

ORIENTAL HOLDINGS BERHAD

ANNUAL REPORT 2 0 0 7

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty Sixth Annual General Meeting of stockholders of the Company will be held at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang on Thursday, 26 June 2008 at 3.00 pm for the following purposes:

1. To receive and adopt the audited Financial Statements for the year ended 31 December 2007 together with the Directors' Report and Auditors' Report thereon. **Ordinary Resolution 1**
2. To declare a Final Dividend of 10% less 26% tax and a Special Dividend of 3% less 26% tax for the year ended 31 December 2007. **Ordinary Resolution 2**
- 3(i). To re-elect the following Directors who retire in accordance with Section 129 of the Companies Act, 1965 :
 - a) Dato' Loh Say Bee **Ordinary Resolution 3**
 - b) YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail **Ordinary Resolution 4**
 - c) Puan Sharifah Intan Binti S M Aidid **Ordinary Resolution 5**
 - d) Dato' Dr Tunku Ismail Bin Tunku Mohammad Jawa **Ordinary Resolution 6**
- (ii). To re-elect the following Directors who retire in accordance with Article 133 of the Company's Articles of Association :
 - a) Dato' Wong Lum Kong, JP **Ordinary Resolution 7**
 - b) Dato' Loh Cheng Yean **Ordinary Resolution 8**
4. To approve the Directors' Fees of RM60,000 each for the year ended 31 December 2007. **Ordinary Resolution 9**
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 10**



6. As Special Business, to consider and if thought fit, to pass with or without any modification, the following Ordinary Resolutions :

(i) **Proposed Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

“THAT pursuant to Chapter 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, a general mandate of the Stockholders be and is hereby granted to the Company and/or its subsidiaries to enter into the recurrent arrangements or transactions of a revenue or trading nature, as set out in the Company's Circular to Stockholders dated 4 June 2008 (“the Circular”) with any person who is a related party as described in the Circular as follows, provided that such transactions are undertaken in the ordinary course of business, on an arm's length basis, and on normal commercial terms, or on terms not more favourable to the Related Party than those generally available to the public and are not, in the Company's opinion, detrimental to the minority stockholders; and that disclosure will be made in the annual report of the aggregate value of transactions conducted during the financial year; and that such approval, unless revoked or varied by the Company in general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company :-

- | | |
|--|-------------------------------|
| a) Recurrent Related Party Transactions of a revenue or trading nature involving Boon Siew Sdn Bhd Group; | Ordinary Resolution 11 |
| b) Recurrent Related Party Transactions of a revenue or trading nature involving Dato' Syed Mohamad Bin Syed Murtaza and family; | Ordinary Resolution 12 |
| c) Recurrent Related Party Transactions of a revenue or trading nature involving Honda Motor Co. Ltd.; | Ordinary Resolution 13 |
| d) Recurrent Related Party Transactions of a revenue or trading nature involving Hyumal Motor Sdn. Bhd..” | Ordinary Resolution 14 |

(ii) **Proposed Renewal of Stock Buy-Back**

“THAT, subject to compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities, approval be and is hereby given to the Company to utilise up to RM287.2 million and RM287.9 million which represents the audited retained profits reserve of the Company as at 31 December 2007 and management account as at 31 March 2008 respectively, otherwise available for dividend for the time being, to purchase on Bursa Malaysia Securities Berhad (“Bursa Securities”) its own stocks up to 51,700,000 ordinary stocks of RM1.00 each representing 10% of the issued and paid up share capital of the Company of 517,000,000 ordinary stocks of RM1.00 each as at 6 May 2008 (including 31,808 Stocks retained as Treasury Stocks) AND THAT upon completion of the purchase(s) of the Stocks by the Company, the Stocks shall be dealt with in the following manner :-

Ordinary Resolution 15



(ii) Proposed Renewal of Stock Buy-Back (Cont'd)

- a) to cancel the Stocks so purchased; or
- b) to retain the Stocks so purchased as treasury stocks for distribution as dividends to the stockholders and/or resell on the market of Bursa Securities; or
- c) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the stocks purchased and rationale thereof will be made to Bursa Securities AND THAT such authority from the stockholders would be effective immediately upon passing of this Ordinary Resolution up till the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by Ordinary Resolution in a general meeting of stockholders of the Company) but not so as to prejudice the completion of a purchase by the Company or any person before the aforesaid expiry date, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities; AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement or to effect the purchase of OHB Stocks.”

(iii) Proposed Amendments to the Articles of Association of the Company

“THAT the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved.”

Special Resolution 1

- 7. To transact any other businesses of which due notice shall have been given in accordance with the Company’s Articles of Association.

By Order of the Board

C. T. DIONG
LAM VOON KEAN
(Secretaries)

Penang, 4 June 2008.



Notes :

1. A stockholder entitled to attend and vote at this Meeting may appoint a Proxy, who need not be a stockholder, to attend and to vote in his stead.
2. If the appointer is a corporation, the Proxy Form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
3. To be valid, the Proxy Form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time stipulated for holding the meeting or any adjournment thereof.
4. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

Explanatory Notes on Special Businesses :

1. The Ordinary Resolutions 11 to 14, if passed will renew the stockholders' mandate on Recurrent Related Party Transactions and allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad. This approval shall continue to be in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by the law to be held or revoked/varied by resolution passed by the stockholders in general meeting whichever is the earlier.
2. The Ordinary Resolution 15, if passed will allow the Company to purchase its own stocks. The total number of stocks purchased shall not exceed 51,700,000 stocks representing 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.
3. The Special Resolution 1, if passed, will amend the Articles of Association of the Company to be in compliance with the amendments to Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad.

DIVIDEND ANNOUNCEMENT

NOTICE IS ALSO HEREBY GIVEN that a depositor shall qualify for entitlement to the dividend only in respect of :-

- a. Stocks transferred into the Depositor's Securities Account before 4:00 p.m. on 7 July 2008 in respect of ordinary transfers; and
- b. Stocks bought on Bursa Malaysia Securities Berhad on a cum dividend entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The Final Dividend, if approved, will be paid on 25 July 2008 to depositors registered in the Records of Depositors at the close of business on 7 July 2008.

Stockholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No.2) Act, 1998 which came into force on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn. Berhad by 12.30 p.m. on 1 December 1998 and not exempted from Mandatory Deposit, have been transferred to the MOF. Accordingly, the dividends for such undeposited shares will be paid to the MOF.



APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association of Oriental Holdings Berhad are proposed to be amended in the following manner (for which differences are highlighted in bold), to be in compliance with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad :-

Article No.	Existing Articles		Amended Articles	
	Words	Meanings	Words	Meanings
2(b)	Approved Market Place	A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption (No. 2) Order, 1998 as may be amended, modified or altered from time to time	Deleted	Deleted
2(c)	Articles	The Articles of Association of the Company as adopted or as from time to time altered or added to by special resolution	Articles of Association	includes any document defining the constitution or governing the activities or conduct of an applicant, a listed company or its members.
2(f)	Central Depository	The Malaysian Central Depository Sdn. Bhd. (165570-W)	Central Depository	Bursa Malaysia Depository Sdn. Bhd. (165570-W)
2(i)	Deposited Security	A security, as defined in Section 2 of the Central Depositories Act, standing to the credit of a Securities Account of a Depositor and includes security in a Securities Account that is in suspense	Deposited Security	shall have the meaning given in section 2 of the Central Depositories Act
2(j)	Depositor	A holder of a Securities Account	Depositor	means a holder of a securities account established by the Depository



Article No.	Existing Articles		Amended Articles	
	Words	Meanings	Words	Meanings
2(k)	Directors	The directors for the time being of the Company or their alternates	Directors	shall have the meaning given in Section 2 of the Capital Markets and Services Act 2007 and includes in the case of an issuer of structured warrants or a listed issuer which is a trust, a director of the issuer of the structured warrants or a director of a management company of the trust respectively.
2(l)	Exchange	Kuala Lumpur Stock Exchange	Exchange	means Bursa Malaysia Securities Berhad
2(o)	Listing Requirements	The Listing Requirements of the Kuala Lumpur Stock Exchange and any modification or amendment thereof that may be made from time to time	Listing Requirements	The Listing Requirements of Bursa Malaysia Securities Berhad and any modification or amendment thereof that may be made from time to time
2(p)	Market Day	Any day between Mondays and Fridays which is not a market holiday or Public Holiday	Market Day	means a day on which the stock market of the Exchange is open for trading in securities.
2(q)	Members	Any person/persons for the time being holding shares in the Company and whose names appear in the Company's Register of Members (except the Central Depository or its nominee company in whose name the Deposited Security is registered) including Depositors whose names appear on the Record of Depositors in respect of the shares in the Company	Members	includes a depositor who shall be treated as if he were a member pursuant to Section 35 of the Central Depositories Act but excludes the Depository in its capacity as a bare trustee.



