the Management is constantly looking into waste minimisation by establishing processes and practices intended to reduce the amount of waste produced in its efforts to promote sustainability practices in waste management.

In support of the Melaka State Government's Go Green initiative, the Company is currently in talks with the Melaka Green Technology Corporation pertaining to the management of waste cooking oil under the its Biodiesel Programme.

The Company ensures that disposal of all its manufacturing waste are being handled by government approved and licensed contractors.

SUSTAINABILITY STATEMENT

CONTRIBUTION TOWARDS SOCIAL WELL-BEING

a) Giving Back to the Society

The Group believes that it is essential for corporate citizens to give back to society. Although charity is a totally voluntary choice, however, OFIH Group has chosen to be proactive in charity to the best of its ability and resources.

Similarly in the past years, the Company had participated in many philanthropy and volunteer programmes throughout 2018 and 2019. Below are a few events of the many which the Company had participated.

- **Programmes with Senior Citizens**

The Company has taken time off to be with senior citizens in collaboration with Seng Cheong Youth Association earlier this year. OFIH believes that other than striving for profitability, it has the social responsibility to give aging individuals the care and attention that they deserve.

- **Festive Celebrations**

CONTRIBUTION TOWARDS SOCIAL WELL-BEING (CONTINUED)

a) Giving Back to the Society (continued)

- **Festive Celebrations (continued)**

The Group has always been active in participating and sponsoring festive celebrations with various organisations namely during Chinese New Year, Hari Raya Aidilfitri and Deepavali, for a simple reason that it creates priceless memories with the members of the society.

- **Blood Donation Campaign**

The Group had also participated in a couple of Blood Donation Campaign organized by the FMM Melaka Branch and St. John Ambulance Malaysia.

- **Schools and Higher Institution**

Throughout the year, the Group has participated in many sponsorship activities organised by various schools and institution of higher education.

SUSTAINABILITY STATEMENT

CONTRIBUTION TOWARDS SOCIAL WELL-BEING (CONTINUED)

b) Memorandum of Understanding between Oriental Food Industries Sdn Bhd and Jabatan Penjara Malaysia for "Program Latihan Bersama Penghuni Penjara" at Oriental Food.


MelakaKini

400 banduan berkelayakan wajar diberi pekerjaan – EXCO

Setuju YB!


沙米纳登（右6）与甲监狱局、甲劳工局及东方食品工业有限公司等单位的代表们交流后合照，右5起罗斯里、孙栋梁、莫哈末鲁德曼及陈德兴。

In May 2019, a Memorandum of Understanding was entered between the Jabatan Penjara Malaysia ("JPM") and Oriental Food Industries Sdn Bhd on a programme called "Program Latihan Bersama Penghuni Penjara", whereby selected inmates eligible for parole will undergo an on the job training programme with the Company.

These inmates will initially be trained at non-production and non-critical areas under close supervision of the JPM officers. The main purpose is to inspire the reformed inmates and provide them the skill and confidence that they need to re-join the workforce and society.

Y. Bhg. Dato' Haji Abdul Aziz bin Abdul Razak, Timbalan Ketua Pengarah, Penjara Malaysia (4th from right), Datuk Son Tong Leong, Group CEO (4th from left)

After several round of discussions between the parties, including the visit by the Y. Bhg. Dato' Haji Abdul Aziz bin Abdul Razak, Timbalan Ketua Pengarah, Penjara Malaysia, the training programme was successfully commenced in June 2019.

CONTRIBUTION TOWARDS SOCIAL WELL-BEING (CONTINUED)

b) Memorandum of Understanding between Oriental Food Industries Sdn Bhd and Jabatan Penjara Malaysia for “Program Latihan Bersama Penghuni Penjara” at Oriental Food. (continued)

YBhg Mr. G. Saminathan A/L Ganesan, Exco Perpaduan, Sumber Manusia dan Hal Ehwal Pengguna (6th from right)

The Company’s involvement in this programme is in line with the Human Resource Ministry’s recommendation for companies to give a chance to ex-convicts; so that these group is able to lead normal lives upon their release from prison.

The Group hopes that this training programme where inmates were placed in realistic work environments will give them a chance to develop skills that will enhance their potential for rehabilitation and meaningful employment on release.

c) Internship Programme

Over the years, the Group has been hosting paid internship programmes to undergraduates who need to gain valuable work or research experience. The Company assigns interns to various department in its organisation. The Interns have the opportunity to apply acquired knowledge to real work experiences in their chosen field.

There are instances where interns who makes a favourable impression are hired as permanent employees at the end of their assignment.

e) Job Opportunities

Not only do the Group hire the best in the industry to support its operations, it also encourages Malaysians from all level, gender and race to join the Company giving job opportunities to local talents in various fields.

f) Employee Career Growth through Educational Sponsorship & Training

The Company supports and encourages career growth through Education Assistance Programmes and Trainings. Deserving employees are awarded monetary funding to undergo various competency programmes to be the certified person-in–charge of various areas for example as an Occupational Health and Safety Officer, Halal Executive, Radiation Protection Officer etc. As at to-date, most of the employees of the Company have undergone training programmes essential to enhance their performance, understanding and success at work.

CONTRIBUTION TOWARDS SOCIAL WELL-BEING (CONTINUED)

g) Diversity and Ladies Leadership

OFIH Group believes in equality regardless of race or gender. At OFIH, female employees are given equal opportunities to progress and hold important positions in various department and division of the Company. Presently, the Group has female employees holding senior management and managerial positions. This serves as a source of inspiration to other employees to see female leadership and allows prospective employees as well as current employees to see that ascension in the Company is possible.

h) Work-Life Balance towards Sustainable Productivity

At OFIH, the Top Management recognises the importance of work–life balance that its employee needs between time allocated for work and other aspects of life. Therefore, OFIH participated in various in sponsorship drive for sport activities to promote healthy and active lifestyle among the employees.

i) Team Work

At OFIH, teamwork has become its organization's norm. The Top Management and employee of all level work together well to achieve the vision and mission of the Company.

In closing, OFIH Group is committed towards integrating sustainability in its business by continuous adoption and application of effective economic approach, environmentally responsible practices, sound social policies and good corporate governance framework throughout its organisation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") observes the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and ensures the highest standards of corporate governance is practiced throughout Oriental Food Industries Holdings Bhd's group of companies ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Group's corporate governance structure has been developed and enhanced based on the principles and recommendations of best practices prescribed in the MCCG 2017. The Company has disclosed its application of each practice set out in MCCG 2017 in a prescribed format of Corporate Governance Report ("CG Report") and the said CG Report can be viewed and downloaded in the Company's corporate website www.ofih.com.my.

The Board is pleased to inform that the Company has established the following policies which can be viewed at the Company's corporate website www.ofih.com.my :-

(a) Board Charter
(b) Code of Conduct
(c) Nomination and Election Process of Board Members
(d) Board Remuneration Policy
(e) Corporate Disclosure Policy
(f) Whistle-Blowing Policy
(g) Corporate Social Responsibility, Environmental and Sustainability Policy

A. BOARD OF DIRECTORS

Board Charter and Code of Conduct

The Board Charter and Code of Conduct ("The Charter") adopted by the Board provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance. The Charter is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board is also committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board is responsible to determine its optimised size in order to carry out its responsibility and authority effectively and efficiently.

The Charter will periodically be reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact in discharging the Board's responsibilities. The Charter was last reviewed and approved on 27 May 2019.

Composition of the Board

The Board currently has seven (7) members, four (4) Executive Directors and three (3) Non-Executive Directors, three (3) of whom are Independent Non-Executive Directors. This composition in compliance with the minimum one-third (1/3) requirement for Independent Directors to be on the Board. The Board is led by Tan Sri Dato' Azizan Bin Husain, an Independent Non-Executive Chairman, while the executives are led by Datuk Seri Son Chen Chuan, the Group Managing Director.

The present size and composition of the Board is appropriate for the complexity and scale of operations of the Group. The role of Chairman and Group Managing Director of the Company are separated to ensure a balance of power and authority. The Independent Non-Executive Chairman is responsible for the orderly conduct and effectiveness of the Board, whilst the Group Managing Director together with the Group Chief Executive Officer and Management ensures proper implementation of policies and strategies as adopted by the Board for the business operations of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A. BOARD OF DIRECTORS (CONTINUED)

Composition of the Board (continued)

The evaluation of potential candidates for new directorship and directors to be nominated for re-election are delegated to the Nomination Committee ("NC") with recommendation being made to the Board for decision. On the appointment of new director, such new director is required to commit sufficient time in order to discharge his/her duty and responsibility with reasonable due care, skills and diligence. Members of the Board are expected to devote sufficient time and effort to discharge their individual responsibilities with reasonable due care, skills and diligence. Individual members of the Board are required to inform the Chairman before accepting any new appointment and to communicate the time he/she expects to spend for the new appointment.

The Board composition is governed by the Constitution of the Company. The Board shall comprise of at least two (2) directors and not more than fifteen (15) directors, in accordance with the Constitution of the Company. Furthermore, in order to assert an element of independence and check and balance role to the Board, at least two (2) Directors or one third (1/3) of the Board (whichever is higher), shall be independent, in accordance with the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, such Independent Director may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. Otherwise, the Board must justify and seeks shareholders' approval to be retained as an Independent Director. As for the retention of an Independent Director above twelve (12) years, the Board shall seek shareholders' approval through the two-tier voting process.

The retirement and re-election of Directors are in accordance to the Constitution of the Company, which provides that all Directors of the Company, including the Group Managing Director are subject to retirement. At least one third (1/3) in number of the Board and those who have been longest in office are subject to retirement by rotation during the annual general meeting. A newly appointed Director shall retire at the next annual general meeting. A retiring Director is eligible for re-election.

The Non-Executive Directors are independent from the Management and major shareholders. Together, they play an important role by contributing their knowledge, advice and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct.

The Directors' profiles are set out in pages 13-15 of this Annual Report.

Board Meetings

The Board meets at least once in a quarter. The Meeting agendas and a set of Board Papers are circulated at least seven (7) days prior to the Board Meetings in a timely manner to ensure that the Directors can peruse the matters for discussion and are able to obtain further explanations, where necessary, to make informed decisions. Senior Management is invited to attend these meetings to explain and clarify matters, where necessary.

The Company Secretaries organise and attend all Board Meetings to ensure proper records of the proceedings.

Directors are given access to any information within the Company and are free to seek independent professional advice at the Company's expense, if necessary, in furtherance of their duties. All Directors also have access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are met and in accordance with regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A. BOARD OF DIRECTORS (CONTINUED)

Board Meetings (continued)

During the financial year ended 31 March 2019, four (4) meetings were held and the Directors' attendance at the Board Meetings are as follows:

Name of Director	Designation	No. of Board Meetings Attended	Percentage of Attendance (%)
Tan Sri Dato' Azizan Bin Husain	Chairman/ Independent Non-Executive Director	4/4	100
Datuk Seri Son Chen Chuan	Group Managing Director	4/4	100
Datuk Son Tong Leong	Group Chief Executive Director	4/4	100
Datuk Son Tong Eng	Executive Director	4/4	100
Lim Keat Sear	Non Independent Non-Executive Director	4/4	100
Lim Hwa Yu	Independent Non-Executive Director	4/4	100
Datuk Jeffery Ong Cheng Lock	Independent Non-Executive Director	3/4	75

Appointment, Retirement and Re-election

The retirement and re-election of Directors are in accordance to the Constitution of the Company, which provides that all Directors of the Company, including the Group Managing Director are subject to retirement. At every Annual General Meeting ("AGM"), at least one third (1/3) in number of the Board and who have been longest in office are subject to retirement by rotation. Any newly appointed Directors during the year must offer themselves to the Shareholders for re-election at the first AGM following their appointment.

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Pursuant to MCCG 2017, an Independent Director who has served for a cumulative term of more than nine (9) years would need to seek re-appointment at the AGM. Whereas, if the Board intends to retain the Independent Director after year-12, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

A Director shall remain Independent only if:

i) The independence assessment conducted by the Nomination Committee (with such independent director being abstained from the deliberation if he is a member) based on the above procedure and criteria for "independence" as prescribed under Paragraph 1.01 and Practice Note 13 of the Main LR on such Independent Director determines that the independence of such Independent Director is preserved and is not deteriorated in any manner due to passage of time and reported as such to the Board; and

ii) The continuing of such Director as Independent Director is recommended by the Board, based on the independence assessment conducted by the Nomination Committee with the results of the independent assessment being disclosed in the notice of general meeting, to the Shareholders for ratification to continue to act as Independent Director in a general meeting and the ordinary resolution for such agenda is ratified by the shareholders during such general meeting.

All Directors seeking for re-election/re-appointment need to be assessed by the Nomination Committee on their capability and suitability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A. BOARD OF DIRECTORS (CONTINUED)

Directors' Training

The Group acknowledges the importance of continuous education and training to the Board members.

Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with the latest developments in the market place and new statutory and regulatory requirements.

Details of trainings attended by the Directors are as follows:-

Name of Directors	Training Programmes	Date
Tan Sri Dato' Azizan Bin Husain	ISO 22000:2018 Awareness & Transition Training	14.06.2019
Datuk Seri Son Chen Chuan	ISO 22000:2018 Awareness & Transition Training	14.06.2019
Datuk Son Tong Leong	ISO 22000:2018 Awareness & Transition Training	14.06.2019
Datuk Son Tong Eng	ISO 22000:2018 Awareness & Transition Training	14.06.2019
Datuk Jeffery Ong Cheng Lock	ISO 22000:2018 Awareness & Transition Training	14.06.2019
Mr. Lim Keat Sear	ISO 22000:2018 Awareness & Transition Training	14.06.2019
Mr. Lim Hwa Yu	Current Tax Issue	03.09.2018
	Transitional Issues from GST to SST	12.09.2018
	Accounting for Agriculture Sector: Practical App of MFRS141	18.10.2018
	MPERS – Preparation of MPERS Financial Statements	30.10.2018
	National Tax Seminar 2018	03.12.2018
	Malaysian Property Tax, Income Tax, Estates & Trusts	14.01.2019
	Analysis of Recent Tax Cases	18.01.2019
	Managing Tax Audits and Investigations	21.03.2019
	ISO 22000:2018 Awareness & Transition Training	14.06.2019

All the Directors have attended at least one (1) training session during the financial year.

The Board is also regularly updated by the Company Secretaries on the latest amendments to the Main LR.

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

B. BOARD COMMITTEES

The following Committees have been established to assist the Board to discharge its duties and responsibilities. These committees operate under defined terms of reference:-

- Risk Management and Audit Committee
- Nomination Committee
- Remuneration Committee

B. BOARD COMMITTEES (CONTINUED)

(i) Risk Management and Audit Committee

The role of the Risk Management and Audit Committee is to support the Board in overseeing the processes for production of the financial data, review of the financial reports and internal control of the Group. The Risk Management and Audit Committee holds a meeting every quarter to review the financial reports of the Company.

The Risk Management and Audit Committee comprises of not less than three (3) members which fulfill the following requirements:

(a) a majority must be Independent Directors.

(b) at least one (1) member –

i. must be a member of the Malaysian Institute of Accountants; or
ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and :-

- he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

- he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

- fulfills such other requirements as prescribed or approved by Bursa Securities.

(c) Alternate Director shall not be appointed as a member of the Audit Committee.

(d) The members of the Risk Management and Audit Committee shall elect a chairman from amongst themselves who shall be an Independent Director.

Objectives

a) The principal objectives of the Risk Management and Audit Committee is to assist the Board in fulfilling the following key responsibilities:-

i) Assessing the risk management policies and procedures and internal control;
ii) Overseeing financial reporting;
iii) Evaluating the internal and external audit process; and
iv) Reviewing conflict of interest situations and related party transactions.

b) Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to corporate accounting, financial reporting practices, systems of risk management and internal control, the audit processes the Group and in monitoring the Group's Management of business/financial risk processes and accounting and financial reporting practices.

c) Determine that the Company has adequate administrative, operational, and internal accounting controls and that the Group is operating in accordance with its prescribed procedures, codes of conduct and applicable legal and regulatory requirements.

d) Serve as an independent and objective party in the review of the financial information presented by Management for distribution to shareholders and the general public.

e) Provide direction, counsel and oversight over the internal audit function and the external auditors, to enhance their independence from Management.

f) Provide assistance to the Board in setting and overseeing the Risk Management Framework of the Group and regularly assessing such Risk Management Framework to ascertain its adequacy and effectiveness.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B. BOARD COMMITTEES (CONTINUED)

(ii) Nomination Committee

The Nomination Committee was set up by the Board to ensure it has an appropriate balance, size and the required mix of skills, experience and core competencies to govern the organisation towards achieving its intended goals and objectives. The nomination and election process of Board Members are set out in the Nomination and Election Process of Board Members published in the Company's website.

The members of the Committee are as follows:-

Chairman : Datuk Jeffery Ong Cheng Lock
(Independent Non-Executive Director)
Members : Tan Sri Dato' Azizan Bin Husain
(Independent Non-Executive Director)
Lim Hwa Yu
(Independent Non-Executive Director)
Lim Keat Sear
(Non Independent Non-Executive Director)

The Board delegated the annual assessment of effectiveness of the Board as a whole, individual members and its Board Committees to theNomination Committee. The Nomination Committee is required to carry out the assessments, at least once per financial year, in accordance with the structured assessment process established by the Board and to report annually its assessment of the full Board.

The function of the Nomination Committee are summarised as follows:

a) Consider and make recommendations on candidates for directorships proposed by the Group Managing Director or by any other Executive Directors or Directors or Shareholders;

b) Recommend to the Board, Directors to fill the seat on Board Committees;

c) Assess annually the following for recommendation the Board for approval:-

- performance and effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual Director;
- required mix of skills and experience and other qualities, including core competencies which non-Executive Directors should bring to the Board;
- re-election of Directors pursuant to the Constitution of the Company and the Companies Act, 2016;
- independence of the Independent Directors as recommended by the Code.

There was three (3) meetings held during the financial year.

(iii) Remuneration Committee

The Remuneration Committee comprises the following members:-

Chairman : Tan Sri Dato' Azizan Bin Husain
(Independent Non-Executive Director)
Members : Datuk Jeffery Ong Cheng Lock
(Independent Non-Executive Director)
Lim Hwa Yu
(Independent Non-Executive Director)
Lim Keat Sear
(Non Independent Non-Executive Director)

The function of the Remuneration Committee is to recommend to the Board, the remuneration packages of the Group Managing Director, Executive Directors and any other persons of the Group as the Committee is designated to consider.

The remuneration procedures are set out in the Board Remuneration Policy adopted by the Board. The Directors' fees are recommended by the Board and are subject to the approval of the shareholders of the Company at the general meeting.

In discharging this responsibility, the Committee has obtained the advice of independent professional consultants on the compensation for Top Management and Executive Directors at the expense of the Company.

There were three (3) meetings held during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C. REMUNERATION OF DIRECTORS

The aggregate remuneration of Directors for the financial year ended 31 March 2019 are as follows:-

	Directors' fees (RM)		Salaries/ Allowances (RM)	Bonuses (RM)	Benefits-in-kind (RM)	Other emoluments (RM)	Total (RM)
	Company (RM)	Subsidiaries (RM)					
Executive	150,000	180,000	2,132,800	731,200	84,000	519,864	3,797,864
Non-Executive	200,000	-	72,000	-	-	-	272,000

The number of Directors of the Company whose total remuneration fall within the following band:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
• Less than RM50,000	Nil	Nil
• RM50,000 – RM100,000	Nil	3
• RM100,001 – RM150,000	Nil	1
• RM150,001 – RM200,000	Nil	Nil
• RM200,001 – RM250,000	Nil	Nil
• RM250,001 – RM300,000	Nil	Nil
• RM300,001 – RM350,000	Nil	Nil
• More than RM350,000	3	Nil

D. REMUNERATION OF SENIOR MANAGEMENT

The aggregate remuneration of Senior Management staff for the financial year ended 31 March 2019 are as follows:-

	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Senior Management	268,829	61,940	-	42,635	373,404

The number of Senior Management of the Company whose total remuneration fall within the following band:-

Range of Remuneration	No. of Senior Management
• Less than RM50,000	Nil
• RM50,000 – RM100,000	Nil
• RM100,001 – RM150,000	1
• RM150,001 – RM200,000	Nil
• RM200,001 – RM250,000	1
• RM250,001 – RM300,000	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT

E. SUPPLY OF INFORMATION

All Directors are provided with information on a timely basis. The agenda and Board Papers are circulated to the members prior to the meeting and if required, they may request additional information or clarification from the Management. The Board has unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretaries and independent professional advisers whenever appropriate at the Company's expense. Members of the Board are regularly updated on any new statutory and regulatory requirements.

F. RELATIONSHIP WITH SHAREHOLDERS & INVESTORS

Shareholders and investors' relationship is a matter of importance today. Effective communication will help to enhance the confidence of the shareholders and investors towards the Company. The Board communicates information on operations, activities and performance of the Group to the shareholders, investors and public via the following:-

a) The Annual Report, which contains the financial and operational review of the Group's business, corporate and financial information and the information on the Board and Committees.

b) Various announcements made to Bursa Malaysia Securities Berhad.

c) The website of the Company which provides the updated information of the Company such as products and activities.

The AGM represents the principal forum for dialogue and interaction with all shareholders. At each AGM, the Board presents the progress and performance of the Group's business and invites shareholders to participate in the question and answer session.

G. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board, assisted by the Risk Management and Audit Committee aims to present a balance and understandable assessment of the Company's financial position and prospects through its annual audited financial statements and quarterly reports.

A statement by the Directors of their responsibilities in relation to the financial statements is set out on page 51 of this Annual Report.

Internal Control and Internal Audit Function

The Board acknowledges the importance of internal control including risk management both in the strategy and operational level. The Board recognises its responsibility for a sound internal control system covering not only financial controls but also operational and compliance control as well as risk management.

The Group's Statement on Risk Management and Internal Control are set out on pages 39 to 45 of this Annual Report. The said Statement has been duly reviewed by the External Auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

G. ACCOUNTABILITY AND AUDIT (CONTINUED)

Relationship with Auditors

The Risk Management and Audit Committee maintains a transparent relationship with both internal and external auditors in seeking their professional advice and ensuring compliance with the applicable laws and regulations. The Risk Management and Audit Committee seeks regular assurance on the effectiveness of the internal control system through independent appraisal by the auditors in ensuring compliance with the applicable accounting standard in Malaysia. Liaison and unrestricted communication exists between the Risk Management and Audit Committee and the External Auditors.

In relation to our audit of the financial statements of the Company for the financial year ended 31 March 2019, the External Auditors have maintained their independency in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The scope of audit and emphasis are as follows:
- Property, Plant and Equipment
- Inventories
- Trade and other receivables
- Related party transactions
- Other matters

The External Auditors were responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.

Corporate Disclosure

The Company has adopted a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and has taken reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

Apart from the above, the Company has also implemented a Whistle Blowing Policy programme. Through this program, employees are encouraged to discreetly disclose concerns about illegal, unethical or improper business conduct within the Company. In this manner, the employees can help the Company to monitor and keep track of such illegal, unethical or improper business conduct within the Company which otherwise may not be easily detected through normal process or transaction.

This policy is designed to facilitate employees to disclose any improper conduct (misconduct or criminal offence) through internal channels. Such misconduct or criminal offences include (but not limited to) the following:

i. Fraud;
ii. Bribery;
iii. Abuse of Power;
iv. Conflict of Interest;
v. Theft or embezzlement;
vi. Misuse of Company's Property; and
vii. Non Compliance with Procedure

This Policy is for the employees to raise the matters in an independent and unbiased manner. Employees are not required to prove the cases but rather to provide sufficient information for the Management to take appropriate steps.

This Policy is administered by the Group's Top Management and overseen by the Risk Management and Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

G. ACCOUNTABILITY AND AUDIT (CONTINUED)

Sustainability Policy

The Board is committed to operate its business in accordance with environmental, social and economic responsibility. These include working within the laws in order to be innovative and by demonstrating initiative to meet the requirements of various stakeholders.

The Company strives to achieve sustainable long term balance between meeting its business goals and preserving the environment. Its commitments with respect to sustainability are in the areas of workplace, marketplace, community and environment.

The strategies to promote sustainability and its implementation can be found at the Company's website.

H. CORPORATE SOCIAL RESPONSIBILITIES ("CSR")

The Company recognises the importance of CSR and has taken a proactive approach wherever possible to provide monetary and products contributions to governmental departments, non-profitable and charitable organisations.

The Company also organises educational factory tours for various educational and governmental institutions.

Furtherance to the above, in support of the local institutions of higher learning, the Company accepts undergraduates to perform their industrial training in various departments at the factories owned by the Company.

At Company's level, the Company hosts its annual dinner for all its local and foreign employees to foster good relationship and harmonious ties between all level of employees of all races and as a token of recognition from the Top Management for the commitment and dedication of the employees.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Oriental Food Industries Holdings Berhad ("the Company" or "OFIH") acknowledges the importance of maintaining good risk management and internal control system within OFIH and its subsidiaries (collectively, "the Group") and is pleased to provide the following statement on the state of the risk management and internal control systems which outlines the nature and scope of risk management and internal control systems of the Group for the financial year ended 31 March 2019 and up to the date of approval of this statement disclosed pursuant to Paragraph 15.26(b) of Main Market Listing Requirements and Malaysian Code on Corporate Governance. This statement was prepared by taking into account of the Statement on Risk Management and Internal Control: Guidelines for Director and Listed Issuers ("The Guidelines") pursuant to Practice Note 9 of the Main Market Listing Requirements. The scope of this Statement includes OFIH and all operating subsidiaries.

A. BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness so as to safeguard all its stakeholders' interests and protecting the Group's assets. The Board is responsible for determining the acceptable risk tolerance of the Group as well as to articulate and implement risk management and internal control system. The Board delegates the duty of identification, assessment and management of key business risks to the Chief Executive Officer. The role to review the adequacy and effectiveness of the risk management and internal control system within the Group is delegated to the Risk Management and Audit Committee by the Board, through its terms of reference approved by the Board, in order to provide assurance to the Board on the adequacy and effectiveness of governance, risk and control structures and processes of the Group. Through the Risk Management and Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Risk Management and Audit Committee by the Management, the outsourced internal audit function and the External Auditors.

The system of internal controls covers inter-alia, risk assessment as well as financial, operational, environmental and compliance controls. However, in view of the limitations that are inherent in any system of risk management and internal controls, the system of risk management and internal control are designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system of risk management and internal control can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

B. RISK MANAGEMENT

The Board recognises that an important element of a sound risk management and internal control system is to have a risk management practice put in place to identify, evaluate and manage significant risks faced by the Group systematically during the financial year under review. The Board had put in place a formal Risk Management Framework in February 2019 with structured risk management structure and processes for the enterprise wide risk management activities that are embedded throughout the Group as a second line-of-defence. In addition, as essential part of the compliance of certification in relation to quality management system ISO 9001:2015 risk-based quality management system is established and maintained to manage organizational quality risks and opportunities in a structured manner.

The principles, practices and process of the Risk Management Framework established by the Board are, in material aspects, guided by ISO 31000:2018 – Risk Management Guidelines. The Risk Management Framework clearly defines the risk management's objectives and processes, along with clear roles and responsibilities of the Board, Risk Management and Audit Committee (the oversight role), Risk and Sustainability Management Team ("RSMT"), risk owners, Key Risk & Sustainability Officer ("KRSO") and Internal Auditors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

B. RISK MANAGEMENT (CONTINUED)

The duties for the identification, evaluation and management of the key business risks are delegated to RSMT, led by the Chief Executive Officer, established during the financial year under review.

The roles and responsibilities of the RSMT includes the following:

a) Implement the risk management policy as approved by the Board;
b) Implement the risk management process which includes the identification of key risks and devising appropriate action plan(s) in cases where existing controls are ineffective, inadequate or non-existence and communicate methodology to the risk owners;
c) Ensuring that risk strategies adopted are aligned with the Group's organisational strategies. (e.g. vision/ mission, corporate strategies/goals, etc.), risk management policy & process and risk appetite/tolerance;
d) Continuous review and update of the Key Risk Profiles of the Group due to changes in internal business processes, business strategies or external environment and determination of management action plan, if required; and
e) Update the Board, through the Risk Management and Audit Committee, on changes to the Key Risk Profiles on periodical basis (at least on annual basis) or when appropriate (due to significant change to the internal business processes, business strategies or external environment) and the course of action to be taken by management in managing the changes.

While the roles and responsibilities of risk owners, as defined in the Risk Management Framework, are as follow:

a) Manage the risks of the business processes under his/her control;
b) Continuously identify risks and evaluate existing controls. If controls deemed ineffective, inadequate or non-existent, to establish and implement controls to reduce the likelihood and/or impact;
c) To report to the RSMT of the emergence of new risks or change in the existing risks by updating the Key Risk Profiles on a timely manner;
d) To assist the RSMT with the periodic update of the changes in the Key Risks Profile, management action plans and the status of these plans; and
e) To ensure that staffs working under him/her understand the risk exposure of the relevant process under his/her duty and the importance of the related controls.

The structured risk management process as defined in the Risk Management Framework is employed by RSMT and risk owners for risk identification, risk assessment, control identification, risk treatment and control activities. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established based on the risk tolerance approved by the Board. Based on the risk management process, Risk and Opportunity Plans (a.k.a. Key Risks Profile) are compiled by the risk owners and reviewed by RSMT with relevant key risks identified and rated based on the agreed risk rating. Risk and Opportunity Plans are used for the identification of high residual risks which are above the risk tolerance of the Group that requires RSMT and the Board's immediate attention and risk treatment (including implementing of appropriate control measures) as well as for future risk monitoring. As an important risk monitoring mechanism, the Risk and Opportunity Plans of the Group as well as assessment and treatment of emerging risks identified at strategic and operational level are reported to the RSMT and Risk Management and Audit Committee for review and its reporting to the Board.

As an important risk monitoring mechanism, RSMT and risk owners perform review of Key Risks Profile and assessment of emerging risks identified at the strategic and operational level on an annual basis or on more frequent basis (if circumstances required) and report to the Risk Management and Audit Committee and the Board on the results of the review and assessment.

During the financial year under review, the RSMT conducted a review and assessment exercise whereby existing key business risks of active business operations were reviewed and emerging risks were assessed and incorporated into the Risk and Opportunity Plans for on-going risk monitoring and assessment. The updated Risk and Opportunity Plans were tabled to the Risk Management and Audit Committee during the financial year under review for its review and deliberation on its adequacy and effectiveness.

At the strategic level, business plans and business strategies with risks considerations are formulated by the Managing Director and Chief Executive Officer and presented to the Board for review to ensure proposed strategies are in line with the Group's risk tolerance. Update of the implementation progress of the approved strategies are discussed in subsequent Board meetings for follow-up and review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

B. RISK MANAGEMENT (CONTINUED)

At operational level (first line-of-defence), respective Head of Departments (i.e. risk owners) are responsible for managing the risks within their department. Risk owners are responsible for adequate and effective operational monitoring and management by way of maintaining adequate and effective internal control and the execution of risks and control procedures on a daily basis. Changes in the key business risks faced by the Group or emergence of new business risks and the corresponding internal control are discussed during management meetings to determine the risk treatment and implementation of effective controls to manage the risk. Critical and material changes in the key business risks faced by the Group or emergence of new material business risks are highlighted to the RSMT for the decision on the risk treatment and its implementation as well as its reporting to the Risk Management and Audit Committee and the Board.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal plan approved by the Risk Management and Audit Committee.