Article No.	Existing Articles		Amended Articles	
	Words	Meanings	Words	Meanings
2(t)	Prescribed Security	A security which has been prescribed by the Exchange to be deposited with the Central Depository in accordance with Section 14 of the Securities Industry (Central Depositories) Act 1991	Prescribed Security	means a security which has been prescribed by the Exchange to be deposited with the Central Depository in accordance with Section 14 of the Central Depositories Act.
2(y)	Rules	The Ruled of the Central Depository and any appendices thereto, as amended from time to time	Rules	shall have the meaning given in Section 2 of the Central Depositories Act.
14(4)	the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.		Deleted	
24	Subject to the Act and these Articles, any preference shares may be issued on terms that they are, or at the option of the Company are liable to be redeemed on such terms and in such manner as may be provided for by these Articles. The total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.		Subject to the Act and these Articles, any preference shares may be issued on terms that they are, or at the option of the Company are liable to be redeemed on such terms and in such manner as may be provided for by these Articles.	
26(2)	Preference shareholders must be entitled to a return of capital in preference to holders of ordinary shares when the company is wound up.		Deleted	
42	Subject to these Articles, the Act, the Central Depositories Act and the Rules (with respect to transfer of deposited security), shares in the Company which have been deposited with the Central Depository shall be transferable but every transfer shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding sections 103 and 104 of the Companies Act, 1965, but subject to section 107C(2) of the Companies Act, 1965 and any exemption that may be made from the compliance with section 107C(1) of the Companies Act, 1965, the Company shall be precluded from registering and effecting any transfer of listed securities.		Subject to these Articles, the Act, the Central Depositories Act and the Rules (with respect to transfer of deposited security), shares in the Company which have been deposited with the Central Depository shall be transferable but every transfer shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding sections 103 and 104 of the Act , but subject to subsection 107C(2) of the Act , and any exemption that may be made from the compliance with subsection 107C(1) of the Act , the Company shall be precluded from registering and effecting any transfer of listed securities.	



Article No.	Existing Articles	Amended Articles
45	The Company may at the Directors' discretion require the Central Depository to suspend the registration of transfer at such times and for such periods as the Directors may from time to time determine, not exceeding in the whole thirty (30) days in any calendar year. At least twelve (12) Markets Days' notice of such closure shall be given to the Exchange stating the period and the purpose of such closure. In this respect, the Company shall give notice in accordance with the Rules to the Central Depository to enable the Central Depository to prepare the appropriate Records of Depositors.	The Company may at the Directors' discretion require the Central Depository to suspend the registration of transfer at such times and for such periods as the Directors may from time to time determine, not exceeding in the whole thirty (30) days in any calendar year. At least ten (10) Markets Days' notice of such closure shall be given to the Exchange stating the period and the purpose of such closure. In this respect, the Company shall give notice in accordance with the Rules to enable the Central Depository to prepare the appropriate Records of Depositors.
50	The Register of Members may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a book closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. Such notice shall state the books closing date, which shall be at least twelve (12) clear market days after the date of notification to the Exchange, and the address of the share registry at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules to prepare the appropriate Record of Depositors.	The Register of Members may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a book closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. Such notice shall state the books closing date, which shall be at least ten (10) market days after the date of notification to the Exchange, and the address of the share registry at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules to prepare the appropriate Record of Depositors.



Article No.	Existing Articles	Amended Articles
60(1)	<p>Where:-</p> <p>(a) the securities of the Company are listed on an Approved Market Place; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities, the Company shall, upon the request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of Company in the jurisdiction of the Approved Market Place (hereinafter referred to as “the Foreign Registrar”), to the register of holders maintained by the Registrar of Company in Malaysia (hereinafter referred to as “the Malaysian Register”) provided that there shall be no change in the ownership of such securities.</p>	<p>Where:-</p> <p>(a) the securities of the Company are listed on another stock exchange; and</p> <p>(b) such Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,</p> <p>such Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.</p>
60(2)	For the avoidance of doubt, no company which fulfils the requirements of subparagraph (1)(a) and (b) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register.	Deleted
79	Subject to the provisions of the Act relating to special resolutions, all notices convening general meetings shall be given to all shareholders at least 14 days before the meeting or 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Notice of every such meeting shall be given by advertisement in the daily press in writing to each stock exchange upon which the Company is listed.	Subject to the provisions of the Act relating to special resolutions, all notices convening general meetings shall be given to all shareholders at least 14 days before the meeting or 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Notice of every such meeting shall be given by advertisement in at least 1 nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.
80(2)	The Company shall request the Central Depository in accordance with the rules of the Central Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.	The Company shall request the Central Depository in accordance with the Rules , to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.



Article No.	Existing Articles	Amended Articles
80(3)	The Company shall request the Central Depository in accordance with the Rules of the Central Depository, to issue a Record of Depositors, as at a date not less than 3 market days before the general meeting (hereinafter referred to as “the General Meeting Record of Depositors”).	The Company shall also request the Central Depository in accordance with the Rules , to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than 3 market days before the general meeting (hereinafter referred to as “the General Meeting Record of Depositors”).
99	Subject to any rights or restrictions attached to any shares on a show of hands every Member who:- (1) being an individual, is present in person or by proxy or attorney; or (2) being a corporation, is present by a duly authorised representative or by proxy or attorney, shall have 1 vote and on a poll every Member shall have 1 vote for every share of which he is the holder. On a poll votes may be given either personally or by proxy or by attorney or by a duly authorised representative of a corporate Member.	Subject to any rights or restrictions attached to any shares on a resolution to be decided on a show of hands every Member who:- (1) being an individual, is present in person or by proxy or attorney; or (2) being a corporation, is present by a duly authorised representative or by proxy or attorney, and entitled to vote shall be entitled to 1 vote and on a poll every Member shall have 1 vote for every share of which he is the holder. On a poll votes may be given either personally or by proxy or by attorney or by a duly authorised representative of a corporate Member
105	Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Where a member of the Company is an authorised nominee as defined under the Central Depositories Act , it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account
114	All the Directors shall be natural persons.	Deleted
142(1)	becomes bankrupt or enters into any arrangement or composition with his creditors generally;	becomes of unsound mind or bankrupt during his term of office;
142(3)	becomes of unsound mind or lunatic in Malaysia or elsewhere or an order is made by any court or other competent authority claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a committee or other person (by whatever name called) to exercise powers with respect to his property and / or affairs;	Deleted
142(7)	is absent from more than 50% of the total Board of Directors' Meetings held during a financial year.	Deleted



STATEMENT OF PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN STOCKS

1. INTRODUCTION

At the AGM of the Company held on 28 June 2007, the Directors had obtained stockholders' approval to undertake the Proposed Stock Buy-Back of up to 10% of the issued and paid-up share capital of Oriental Holdings Berhad ("the Company" or "OHB") through Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company's authority to undertake the Proposed Stock Buy-Back shall, in accordance with Bursa Malaysia's Guidelines Governing Share Buy-Back, lapse at the conclusion of the forthcoming AGM unless a new mandate is obtained from stockholders for the Proposed Stock Buy-Back.

Accordingly, the Company had on 29 April 2008 announced that the Directors proposed to seek new authorisation from stockholders for a renewal of the Proposed Stock Buy-Back.

The purpose of this Statement is to provide you with the details pertaining to the Proposed Stock Buy-Back and to seek your approval for the related resolution which will be tabled at the forthcoming AGM.

2. PROPOSED RENEWAL OF AUTHORITY FOR THE STOCK BUY BACK

As at the date of this Statement, the Company has bought back 100,000 Stocks from the open market. On 2 March 2001, 68,192 of the Treasury Stocks that were purchased were cancelled.

As at 6 May 2008, the issued and paid up share capital of the Company is RM517,000,000 comprising of 517,000,000 Stocks of RM1.00 each (including 31,808 Stocks retained as Treasury Stocks). The Directors seek the authority from the stockholders of the Company to purchase its Stocks up to ten per centum (10%) of the issued and paid-up share capital of OHB or 51,700,000 Stocks for the time being quoted on the Bursa Securities through its appointed stockbroker, Hwang-DBS Securities Berhad previously notified to the Bursa Securities.

The new mandate from stockholders will be effective immediately upon the passing of the Ordinary Resolution for the Proposed Stock Buy-Back up till the conclusion of the next AGM of OHB in the year 2009 unless the authority is further renewed by an Ordinary Resolution passed at the said AGM (either unconditionally or subject to conditions), or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by an Ordinary Resolution of the stockholders of the Company in a general meeting.

The Proposed Stock Buy-Back is subject to the compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

In accordance with the guidelines of Bursa Securities, the Company may only purchase the Stocks on Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price for the past five (5) market days immediately preceding the date of the purchase(s) and the Company may only resell the treasury stocks on Bursa Securities at a price which is not less than the weighted average market price for the past five (5) market days immediately prior to the resale; or at a discounted price of not more than 5% to the weighted average market price for the Stocks for the 5 market days immediately prior to the resale provided that :-

- i) the resale takes place no earlier than 30 days from the date of purchase; and
- ii) the resale price is not less than the cost of purchase of the shares being resold.

The Directors will deal with the Stocks so purchased in the following manner :-



- 1) to cancel the Stocks so purchased; or
- 2) to retain the Stocks so purchased in treasury for distribution as dividend to the stockholders and/or resell on the market of Bursa Malaysia; or
- 3) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

An appropriate announcement will be made to Bursa Securities in respect of the intention of the Directors whether to retain the Stocks so purchased as treasury stocks or cancel them or both as and when the Proposed Stock Buy-Back is executed.

3 RATIONALE FOR THE PROPOSED STOCK BUY-BACK

The Proposed Stock Buy-Back will give the Directors the flexibility to purchase Stocks, if and when circumstances permit, with a view to enhancing the earnings per stock of the Group and net asset per stock of the Company.

The Proposed Stock Buy-Back is not expected to have any potential material disadvantage to the Company and its stockholders as it will be exercised only after in-depth consideration of the financial resources of the Group and of the resultant impact on its stockholders.