Except as disclosed otherwise, the above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

C. INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:

i. Board of Directors/Board Committees

The role, functions, composition, operation and processes of the Board are guided by a formal Board Charter whereby roles and responsibilities of the Board, Chairman and Managing Director are specified to preserve the independence of the Board from the Management.

Board Committees (i.e. Risk Management and Audit Committee, Remuneration Committee and Nomination Committee) established to carry out duties and responsibilities delegated by the Board, are governed by their respective written terms of reference.

Meetings of Board of Directors and respective Board Committees are carried out on a scheduled basis to review the performance of the Group, from financial to operational perspectives. Business plans and business strategies are proposed by the Managing Director and Chief Executive Officer to the Board for review and approval after taking into account the risk consideration and responses.

ii. Integrity and Ethical Value

Integrity and ethical values are enshrined in a formal Code of Conduct established and approved by the Board. The formal code forms the foundation of integrity and ethical value of the Group. Integrity and ethical values expected from the employees are incorporated in the Employee Handbook whereby the ethical behaviours expected from are therein stated. Codes of conduct expected from employees to carry out their duties and responsibilities assigned are also established and formalised in the Employee Handbook.

Formal Whistle-Blowing Policy is put in place by the Board and overseen by the Risk Management and Audit Committee to provide a channel for employees and other stakeholders to confidentially bring to the attention of the Executive Director any concerns related to matters covered by the Group's Code of Conduct, legal issues and accounting or audit matters.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

C. INTERNAL CONTROL SYSTEM

iii. Organisation Structure, Accountability and Authorisation

The Group has a formal organisation structure, with clear lines of reporting and accountability, in place for planning, organising and executing the business operations of the Group to ensure its objectives are met. A formal Human Resource Policy Manual is put in place by the Management to ensure that suitably qualified staff are employed so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly to competent staffs to ensure operational efficiency. The establishment and communication of job responsibilities as well as accountability of performance and controls for key positions are further enhanced via the job descriptions established by the Management.

The authorisation requirements for key processes are incorporated in the control documentations and stated in the Group's policies and procedures.

iv. Policies and Procedures

The Group has documented policies and procedures that are periodically reviewed and updated to ensure its relevance to regulate key operations in compliance with its Halal certification, Hazard Analysis and Critical Control Points ("HACCP") certification, International Organisation for Standardisation ("ISO") 9001:2015 – Quality Management System certification and ISO 22000 – Food Safety Management certification and internal control requirements.

v. Human Resource Policy

The Group has put in place a formal Human Resource Policy Manual and Employee Handbook throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their assigned duties and responsibilities effectively and efficiently. Training needs of employees are identified annually so that relevant trainings are provided to such employees to upgrade their knowledge and skill sets.

vi. Information and Communication

At operational level, clear reporting lines are established across the Group and operation and management reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Executive Directors' attention are highlighted for review, deliberation and decision on a timely basis.

The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerized enterprise resources planning systems, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. Apart from that, relevant financial and management reports are generated at different levels of the organization structure for review and decision making. The management and board meetings are held for effective two-way communication of information at different levels of management and the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

C. INTERNAL CONTROL SYSTEM

vii. Monitoring and Review Activities

a. Daily management meetings of Head of Departments are held to review operational performance of key divisions/departments within the Group.
b. Monthly review of the management accounts of the Company and its subsidiaries by the Executive Directors.
c. Quarterly unaudited financial reports reviewed by Risk Management and Audit Committee together with management, and subsequently reported to the Board.
d. Internal audit conducted by Outsourced Internal Audit function (which is reporting directly to the Risk Management and Audit Committee) based on key risk areas identified. The Outsourced Internal Audit function assesses the adequacy and effectiveness of risk management and internal control in relation to specific governance, risk and control processes and highlights any potential risks may be posed to the Group to the Risk Management and Audit Committee based on the results of the audit work performed. Recommendations for improvement are proposed by the internal audit function to minimise the potential risks identified.
e. Independent review of compliance with relevant laws and regulations in relation to specific areas of safety, health and environment by independent consultants engaged by the Group and/or relevant regulatory bodies as well as significant control issues highlighted by the external auditors as part of their statutory audits and the monitoring of compliance with ISO certification carried out by internal ISO auditors serve as the fourth-line-of-defence.

D. INTERNAL AUDIT FUNCTION

The Group relies on the internal audit function as the third line-of-defence to provide the Board and the Management with the required level of assurance that the governance, risk management, internal control system is operating adequately and effectively in mitigating organisational risks to achieve the Group's corporate objectives. The Group's internal audit function is outsourced to an independent professional firm, NeedsBridge Advisory Sdn Bhd, which reports directly to the Risk Management and Audit Committee. The appointment and resignation of the outsourced internal audit function as well as the proposed audit fees are subject to review and approval by the Risk Management and Audit Committee for its reporting to the Board for ultimate approval.

The engagement director of the outsourced internal audit function, Mr. Pang Nam Ming, is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors Global. The outsourced internal audit function is manned by one (1) engagement director, three (3) managers/assistant manager and three (3) senior consultants/consultants during the financial year under review.

The internal audit plan in respect of the financial year 31 March 2019 was prepared using a risk based approach that takes into consideration the existing and emergent key business risks identified in the Group's Key Risks Profile and management's input. Such internal audit plan was presented to the Risk and Audit Committee for review before recommending to the Board for approval. Scheduled internal audits were performed by the outsourced internal audit function based on the approved internal audit plan, with any subsequent change to the approved plan and scope referred to the Risk Management and Audit Committee for review and its recommendation to the Board for approval prior to the commencement of the audit.

The internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consist of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample size are calculated through the use of predetermined formulation, subject to the nature of testing and verification of the samples.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

D. INTERNAL AUDIT FUNCTION (CONTINUED)

During the financial year under review, the outsourced internal audit function conducted reviews of strategy management, disaster recovery management, performance management and evaluation, budgetary system, Code of Conduct, remuneration policy and procedures, risk management policy and procedures, Board and Senior Management governance structure, delegation of authorities, investment appraisal/divestment management, confidentiality policy and procedures, conflict of Interest management, anti-trust policy and procedures, anti-corruption and bribery policy and procedures, fraud policy and procedures and sustainability management of the Group as well as purchasing planning, purchasing requisition and processing, supplier management, goods return management, capital expenditure management and payment processing of the Group's business operations located in Malaysia.

Upon the completion of the internal audit works, internal audit reports which states internal audit findings, recommendations, management responses and action plans were presented by the outsourced internal audit function to the Risk Management and Audit Committee for review and deliberation during the Risk Management and Audit Committee meeting. Updates on the status of implementation of management action plans as identified in the previous internal audit reports were also presented during the financial year under review to the Risk Management and Audi Committee to ensure action plans were satisfactorily implemented to address the individual risks associated with the findings. The Risk Management and Audit Committee reported the results of the review and deliberation to the Board in order for the Board to discharge its responsibility to ensure that the risk management and internal controls are in place and working adequately and effectively to manage the risks within the risk tolerance of the Group and for regulatory compliance.

The total costs incurred for the outsourced internal audit function for the financial year under review amounted to RM26,000.

During the financial year, aside from reporting on the audit findings and the status of agreed management action plans for previous internal audit reports, the resources, experience, competency and continuous professional development of the outsourced internal audit function was also reported to the Risk Management and Audit Committee for their review and assessment on the adequacy and effectiveness of the outsourced internal audit function. Based on the above review and reporting mechanism as well as review of the works performed and deliverables by the outsourced internal audit function during the financial year, the Risk Management and Audit Committee is of the view that the scope, functions (including independence), competency, resources, authorities granted to the outsourced internal audit function as well as internal audit plan and processes are adequate to provide the Risk Management and Audit Committee with reasonable assurance that governance, risk and control structures and processes of the Group is adequate and effective and that the results of the internal audit plan, processes or investigation undertaken is adequately communicated to the Risk Management and Audit Committee and appropriate actions are taken on the recommendations of the outsourced internal audit function, if any.

In addition to the above, for the purpose of compliance with ISO 9001:2015 and ISO 22000 Quality Management Systems, internal quality audits are carried out by in-house independent personnel and surveillance audit is conducted by an independent certification body to provide assurance of compliance with established ISO procedures.

E. ASSURANCE PROVIDED BY THE GROUP MANAGING DIRECTOR AND EXECUTIVE DIRECTORS RESPONSIBLE FOR FINANCIAL MANAGEMENT

In line with the Guidelines, the Group Managing Director, being the highest ranking executive in the Company and the Group Chief Executive Officer, being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

F. OPINION AND CONCLUSION

During the meetings of Board of Directors in the financial year under review, the performances of the Group were reviewed and deliberated by the Board, including, but not limited to, the adequacy and effectiveness of specific risk management and internal control system of the Group put in place to address potential business risks identified by the Board during such reviews and deliberation. Through such reviews by the Board as well as the monitoring and review mechanism stipulated above coupled with the assurance provided by Managing Director and Chief Executive Officer and independent internal control reviews conducted by outsourced internal audit function, other professionals and regulatory bodies and reported to the Board, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's risk management and internal control systems. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

G. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guides (AAPGs) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 March 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the annual report of the Group, in all material aspects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the SRMICG or is factually inaccurate. The external auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purpose or parties. As stated in their report, the external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

COMPOSITION

Members

As at the date of this Annual Report, the composition of the Risk Management and Audit Committee ("the Committee") is as follows:

Mr. Lim Hwa Yu
(Chairman, Independent Non-Executive Director)

Tan Sri Dato' Azizan Bin Husain
(Member, Independent Non-Executive Director)

Datuk Jeffery Ong Cheng Lock
(Member, Independent Non-Executive Director)

The composition of the Audit and Risk Management Committee complies with Chapter 15 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

Secretaries

The Secretaries of Oriental Food Industries Holdings Berhad, Ms. Karina Chong Mei Ying, Ms. Chan Sau Leng and Cik Ruzeti Emar Binti Mohd Rosli are also Secretaries of the Committee.

Membership

The Committee shall be appointed by the Board of Directors amongst the Directors of the Company and the following requirements must be met:-

(a) The Committee must consist of not less than three (3) members;

(b) The Committee is made up of non-executive directors with the majority of members must be Independent Directors;

(c) The Chairman of the Committee must be an Independent Director;

(d) At least one (1) member of the risk management and audit committee –

    i. must be a member of the Malaysian Institute of Accountants; or

    ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-

        - has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967;
        - is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
        - fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

(e) Alternate director shall not be appointed as a member of the Committee.

(f) The members of the Committee shall elect a chairman from amongst themselves who shall be an independent director.

(g) In the event of any vacancy in the Committee resulting in the non-compliance of subparagraphs 15.09(1) and 15.10 of the Listing Requirements, the vacancy must be filled within three (3) months.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The Board had on 27 May 2019 reviewed the Terms of Reference of the Committee in line with the provisions of the Listing Requirements, and the Malaysian Code on Corporate Governance 2017 and had included the following duties and responsibilities of the Committee, and where appropriate, the Committee shall report to the Board on the following:-

1. To review the maintenance of an effective accounting system and controls in the business process.

2. To review the Company's accounting policies and reporting requirements to ensure compliance with the relevant laws and standards.

3. To review Company's compliance with relevant law and Listing Requirements of Bursa Securities.

4. To review the scope of the external audit and internal audit to ensure no unjustified restrictions are imposed by the Management.

5. To review the assistance given by employees of the Company to the internal and external auditors.

6. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority to carry out its work.

7. To recommend the appointment and remuneration of external auditors.

8. To liaise directly with the external auditors, the Management and the Board as a whole, particularly with regard to the Audit plan and Audit report.

9. To review the findings of internal and external auditors on internal controls and other audit comments.

10. To review the internal audit programme, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.

11. To review the quarterly results and year-end financial statements, before the approval by the Board of Directors, focusing particularly on:

    (a) changes in or implementation of major accounting policy changes;

    (b) significant matters highlighted including financial reporting issues, significant judgments made by the Management, significant and unusual events or transactions, and how these matters are addressed; and

    (c) compliance with accounting standards and other legal requirement.

12. To review the contents of the Annual Report prior to submission to the Board.

13. To review any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.

14. To review any letter of resignation from the external auditors of the Company.

15. To review whether there is a reason (supposed by grounds) to believe that the Company's external auditors is not suitable for re-appointment.

16. To review the adequacy and effectiveness of risk management, internal control and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines.

17. To review the Group's risk management policy and implementation of the risk management framework.

18. To review and recommend to the Board, the Director's Statement on Risk Management and Internal Control and any changes thereto.

The revised Terms of Reference of the Committee are available for reference on the Company's website at www.ofih.com.my

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, a total of four (4) meetings were held and details of the meeting are as provided below:

Meetings

Frequency of Meetings

Meetings shall be conducted at least four (4) times a year, or more frequently as circumstances dictate.

Quorum

A majority of the members, who are Independent Directors, present being not less than two (2), shall form a quorum.

Attendance at Meetings

Four (4) Risk Management and Audit Committee Meetings were held during the financial year ended 31 March 2019. The attendance records of each member are as follows:-

Name	Number of meetings attended
Mr. Lim Hwa Yu	4/4
Datuk Jeffery Ong Cheng Lock	3/4
Tan Sri Dato' Azizan Bin Husain	4/4

The Internal Auditors and representatives of the External Auditors would normally attend the meetings. However, when deemed necessary, the Committee may invite the Board members or any other person to be in attendance to assist in its deliberations. The Committee also met with the External Auditors without the presence of the Executive Directors.

The Committee carried out its duties for the year in accordance with its Terms of Reference.

The main duties undertaken by the Committee for the financial year are as follows:

Financial Results

Reviewed the quarterly interim unaudited financial statements and the annual audited financial statements of the Group prior to submission to the Board for its consideration and approval focusing particularly on changes in or implementation of significant accounting policies and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB"), significant matters highlighted including financial reporting matters, unusual events, transactions, judgements made by Management and other legal requirements, and the main factors contributing to the financial performance of the Group in terms of revenue and earnings. Discussed with Management and external auditors, and had obtained reasonable assurances that all changes in significant accounting policies had been implemented; applicable accounting standards approved by MASB and provisions of the Companies Act 2016 had been complied with; significant matters highlighted by the External Auditors including financial reporting matters, unusual events or transactions had been appropriately addressed; judgements made by Management had been assessed; and impact of any changes to the accounting policies and new accounting standards had been assessed and adopted, where relevant.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

Internal Audit

The internal audit function of the Group was outsourced to a professional consulting firm, Needsbridge Advisory Sdn Bhd to undertake independent, objective and systematic reviews of the internal control systems to evaluate its adequacy and effectiveness. The outsourced Internal Auditors conduct the internal audit reviews according to the internal audit plan approved by the Committee.

The Committee carried out the following functions:

(a) Reviewed and approved the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas and ensured that key and high risk areas were audited annually.

(b) Reviewed the effectiveness of audit programmes, and the adequacy and suitability of the resource requirements and skill levels of the Internal Auditors for the year and assessed the performance of the Internal Audit Function.

(c) Reviewed the internal audit reports, audit recommendations made and Management's response to these recommendations and actions taken to improve the system of internal control and procedures recommendations. Where appropriate, the Audit and Risk Management Committee had directed Management to rectify and improve control procedures and workflow processes based on the Internal Auditors' recommendations and suggestions for improvement.

(d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls had been addressed.

(e) Reviewed recurrent related party transactions of a revenue or trading nature reports on a quarterly basis for compliance with the review procedures outlined in the Shareholders' Mandate and ensured that the transactions were undertaken on an arm's length basis and on normal commercial terms which were consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.

(f) Reviewed the Statement on Risk Management and Internal Control which provided an overview of the state of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the External Auditors is set out on pages 39 to 45 of this Annual Report. The Committee was satisfied that the system of risk management and internal control in place throughout the Group as described in the Statement on Risk Management and Internal Control, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the Group's operations. The Committee also acknowledged that implementation measures were continuously taken to strengthen the system of risk management and internal control so as to safeguard the interests of stakeholders including shareholders' investments, and the Group's assets.

(g) Approved a budget of RM26,000 for the Internal Audit Function to effectively carry out its audit plan for the financial year ended 31 March 2019.

(h) Approved the Risk Management and Audit Committee Report and recommended the same for Board's approval for inclusion in the Annual Report.

External Audit

(a) Reviewed and discussed with External Auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB, and regulating requirements applicable to the Group; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.

(b) Reviewed and discussed with External Auditors the results of the audit and the audit report in particular, significant accounting issues arising from the external audit and their opinion on the financial statements of the Group and of the Company.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

External Audit (continued)

(c) Reviewed with External Auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management.

(d) Evaluated the performance and assessed the suitability and independence of the External Auditors during the year in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Risk Management and Audit Committee. The Risk Management and Audit Committee had received from the External Auditors written confirmation on their independence and disclosed their policies on independence, safeguards and procedures to address threats or perceived threats to their independence and objectivity, and that they were in compliance with the independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) for Professional Accountants (By-Laws) as adopted by the Malaysian Institute of Accountants.

(e) Recommended to the Board the re-appointment of the External Auditors and their remuneration.

(f) Reviewed and discussed the non-audit fees in respect of services rendered by the External Auditors. The non-audit fees for the financial year ended 31 March 2019 amounted to RM5,000.

(g) Convened two (2) meetings with the External Auditors without executive Board members and Management being present to discuss matters in relation to their review.

Compliance Management

Compliance with laws, regulations, codes and standards.

Risk Management

a) The Committee monitored the year-to-date progress on the achievement of the Company my reviewing the performance of the Company on a quarterly basis. The Audit and Risk Management Committee sought understanding from the Risk Management Team ("RMT") on the identified risk of each department and to prepare the necessary management action plan to tackle the risks identified.

b) The Committee provided assurance to the Board on the risk reporting and review activities that took place during the financial year.

Related Party Transactions

(a) Reviewed related party transactions entered into by the Group and ensured that the transactions undertaken were in the best interest of the Group, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders, and recommended the same for approval of the Board.

(b) Reviewed the annual Shareholders' Mandate in relation to recurrent related party transactions of a revenue or trading nature for shareholders' approval to undertake transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Group with related parties ("RRPTs"). The Committee ensured that the review procedures were sufficient to ensure that the RRPTs were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders and that the Group had in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes were reviewed on a yearly basis or whenever the need arose. The Management had given assurance to the Committee that related party transactions and mandate for recurrent related party transactions were in compliance with the Listing Requirements and the Group's policies and procedures.

STATEMENT OF DIRECTORS' RESPONSIBILITY

As required under the Companies Act, 2016, the Directors of Oriental Food Industries Holdings Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company for the financial year end 31 March 2019.

In preparing the financial statements for the financial year end 31 March 2019, the Directors have:

- Adopted suitable accounting policies and practices to ensure that they were consistently applied throughout the year;

- Made judgements and estimates that are prudent and reasonable;

- Ensured all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and

- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

This statement is made in accordance with a resolution of the Board of Directors dated 24 July 2019.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other information of the subsidiaries are described in Note 17 to the financial statements.

RESULTS

	Group RM	Company RM
Profit net of tax, attributable to:		
Owners of the parent	13,873,407	3,505,194

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

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

DIVIDENDS

The amounts of dividends paid by the Company since 31 March 2018 were as follows:

	RM
In respect of the financial year ended 31 March 2019:	
Interim single tier dividend of 0.50 sen per ordinary share, on 240,000,000 ordinary shares, declared on 29 August 2018 and paid on 12 October 2018	1,200,000
Interim single tier dividend of 0.50 sen per ordinary share, on 240,000,000 ordinary shares declared on 29 November 2018 and paid on 11 January 2019	1,200,000
Interim single tier dividend of 0.50 sen per ordinary share, on 240,000,000 ordinary shares declared on 21 February 2019 and paid on 29 March 2019	1,200,000
	3,600,000

On 30 May 2019, the directors declared a fourth interim single-tier dividend of 0.70 sen per ordinary share in respect of the financial year ended 31 March 2019 on 240,000,000 ordinary shares, amounting to approximately RM1,680,000 which is paid on 12 July 2019. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2020.

DIRECTORS' REPORT

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Y. Bhg. Tan Sri Dato' Azizan bin Husain
Datuk Seri Son Chen Chuan**
Datuk Son Tong Leong**
Datuk Son Tong Eng**
Lim Keat Sear
Lim Hwa Yu
Datuk Jeffery Ong Cheng Lock

**These directors are also directors of the Company's subsidiaries.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

The directors' benefits are as follows:

	Group RM	**Company RM**
Salaries and other emoluments	2,204,800	72,000
Fees	530,000	350,000
Bonus	731,200	-
Defined contribution plan	519,864	-
Estimated money value of benefits-in-kind	84,000	-
	4,069,864	422,000

The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured and insurance premium paid for directors and officers of the Group for the financial year amounted RM9,650,000 and RM14,000 respectively under the Group Directors' and Officers' Liability Insurance Policy.

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	1.4.2018	**Acquired**	**Sold**	**31.3.2019**
The Company				
Direct interest:				
Datuk Seri Son Chen Chuan	73,229,532	-	-	73,229,532
Datuk Son Tong Leong	5,774,700	-	-	5,774,700
Datuk Son Tong Eng	5,470,496	-	-	5,470,496
Lim Keat Sear	2,935,012	-	-	2,935,012
Deemed interest:				
Datuk Seri Son Chen Chuan	27,685,592	3,530,200	(1,700,000)	29,515,792#
Lim Keat Sear	55,953,396	745,700	(1,700,000)	54,999,096

interest by virtue of shares held by children

Datuk Seri Son Chen Chuan and Lim Keat Sear, by virtue of his interests in shares in the Company, is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, 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 satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young have expressed their willingness to continue in office.

Auditors' remunerations is as follows:

	Group RM	Company RM
Statutory audit	107,000	38,000
Other services	5,000	-
	112,000	38,000

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young for the financial year ended 31 March 2019.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 July 2019.

Datuk Seri Son Chen Chuan

Datuk Son Tong Leong

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Seri Son Chen Chuan and Datuk Son Tong Leong, being two of the directors of Oriental Food Industries Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 61 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 July 2019.

Datuk Seri Son Chen Chuan **Datuk Son Tong Leong**

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Datuk Son Tong Leong, being the director primarily responsible for the financial management of Oriental Food Industries Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 61 to 117 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Datuk Son Tong Leong
at Melaka in the State of Melaka
on 24 July 2019

Datuk Son Tong Leong

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Oriental Food Industries Holdings Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are discribed below. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

<u>Revenue recognition</u>

(Refer to Note 3.5 and Note 7 to the financial statements).

The Group had recognised revenue from sale of goods amounting to approximately RM287 million during the year and thus revenue is the most significant account in the Group's statement of comprehensive income. Besides, revenue account comprises of high volume of transactions and there are many considerations to be considered upon adoption of MFRS 15.

Given the nature of the manufacturing operations of the Group, we identified revenue recognition in respect of sale of goods to be an area of audit focus as we consider the high volume of transactions for numerous types of finished goods produced by the Group to be a possible cause of higher risk of material misstatements in respect of the timing and amount of revenue recognised.

Furthermore, the key performance indicators for the key management personnel are measured based on the financial performance of the Group (revenue is the key determinant of the overall financial performance). Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

<u>How our audit addressed the risk factors</u>

In addressing this area of focus for the Group, we performed, amongst others, the following procedures:

- Completed walkthrough of the revenue class of transaction by obtaining an understanding of the internal controls pertaining to the timing for the recognition of revenue and the amount of revenue recognised;

- Performed test of control procedures on revenue cycle;

- Reviewed and inquired on unusual significant journal entries or adjustments affecting revenue;

- Performed sales cutoff test and review of credit notes issued after year end to ensure the timing of revenue recognition is appropriate;

- Performed test of details on the revenue recognised and ensured that revenue is properly recorded by inspection of relevant documents which evidenced the delivery of goods to customers.

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 Director's Report and 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. We obtained Director's Report prior to the date of this auditors' report and the other information included in Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

If, based on the work we have performed on the other information included in the Annual report that we obtained prior to the date of this auditors' report, 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.

When we read the remaining other information included in the Annual Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

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.

Ernst & Young
AF 0039
Chartered Accountants

H'ng Boon Keng
03112/08/2020 J
Chartered Accountant

Melaka, Malaysia
Date: 24 July 2019

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	7	286,548,117	288,309,825	4,321,067	8,704,244
Cost of sales		(235,292,836)	(230,279,349)	-	-
Gross profit		51,255,281	58,030,476	4,321,067	8,704,244
Other income	8	3,915,222	1,096,165	172	53,929
Other items of expense					
General and administrative		(20,894,840)	(22,196,789)	(816,021)	(721,256)
Selling and distribution		(14,661,108)	(27,792,930)	-	-
Finance costs	9	(1,061,459)	(882,326)	-	-
Profit before tax	10	18,553,096	8,254,596	3,505,218	8,036,917
Income tax (expense)/credit	13	(4,333,726)	2,943,092	(24)	(12,337)
Profit after tax for the year		14,219,370	11,197,688	3,505,194	8,024,580
Other comprehensive loss:					
Net loss on equity investment designated at fair value through other comprehensive income		(345,963)	-	-	-
Total comprehensive income for the year, net of tax		13,873,407	11,197,688	3,505,194	8,024,580
Attributable to:					
Owners of the parent		13,873,407	11,201,905	3,505,194	8,024,580
Non-controlling interest		-	(4,217)	-	-
		13,873,407	11,197,688	3,505,194	8,024,580
Earnings per share attributable to owners of the parent (sen per share)					
Basic	14	5.78	4.67		
Diluted	14	5.78	4.67		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Assets					
Non-current assets					
Property, plant and equipment	15	141,710,889	142,919,271	-	-
Land held for property development	19	961,569	961,569	-	-
Investment properties	16	4,152,549	5,078,590	-	-
Investment in subsidiaries	17	-	-	125,468,751	125,468,751
Investment securities	18	2,287,580	372,438	-	-
Investment properties under construction	20	-	-	-	-
		149,112,587	149,331,868	125,468,751	125,468,751
Current assets					
Inventories	21	38,240,307	29,144,894	-	-
Right of return assets	7	429,976	-	-	-
Trade and other receivables	22	49,810,428	60,304,550	-	15,000
Other current assets	23	5,109,904	3,221,290	10,637	1,232,808
Income tax recoverable		3,894,306	3,506,647	1,108	23,543
Cash and bank balances	24	9,459,998	6,100,921	89,275	75,771
		106,944,919	102,278,302	101,020	1,347,122
Total assets		256,057,506	251,610,170	125,569,771	126,815,873
Equity and liabilities					
Current liabilities					
Income tax payable		35,241	-	-	-
Loans and borrowings	25	11,300,172	10,753,638	-	-
Refund liabilities	7	1,054,418	-	-	-
Contract liabilities	27	1,918,520	-	-	-
Trade and other payables	26	30,097,798	37,593,804	431,853	1,583,149
		44,406,149	48,347,442	431,853	1,583,149
Net current assets/(liabilities)		62,538,770	53,930,860	(330,833)	(236,027)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Non-current liabilities					
Deferred tax liabilities	28	7,553,984	5,765,783	-	-
Loans and borrowings	25	14,499,590	12,606,425	-	-
		22,053,574	18,372,208	-	-
Total liabilities		66,459,723	66,719,650	431,853	1,583,149
Net assets		189,597,783	184,890,520	125,137,918	125,232,724
Equity attributable to owners of the parent					
Share capital	29	120,000,000	120,000,000	120,000,000	120,000,000
Fair value reserve of financial assets at fair value through OCI	29	1,915,142	-	-	-
Retained earnings	30	67,682,641	64,890,520	5,137,918	5,232,724
Total equity		189,597,783	184,890,520	125,137,918	125,232,724
Total equity and liabilities		256,057,506	251,610,170	125,569,771	126,815,873

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Group 2019	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	Non-distributable Share Capital RM	Non-distributable Fair Value Reserve for Financial Assets at FVOCI RM	Distributable Retained Earnings RM	Non-controlling interest RM
Opening balance at 1 April 2018		184,890,520	184,890,520	120,000,000	-	64,890,520	-
Effect of adoption of new accounting standards	4						
- MFRS 9		(1,198,439)	(1,198,439)	-	2,261,105	(3,459,544)	-
- MFRS 15		(4,367,705)	(4,367,705)	-	-	(4,367,705)	-
Opening balance at 1 April 2018 (restated)		179,324,376	179,324,376	120,000,000	2,261,105	57,063,271	-
Total comprehensive income		13,873,407	13,873,407	-	(345,963)	14,219,370	-
Transactions with owners							
Dividends on ordinary shares	37	(3,600,000)	(3,600,000)	-	-	(3,600,000)	-
Closing balance at 31 March 2019		189,597,783	189,597,783	120,000,000	1,915,142	67,682,641	-
2018							
Opening balance at 1 April 2017		182,737,006	182,088,615	120,000,000	-	62,088,615	648,391
Total comprehensive income		11,197,688	11,201,905	-	-	11,201,905	(4,217)
Transaction with owners							
Acquisition of non-controlling interests		(644,174)	-	-	-	-	(644,174)
Dividends on ordinary shares	37	(8,400,000)	(8,400,000)	-	-	(8,400,000)	-
Closing balance at 31 March 2018		184,890,520	184,890,520	120,000,000	-	64,890,520	-

Company 2019	Note	Equity, total RM	Share capital RM	Distributable Retained earnings RM
Opening balance at 1 April 2018		125,232,724	120,000,000	5,232,724
Total comprehensive income		3,505,194	-	3,505,194
Transaction with owners				
Dividends on ordinary shares	37	(3,600,000)	-	(3,600,000)
Closing balance at 31 March 2019		125,137,918	120,000,000	5,137,918
2018				
Opening balance at 1 April 2017		125,608,144	120,000,000	5,608,144
Total comprehensive income		8,024,580	-	8,024,580
Transactions with owners				
Dividends on ordinary shares	37	(8,400,000)	-	(8,400,000)
Closing balance at 31 March 2018		125,232,724	120,000,000	5,232,724

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Operating activities				
Profit before tax:	18,553,096	8,254,596	3,505,218	8,036,917
Adjustments for:				
Depreciation of:				
- Property, plant and equipment	11,805,455	9,840,651	-	-
- Investment properties	151,391	118,970	-	-
Dividend income	-	-	(4,321,067)	(8,704,244)
Finance costs	1,061,459	882,326	-	-
Interest income	(13,445)	(77,088)	(172)	(53,929)
Inventories written off	1,405,329	895,187	-	-
(Gain)/loss on disposal of property, plant and equipment	(112,762)	10,211	-	-
Fair value gain on money market fund	(51)	(47)	-	-
Property, plant and equipment written off	-	553	-	-
Allowance for impairment of trade receivables	-	213,174	-	-
Reversal of allowance for impairment of trade receivable	(1,200,672)	(241)	-	-
Unrealised (gain)/loss on foreign exchange	(758,560)	845,751	-	-
Total adjustments	12,338,144	12,729,447	(4,321,239)	(8,758,173)
Operating cash flows before changes in working capital	30,891,240	20,984,043	(816,021)	(721,256)
Changes in working capital				
Increase in inventories	(11,495,534)	(4,082,927)	-	-
Decrease/(increase) in receivables	4,473,724	(11,440,618)	1,237,171	1,178,102
(Decrease)/increase in payables	(4,606,156)	5,870,314	48,704	(34,560)
Total changes in working capital	(11,627,966)	(9,653,231)	1,285,875	1,143,542
Cash flows generated from operations	19,263,274	11,330,812	469,854	422,286
Interest received	13,445	77,088	172	53,929
Interest paid	(1,061,459)	(882,326)	-	-
Income taxes paid	(1,867,440)	(4,290,398)	(5,267)	(16,064)
Income taxes refunded	323,310	443,680	27,678	105,325
Net cash flows generated from operating activities	16,671,130	6,678,856	492,437	565,476
Investing activities				
Acquisition of non-controlling interests	-	(500,000)	-	(500,000)
Purchase of property, plant and equipment	(8,183,641)	(17,915,012)	-	-
Advances to suppliers of property, plant and equipment	(3,048,200)	-	-	-
Investment properties under construction	-	(118,500)	-	-
Proceeds from disposal of property, plant and equipment	112,774	122,642	-	-
Dividend income	-	-	4,321,067	8,704,244
Net cash flows used in investing activities	(11,119,067)	(18,410,870)	4,321,067	8,204,244