3.1 Potential Advantages

The Proposed Stock Buy-Back if exercised, is expected to potentially benefit the Company and its stockholders as follows :

- The Company would expect to enhance the earnings per stock of the Group (in the case where the Directors resolve to cancel the Stocks so purchased or retain the Stocks in treasury and the treasury stocks are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- If the Stocks bought back are kept as treasury stocks, it will give the Directors an option to sell the Stocks so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively the Stocks so purchased can be distributed as share dividends to stockholders; and
- The Company may be able to stabilize the supply and demand of its Stocks in the open market and thereby supporting its fundamental values.

3.2 Potential Disadvantages

The Proposed Stock Buy-Back, if exercised, will reduce the financial resources of OHB and may result in OHB having to forego other alternative investment opportunities which may emerge in the future, and it may reduce the financial resources of OHB for payment of dividends. Nevertheless, the Directors will be mindful of the interests of OHB and its stockholders when exercising the Proposed Stock Buy-Back.



4 FINANCIAL EFFECTS OF THE PROPOSED STOCK BUY-BACK

4.1 Share Capital

The Proposed Stock Buy-Back, if carried out in full and the Stocks so purchased are cancelled, the proforma effect on the issued and paid-up share capital of the Company will be as follows :

	<i>No. of Stocks</i>
Existing as at 6 May 2008	517,000,000
Proposed Stock Buy-Back <i>(10% of the issued and paid up share capital, including 31808 Treasury Stocks)</i>	51,700,000
	<u>465,300,000</u>

However, there will be no effect on the issued and paid-up share capital of OHB if the Stocks so purchased are retained as Treasury Stocks.

4.2 Net Assets Per Stock

The effects of the Proposed Stock Buy-Back on the net assets per stock of the Group are dependent on the purchase prices of the OHB Stocks and the effective funding cost to the Company.

If all the OHB Stocks purchased are to be cancelled, the Proposed Stock Buy-Back will reduce the net asset per stock when the purchase price exceeds the net asset per stock at the relevant point in time. However, the net asset per stock will be increased when the purchase price is less than the net asset per stock at the relevant point in time. The net asset per stock is RM6.44 as per audited financial statements as at 31 December 2007.

4.3 Working Capital

The Proposed Stock Buy-Back, if exercised, will reduce the working capital of the Group, the quantum of which depends on the purchase price of OHB Stocks and the actual number of OHB Stocks purchased.

4.4 Earnings Per Stock

The effects of the Proposed Stock Buy-Back on the earnings per stock of the Group are dependent on the actual number of OHB Stocks bought back and the purchase prices of OHB Stocks and the effective funding cost to the Company.

4.5 Dividends

Assuming the Proposed Stock Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Stock Buy-Back will have the effect of increasing the dividend rate of OHB as a result of the reduction in the issued and paid-up share capital of OHB as described under Section 3.1 above.



5. SOURCE OF FUNDS FOR THE PROPOSED STOCK BUY BACK

The Proposed Stock Buy-Back will allow the Company to purchase its own stocks at any time within the above mentioned time period using internally generated funds and/or borrowings of the Company.

The actual number of Stocks to be purchased, the total amount of funds to be utilized for each purchase and the timing of any purchase will depend on the market conditions and sentiments of the stock market, the financial resources available to the Company as well as the availability of the retained profits reserve and the share premium reserve of the Company.

The maximum amount of funds to be utilised for the Proposed Stock Buy-Back shall not exceed the aggregate of the retained profits reserve of the Company, otherwise available for dividend for the time being. Based on the audited financial statements as at 31 December 2007 and management account as at 31 March 2008, the Company's retained earnings are RM287.2 million and RM287.9 million respectively.

6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED STOCK BUY BACK

6.1 Public Stockholding Spread

The Proposed Stock Buy-Back will be made in compliance with the 25% stockholding spread as required by the Bursa Securities's Listing Requirements and should not result in the issued and paid-up capital of OHB to fall below the prescribed minimum of RM60 million for a company listed on the Main Board of the Bursa Securities. As at 6 May 2008, the public stockholding spread of the Company is approximately 5,835 Stockholders which represents 44.2% of its issued share capital.

6.2 Purchases and Resale Made in the Previous Twelve (12) Months

OHB has not purchased any stocks in the previous 12 months preceding the date of this Statement. There was also no resale or cancellation of treasury stocks during the same period.

As at 31 December 2000, OHB had purchased a total of 100,000 of its own stocks and retained as Treasury Stocks. Out of 100,000 Stocks, 68,192 Stocks have been cancelled on 2 March 2001 and delisted from the Bursa Securities. The remaining of 31,808 Stocks are retained as Treasury Stocks. Treasury Stocks have no rights to voting, dividends, bonus issue and participation in other distribution.

6.3 Implication on the Malaysian Code on Take-Overs and Mergers 1998 Code ("the Code")

Boon Siew Sdn Bhd, a major stockholder of OHB by virtue of the management control exercised collectively by Dato' Loh Cheng Yean, Dato' Wong Lum Kong, JP, Dato' Lim Su Tong @ Lim Chee Tong and Dato' Dr Tan Chong Siang is deemed to be a Party Acting in Concert with these Directors.

The Proposed Stock Buy-Back, if fully exercised will result in the equity interest of Boon Siew Sdn Bhd increasing from 43.0% to 47.8%. If the increase is more than 2% over a 6 month's period, Boon Siew Sdn Bhd will be obliged under Rule 6 of the Code to undertake a Mandatory General Offer for the remaining ordinary stocks in OHB not already held by them.



The Directors, Dato' Loh Cheng Yean, Dato' Wong Lum Kong, JP, Dato' Lim Su Tong @ Lim Chee Tong and Dato' Dr Tan Chong Siang and Boon Siew Sdn Bhd will seek Securities Commission's approval for a waiver from the obligation to undertake a Mandatory General Offer under Securities Commission's Practice Note 2.9.10 of the Code, which is in respect of exemption for holders of voting shares, directors and persons acting in concert when a company purchases its own voting shares.

In the event the Proposed Waiver is not granted, the Company will not proceed with the Proposed Stock Buy-Back.

7. INTERESTS OF DIRECTORS, SUBSTANTIAL STOCKHOLDERS AND PERSONS CONNECTED

The Directors, Substantial Stockholders and Persons Connected with the Directors and/or Substantial Stockholders of OHB Group have no direct or indirect interest in the Proposed Stock Buy-Back and resale of treasury stocks.

8. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Stock Buy-Back, the Directors are of the opinion that the Proposed Stock Buy-Back is in the best interest of the Group. The Directors recommend that you vote in favour of the resolution pertaining to the Proposed Stock Buy-Back to be tabled at the forthcoming AGM.

9. BURSA SECURITIES

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.



Corporate Information

BOARD OF DIRECTORS

Chairman

Dato' Loh Cheng Yean
D.S.P.N.

Managing Director

Dato' Wong Lum Kong
D.S.S.A., J.P.

Dato' Loh Say Bee
D.M.P.N., A.M.N., P.K.T., P.J.K.

Dato' Lim Su Tong @ Lim Chee Tong
D.S.P.N.

YM Tengku Tan Sri Dato' Seri Ahmad
Rithauddeen Bin Tengku Ismail
P.M.N., S.P.M.P., S.S.A.P., P.M.K.

Dato' Dr. Tan Chong Siang
D.S.P.N., D.J.N., P.K.T.

Dato' Dr. Tunku Ismail Bin Tunku
Mohammad Jawa
D.S.D.K., K.M.N., P.K.T., P.K., P.P.A., Ph.D

Sharifah Intan Binti S. M. Aidid

Atsushi Fujimoto
BA (Econs)

SECRETARIES

C. T. Diong, F.C.A. (Aust), Chartered Accountant
Lam Voon Kean, C.A.(M), CPA (M), Chartered
Accountant

AUDIT COMMITTEE

Chairman

YM Tengku Tan Sri Dato' Seri Ahmad
Rithauddeen Bin Tengku Ismail

Members

Dato' Wong Lum Kong
Dato' Loh Say Bee
Sharifah Intan Binti S. M. Aidid
Dato' Dr. Tunku Ismail Bin Tunku
Mohammad Jawa

REGISTERED OFFICE

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2294390
Fax No : 04-2265860

REGISTRAR

AGRITEUM Share Registration
Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel No : 04-2282321
Fax No : 04-2272391

AUDITORS

KPMG, Penang
Chartered Accountants

BANKERS

Citibank Berhad
OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Eon Bank Berhad
Public Bank Berhad

LISTING

Bursa Malaysia Securities Berhad
Main Board
Stock Code : 4006



PROFILE OF DIRECTORS

Dato' Loh Cheng Yean

Dato' Loh, aged 64, a Malaysian, is a Non-Independent Executive Director and appointed to the Board in 1987.

She began her career as Managing Director in Kah Motor Co. Sdn. Bhd., Singapore in 1974. In 1995, she was appointed Executive Chairman of Oriental Holdings Berhad.

She is also the Chairman of Boon Siew Sdn. Bhd., and the Singapore Safety Driving Centre Ltd as well as a Director of Bukit Batok Driving Centre Ltd, Tasek Corporation Berhad and Honda Malaysia Sdn Bhd.

She attended all the 7 Board Meetings held in 2007.

She is a sister-in-law of Dato' Wong Lum Kong, JP, Dato' Dr Tan Chong Siang and Dato' Lim Su Tong.