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Financing activities				
Dividends paid on ordinary shares	(4,800,000)	(9,600,000)	(4,800,000)	(9,600,000)
Proceeds from loans and borrowings	8,000,000	8,000,000	-	-
Repayment of loans and borrowings	(3,959,402)	(2,602,089)	-	-
Advances from subsidiaries	-	-	-	892,500
Net cash flows used in financing activities (Note A)	(759,402)	(4,202,089)	(4,800,000)	(8,707,500)
Net increase/(decrease) in cash and cash equivalents	4,792,661	(15,934,103)	13,504	62,220
Effect of exchange rate changes on cash and cash equivalents	167,265	(553,204)	-	-
Cash and cash equivalents at 1 April	2,508,819	18,996,126	75,771	13,551
Cash and cash equivalents at 31 March (Note 24)	7,468,745	2,508,819	89,275	75,771

Note A - Changes in liabilities arising from financing activities:

	Note	1 April 2018 RM	Financing cash flows RM	Other RM	31 March 2019 RM'000
Group					
Dividend payable	26	1,200,000	(4,800,000)	3,600,000	-
Loans and borrowings	25	23,360,063	4,040,598	(1,600,899)	25,799,762
		24,560,063	(759,402)	1,999,101	25,799,762
Company					
Dividend payable	26	1,200,000	(4,800,000)	3,600,000	-
		1,200,000	(4,800,000)	3,600,000	-

	Note	1 April 2017 RM	Financing cash flows RM	Other RM	31 March 2018 RM'000
Group					
Dividend payable	26	2,400,000	(9,600,000)	8,400,000	1,200,000
Loans and borrowings	25	14,371,415	5,397,911	3,590,737	23,360,063
		16,771,415	(4,202,089)	11,990,737	24,560,063
Company					
Dividend payable	26	2,400,000	(9,600,000)	8,400,000	1,200,000
Amount due from subsidiaries	22	892,500	(892,500)	-	-
		3,292,500	(10,492,500)	8,400,000	1,200,000

The 'Other' column includes the dividends declared during the current financial year and the increase in Group's loans and borrowings due to the utilisation of bank overdrafts classified as a reduction to cash and cash equivalents.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. Corporate information

Oriental Food Industries 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 principal place of business of the Company is located at No. 65, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 17 to the financial statements.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), as issued by the Malaysian Accounting Standards Board (MASB), International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

3. Summary of significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively the "Group") as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that the majority of voting rights results in control to support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

3. Summary of significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other component of equity, while any resultant gain or loss is recognised in statement of comprehensive income. Any investment retained is recognised at fair value.

3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in statement of comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in statement of comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3. Summary of significant accounting policies (continued)

3.3 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.4 Fair value measurement

The Group measures financial instruments and non-financial assets such as other investment, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3. Summary of significant accounting policies (continued)

3.4 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.5 Revenue

MFRS 15 Revenue from contracts with customers

The Company is in the business of investment holding while the Group is in the business of manufacturing and sales of snack food and confectioneries and property development. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revemue arrangements, because it typically controls the goods or services before transferring them to the customer.

(a) Sales of goods and property

Revenue from sales of snack food and confectioneries is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.The normal credit term is 30 to 120 days upon delivery.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time.

The Group recognises sales of property at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

If control of the property transfers over time, revenue is recognised over the period of the contract by using input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties) in determining the transaction price for the sale of goods, the Group considers the effect of variable considerations, the existence of significant financing component, non cash consideration and consideration payable to the customer, if any.

3. Summary of significant accounting policies (continued)

3.5 Revenue (continued)

MFRS 15 Revenue from contracts with customers (continued)

(a) Sales of goods and property (continued)

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertaintly with the variable consideration is subsequently resolved.

<u>Right of returns</u>

The Group uses the expected value method to estimates the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset and corresponding adjustment to cost of sales is also recognised for the right to recover products from a customer.

<u>Rebates and discounts</u>

The Group provide a restropective volume rebates, prompt payment discounts and other discounts to customers. Rebates and discounts are offset against amount payable by the customer. To estimate the variable consideration for the expected future rebates and discounts, the Group applies the expected value method. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the promised of transfer goods to the customer and when the customer pays for that good will be one year or less.

(b) Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services to customer. If the Group performs by transferring goods or services to the customer before the customer pays considerations or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Trade receivables

A receivable represent the Group's right to an amount of consideration that is unconditional (i.e only the passage of time is required before payment of the consideration is due).

3. Summary of significant accounting policies (continued)

3.5 Revenue (continued)

MFRS 15 Revenue from contracts with customers (continued)

(b) Contract balances (continued)

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfer goods or services to the customer, a contract liability is recognised when the payment is made of the payment is due (whichever is earlier). Contract liabilties are recognised as revenue when the Group performs under the contract.

(c) Assets and liabilities arising from rights of return

(i) Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

(ii) Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of the financial year.

3.6 Other income

Other income of the Group and the Company, presented separately from revenue, are recognised using the following bases:

(i) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(ii) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

3. Summary of significant accounting policies (continued)

3.7 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Malaysia, where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets, if any, is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

3. Summary of significant accounting policies (continued)

3.7 Taxes (continued)

(ii) Deferred tax (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and Services Tax ("GST")

Before GST is abolished on 31 August 2018, revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(iv) Sales and Services Tax ("SST")

Revenues, expenses and assets are recognised net of the amount of SST except:

- Where the amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.8 Foreign currencies

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

<u>Transactions and balances</u>

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with recognition of the gain or loss on the change in fair value of the item.

3. Summary of significant accounting policies (continued)

3.9 Cash dividend

The Company recognises a liability to make cash or non-cash distributions to owners of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company.

3.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Leasehold land: 53 to 99 years
- Buildings: 50 years
- Plant and machinery: 10 to 20 years
- Other assets: 5 to 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

3.11 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. Summary of significant accounting policies (continued)

3.11 Leases (continued)

(i) Group as a lessee (continued)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

(ii) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.13 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.14 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

3. Summary of significant accounting policies (continued)

3.14 Financial instruments – initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

(a) Initial recognition and measurement (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determinded under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- financial assets at amortised cost (debt instruments)
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments)
- financial assets at fair value through profit or loss

<u>Financial assets at amortised cost (debt instruments)</u>

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are soley payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the company's financial assets at amortised cost include trade and other receivables, deposits and cash and bank balances.

3. Summary of significant accounting policies (continued)

3.14 Financial instruments – initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

(b) Subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rises on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversal are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have financial assets classifiied as fair value through OCI (debt instruments) in the financial statements.

Financial assets designated at fair value through OCI (equity instruments) (“FVOCI”)

Upon intial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading.The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OFI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its investments as disclosed in Note 18 under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon intial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces an accounting mismatch.

3. Summary of significant accounting policies (continued)

3.14 Financial instruments – initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

(b) Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

(c) Derecognition

A financial asset (or, where applicable, a part of the financial asset or part of a group in similar financial assets) is primarily derecognised when :

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred other rights to receive cash flows from the asset or have assumed an obligation to pay th received cash flows in full without material delay to a third party under a pass-through arrangement; and either :

  (i) the Group and the Company have transferred substantially all the risks and rewards of the asset, or

  (ii) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(ii) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs 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, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. Summary of significant accounting policies (continued)

3.14 Financial instruments – initial recognition and subsequent measurement (continued)

(ii) Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12- months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is reasonable expectation of recovering the contractual cash flows.

(iii) Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabiltiies at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are financial guarantee contract or designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

3. Summary of significant accounting policies (continued)

3.14 Financial instruments – initial recognition and subsequent measurement (continued)

(iii) Financial liabilities (continued)

(b) Subsequent measurement (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liabilities as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to the Group's and the Company's interest-bearing loans and borrowings.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.15 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

(a) Raw materials

Raw materials consists of purchase cost on a weighted average basis;

(b) Finished goods and work in progress

Finished goods and work in progress consists of cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs; and

3. Summary of significant accounting policies (continued)

3.15 Inventories (continued)

(c) Completed commercial properties and property development cost

Completed commercial properties and property development cost comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. The asset is subsequently recognised as an expense in statement of comprehensive income when or as the control of the asset is transferred to the customer over time or at point time.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or CGU's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets . When the carrying amount of the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, the depreciated replacement cost valuation model is used. These calculations are corroborated by valuation multiplies, quoted share prices for publicly trade subsidiaries or other available fair value indicators.

Impairment calculation are based detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, are recognised in statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is revversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceeds its recoverable amount, nor exceed its carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3. Summary of significant accounting policies (continued)

3.17 Cash and short-term deposits

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risks of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above excluding the investment in money market fund, net of outstanding bank overdrafts.

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.19 Defined benefit plans

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employee. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

The Group makes contributions to the Employee Provident Fund (“EPF”) in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.20 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company’s separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in statement of comprehensive income.

3. Summary of significant accounting policies (continued)

3.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

4. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2018, the Group and the Company adopted the following amendments mandatory for annual financial periods beginning on or after 1 January 2018.

Description	**Effective for annual periods beginning on or after**
MFRS 2 : Classification and Measurement of Shared-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 : Financial Instruments	1 January 2018
MFRS 15 : Revenue from Contracts with Customers	1 January 2018
MFRS 140 : Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014–2016 Cycle	1 January 2018
IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration	1 January 2018

The adoption of the above amendments did not have any significant impact on the financial performance or position of the Group and the Company except as discussed below:

MFRS 9 Financial Instruments

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

The Group applied MFRS 9 prospectively, with an initial application date 1 April 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.

4. Changes in accounting policies (continued)

MFRS 9 Financial Instruments (continued)

The effect of adopting MFRS 9 as at 1 April 2018, was as follows:

	1 April 2018 RM
Assets	
Investment securities	2,261,105
Trade receivables	(4,552,032)
Deferred tax assets	1,092,488
Equity	
Fair value reserve for financial asset at FVOCI	(2,261,105)
Retained earnings	3,459,544

The nature of the adjustments are described below:

(i) Classification and measurement

Under MFRS 9, debt instruments are subsequently are measured at fair value through profit or loss, amortised cost or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent' solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following are the changes in the classification of the Group's financial assets:

- Trade receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt Instruments at amortised cost beginning 1 April 2018.

- The equity shares in non-listed company previously classified as available-for-sale asset are reclassified as financial asset at FVOCI at 1 April 2018.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with forward-looking expected credit loss (ECL) approach. MFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption MFRS 9 the Group recognised additional impairment on the Group's trade receivables of RM4,552,032, which resulted in a decrease in retained earnings of RM4,552,032 as at 1 April 2018.

4. Changes in accounting policies (continued)

MFRS 9 Financial Instruments (continued)

(ii) Impairment (continued)

Set out below is the reconciliation of the ending impairment allowances in accordance with MFRS 139 to the opening loss allowances determined in accordance with MFRS 9:

	Allowance for impairment under MFRS 139 as at 31 March 2018 RM	Remeasurement RM	ECL under MFRS 9 as at 1 April 2018 RM
Receivables under MFRS 139 / Financial assets at amortised cost under MFRS 9	265,494	4,552,032	4,817,526

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entitles to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contract with their customers.The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted MFRS 15 using the modified restropective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 118 and related interpretations.

The effect of adopting MFRS 15 as at 1 April 2018, was as follows:

	1 April 2018 RM
Assets	
Return assets	280,697
Trade receivables	(3,640,506)
Deferred tax	164,234
Liabilities	
Refund liabilities	(1,172,130)
Equity	
Retained earnings	4,367,705

4. Changes in accounting policies (continued)

MFRS 15 Revenue from Contracts with Customers (continued)

The nature of the adjustments as at 1 April 2018 and the reasons for the significant changes in the statement of financial position as at 31 March 2019 and the statement of comprehensive income for the year ended 31 March 2019 are described below:

(a) Sale of goods with variable consideration

Some contracts for the sale of goods provide customers with a right of return, rebates and discounts. Before adopting MFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns. Under MFRS 15, rights of return, rebates and discounts give rise to variable consideration.

- Rights of return

  Under MFRS 15, the consideration received from the customer is variable because of the contract allows the customer to return the goods. The Group used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Group presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position.

- Rebates and discounts

  Under MFRS 15, restropective rebates and discounts give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the expected value method.

(b) Rendering of delivery services

The Group provide delivery services. These services are bundled together with the sale of goods to a customer. Previously, the Group accounted for the bundled sales as one deliverable and recognises revenue at a point in time. Under MFRS 15, the Group assessed that there were two performance obligations in a sale of goods and export delivery services and performed a re-allocation of the transaction price based on their relative stand-alone selling prices, which decreased the amount allocated to delivery services. The delivery services will be recognised over time and its stage of completion is measured using the actual time incurred to date compared to the estimated time needed to complete the delivery services.

However, the identification of delivery services as a separate deliverables of bundled sales did not have any material impact on the amount and timing of revenue recognised and hence, there were no restatements made to the Group’s opening retained earnings.

5. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective

Description	Effective for annual periods beginning on or after
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to references to the Conceptual Framework in MFRS Standards	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 directors are of the opinion that the standards and interpretations above would not have any material impact on the financial statements in the year of initial adoption other than as discussed below:

MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstances that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the Company.

MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and require lessees to accounts for all leases under a single-on balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition for lessees - leases of 'low-value' assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

5. Standards issued but not yet effective (continued)

MFRS 16 Leases (continued)

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117 Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between the two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than MFRS 117.

Early application is permitted but not before an entity applies MFRS 15. As at 31 March 2019, the Group and the Company have commitments from non-cancellable operating leases amounting to RM2,726,935 and RM587,245, respectively, as further detailed in Note 32. The Group and the Company will choose to apply the standard using a modified retrospective approach and the full impact of MFRS 16 is currently being reviewed by management to determine the extent of these commitments will result in the recognition of right-of-use assets and interest expense on lease liabilities for future payments, effect of income statement and the classification of cash flows of the Group and the Company.

Annual Improvements to MFRS Standards 2015-2017 Cycle

The Annual Improvements to MFRS Standards 2015-2017 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

(a) Amendments to MFRS 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distribution to owners.Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies these amendements, it applies them to the income tax consequences of dividend recognised on or after the beginning of the earliest comparative period.

(b) Amendments to MFRS 123 Borrowing Costs - Borrowing costs eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies these amendments to borrowing costs incurred on or after the beginning of the annual reporting periods beginning on or after 1 January 2019 . Earlier application is permitted.

IC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 and does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

5. Standards issued but not yet effective (continued)

IC Interpretation 23 Uncertainty over Income Tax Treatments (continued)

This interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the estimation of tax treatments by taxation authorities;
- how an entity determines tasable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together wth one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Group and the Company will apply the interpretation from its effective date.

6. Significant accounting judgements, estimates and assumptions

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the Group's accounting policies, the management has made the following judgement which had significant effect on the amounts recognised in the financial statements.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligations in a bundled sale of goods and delivery services

The Group provides delivery services that are bundled together with the sale of goods to a customer. The delivery services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both the goods and delivery of services are capable of being distinct. The Group also determined that the promises to transfer the goods and to provide delivery services are distinct within the context of the contract. The goods and delivery services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the goods and delivery services together in this contract do not result in any additional or combined functionality and neither the goods nor the delivery services modiy or customise the other. In addition, the goods and delivery services are not highly interdependent or highly interrelated, because the Group would be able to transfer the goods even if the customer declined delivery.

Consequently, the Group allocated a portion of the transaction price to the goods and the delivery services based on relative stand-alone selling prices.

6. Significant accounting judgements, estimates and assumptions (continued)

(i) Judgements (continued)

(b) Determining the timing of satisfaction of delivery services

The Group concluded that revenue for delivery services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the delivery that the Group has provided to date demontrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group determined that the input method is the best method in measuring progress of the delivery services because there is a direct relationship between the Group's effort (i.e. delivery days incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the delivery days elapsed relative to the total delivery days to complete the service.

(c) Determining method to estimate variable consideration and assessing the constraint

Certain sale of goods include a right of return, rebates and discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

<u>Useful life of plant and machinery</u>

The costs of plant and machinery for the manufacture of snack food and confectioneries are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be 10 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the reporting date is disclosed in Note 15.

6. Significant accounting judgements, estimates and assumptions (continued)

(ii) Estimates and assumptions (continued)

Provision for expected credit loss of trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 22.

Inventories valuation

The Group reviews the adequacy of provision for slow moving inventories at each reporting date to ensure that inventories are stated at the lower of cost and net realisable value. In assessing the extent of provision for slow moving inventories, the directors, having considered all available information, are of the opinion that no writedown or provision is required in respect of the Group's inventories.

7. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue:				
Revenue from sales of snack food and confectioneries	286,548,117	286,909,825	-	-
Sales of development properties	-	1,400,000	-	-
Dividend income from a subsidiary	-	-	4,321,067	8,704,244
	286,548,117	288,309,825	4,321,067	8,704,244
Right of return assets and refund liabilities:				
Right of return assets	429,976	-	-	-
Refund liabilities arising from right of returns	1,054,418	-	-	-

7. Revenue (continued)

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 36 Segmental reporting.

31 March 2019	Sales of snack food and confectioneries RM	Property development RM	Investment holding RM	Total RM
Revenue:				
External customers	286,548,117			286,548,117
Inter-segment	-	-	4,321,067	4,321,067
Total revenue	286,548,117	-	4,321,067	290,869,184
Adjustments and eliminations	-	-	(4,321,067)	(4,321,067)
	286,548,117	-	-	286,548,117
31 March 2018				
Revenue:				
External customers	286,909,825	1,400,000	-	288,309,825
Inter-segment	-	-	8,704,244	8,704,244
Total revenue	286,909,825	1,400,000	8,704,244	297,014,069
Adjustments and eliminations	-	-	(8,704,244)	(8,704,244)
	286,909,825	1,400,000	-	288,309,825

8. Other income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Gain on foreign exchange:				
- realised	651,013	-	-	-
- unrealised	758,560	-	-	-
Interest income	13,445	77,088	172	53,929
Rental income	186,300	148,800	-	-
Miscellaneous income	992,419	869,989	-	-
Gain on disposal of property, plant and equipment	112,762	-	-	-
Reversal of allowance for impairment of trade receivables (Note 22)	1,200,672	241	-	-
Fair value gain on money market fund	51	47	-	-
	3,915,222	1,096,165	172	53,929

9. Finance costs

	Group 2019 RM	Group 2018 RM
Interest expense on:		
- Bank loans	756,191	780,726
- Bank overdrafts	234,251	87,688
- Bankers' acceptance	71,017	13,912
Total finance costs	1,061,459	882,326

10. Profit before tax

The following items have been included in arriving at profit before tax:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Auditors' remuneration:				
- Current year	107,000	103,000	38,000	37,000
- Underprovision in prior year	-	6,000	-	6,000
- Other services	5,000	5,000	5,000	5,000
Depreciation of:				
- Property, plant and equipment (Note 15)	11,805,455	9,840,651	-	-
- Investment properties (Note 16)	151,391	118,970	-	-
Direct operating expenses arising from rental generating, investment properties	28,571	14,191	-	-
Employee benefits expense (Note 11)	32,713,015	33,642,336	150,000	108,000
Loss on disposal of property, plant and equipment	-	10,212	-	-
Loss on foreign exchange:				
- Realised	-	3,572,896	-	-
- Unrealised	-	845,751	-	-
Inventories written off	1,405,329	895,187	-	-
Operating leases:				
- Minimum lease payments for premises	676,210	357,247	-	-
Property, plant and equipment written off	-	553	-	-
Allowance for impairment of trade receivables	-	213,174	-	-

11. Employee benefits expense

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Salaries, bonus and allowances	29,894,164	30,294,181	150,000	135,000
Over provision in prior year	-	(27,000)	-	(27,000)
Defined contribution plan	1,570,941	2,221,549	-	-
Other employee benefits	1,247,910	1,153,606	-	-
	32,713,015	33,642,336	150,000	108,000

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM3,797,864 (2018: RM3,440,476) and RM150,000 (2018: RM108,000) respectively.

12. Directors' remuneration

The details of directors' remuneration during the year are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive:				
- Fees	330,000	315,000	150,000	135,000
- Overprovision in prior year	-	(27,000)	-	(27,000)
- Salaries and other emoluments	2,864,000	2,620,400	-	-
- Defined contribution plan	519,864	532,076	-	-
Total executive directors' remuneration (excluding benefits-in-kind)	3,713,864	3,440,476	150,000	108,000
Estimated money value of benefits-in-kind	84,000	84,000	-	-
Total executive directors' remuneration (including benefits-in-kind)	3,797,864	3,524,476	150,000	108,000
Non-executive:				
- Fees	200,000	180,000	200,000	180,000
- Other emoluments	72,000	72,000	72,000	72,000
Total non-executive directors' remuneration	272,000	252,000	272,000	252,000
Total directors' remuneration	4,069,864	3,776,476	422,000	360,000

13. Income tax

Major components of income tax

The major components of tax expense for the years ended 31 March 2019 and 2018 are:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Statements of comprehensive income:				
- Current income tax	987,337	1,871,866	37	12,266
- (Over)/underprovision in respect of previous years	301,467	56,042	(13)	71
	1,288,804	1,927,908	24	12,337
Deferred income tax (Note 28):				
Relating to origination and reversal of temporary differences	3,720,081	(5,193,828)	-	-
- (Over)/underprovision in respect of previous years	(675,159)	322,828	-	-
	3,044,922	(4,871,000)	-	-
Income tax recognised in profit or loss	4,333,726	(2,943,092)	24	12,337

13. Income tax (continued)

Reconciliation between income tax and accounting profit

The reconciliation between income tax and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2019 and 2018 are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	18,553,096	8,254,596	3,505,218	8,036,917
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	4,452,743	1,981,103	841,252	1,928,860
Adjustments:				
Income not subject to taxation	(182,181)	(13,661)	(1,037,056)	(2,089,019)
Non-deductible expenses	1,130,506	650,596	195,841	172,425
Effect of certain expenses eligible for double deduction	(486,774)	(339,000)	-	-
Deferred tax assets recognised on unutilised reinvestment allowances	(206,876)	(5,601,000)	-	-
(Over)/underprovision of income tax in respect of previous years	301,467	56,042	(13)	71
(Over)/underprovision of deferred income tax in respect of previous years	(675,159)	322,828	-	-
Income tax recognised in profit or loss	4,333,726	(2,943,092)	24	12,337

14. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. As the Company did not issue any dilutive potential ordinary shares, the Company's diluted EPS is equivalent to its basic EPS.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 March:

	Group	
	2019	2018
Profit net of tax attributable to owners of the parent (RM)	13,873,407	11,201,905
Weighted average number of ordinary shares	240,000,000	240,000,000
Basic earnings per share (sen)	5.78	4.67

(b) Diluted

The diluted earnings per share is the same as basic earnings per share as the Company does not have any dilutive potential ordinary shares.

15. Property, plant and equipment

Group	* Land and buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Capital work-in-progress RM	Total RM
Cost							
At 1 April 2017	47,024,431	2,355,350	112,421,478	7,331,245	14,838,452	40,743,886	224,714,842
Additions	581,500	405,927	4,302,943	627,092	769,947	11,227,603	17,915,012
Disposals	-	-	-	(546,048)	-	-	(546,048)
Written off	-	-	-	-	(2,379)	-	(2,379)
Reclassifications	4,192,877	-	32,077,791	-	746,932	(37,017,600)	-
Transfer from other current assets	-	-	-	-	-	2,439,675	2,439,675
At 31 March 2018 and 1 April 2018	51,798,808	2,761,277	148,802,212	7,412,289	16,352,952	17,393,564	244,521,102
Additions	547,046	-	1,747,660	375,323	595,358	4,918,254	8,183,641
Disposals	-	-		(750,618)	-	-	(750,618)
Reclassifications from Investment Properties	1,900,000	-	-	-	-	-	1,900,000
Reclassifications	9,149,087	-	497,912	-	-	(9,646,999)	-
Transfer from other current assets	-	-	-	-	-	644,002	644,002
At 31 March 2019	63,394,941	2,761,277	151,047,784	7,036,994	16,948,310	13,308,821	254,498,127
Accumulated depreciation							
At 1 April 2017	11,563,372	328,404	64,429,123	3,774,363	12,080,939	-	92,176,201
Depreciation charge for the year (Note 10)	1,420,165	238,982	6,314,309	1,193,934	673,261	-	9,840,651
Disposals	-	-	-	(413,195)	-	-	(413,195)
Written off	-	-	-	-	(1,826)	-	(1,826)
At 31 March 2018 and 1 April 2018	12,983,537	567,386	70,743,432	4,555,102	12,752,374	-	101,601,831
Depreciation charge for the year (Note 10)	1,741,537	269,690	7,989,010	1,112,590	692,628	-	11,805,455
Disposals	-	-	-	(750,606)	-	-	(750,606)
Reclassifications from Investment Properties	130,558	-	-	-	-	-	130,558
At 31 March 2019	14,855,632	837,076	78,732,442	4,917,086	13,445,002	-	112,787,238
Net carrying amount							
At 31 March 2018	38,815,271	2,193,891	78,058,780	2,857,187	3,600,578	17,393,564	142,919,271
At 31 March 2019	48,539,309	1,924,201	72,315,342	2,119,908	3,503,308	13,308,821	141,710,889

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15. Property, plant and equipment (continued)

*** Land and buildings**

Group	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Cost				
At 1 April 2017	1,150,000	20,054,779	25,819,652	47,024,431
Additions	-	-	581,500	581,500
Reclassifications	-	-	4,192,877	4,192,877
At 31 March 2018 and 1 April 2018	1,150,000	20,054,779	30,594,029	51,798,808
Additions	-	100,000	447,046	547,046
Reclassifications	-	300,000	8,849,087	9,149,087
Reclassifications from investment properties	-	-	1,900,000	1,900,000
At 31 March 2019	1,150,000	20,454,779	41,790,162	63,394,941
Accumulated depreciation				
At 1 April 2017	-	2,422,562	9,140,810	11,563,372
Depreciation charge for the year	-	138,105	1,282,060	1,420,165
At 31 March 2018 and 1 April 2018	-	2,560,667	10,422,870	12,983,537
Depreciation charge for the year	-	264,880	1,476,657	1,741,537
Reclassifications	-	3,306	(3,306)	-
Reclassifications from investment properties	-	-	130,558	130,558
At 31 March 2019	-	2,828,853	12,026,779	14,855,632
Net carrying amount				
At 31 March 2018	1,150,000	17,494,112	20,171,159	38,815,271
At 31 March 2019	1,150,000	17,625,926	29,763,383	48,539,309

The leasehold land and buildings and certain plant and machinery with aggregate carrying amount of RM 41,430,000 (2018: RM34,298,000) are pledged as security for bank borrowings as disclosed in Note 25.

16. Investment properties

	Group 2019 RM	Group 2018 RM
Cost:		
At 1 April	5,590,549	3,377,209
Transfer from investment properties under construction (Note 20)	-	2,213,340
Transfer from inventories (Note 21)	994,792	-
Transfer to property, plant and equipment	(1,900,000)	-
At 31 March	4,685,341	5,590,549
Accumulated depreciation:		
At 1 April	511,959	392,989
Depreciation charge for the year (Note 10)	151,391	118,970
Transfer to property, plant and equipment	(130,558)	-
At 31 March	532,792	511,959
Net carrying amount	4,152,549	5,078,590
Fair value	8,315,000	6,890,261

As at 31 March, the Group's investment properties consist of 6 (2018: 7) commercial properties in Melaka. As at 31 March 2019 and 2018, the fair values of the properties are based on valuations performed by an accredited independent valuer.

The fair value of the investment properties was determined based on Level 3 valuation techniques of the fair value hierarchy.

The fair value is estimated by the directors of the Company based on a valuation conducted by independent professional valuers in prior years using the comparison method. The comparison method involves comparing and adopting recent transactions as a yardstick as well as using sales evidence involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties does not differ from their current use.

Significant unobservable valuation input:

	Range 2019 RM	Range 2018 RM
Price per square foot	20 - 552	25 - 552

17. Investment in subsidiaries

	Company	
	2019	**2018**
	RM	**RM**
Unquoted shares in Malaysia, at cost	125,468,751	125,468,751

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Principal activities	Proportion (%) of ownership interest 2019	Proportion (%) of ownership interest 2018
Oriental Food Industries Sdn. Bhd.	Manufacturing and marketing of snack food and confectioneries	100.00	100.00
OFI Properties Sdn. Bhd.	Property development	99.99	99.99
Held through Oriental Food Industries Sdn. Bhd.:			
Oriental Food Marketing (M) Sdn. Bhd.	Sales and marketing of snack food and confectioneries	100.00	100.00

18. Investment securities

	Group	
	2019	**2018**
	RM	**RM**
At 1 April, at cost	372,438	372,438
Effect of adoption of new accounting standards	2,261,105	-
As at 1 April (restated), at FVOCI	2,633,543	372,438
Fair value changes	(345,963)	-
At 31 March, at FVOCI	2,287,580	372,438

The investment in unquoted equity instruments represents ordinary shares that are not quoted on any active market and is stated at fair value, except for the previous year which is at cost.

19. Land held for property development

	Group	
	2019	**2018**
Cost:	**RM**	**RM**
At 1 April/31 March	961,569	961,569

20. Investment properties under construction

	Group 2019 RM	Group 2018 RM
At 1 April	-	2,094,840
Additions during the year	-	118,500
Transfer to investment property (Note 16)	-	(2,213,340)
At 31 March	-	-
Fair value	-	2,370,000

The fair value of the investment properties under construction was determined based on Level 3 valuation techniques of the fair value hierarchy.

21. Inventories

	Group 2019 RM	Group 2018 RM
Cost		
Raw materials	30,313,843	21,473,244
Work-in-progress	204,832	33,161
Finished goods	7,721,632	6,643,697
Completed properties	-	994,792
	38,240,307	29,144,894
At 1 April	994,792	994,792
Transfer to investment property (Note 16)	(994,792)	-
At 31 March	-	994,792

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM235,292,836 (2018: RM230,279,349).