Dato' Wong Lum Kong, JP

Dato' Robert Wong, DSSA, JP aged 67, a Malaysian, is a Non-Independent Executive Director and was appointed to the Board on April 12, 1976. He is currently the Group Managing Director.

An Australian trained Accountant with Cost Accounting background, Dato' Robert Wong, DSSA, JP is a member of The Malaysian Institute of Accountants, The Malaysian Institute of Certified Public Accountants, The Australian Society of Accountants, The Malaysian Institute of Directors and a Fellow of The Institute of The Motor Industry.

His professional career started in 1964 when he assumed the post of General Manager and Director of a manufacturing and trading concern dealing in non-consumable products. From 1967 to 1971, he was attached to a local accounting firm as Senior Accountant, and during this period, he was seconded to a stock broking firm for 1½ years to reorganize and manage the business. In 1971, he started his own Public Accounting Firm.

Dato' Wong joined Oriental Holdings Berhad Group in 1972 as General Manager and Advisor, with emphasis on the motor business. Since 1987, he has been the Group Managing Director, and because of his extensive years of experience in the motor trade spanning over four decades, he is to this day still overseeing the Group's overall business particularly four wheelers as well as the manufacturing of automotive (4-wheelers and 2-wheelers), electronics and plastic parts both locally and abroad. In addition to the motor trade, he is also actively involved in other businesses, including serving as director in the Group's subsidiary companies involved in hotel and resorts, plantation, construction machinery, leasing and finance. In 2001, he was appointed Managing Director of Oriental-Hyundai Sdn. Bhd. and Kah Bintang Auto Sdn. Bhd., subsidiaries of Oriental Holdings Berhad formed to distribute and market Hyundai CKD vehicles in Malaysia.

Among his many accomplishments, he was instrumental in making Honda the No. 1 Best Selling Car in Malaysia for 11 consecutive years (non-national car segment) from 1990 to 2000, ahead of Toyota, and is the only country in the world to have achieved this.

Besides being an active sports enthusiast, Dato' Robert Wong, DSSA, JP is also very much devoted to public services and has held some notable memberships, namely:

- Council Member of Dato' Paduka Mahkota Selangor;
- Treasurer of the Council of Justice of Peace of Selangor;
- Honorarian Rotarian of the Rotary Club of Kuala Lumpur West;



- Fellow of The Paul Harris Award;
- Associate Member of Commonwealth Magistrates & Judges Association;
- Trustee of The Spastic Children's Association of Selangor and Federal Territory.

In addition to board membership, Dato' Wong is also a member of the Audit Committee.

He attended 6 out of 7 Board meetings held in 2007.

Dato' Robert Wong, DSSA, JP is the eldest brother-in-law of Dato' Loh Cheng Yean, Dato' Dr. Tan Chong Siang and Dato' Lim Su Tong.

Dato' Lim Su Tong @ Lim Chee Tong

Dato' Lim, aged 63, a Malaysian, is a Non-Independent Executive Director and has been a board member since July 1, 1974.

Dato' Lim, a Bachelor of Arts (Hons) Economics graduate has over 30 years of experience in business operations. He is in charge of finance (locally and offshore), property development and plantation divisions of the Group.

He is currently a director of several subsidiaries of Oriental Holdings Berhad involved in hotels and resorts, automotive industries (4-wheelers and 2-wheelers), electronics and plastic parts industries both locally and abroad.

He is also a director of Boon Siew Credit Berhad and Penang Yellow Bus Co. Berhad.

He attended all the 7 Board Meetings held in 2007.

He is a brother-in-law of Dato' Loh Cheng Yean, Dato' Wong Lum Kong, JP and Dato' Dr Tan Chong Siang.

Tengku Tan Sri Dato Seri Ahmad Rithauddeen Bin Tengku Ismail

YM Tengku, aged 76, a Malaysian, is an Independent Non-Executive Director and was appointed to the Board on February 9, 2000.

YM Tengku, a former Cabinet Minister, served with the government for 20 years in various ministries as Minister of Foreign Affairs, Minister of International Trade and Industry, Minister at the Prime Minister's Office and Minister of Defence before retiring in 1990.

Tengku holds a Bachelor of Law degree from the University of Nottingham, United Kingdom and is a Barrister-at-Law from Lincoln's Inn.

He is also currently the Pro-Chancellor of Universiti Kebangsaan Malaysia, Chairman of Road Builder (M) Holdings Berhad, University of Nottingham Malaysia Sdn Bhd and Yayasan Amal of Inti College.

In January 2002, YM Tengku was conferred Doctor of Laws (Honoris Causa) by the University of Nottingham.

He is the Chairman of the Audit Committee.

He attended 4 out of 7 Board Meetings held in 2007.

YM Tengku does not have any family relationship with any other Director and/or major shareholder of the Company.



Dato' Loh Say Bee

Dato' Loh, aged 83, a Malaysian, is an Independent Non-Executive Director and has been a board member since September 11, 1964.

He completed his primary education in China before he came to Malaysia. He has over 51 years of experience in property development. He is the advisor to various development companies namely, Perumahan Concord Sdn Bhd, Seberang Perai Resort Berhad, Union Enterprise Sdn Bhd. He was also a Board Member of Southern Bank Berhad in the 1960's.

He is the Chairman of Loh Say Bee Sdn Bhd, the Managing Director of Sri Pinang Development Sdn Bhd and a director of The Corner Properties Berhad.

He is a member of the Audit Committee.

He attended all the 7 Board meetings held in 2007.

Dato' Loh does not have any family relationship with any other Director and/or major shareholder of the Company.

Dato' Dr. Tunku Ismail Bin Tunku Mohammad Jawa

Tunku, aged 71, a Malaysian, is an Independent Non-Executive Director has been a board member since July 2, 2001.

Tunku, an educationist and a former Professor holds a Post-Doctoral qualification from Harvard. He ventured into the business world after he retired from Universiti Sains Malaysia.

He is Chairman of P.I.E. Industrial Berhad as well as SLP Resources Berhad since 1997 and October 2007 respectively. He is also an Independent Non-Executive Director of CAB Cakaran Corporation Berhad.

He is a member of the Audit Committee.

He attended all the 7 Board Meetings held in 2007.

Tunku does not have any family relationship with any other Director and/or major shareholder of the Company.

Dato' Dr Tan Chong Siang

Dato' Dr Tan, aged 67, a Malaysian, is a Non-Independent Non-Executive Director and has been a board member since April 7, 1995.

Dato' Dr Tan is a medical specialist by profession and a Chief Executive Officer of two private hospitals.

He attended all the 7 Board Meetings held in 2007.

He is a brother-in-law of Dato' Loh Cheng Yean, Dato' Wong Lum Kong and Dato' Lim Su Tong.



Sharifah Intan Binti S M Aidid

Puan Sharifah, aged 73, a Malaysian, is a Non-Independent Non-Executive Director. She was appointed a Director on 25 July 2002.

After 20 years in the teaching profession, she took up law in 1980, and was called to the Bar in 1985. She is currently a consultant of Messrs. Lim Huck Aik & Co, Advocates & Solicitors.

She is not a board member of any other public listed company.

She is a member of the Audit Committee.

She attended all the 7 Board Meetings held in 2007.

Puan Sharifah does not have any family relationship with any other Director and/or major shareholder of the Company.

Atsushi Fujimoto

Mr Atsushi Fujimoto, aged 46, a Japanese, is a Non-Independent Non-Executive Director and has been a board member since 30 April 2007. Mr Atsushi Fujimoto graduated from Keio University, Japan with a Degree in Bachelor of Arts in Economics.

He, previously a Manager in the Product Planning and Marketing Office for Automobile Operations in Honda Motor Co., Ltd. Tokyo. The charismatic and accomplished Fujimoto joined Honda in April 1986. He began his career at Honda in the Domestic Sales Department in Osaka, Japan. Several years later, he moved on to various key departments including the Automobile Planning Office, Product Planning Office in Automobile Operations and Sales Planning Office in Automobile Planning Office. In April 1996, Fujimoto was transferred to Regional Operations in Automobile taking care of the Middle East, Near East, Europe and Africa Sales Division. In August 1999, he had his first overseas posting in Kocaeli, Turkey for three years as the Head of Sales and Marketing where he successfully enhanced the Honda brand in Turkey before he was transferred back to Tokyo. Fujimoto played an important key role in overseeing marketing strategy for Honda Worldwide as the Manager in the Product Planning and Marketing Office for Automobile Operations in Honda Motor Co., Ltd. Tokyo.

He is not a board member of any other public listed company.

He attended 3 out of 5 Board Meetings held in 2007.

Mr Atsushi Fujimoto is the representative of Honda Motor Co. Ltd. He does not have any family relationship with any other Director and/or major shareholder of the Company.

Notes:

(a) Conflict of Interest

None of the Directors has any conflict of interest with the Group.

(b) Convictions of Offences

None of the Directors has been convicted of any offences within the past 10 years.



NAME OF SUBSIDIARIES AND ASSOCIATED COMPANIES

AAP	Armstrong Auto Parts Sdn. Berhad
ACP	Armstrong Cycle Parts (Sdn). Berhad
ACPV	Armstrong Component Parts (Vietnam) Co., Ltd
AI	Armstrong Industries Sdn. Bhd.
AR	Armstrong Realty Sdn. Bhd.
ATS	Armstrong Trading & Supplies Sdn. Bhd.
ATTS	AT-TS Marketing Sdn. Bhd.
BBDS	Bukit Batok Driving Centre Ltd.
Bint	Bayview International Sdn. Bhd.
BSB	Boon Siew (Borneo) Sendirian Berhad
BSKah	B. S. Kah Pte. Ltd.
CC	Compounding & Colouring Sdn. Bhd.
ChDev	Chainferry Development Sdn. Berhad
DF	Dragon Frontier Sdn. Bhd.
Gbay	Geographe Bay Motel Unit Trust
HAP	Honda Autoparts Manufacturing (M) Sdn. Bhd.
HCM	Hitachi Construction Machinery (Malaysia) Sdn. Bhd.
HM	Happy Motoring Company Sdn. Bhd.
HS	Hymold (Su Zhou) Co., Ltd
HTSM	Hicom Teck See Manufacturing Malaysia Sdn. Bhd.
Juta	Jutajati Sdn. Bhd.
Kah Assemblers	Kah Assemblers Sdn. Bhd.
Kah Classic	Kah Classic Auto Sdn. Bhd.
Kah M	Kah Motor Company Sdn. Berhad
KAust	Kah Australia Pty. Ltd.
KBA	Kah Bintang Auto Sdn. Bhd.
KD	Key Digital Sdn. Bhd.
Ken	Kenanga Mekar Sdn. Bhd.
KNZ	Kah New Zealand Limited
KP	Kah Power Products Pte. Ltd.
KST	Kasai Teck See Co. Ltd.
KWE	Kwong Wah Enterprise Sdn. Bhd.
KU	Konkrit Utara Sdn. Bhd.
LEM	Lipro Electrical Manufacturing Sdn. Bhd.
LMold	Lipro Mold Engineering Sdn. Bhd.
LSB	Lipro Sdn. Bhd.
LT	Lipro Trading Sdn. Bhd.
NME	North Malaya Engineers Trading Company Sdn. Berhad
NMEO	North Malaya Engineers Overseas Sdn. Bhd.
NMX	North Malaya (Xiamen) Steel Co. Ltd.
OA	Oriental Assemblers Sdn. Bhd.
OAM	Oriental Asia (Mauritius) Pte. Ltd.
OBSM	Oriental Boon Siew (Mauritius) Pte. Ltd.
OBS(M)	Oriental Boon Siew (M) Sdn. Bhd.
OBSS	OBS (Singapore) Pte. Ltd.
OC	Syarikat Oriental Credit Berhad
OHY	Oriental-Hyundai Sdn Bhd
OIM	Oriental International (Mauritius) Pte Ltd
OIW	Oriental Industries (Wuxi) Co. Ltd
OKI	P. T. Oriental Kyowa Industries
OKPI	Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co. Ltd
OL	Onward Leasing & Credit Sdn. Bhd.
Olog	Oriental-Logistics Sdn Bhd
ONDE	Oriental Nichinan Design Engineering Sdn. Bhd.
OR	Oriental Realty Sdn. Berhad
ORPO	Oriental Rubber & Palm Oil Sdn. Berhad
OSI	Oriental San Industries Sdn. Bhd.
OTIC	Oriental Thai Industries Co. Ltd.



NAME OF SUBSIDIARIES AND ASSOCIATED COMPANIES (CONT'D)

PgA	Penang Amusements Co. Sdn. Bhd.
PTGBina	PT Gunungsawit Binalestari
PTGML	PT Gunung Maras Lestari
PT OMI	P.T. Oriental Manufacturing Indonesia
PT BSSP	PT. Bumi Sawit Sukses Pratama
PWR	Penang Wellesley Realty Sdn. Berhad
SP	Selasih Permata Sdn. Bhd.
SPP	Southern Perak Plantations Sdn. Berhad
SOrien	Southern Oriental Sdn. Bhd.
SSDC	Singapore Safety Driving Centre Ltd.
SU	Simen Utara Sdn. Bhd.
TSP	Teck See Plastic Sdn. Bhd.
UG	Ultra Green Sdn. Bhd.
UMix	Unique Mix (Penang) Sdn. Bhd.
UniMix	Unique Mix Sdn. Bhd.
UP	Unique Pave Sdn. Bhd.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Oriental Holdings Berhad, I am pleased to present the annual report for the year ended 31 December 2007.

The Group continued to achieve another year of satisfactory results in 2007. Despite the vagaries of the operating environment brought on by the volatile global economic climate, the Group continues to make excellent strides forward on all fronts by building upon our culture of prudent management and responsiveness to changing customer demands. Our ability to sustain profitability year after year is in no small part due to efforts of our dedicated and motivated workforce that is able to deliver our business plans efficiently.

The year 2007 saw another significant milestone for the Group when its revenue and pre-tax profit crossed the RM4.5 billion and RM500 million marks respectively for the first time. The Group achieved a revenue of RM4.5 billion, a 13.9% increase from RM3.9 billion the year before and a profit after tax of RM389.6 million, a 16.6% increase over the previous year's profit after tax of RM334.1 million.

Correspondingly, profit attributable to shareholders grew by 6.1% to RM323.9 million, translating to earnings per share of 62.65 sen as compared with 59.05 sen the year before. With the stronger profit performance, net assets per share rose to RM6.43 from RM5.94.

The Group will continue its structured approach to pursuing growth, maintaining the Group's competitiveness and ensuring the long term growth and prospects by expanding into similar and/or complementary businesses whenever opportunities arise.

YEAR UNDER REVIEW

There is no change in the automobile dealership/distributorship of the Group which currently sells Honda automobiles via its wholly owned subsidiary, Kah Motor Company Sdn Bhd as dealers in Malaysia and as distributors in both Singapore and Brunei. Oriental-Hyundai Sdn Bhd and Kah Bintang Auto Sdn Bhd distribute and sell certain models of the Hyundai automobiles in Malaysia, namely the Accent, Elantra and Sonata. The profit contributions from the Group's automotive and related subsidiaries were as expected, marginally lower than last year despite the slight increase in revenue.

The plantation subsidiaries of the Group enjoyed a highly profitable year with CPO prices reaching a record high for most of the year. In 2007, our Indonesian plantations produced a record crop of 512,378 tonnes compared to 399,990 tonnes the year before. This figure excludes FFB purchased from external sources. Average yield was 25.37 tonnes per hectare compared to 21.42 tonnes for 2006. Adequate nutrition and a steady rainfall contributed to this excellent result. Our two mills processed a total of 124,368 tonnes CPO compared to 102,226 tonnes for the preceding year. Due to consistent rains, oil extraction rates decreased to 21.42% compared to 23.18% for 2006. However, better than expected yields and higher commodity prices more than made up for the lower extraction rates.

For our plantations in West Malaysia, total yield for the year amounted to 92,956 tonnes compared to 104,691 tonnes for 2006. The decrease in yield was expected as the palms suffered slightly from stress due to the previous year's high yield. However, the decrease in FFB production was more than compensated by the higher commodity price averaging RM514 compared to RM290 for 2006.

Some of our hotels which undertook extensive upgrading of its rooms and facilities two years ago were able to improve both its revenue and profit in 2007 as compared to 2006.

The Group will continue to map out short term and long term strategies to maximise investment opportunities in line with our expectations and to prepare ourselves for future growth.



DIVIDEND

Based on the share capital of RM516,968,192 (*after deducting 31,808 Treasury Stocks*), an interim dividend payment of 10.0% less 26% tax, totalling RM38,255,646 was paid on 24 January 2008.

Your Board is now recommending a final dividend of 10.0% less 26% tax and a special dividend of 3.0% less 26% tax, totalling RM49,732,340. In total, the net-of-tax distribution for the year will amount to RM87,987,986, up from RM86,798,960 paid in 2006.

OUTLOOK

The macro-economics of Malaysia are expected to remain strong in 2008 despite the recent upheavals in the global financial market. The Malaysian economy will be driven primarily by domestic demand from both the private and public sectors. Private consumption is expected to remain strong due to firm commodity prices, stable employment conditions and low interest rates.

Going forward, the Group will continue to maintain our momentum while realigning our business strategies and leverage on our human capital strengths and competitiveness to meet changing market needs and business goals. The Group's strategy remains focused on strengthening its core businesses through domestic and regional expansion in order to maintain its competitive edge. The Group will continue to exercise its prudent management while looking for expansion opportunities into high yielding projects that will enhance current operations and to provide long term stockholders' value growth. The Group will continue to consolidate operations of some of its subsidiaries to reduce costs.

With the anticipated higher CPO price in 2008, our plantation sector should enjoy a price driven booster to earnings for 2008. The push for bio fuel as an alternative energy source by governments in various parts of the world coupled with higher soybean oil prices will benefit this sector.

The outlook on the hospitality business remains positive as most of the hotels are established hotels that are ideally located. However, in order to remain competitive, our hotels have to be constantly upgraded and refurbished to keep up with the current trend.

RETURN TO STOCKHOLDERS

A holding of 1,000 stocks in Oriental when it was listed in 1964 would translate into 40,255 Oriental stocks worth RM263,670, based on the share price of RM6.55 at the end of 2007. In addition the stocks would have earned a total gross dividend of RM137,660. The gross dividends received and the appreciation in value is equivalent to a remarkable average rate of return of 14.60% for each of the 44 years.

ACKNOWLEDGEMENT

On behalf of the Board, I thank the Management and staff of all the companies in the Group, our dealers and customers for their loyal support, and our stockholders for their confidence, all of whom have contributed to the Group achieving another good year.