22. Trade and other receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables				
Third parties	47,243,043	53,067,109	-	-
Less: Allowance for impairment	(3,616,854)	(265,494)	-	-
Trade receivables, net	43,626,189	52,801,615	-	- -
Other receivables				
Third parties	5,313,515	6,544,707	-	-
Refundable deposits	834,198	915,902	-	15,000
Staff loans	36,526	42,326	-	-
	6,184,239	7,502,935	-	15,000
Total trade and other receivables	49,810,428	60,304,550	-	15,000
Add: Cash and bank balances (Note 24)	9,459,998	6,100,921	89,275	75,771
Total financial assets carried at amortised cost	59,270,426	66,405,471	89,275	90,771

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2018: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2019 RM	2018 RM
Neither past due nor impaired	12,321,983	24,560,480
1 to 30 days past due not impaired	16,271,262	14,728,447
31 to 60 days past due not impaired	9,764,939	6,300,774
More than 61 days past due not impaired	5,268,005	7,211,914
	31,304,206	28,241,135
Impaired	3,616,854	265,494
	47,243,043	53,067,109

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of these balances have been renegotiated during the financial year.

22. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM31,304,206 (2018: RM28,241,135) that are past due at the reporting date but not impaired. These receivables are active accounts which the management considers to be recoverable.

Receivables that are impaired

The Group's movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2019 RM	2018 RM
Trade receivables - nominal amounts	3,616,854	265,494
Less: Allowance for impairment	(3,616,854)	(265,494)
	-	-
Movement in allowance accounts:		
At 1 April	265,494	52,561
Effect of adoption of new accounting standards	4,552,032	-
At 1 April (restated)	4,817,526	52,561
Charge for the year (Note 10)	-	213,174
Reversal of allowance for impairment (Note 8)	(1,200,672)	(241)
At 31 March	3,616,854	265,494

23. Other current assets

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Advances to suppliers of property, plant and equipment	3,376,581	972,384	-	-
Prepayments	1,733,323	1,048,906	10,637	32,808
Deposit placed in Bursa Malaysia Securities Berhad's dividend account	-	1,200,000	-	1,200,000
	5,109,904	3,221,290	10,637	1,232,808

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24. Cash and bank balances

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash at banks and on hand	9,431,677	6,073,502	89,275	75,771
Short term deposits with licensed banks	26,905	26,054	-	-
Investments in money market funds	1,416	1,365	-	-
Cash and bank balances (Note 22)	9,459,998	6,100,921	89,275	75,771

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	9,459,998	6,100,921	89,275	75,771
Less:				
- Bank overdrafts (Note 25)	(1,989,837)	(3,590,737)	-	-
- Investments in money market funds	(1,416)	(1,365)	-	-
Cash and cash equivalents	7,468,745	2,508,819	89,275	75,771

The weighted average effective interest rate and the average maturity of deposits with a licensed bank as at reporting date were 3.20% (2018: 3.24%) per annum and 30 days (2018: 30 days) respectively.

The weighted average effective interest rate of investment in money market fund of the Group at the reporting date was 3.69% (2018: 3.52%) per annum.

25. Loans and borrowings

		Group	
	Maturity	2019 RM	2018 RM
Current			
Bank overdrafts (Note 24)	On demand	1,989,837	3,590,737
Banker's acceptance	On demand	3,160,980	2,000,000
Bank loans:			
- RM loan at BFR - 2.35% p.a. - secured ^	2019	1,600,000	1,600,000
- RM loan at BFR - 2.30% p.a. - secured ^	2019	2,005,941	2,081,240
- RM loan at KLIBOR + 1.10% p.a. - secured #	2019	1,560,792	1,481,661
- RM loan at BFR - 2.30% p.a. - secured ^	2019	982,622	-
		11,300,172	10,753,638

25. Loans and borrowings (continued)

		Group	
	Maturity	2019 RM	2018 RM
Non-current			
Bank loans:			
- RM loan at BFR - 2.35% p.a. - secured ^	2020	-	1,600,000
- RM loan at BFR - 2.30% p.a. - secured ^	2022	3,324,550	5,211,790
- RM loan at KLIBOR + 1.10% - secured #	2022	4,223,319	5,794,635
- RM loan at BFR - 2.30% p.a. - secured ^	2026	6,951,721	-
		14,499,590	12,606,425
Total loans and borrowings (Note 26)		25,799,762	23,360,063

^ BFR: Base financing rate per annum
# KLIBOR: Kuala Lumpur Interbank Offered Rate per annum

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group	
	2019 RM	2018 RM
On demand or within one year	11,300,172	10,753,638
More than 1 year and less than 2 years	4,762,318	5,163,965
More than 2 years but less than 5 years	9,737,272	7,442,460
	25,799,762	23,360,063

Bank loans

These bank loans of the Group are secured by way of a corporate guarantee from the Company and a charge over leasehold land and factory buildings and certain plant and machinery as disclosed in Note 15.

26. Trade and other payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables				
Third parties	24,906,490	26,731,739	-	-
Other payables				
Third parties	1,324,763	5,980,482	51,675	-
Accrued operating expenses	3,739,500	3,451,038	380,178	383,149
Deposit received	127,045	230,545	-	-
Dividend payable	-	1,200,000	-	1,200,000
	5,191,308	10,862,065	431,853	1,583,149
Total trade and other payables	30,097,798	37,593,804	431,853	1,583,149
Add: Loans and borrowings (Note 25)	25,799,762	23,360,063	-	-
Total financial liabilities carried at amortised cost	55,897,560	60,953,867	431,853	1,583,149

26. Trade and other payables (continued)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on average 60 days (2018: 60 days) term.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on average 60 days (2018: 60 days) term.

27. Contract liabilities

	Group	
	2019 RM	2018 RM
Short term advances for sales of goods	1,918,520	-

28. Deferred tax liabilities

Deferred income tax as at reporting date relates to the following:

	Deferred tax liabilities	◄ Deferred tax assets		►	
Group	Property, plant and equipment RM	Unabsorbed reinvestment allowances RM	Unabsorbed capital allowances RM	Others RM	Total RM
At 1 April 2017	10,718,192	(500)	-	(80,909)	10,636,783
Recognised in profit or loss (Note 13)	2,693,197	(5,601,279)	(1,669,073)	(293,845)	(4,871,000)
At 31 March 2018 and 1 April 2018	13,411,389	(5,601,779)	(1,669,073)	(374,754)	5,765,783
Effect of adoption of new accounting standards	-	-	-	(1,256,722)	(1,256,722)
1 April (restated)	13,411,389	(5,601,779)	(1,669,073)	(1,631,476)	4,509,061
Recognised in profit or loss (Note 13)	(717,667)	1,744,628	1,669,073	348,889	3,044,923
At 31 March 2019	12,693,722	(3,857,151)	-	(1,282,587)	7,553,984

29. Share capital and reserve

(a) Share Capital

	Group and Company			
	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid	240,000,000	240,000,000	120,000,000	120,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

Implementation of Companies Act 2016

With effect from 31 January 2017, all entities shall comply with the Companies Act 2016 (“CA 2016”) in the preparation of financial statements for the financial year ending on or after 31 January 2017.

Section 74 of CA 2016 states that all shares issued before or after 31 January 2017 shall have no par or nominal value. CA 2016 provides certain transitional provisions relating to the abolition of nominal value.

(b) Fair value reserve of financial assets at FVOCI

Fair value reserve of financial asset at FVOCI arose from remeasurement of fair value of financial asset at FVOCI at the reporting date.

	Group	
	2019 RM	2018 RM
At 1 April	-	-
Effect of adoption of new accounting standards	2,261,105	-
At 1 April (restated)	2,261,105	-
Net loss on equity investment designated at fair value through other comprehensive income	(345,963)	-
At 31 March	1,915,142	-

30. Retained earnings

The entire retained earnings of the Company as at 31 March 2019 may be distributed as dividends under the single tier system.

31. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Group	2019 RM	2018 RM
Transactions with a company in which a director has interest:		
Sales of goods to Syarikat Perniagaan Chong Mah	2,124,180	2,110,989
Rental income received from Skyline Motion Sdn. Bhd.	48,000	48,000
Company		
Transaction with a subsidiary:		
Dividend income received from Oriental Food Industries Sdn. Bhd.	4,321,067	8,704,244

(b) Compensation of key management personnel

There is no other key management personnel other than the executive directors. The remuneration of executive directors is disclosed in Note 12.

32. Commitments

(a) Capital commitments

	Group	
	2019 RM	2018 RM
Capital expenditure approved and contracted for:		
Property, plant and equipment	2,726,935	4,098,582
	2,726,935	4,098,582

(b) Operating lease commitments - as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life of between 1 to 5 years with renewal option included in the certain contracts. Certain contracts include escalation clauses computed based on percentage of rental while others include fixed rentals for an average life of between 1 to 5 years. There are no restrictions placed upon the Group by entering into these leases.

32. Commitments (continued)

(b) Operating lease commitments - as lessee (continued)

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group	
	2019 **RM**	**2018** **RM**
Future minimum rentals payments:		
Not later than 1 year	364,381	252,725
Later than 1 year and not later than 5 years	174,605	160,270
After 5 years	48,259	72,560
	587,245	485,555

33. Fair value of financial instruments

(a) Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

	Note
Investment properties	16
Investment securities	18

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

	Fair value measurement using			
	Quoted prices in active market Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
At 31 March 2019				
Assets measured at fair value:				
Investment in money market fund	1,416	-	-	1,416
Investment securities	-	-	2,287,580	2,287,580
Assets for which fair value information is disclosed:				
Investment properties	-	-	8,315,000	8,315,000

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33. Fair value of financial instruments (continued)

(a) Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes (continued):

	Fair value measurement using			
	Quoted prices in active market Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
At 31 March 2018				
Assets measured at fair value:				
Investment in money market fund	1,365	-	-	1,365
Equity Instrument	-	-	372,438	372,438
Assets for which fair value information is disclosed:				
Investment properties	-	-	6,890,261	6,890,261

The Group classifies fair value measurement using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There have been no transfers between the various levels in the fair value hierarchy during the financial years ended 31 March 2019 and 31 March 2018.

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Trade and other receivables (current)	22
Trade and other payables (current)	26
Loans and borrowings (current)	25
Loans and borrowings (non-current)	25

The carrying amounts of these financial assets and liabilities are reasonable appoximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

34. Financial risk management objectives and policies

Financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. Financial assets include trade and other receivables and cash and short-term depostis that derive directly from its operations.

The Group is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks to ensure that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates.

Interest rate risk arises primarily from interest-bearing borrowings. Interest rate exposure is managed by regular reviews of its debt portfolio.

Information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates based on the utilisation of floating rate loans and borrowings throughout the reporting period. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on Group's profit before tax	
	RM	RM
Increase in 10 basis points	(19,321)	(16,063)
Decrease in 10 basis points	19,321	16,063

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Exposure to the risks of changes in foreign exchange rates relates primarily to the operating activities when revenue or expense is denominated in a foreign currency other than the functional currency of the operations to which they relate.

The Group has transactional exposures arising from sales that are denominated in foreign currencies. The foreign currency in which these transactions are denominated is mainly United States Dollars ("USD").

The Group holds cash and bank balances denominated in foreign currencies for working capital purposes. The other financial instruments denominated in foreign currencies includes trade receivables and trade payables.

At the reporting date, the Group's cash and bank balances denominated in USD amounted to RM1,904,041 (2018: RM3,032,981). Approximately 58% (2018: 36%) of the Group's gross trade receivables is denominated in USD.

34. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table illustrates the hypothetical sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rate at the reporting date against RM, assuming all other variables remain unchanged.

	Increase/(decrease) in Group's profit before tax	
	2019 RM	2018 RM
USD strengthened by 3% (2018: 3%)	602,000	670,000
USD weakened by 3% (2018: 3%)	(602,000)	(670,000)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

(i) Trade receivables

The Group provides for expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers types.

Information regarding loss allowance movement of trade receivables are disclosed in Note 22.

(ii) Credit risk concentration profile

At the reporting date, the Group does not have any significant exposure to any individual customer or counterparty, except for four customers which made up of approximately 44% of the Group's gross trade receivables.

(iii) Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

34. Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

(iv) Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and credit facilities.

The Group manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raise committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

As at 31 March 2019	**Within one year RM**	**One to five years RM**	**Total RM**
Group			
Financial liabilities:			
Trade and other payables	30,097,798	-	30,097,798
Loans and borrowings	12,129,785	15,933,735	28,063,520
Total undiscounted financial liabilities	42,227,583	15,933,735	58,161,318
Company			
Financial liability:			
Trade and other payables	431,853	-	431,853
As at 31 March 2018			
Group			
Financial liabilities:			
Trade and other payables	37,593,804	-	37,593,804
Loans and borrowings	11,428,774	13,423,628	24,852,403
Total undiscounted financial liabilities	49,022,578	13,423,628	62,446,207
Company			
Financial liability:			
Trade and other payables	1,583,149	-	1,583,149

35. Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to owners of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management activities, amongst other things, aim to ensure that they meet financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Loans and borrowings	25,799,762	23,360,063	-	-
Trade and other payables	30,097,798	37,593,804	431,853	1,583,149
Less: - Cash and bank balances	(9,459,998)	(6,100,921)	(89,275)	(75,771)
Net debt	46,437,562	54,852,946	342,578	1,507,378
Equity attributable to owners of the parent	189,597,783	184,890,520	125,137,918	125,232,724
Capital and net debt	236,035,345	239,743,466	125,480,496	126,740,102
Gearing ratio	19.7%	22.9%	0.3%	1.2%

36. Segment information

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

I. Manufacturing and marketing of snack food and confectioneries

II. Property development

III. Investment holding

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

36. Segment information (continued)

31 March 2019	Sales of snack food and confectioneries RM	Property development RM	Investment holding RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:						
External customers	286,548,117	-	-	-		286,548,117
Inter-segment	-	-	4,321,067	(4,321,067)	A	-
Total revenue	286,548,117	-	4,321,067	(4,321,067)		286,548,117
Results:						
Interest income	12,422	851	172	-		13,445
Depreciation of:						
- Property, plant and equipment	11,805,455	-	-	-		11,805,455
- Investment properties	17,677	133,714	-	-		151,391
Other non-cash income	666,665	-	-	-	B	666,665
Segment profit/(loss)	18,317,336	249,564	3,491,242	(3,505,046)	C	18,553,096
Assets:						
Additions to non-current assets	8,827,643	-	-	-	D	8,827,643
Segment assets	125,010,532	5,477,203	125,569,771	-		256,057,506
Segment liabilities	73,280,129	105,538	431,853	(7,357,797)		66,459,723
31 March 2018						
Revenue:						
External customers	286,909,825	1,400,000	-	-		288,309,825
Inter-segment	-	-	8,704,244	(8,704,244)	A	-
Total revenue	286,909,825	1,400,000	8,704,244	(8,704,244)		288,309,825
Results:						
Interest income	76,307	754	27	-		77,088
Depreciation of:						
- Property, plant and equipment	9,840,651	-	-	-		9,840,651
- Investment properties	17,676	101,294	-	-		118,970
Other non-cash expenses	1,964,636	-	-	-	B	1,964,636
Segment profit	7,856,190	214,280	8,167,114	(7,982,988)	C	8,254,596
Assets:						
Additions to non-current assets	20,354,687	-	-	-	D	20,354,687
Segment assets	119,332,313	5,461,984	126,815,873	-		251,610,170
Segment liabilities	64,892,241	244,260	1,583,149	-		66,719,650

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

36. Segment information (continued)

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:

	2019 RM	2018 RM
Reversal of allowance for impairment on trade receivables	1,200,672	241
Impairment loss on trade receivables	-	(213,174)
Property, plant and equipment written off	-	(553)
Inventories written off	(1,405,329)	(895,187)
Gain/(loss) on disposal of property, plant and equipment	112,762	(10,212)
Unrealised gain/(loss) on foreign exchange	758,560	(845,751)
	666,665	(1,964,636)

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2019 RM	2018 RM
Dividend income from inter-segment	4,321,067	8,704,244
Unallocated corporate expenses	(816,021)	(721,256)
	3,505,046	7,982,988

D Additions to non-current assets consist solely of property, plant and equipment.