DATO' LOH CHENG YEAN

Chairman

28 May 2008

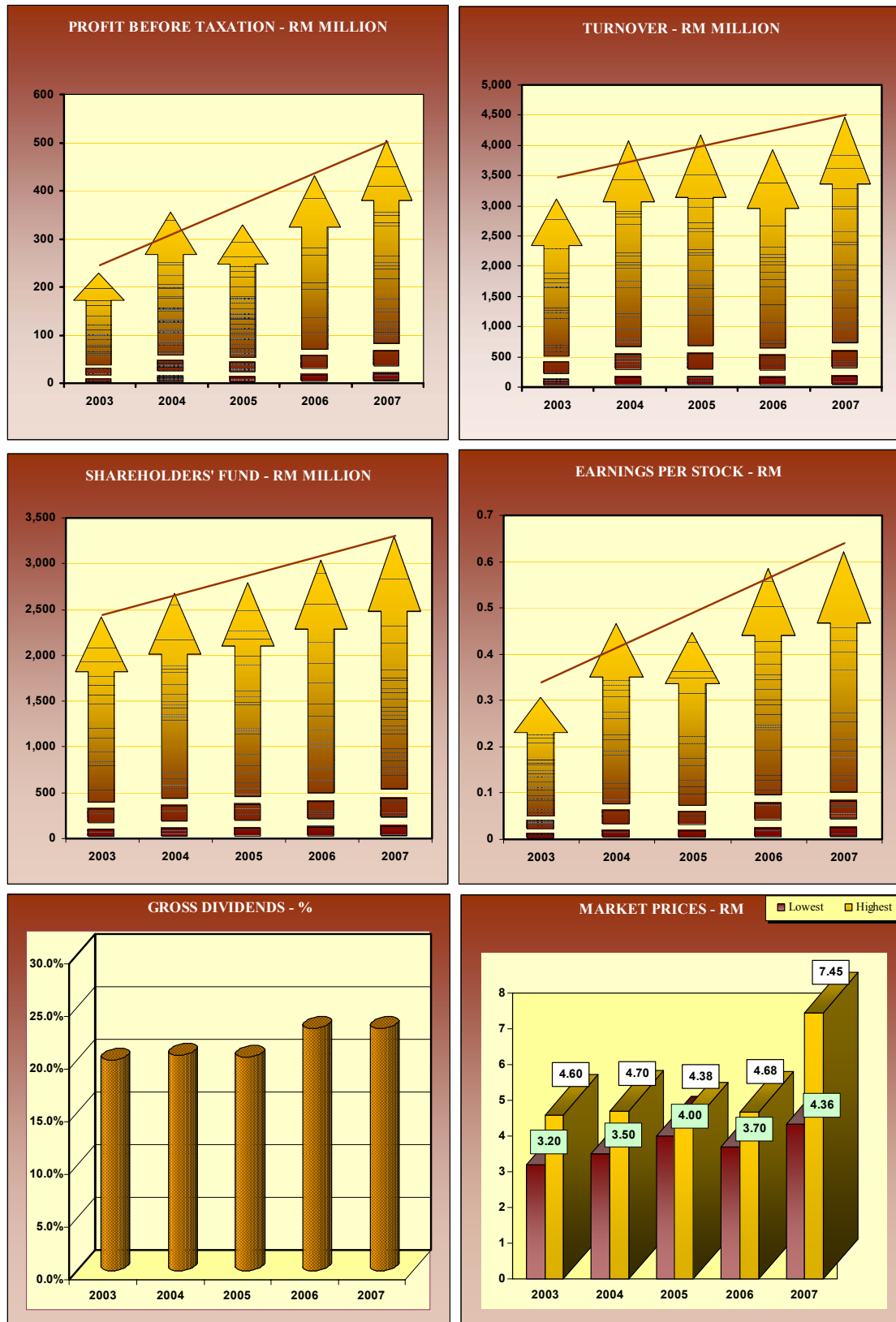


FIVE – YEAR GROUP FINANCIAL SUMMARY – RM'Million

	2007	2006	2005	2004	2003
BALANCE SHEET ANALYSIS					
Share capital	517.0	517.0	517.0	517.0	517.0
Reserves	366.5	345.1	335.5	364.0	271.0
Retained earnings	2,444.1	2,208.8	1,970.7	1,818.4	1,648.4
Treasury stocks	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total equity attributable to stockholders of the Company	3,327.4	3,070.7	2,823.0	2,699.2	2,436.2
Minority interest	383.5	299.8	277.8	279.6	253.3
TOTAL EQUITY	3,710.9	3,370.5	3,100.8	2,978.8	2,689.5
Property, plant and equipment	1,172.2	1,170.6	1,107.7	1,137.4	1,061.8
Intangible assets	44.0	33.0	27.6	31.9	36.1
Biological assets	149.3	156.5	163.1	174.8	166.3
Investment properties	55.9	61.4	61.8	61.9	62.1
Land held for property development	59.5	57.4	56.3	55.4	57.7
Prepaid land lease payments	125.4	104.4	105.4	108.8	104.2
Investments	349.4	391.0	365.5	384.3	327.1
Current assets	2,731.2	2,203.0	1,946.2	1,812.1	1,609.8
Deferred tax assets	6.7	7.6	7.3	8.5	6.5
TOTAL ASSETS	4,693.6	4,184.9	3,840.9	3,775.1	3,431.6
TOTAL LIABILITIES	(982.7)	(814.4)	(740.1)	(796.3)	(742.1)
	3,710.9	3,370.5	3,100.8	2,978.8	2,689.5
OTHER DATA					
Profit before taxation	510.0	435.3	332.8	357.8	230.8
Tax expenses	(120.4)	(101.2)	(62.2)	(79.0)	(53.5)
PROFIT FOR THE YEAR	389.6	334.1	270.6	278.8	177.3
Minority interests	(65.7)	(28.8)	(36.4)	(34.4)	(15.2)
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS OF THE	323.9	305.3	234.2	244.4	162.1
DIVIDEND					
Net - RM'million	88.0	86.8	75.4	76.3	74.4
Gross rate - %	23.0	23.0	20.3	20.5	20.0



FINANCIAL HIGHLIGHTS OF THE GROUP





PLANTATION STATISTICS

I	Estates - Malaysia & Indonesia		2007	2006
A	Area Statement			
1	Matured	Ha	23,861	23,558
2	Immature	Ha	1,424	1,590
3	Total Planted	Ha	25,285	25,148
4	Plantable	Ha	13,937	587
5	Sub total	Ha	39,222	25,735
6	Buildings, roads, etc	Ha	1,549	1,036
	Total		40,771	26,771
B	Matured	Ha	23,861	23,558
C	FFB Yield per Hectare	MT	25.37	21.42
D	Estate FFB Production	MT	605,335	504,681

II	Oil Mills - Indonesia			
A	FFB Throughput			
1	Own Estates	MT	512,378	399,990
2	External	MT	68,316	41,100
3	Total	MT	580,694	441,090
B	Extraction Rates			
1	CPO	%	21.42	23.18
2	Palm Kernel	%	5.17	5.09
C	Production			
1	CPO	MT	124,368	102,226
2	Palm Kernel	MT	29,993	22,447

III	** Age Profile of Planted Area - 31/12/07	Hectares	%
1	Matured		
a	Young (4 to 7 years)	1,185	4.69
b	Prime (8 to 18 years)	21,216	83.91
c	Due (more than 18 years)	1,459	5.77
d	Sub total	23,861	94.37
2	Immature	1,424	5.63
3	Total Planted	25,285	100.00

The above data comprises plantations situated in Malaysia and Indonesia, including a new plantation acquired by the Group on 16 November 2007.



FINANCIAL CALENDAR

FINANCIAL YEAR END

31 December 2007

ANNOUNCEMENT OF RESULTS

Quarter ended 31 March 2007	28 May 2007
Quarter ended 30 June 2007	28 August 2007
Quarter ended 30 September 2007	28 November 2007
Quarter ended 31 December 2007	27 February 2008

DIVIDENDS

Payment of Interim Dividend for Year 2006	24 January 2007
Payment of Final Dividend for Year 2006	25 July 2007
Payment of Interim Dividend for Year 2007	24 January 2008
Proposed Final and Special Dividend for Year 2007	27 February 2008

**POSTING OF ANNUAL REPORT AND
FINANCIAL STATEMENTS TO
STOCKHOLDERS**

4 June 2008

ANNUAL GENERAL MEETING

26 June 2008



Statement on Corporate Governance

The Board of Directors (the “Board”) recognises the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with four key concepts, namely transparency, accountability, integrity as well as corporate performance to maximize stockholder’s value.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the Principles and Best Practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance (the “Code”) respectively.

The Board is pleased to provide the following statements, which outline the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

Principles Statement

The following statement sets out how the Company has applied the Principles in Part 1 of the Code.

A. Directors

The Board

The Group recognises the vital role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including strategic direction, establishing goals for Management and monitoring the achievement of these goals.

During the financial year, the Board formalised a Board Charter which amongst others provides guidance for Directors and Management with regards to the role of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Group, Board’s operating practices as well as delineates a formal schedule of matters reserved for the Board’s decision.

Additionally, the Board also deliberated and approved an Investment Policy which serve to provide a clear guidance on investment appraisal covering feasibility evaluation, review and approval, implementation, monitoring and reporting of investment outcome against target.

The abovementioned measures initiated by the Board are in line with the guidance from the Code and serve to ensure that the direction and control of the Group is firmly in its hand.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on seven (7) occasions, where it deliberated upon and considered a variety of matters including the Group’s financial results, major investments and strategic decisions on the direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. All proceedings from the Board meetings are recorded and the minutes thereof signed by the Chairman of the meeting.



Details of each of the Director's meeting attendance during the financial year are as follows:

	Director	Attendance
Chairman (Executive)	Dato' Loh Cheng Yean	7/7
Managing Director (Executive)	Dato' Wong Lum Kong, JP	6/7
Executive	Dato' Lim Su Tong @ Lim Chee Tong	7/7
Non-Executive	Dato' Dr. Tan Chong Siang	7/7
Non-Executive	Sharifah Intan binti S.M.Aidid	7/7
Non-Executive	Yasuhide Mizuno (resigned on 1 April 2007)	1/2
Non-Executive	Atsushi Fujimoto (appointed on 30 April 2007)	3/5
Independent Non-Executive	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	4/7
Independent Non-Executive	Dato' Dr. Tunku Ismail bin Tunku Mohammad Jawa	7/7
Independent Non-Executive	Dato' Loh Say Bee	7/7

Board Committee

The Board delegates certain responsibilities to the Audit Committee, in order to enhance business and operational efficiency as well as efficacy.

The Audit Committee has written terms of reference to discharge its responsibilities and the Board receives reports of its proceedings and deliberations. The Chairman of the Audit Committee reports to the Board the outcome of the Committee meetings and matters from such reports are incorporated in the minutes of the full Board meeting.

A nominating committee composed exclusively of non-executive directors, a majority of whom are independent, with the responsibility for proposing new nominees to the board and for assessing directors on an ongoing basis was established during the year comprising Tengku Rithauddeen, Tunku Ismail, Dato' Loh Say Bee and Puan Sharifah Intan Binti S M Aidid.

Board Balance

At the date of this statement, the Board consists of nine (9) members comprising three (3) Independent Non-Executive Directors, three (3) Executive Directors and three (3) Non-Executive Directors. A brief profile of each Director is presented on pages 18 to 21 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The key elements of fulfilling the criteria are the appointment of Directors who are not members of Management (Non-Executive Directors) and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements, which requires that at least two Directors or one-third of the Board of the Company, whichever is higher, are Independent Directors.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate and legal affairs, marketing and operations. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring to bear objective and independent judgment to the decision making of the Board and provide a capable check and balance for the Executive Directors.



The Non-Executive Directors contribute significantly in areas such as policy and strategy and performance monitoring. Together with the Executive Directors who have an intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Dato' Loh Cheng Yean as the Executive Chairman whilst the executive management of the Company is led by Dato' Wong Lum Kong, the Group Managing Director, and Dato' Lim Su Tong @ Lim Chee Tong, the Executive Director. The Board has also identified YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail as the Senior Independent Non-Executive Director to whom concerns of Directors may be conveyed.

The Board is satisfied that the current Board composition fairly reflects the interests of all shareholders in the Company.

Supply of Information

The Board recognises that the decision-making process is highly contingent on the strength of information furnished. As such, Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at Board meeting and expedites the decision-making process.

Every Director also has unhindered access to the advice and services of the Company Secretaries. The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board. The Articles of Association specify that the removal of the Company Secretaries is a matter for the Board as a whole.

Prior to meetings of the Board and the Audit Committee, appropriate documents which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all members to obtain further explanation, where necessary, in order to be properly briefed before the meetings.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial reports, before releasing them to Bursa Malaysia.

In respect of soliciting independent professional advice, the Board as a whole will determine, whether as a full Board or in their individual capacity, to take this measure where necessary and under appropriate circumstances in furtherance of their duties. The independent professional advice, where obtained, will be at the Company's expense. Nevertheless, where necessary and under appropriate circumstances in furtherance of his duties, a Director may do so with the prior consent of the Board.



Directors' Training

The Board as a whole, ensures that it recruits to the Board only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director appropriately. There is no formal training or orientation programme for Directors. All Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by Bursa Securities.

To enhance their knowledge and understanding of the Group's operations, visits to the Group's premises were made by new members of the Board. This is geared towards ensuring that new Directors are able to appreciate the Group's operating environment and business dynamics and therefore able to contribute effectively in the Board's deliberation.

The Company Secretary circulates relevant guidelines to update the Directors on statutory and regulatory requirements changes from time to time.

Re-election

The Articles of Association provide that all Directors are subject to retirement and at least one third of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM"). The Directors to retire in each year are those who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. New Directors appointed to the Board shall also retire at the Annual General Meeting following their appointment. In any of the circumstances, the Directors are eligible for re-election. This provides an opportunity for shareholders to renew their mandate.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of AGM.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Company Secretary ensures that all appointments are properly made, in that all necessary information is obtained and that all legal and regulatory obligations are met.

B Directors' Remuneration

The Company pays its Directors fees that are approved annually by shareholders at the AGM.

The Board, as a whole, approves the remuneration of Executive Directors and Non-Executive Directors with the Directors concerned abstaining from the decision in respect of their individual remuneration.

Details of Directors' remuneration for the financial year ended 31 December 2007 distinguished between Executive and Non-Executive Directors in aggregate are categorised as follows:

Type of remuneration	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	597	494	1,091
Salaries	4,343	-	4,343
Other emoluments	2,235	35	2,270
Total	7,175	529	7,704



The number of Directors of the Company whose total remuneration falls within bands of RM 50,000 for the financial year ended 31 December 2007 is as follows:

Band of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM 50,001 to RM 100,000	-	4
RM 100,001 to RM 150,000	-	2
RM 750,001 to RM 800,000	1	-
RM 2,950,001 to RM 3,000,000	1	-
RM3,450,001 to RM 3,500,000	1	-
Total	3	6

C. Shareholders and Investors

The Board strives to maintain an active dialogue with shareholders and does this through the Annual Report, the AGM and Extraordinary General Meetings. It has been the Company's practice to send the Notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

In addition, the Company makes various announcements through Bursa Malaysia, in particular, the timely release of quarterly financial results within two months from the close of a particular financial quarter.

While the Company endeavours to provide pertinent information to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. In any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

D. Accountability and Audit

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to Bursa Malaysia as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and their profit or loss and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



State of internal controls

The Statement on Internal Control furnished on pages 45 and 46 of this Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee Report as detailed on pages 40 to 41 of this Annual Report.

A summary of the activities of the Audit Committee during the financial year, including the evaluation of the independent audit process, is set out in the Audit Committee Report on pages 40 to 41 of this Annual Report.

The Board and Management strive to maintain a professional and transparent relationship with the external auditors in the conduct of the audit and towards ensuring compliance with the requirements of the appropriate accounting standards. Additionally, the Audit Committee has been explicitly accorded the power to communicate directly with the external auditors.

Compliance Statement

The Company has complied, throughout the financial year ended 31 December 2007, with all the Best Practices set out in Part 2 of the Code except for the following:

- (a) The revised Code requires the Audit Committee to comprise fully non-executive directors, majority of whom are independent. Presently, the Audit Committee is made up of four non-executive directors and one executive director. The Board takes cognizance of the membership requirement of the Audit Committee under the revised Code and the transitional period allowed under the amendments of the Listing Requirements and will take measures in due course; and
- (b) A Remuneration Committee has not been established. The remuneration of Directors currently comes under the purview of the entire Board with the relevant Directors abstaining from discussing their individual remuneration. The Directors are of the view that the Board, as a whole, has been expeditiously handling the issue on Directors' remuneration.

This statement is issued in accordance with a resolution of the Directors dated 28 May 2008.



Other Information and Disclosure

Non-audit fees

Non-audit fees amounting to RM491,000 for the Group and RM 139,200 for the Company were paid to the external auditors of the Company for the financial year ended 31 December 2007.

Loan Contracts involving interest of Related Party

- (a) Loan contract of USD 7 million and USD 24 million dated October 10, 2001 and May 8, 2002 respectively between the Company (“OHB”) and Oriental Boon Siew (Mauritius) Pte. Ltd. (“OBSM”); and
- (b) Loan contract of USD 15 million and USD 24 million dated October 10, 2001 and May 8, 2002 respectively between OBSM and PT Gunung Maras Lestari (“PT GML”) and PT Gunungsawit Binalestari (“PT GSBL”).

OBSM is a company 50.5% and 49.5% owned by OHB and the substantial shareholder, Boon Siew Sdn Bhd respectively.

The sub-subsidiary companies, namely PT GML and PT GSBL in Indonesia is 92.5% owned by Selasih Permata Sdn Bhd, which in turn is 50.5% and 49.5% owned by OHB and the substantial shareholder, Boon Siew Sdn Bhd respectively.

	Loan from OHB to OBSM	Loan from OBSM to PT GML and PT GSBL
Purpose	Onward lending	To reduce their revolving credit loans as well as for its day to day operations.
Interest rate	USD Libor + Spread of 1.0% per annum	USD Libor + Spread of 1.5% per annum
Terms as to payment of interest	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principle	On demand	On demand
Security	Unsecured	Unsecured

- (c) Loan contract of USD11.4 million dated September 6, 2004 between Selasih Permata Sdn Bhd (“Selasih”) and Oriental Asia (Mauritius) Pte. Ltd. (“OAM”); and
- (d) Loan contract for the sum of USD11.4 million dated September 6, 2004 between OAM and PT Gunung Maras Lestari (“PT GML”) and PT Gunungsawit Binalestari (“PT GSBL”).

Selasih is a company 50.5% and 49.5% owned by OHB and the substantial shareholder, Boon Siew Sdn Bhd respectively. OAM is a wholly owned subsidiary of Selasih.