Geographical information

Revenue information based on the geographical location of customers are as follows:

	Revenues	
	2019 RM	2018 RM
Malaysia	101,616,946	106,698,077
Asia	129,136,053	125,267,908
Others	55,795,118	56,343,840
	286,548,117	288,309,825

37. Dividends

	Group and Company	
	2019	**2018**
	RM	**RM**
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim single tier dividend for 2018: Nil sen (2017: 1 sen) per share	-	2,400,000
- Interim single tier dividend for 2019: 0.50 sen (2018: 1 sen) per share	1,200,000	2,400,000
- Interim single tier dividend for 2019: 0.50 sen (2018: 1 sen) per share	1,200,000	2,400,000
- Interim single tier dividend for 2019: 0.50 sen (2018: 0.50 sen) per share	1,200,000	1,200,000
	3,600,000	8,400,000

On 30 May 2019, the directors declared a fourth interim single-tier dividend of 0.70 sen per ordinary share in respect of the financial year ended 31 March 2019 on 240,000,000 ordinary shares, amounting to approximately RM1,680,000 which is paid on 12 July 2019. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2020.

38. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 24 July 2019.

ANALYSIS OF SHAREHOLDINGS

AS AT 28 JUNE 2019

Total Number of Issued Share	:	240,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote Per Ordinary Share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	17	0.91	488	0.01
100 - 1,000	189	10.07	124,022	0.05
1,001 - 10,000	922	49.15	5,079,874	2.12
10,001 - 100,000	621	33.10	19,243,348	8.02
100,001 - less than 5% of issued shares	125	6.66	107,998,548	44.99
5% and above of issued shares	2	0.11	107,553,720	44.81
	1,876	**100.00**	**240,000,000**	**100.00**

Thirty Largest Shareholders as per Record of Depositors as at 28 June 2019

No.	Name of Shareholders	Total No. of Shares Held	%
1	Datuk Seri Son Chen Chuan	73,229,532	30.51
2	Syarikat Perniagaan Chong Mah Sdn. Bhd.	34,324,188	14.30
3	Thung Shung (M) Sdn Bhd	11,756,708	4.90
4	Summer Legend Sdn. Bhd.	6,795,000	2.83
5	Citigroup Nominees (Tempatan) Sdn.Bhd. Employees Provident Fund Board	6,185,400	2.58
6	Datuk Son Tong Eng	5,470,496	2.28
7	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Goon Khing (E-SRK)	4,619,000	1.93
8	JS Nominees (Tempatan) Sdn Bhd CIMB Bank For Son Tong Leong (MY1225)	4,400,000	1.83
9	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Affin AM A EQ)	3,820,400	1.59
10	Lim Keat Sear	2,935,012	1.22
11	Apendo Capital Sdn.Bhd.	2,786,500	1.16
12	Lee Kong Hooi	2,283,900	0.95
13	Lim Siew Guat	2,254,800	0.94
14	Summer Legend Sdn. Bhd.	2,123,200	0.88

ANALYSIS OF SHAREHOLDINGS
AS AT 28 JUNE 2019

Thirty Largest Shareholders as per Record of Depositors as at 28 June 2019 (continued)

No.	Name of Shareholders	Total No. of Shares Held	%
15	Lee Siew Geok	2,034,084	0.85
16	Lim Wei Hong	2,033,400	0.85
17	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	2,028,000	0.85
18	Chen Woei Herng	2,000,000	0.83
19	Teo Kwee Hock	1,890,300	0.79
20	Son Mei Chin	1,884,200	0.79
21	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	1,872,700	0.78
22	Son Kee Geok	1,853,896	0.77
23	Chai Koon Khow	1,848,900	0.77
24	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Private Fund- Series 3	1,794,800	0.75
25	Chew Tee Yong	1,790,600	0.75
26	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Growth and Income Focus Trust	1,770,000	0.74
27	Son Chew Pheng	1,717,800	0.72
28	Ong Chin Chien	1,325,800	0.55
29	Apendo Capital Sdn.Bhd.	1,110,000	0.46
30	Chen Chiann Wen	1,000,000	0.42
	Total	190,943,616	79.56

ANALYSIS OF SHAREHOLDINGS
AS AT 28 JUNE 2019

Substantial Shareholders

Name	Direct interest No. of Shares Held	%	Deemed Interest No. of Shares Held	%
Datuk Seri Son Chen Chuan	73,229,532 #	30.51	29,515,792 (i)	12.30
Lim Keat Sear	2,935,012 *	1.22	54,999,096 (ii)	22.92
Syarikat Perniagaan Chong Mah Sdn. Bhd.	34,324,188	14.30	8,918,200 (iii)	3.72

Notes:

(i) Deemed interested in the shares held by virtue of his substantial shareholdings in Apendo Capital Sdn. Bhd. (“Apendo Capital”) and Summer Legend Sdn. Bhd. (“Summer Legend”) via Apendo Holdings Sdn. Bhd. (“Apendo Holdings”), which in turn hold shares in the Company pursuant to Section 8(4) of the Companies Act, 2016 (“the Act”) and disclosure made pursuant to Section 59(11)(C) of the Act by virtue of shares held by his children in the Company;

(ii) Deemed interested in the shares held by virtue of his substantial shareholdings in Syarikat Perniagaan Chong Mah Sdn. Bhd. (“Chong Mah”), Thung Shung Sdn. Bhd.(“Thung Shung”) and Summer Legend via Chong Mah through Apendo Holdings Sdn. Bhd. (“Apendo Holdings”) which in turn hold shares in the Company pursuant to Section 8(4) of the Act.

(iii) Deemed interested in the shares held by virtue of its substantial shareholdings in Summer Legend via its interest in Apendo Holdings which in turn hold shares in the Company pursuant to Section 8(4) of the Act.

Directors Shareholdings

Name	Direct interest No. of Shares Held	%	Deemed Interest No. of Shares Held	%
Datuk Seri Son Chen Chuan	73,229,532 #	30.51	29,515,792 (i)	12.30
Lim Keat Sear	2,935,012 *	1.22	54,999,096 (ii)	22.92
Datuk Son Tong Leong	5,774,700	2.41	-	-
Datuk Son Tong Eng	5,470,496	2.28	-	-

Notes:

(i) Deemed interested in the shares held by virtue of his substantial shareholdings in Apendo Capital and Summer Legend via Apendo Holdings, which in turn hold shares in the Company pursuant to Section 8(4) of the Act and disclosure made pursuant to Section 59(11)(C) of the Act by virtue of shares held by his children in the Company;

(ii) Deemed interested in the shares held by virtue of its substantial shareholdings in Chong Mah, Thung Shung and Summer Legend via Chong Mah through Apendo Holdings which in turn hold shares in the Company pursuant to Section 8(4) of the Act.

LIST OF PROPERTIES

No.	Description, Existing Use, Age of Building and Built Up Area	Location	Land Area Square Metres)	Tenure	Date of Acquisition	Net Book Value as at 31.03.2019 (RM)
1	Factory complexes, warehouses and an office block with a total built up area of approximately 26,972 square metres. The age of the buildings range approximately 7 to 20 years.	No. 65, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	40,660	Leasehold (99 years) expiring on 30 May 2072	24 Aug 2000	18,284,341
2	Factory complexes with a total built up area of approximately 6,235 square metres. The age of the building range approximately 20 to 21 years	Plot No. 96A & 96B, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	9,519	Leasehold (99 years) expiring on 2 September 2078 & 13 January 2080 respectively	25 Nov 1993 (Plot No. 96A) 12 Nov 1990 (Plot No. 96)	2,450,220
3	Factory complex with a built up area of approximately 4,896 square metres. The age of the buildings are approximately 30 years	No. 127-C, Jalan Usaha 9, Ayer Keroh Industrial Estate, 75450 Melaka	7,564	Leasehold (99 years) expiring 4 May 2082	9 Sept 1998	1,692,091
4	2 units of semidetached factory buildings with a total built up area of approximately 2,303 square metres. The age of the buildings are approximately 42 years	No. 85 & 86, Ayer Keroh Industrial Estate, 75450 Melaka.	4,140	Leasehold (99 years) expiring 30 May 2072	9 Sept 1998 (No. 85) 1980 (No. 86)	944,652
5	2 units of 3-Storey Shop Office with a total built up area of approximately 662.21 square metres. The age of the buildings are approximately 22 years	No. 7, 7A & 7B and No. 9. 9A & 9B, Jalan Melaka Raya 11, Taman Melaka Raya, 75000 Melaka.	143 per unit	Leasehold (99 years) expiring 7 July 2093	19 Oct 1992 (No. 7, 7A & 7B) 21 Oct 1992 (No. 9, 9A & 9B)	412,917
6	Vacant Land	Lot No. 6148, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka.	1,077	Freehold	4 Dec 1999	173,895
7	Vacant Land	Lot No. 6096, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka.	2,157	Freehold	4 Dec 1999	238,576
8	Semidetached factories with a built up area of approximately 478 square metres. The age of the building is approximately 14 years	No. 20, Jalan TPP 1/1A, Taman Industri Puchong, Batu 12, Jalan Puchong, 47100 Puchong, Selangor	1,407	Freehold	10 Jul 2002	1,264,063

LIST OF PROPERTIES

No.	Description, Existing Use, Age of Building and Built Up Area	Location	Land Area Square Metres)	Tenure	Date of Acquisition	Net Book Value as at 31.03.2019 (RM)
9	Industrial Land together with a factory building	No. 91, 92, 93, 94 & 95 (Lot 97), Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	42,640	Leasehold (99 years) expiring 30 May 2072	23 Jun 2014	21,371,133
10	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 6 years	No. 21, 21-1, 21-2, Jalan Komersial TAKH 3, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring 15 February 2111	n/a	588,444
11	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 6 years	No. 19, 19-1, 19-2, Jalan Komersial TAKH 3, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring 15 February 2111	n/a	588,444
12	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 6 years	No. 8, 8-1, 8-2, Jalan Komersial TAKH 3, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring 15 February 2111	n/a	592,552
13	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 6 years	No. 3, 3-1, 3-2; Jalan Komersial TAKH 2, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring 15 February 2111	n/a	592,552
14	3-Storey Shop Office 3 Storey Shop Office with a built up area of approximately 774 square metres. The age of the buildings are approximately 6 years	No. 1, 1-1, 1-2 Jalan Komersial TAKH 2, Taman Ayer Keroh Height, 75450 Melaka.	248	Leasehold (99 years) expiring 15 February 2111	n/a	761,853
15	2 units of Double Storey Shop Office with a built up area of approximately 384 square metres.	Unit No. 01-04 & 02-04 and 01-05 & 02-05, Jalan Tampoi, Pangsapuri Dwi Alif, Johor Bahru	384 per unit	Leasehold (99 years) expiring 17 September 2112	30 Jun 2015	2,177,964
16	Single Storey Terrace House	No. 133, Lorong Setia 3, Taman Ayer Keroh Height, Ayer Keroh, 75450 Melaka	164	Leasehold (99 years) expiring 15 June 2075	23 May 2017	185,594
17	Single Storey Terrace House	No. 198, Lorong Setia 5, Taman Ayer Keroh Height, Ayer Keroh, 75450 Melaka	163	Leasehold (99 years) expiring 15 June 2075	15 Mar 2017	183,474
18	Single Storey Terrace House	No. 234, Lorong Setia 5, Taman Ayer Keroh Height, Ayer Keroh, 75450 Melaka	163	Leasehold (99 years) expiring 15 June 2075	11 Sep 2017	195,980
19	Single Storey Terrace House	No. 480, Lorong Setia 4, Taman Ayer Keroh Height, Ayer Keroh, 75450 Melaka	163	Leasehold (99 years) expiring 15 June 2075	17 Oct 2017	198,318

OTHER INFORMATION

1. **Share Buyback**

   The Company did not make any share buyback during the financial year.

2. **Audit and Non-Audit Fees**

   The audit and non-audit fees paid/payable to the external auditors by for services rendered to the Company and/or its subsidiaries for the financial year end 31 March 2019 are as follows:-

	Group (RM)	Company (RM)
Audit Fees		
- Statutory auditors	107,000	38,000
Non-audit fees		
- Statutory auditors	5,000	5,000
Total	112,000	43,000

3. **Material Contracts**

   Neither OFIH nor its subsidiary companies has entered into any other contract which are or may be material during the two (2) years preceding the date of this Annual Report, other than contract entered into in the ordinary course of business.

4. **Recurrent Related Parties Transactions**

   Pursuant to a Shareholders' Mandate obtained on 29 August 2018, the Company and its' subsidiaries have carried out recurrent related party transactions with Syarikat Perniagaan Chong Mah Sdn. Bhd. for distribution and wholesales of snack food and confectioneries products for a total value of RM1,737,614 from the effective date of Shareholders' Mandate until the date of this Annual Report.

   The Company is seeking a renewal of the Shareholders' Mandate for the Company and/or its subsidiaries to enter into a Recurrent Related Party Transactions with Related Parties under the Special Business at the forthcoming AGM.

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FORM OF PROXY

ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD
(Company No : 389769-M)
(Incorporated in Malaysia)

No. of ordinary shares held	
CDS Account No.	

I/We ____
(Full Name in Capital Letters)

of ____
(Full address)

being a Member/Members of ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD hereby appoint * the Chairman of the meeting or

____
(Full Name in Capital Letters)

of ____
(Full address)

or failing him/her of ____
(Full Name in Capital Letters)

of ____
(Full address)

as * my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the 23rd Annual General Meeting of the Company, to be held at Tiara Banquet Hall, Tiara Melaka Golf and Country Club, Jalan Gapam, Bukit Katil, 75760 Melaka on Wednesday, 28 August 2019 at 2.30 p.m. and at every adjournment thereof to vote as indicated below:

No.	Ordinary Business		For	Against
1.	To approve the payment of Directors' fees amounting to RM350,000.00 for the financial year ended 31 March 2019	Resolution 1		
2.	To approve the proposed payment of Directors' remuneration and benefits (excluding Directors' fees) up to an amount of RM135,000.00 to the Directors with effect from 29 August 2019 until the next Annual General Meeting	Resolution 2		
3.	To re-elect the following Directors, each of whom retires by rotation in accordance with Article 75 of the Constitution of the Company:- 3.1 Tan Sri Dato' Azizan Bin Husain 3.2 Mr Lim Hwa Yu	 Resolution 3 Resolution 4		
4.	To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 March 2020 and to authorise the Directors to determine their remuneration.	Resolution 5		
As Special Business				
5.	To approve the continuation in office of Tan Sri Dato' Azizan Bin Husain as an Independent Non-Executive Director of the Company.	Resolution 6		
6.	To approve the continuation in office of Datuk Jeffery Ong Cheng Lock as an Independent Non-Executive Director of the Company.	Resolution 7		
7.	To approve the continuation in office of Mr. Lim Hwa Yu as an Independent Non-Executive Director of the Company.	Resolution 8		
8.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Resolution 9		
9.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Resolution 10		
10.	To approve the Proposed Renewal of Share Buy-Back Authority	Resolution 11		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at this discretion.)

The proportion of my holdings to be represented by my *proxy/proxies are as follows:-

First name Proxy	%
Second name Proxy	%
	100%

In case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf. *Strike out whichever is not desired.

As witness my hand ____________day of____________ 2019.

____
Signature

Notes:

1. In regard of deposited securities, only members whose names appear in the Record of Depositors as at 20 August 2019 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.
2. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualifications of the proxy.
3. A member may appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
4. 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.
5. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing proxy shall be deemed to confer authority to demand or join in demanding a poll.
7. The instrument appointing a proxy must be deposited at the Registered Office at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof as Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of General Meeting to be put to vote by poll.
8. Proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
9. **Personal Data Privacy:**
   By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 31 July 2019.

Fold Here

Fold Here

Affix
stamp

THE COMPANY SECRETARY

ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD
(Company No : 389769-M)
Level 8 Symphony House
Block D13 Pusat Dagangan Dana 1
Jalan PJU1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold Here

ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD

No. Syarikat 389769-M

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