The sub-subsidiary companies, namely PT GML and PT GSBL in Indonesia is 92.5% owned by Selasih, which in turn is 50.5% and 49.5% owned by OHB and the substantial shareholder of Boon Siew Sdn Bhd respectively.



	Loan from Selasih to OAM	Loan from OAM to PT GML and PT GSBL
Purpose	Onward lending	To reduce their revolving credit loans as well as for its day to day operations.
Interest rate	USD Libor + Spread of 1.0% per annum	USD Libor + Spread of 1.5% per annum
Terms as to payment of interest	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principle	On demand	On demand
Security	Unsecured	Unsecured

- (e) Loan contracts of USD 1 million each between OBSM and PT GML and PT GSBL.

OBSM is a company 50.5% and 49.5% owned by OHB and the substantial shareholder, Boon Siew Sdn Bhd respectively.

The sub-subsidiary companies, namely PT GML and PT GSBL in Indonesia is 92.5% owned by Selasih Permata Sdn Bhd, which in turn is 50.5% and 49.5% owned by OHB and the substantial shareholder Boon Siew Sdn Bhd respectively.

	Loan from OBSM to PT GML and PT GSBL
Purpose	To reduce their revolving credit loans as well as for its day to day operations.
Interest rate	USD Libor + Spread of 1.5% per annum
Terms as to payment of interest	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months whichever is applicable
Repayment of principle	On demand
Security	Unsecured



Recurrent Related Party Transaction of Recurrent or Revenue Nature (“RRPT”) for the year ended 31 December 2007

a) Transactions between OHB Group and Boon Siew Sdn Bhd Group which involve the interests of major stockholder of OHB, Boon Siew Sdn Bhd and its Group

	<u>RM' 000</u>
Motorcycle parts	17,771
Plastic parts for batteries	802
Forwarding charges	204
Provision of leasing line and hire purchase facilities	1,275
Building management charges	15
Plastic parts for television	881
Materials for plastic parts	1161
Plastic parts and plastic resin	0.1
Office rental	163
Store rental	36
Building materials	2,502
Spare parts and raw material for motor vehicles	2,674
Transport charges & truck rental	58
Land rental	63
New motorcycles	21,688
Quarry products	32
Mixed concrete and quarry products	757
Prototype of plastic parts	79

b) Transactions between OHB Group and Boon Siew Sdn Bhd Group which involve the interests of major stockholder of OHB, Boon Siew Sdn Bhd and its Group and a director/major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family

	<u>RM' 000</u>
Motorcycle spokes, nipples and control cables	5,550
Motorcycle parts	183,592
Assembly charges on motorcycle	50,088
Honda cars & parts	6,670
Plastic parts for batteries	7
Provision of sales, corporate advertising and marketing of hotel	1,336
Forwarding charges	611
Office rental	53
Spare parts and raw material for motor vehicles	57
Management fees	2,066



c) Transactions between OHB Group which involve the interests of a director/major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family

	<u>RM' 000</u>
Colour compound of plastic resins	4,225
Plastic parts for automotive	2,451
New molds and mold repairs	792
Prototype for plastic parts	102
Factories rental	1,488
Rental of machinery	358
Rental of office, furniture and fittings	52
Rental of car park for storage	1,080
Spare parts and accessories for motor vehicles	1,032
Materials and services for motor vehicles	29,841
Knocked down engine for motor vehicles	17,049
Plastic Parts for motorcycle	271
New cars	819

d) Transactions between OHB Group and Honda Motor Co. Ltd. Group which involve the interests of a director/major shareholder of OHB subsidiaries, Dato' Syed Mohamad Bin Syed Murtaza and family and a major shareholder of OHB subsidiaries, Honda Motor Co. Ltd.

	<u>RM' 000</u>
Spare parts, shock absorbers for motor vehicles	1,342
Shock absorbers for motorcars	5,533
Automotive control cables & power window regulator	6,903
Plating services of mufflers & wheel rims	2,988
Motorcycle plastic parts	2,269
Welding wires/spoke steel wires for manufacture of motor vehicles parts	1,633
Hostel rental	48
Motor cars & spare parts	372,252
New vehicles, spare parts and accessories for motor vehicles	33,498
Painting, spraying charges, motor vehicles parts, rework charges	43
Cuttet spoke wires	81



Audit Committee Report

Membership

The present members of the Audit Committee (the “Committee”) comprise:

Name of member	Position
YM Tengku Tan Sri Dato’ Seri Ahmad Rithauddeen bin Tengku Ismail	Chairman, Independent Non-Executive Director
Dato’ Wong Lum Kong, J.P.	Group Managing Director
Dato’ Loh Say Bee	Independent Non-Executive Director
Dato’ Dr Tunku Ismail bin Tunku Mohammad Jawa	Independent Non-Executive Director
Sharifah Intan binti S.M. Aidid	Non-Executive Director

Terms of reference

The Committee was established to act as a Committee of the Board of Directors, with terms of reference as set out on pages 42 to 44 of this Annual Report.

Meetings

The Committee convened five (5) meetings during the financial year. Details of the attendance of members are as follows:

Name of member	Attendance
YM Tengku Tan Sri Dato’ Seri Ahmad Rithauddeen bin Tengku Ismail	4/5
Dato’ Wong Lum Kong, J.P.	5/5
Dato’ Loh Say Bee	5/5
Dato’ Dr Tunku Ismail bin Tunku Mohammad Jawa	5/5
Sharifah Intan binti S.M. Aidid	5/5

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary was present by invitation at all meetings. Representatives of the external auditors and the head of Internal Audit also attended the meetings upon invitation.



Summary of activities during the financial year

The Committee carried out its duties in accordance with its term of reference during the financial year. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plan for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors the results of the audit, the audit report and the management letter;
- Reviewed the internal audit department's resource requirements and plan for the financial year under review;
- Reviewed the internal audit reports, which highlighted the audit issues and Management's response;
- Reviewed the audited financial statements of the Group and of the Company, before submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies' Act, 1965 and the applicable approved accounting standards adopted by the Malaysian Accounting Standards Board;
- Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with the Listing Requirements of Bursa Malaysia Securities Berhad and other relevant legal and regulatory requirements;
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group; and
- Reviewed the quarterly unaudited financial results and announcements before recommending them for the Board's approval.

Internal audit function

The Group has an internal audit function that is independent of the activities and operations it audits. The principal role of the internal audit is to undertake independent, regular and systematic reviews of the systems of internal control in order to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 45 and 46 of this Annual Report.



Terms of Reference of the Audit Committee

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- Assess the Group's processes relating to its risks and control environment;
- Oversee financial reporting; and
- Evaluate the internal and external audit processes.

Composition

The Board shall elect and appoint Committee members from amongst its numbers, comprising no fewer than three (3) Directors, the majority of whom shall be independent non-executive Directors of the Company.

The Board shall at all times ensure that the audit committee should be financially literate and at least one (1) member of the Committee shall be:

- A member of the Malaysian Institute of Accountants ("MIA"); or
- If he/she is not a member of MIA, he/she must have at least three (3) years of working experience and:
 - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he/she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967.
- Fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an independent non-executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office of each of its members at least once (1) every three (3) years.

Quorum and Committee's procedures

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

In order to form a quorum (subject to a minimum number of two members) for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee (the "Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.



The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the financial year and the related significant results and findings thereof.

The Committee shall meet at least annually with the Management, and at least once every year with the Head of Internal Audit and external auditors in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board.

The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

Authority

The Committee is authorised to seek any information it requires from employees, who are required to co-operate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meeting with the external auditors whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Bursa Malaysia Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.



Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan,
- Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that have been identified;
- Review major audit findings and management's response during the financial year with Management, external auditors and internal auditors, including the status of previous audit recommendations;
- Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information;
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review the Internal Audit Charter, budget and staffing of the internal audit department;
- Review the adequacy and integrity of internal control systems, including management information system and the internal auditors' and/or external auditors' evaluation of the said systems;
- Direct and, where appropriate, supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on:
 - Changes in implementation of major accounting policy;
 - Significant or unusual events; and
 - Compliance with accounting standards and other legal requirements.
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Bursa Malaysia Listing Requirements and other legislative and reporting requirements;
- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity;
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities; and
- Any other activities, as authorised by the Board.



Statement on Internal Control

Introduction

Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) requires the Board of Directors of public listed companies to include in its Annual Report a statement about the “state of internal control of the listed issuer as a group”. The Board is committed to maintaining a sound system of internal control in the Group, comprising the Company and all its subsidiaries, and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year.

Board responsibility

The Board is ultimately responsible for the Group’s system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls and risk management.

Following the publication of the *Statement on Internal Control: Guidance for Directors of Public Listed Companies* (the “Internal Control Guidance”), the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board also confirms that, going forward, this process will be reviewed periodically to ensure it accords with the Internal Control Guidance.

Enterprise risk management framework

The Board fully supports the contents of the Internal Control Guidance and accordingly, appointed a firm of consultants to carry out an Enterprise Risk Management (“ERM”) review of a pilot subsidiary, the assignment of which was completed in 2003. Subsequent to this pilot review, the relevant personnel within the Group were deployed to roll out the entire ERM review to the other companies in the Group. The main objective of the ERM review was to assist Management formalised and embed a structured risk management process across the Group in order to sensitise all employees within the Group more strongly to risk identification, evaluation, control, monitoring and reporting.

Arising from the ERM engagement in 2003, amongst other, the following ERM framework were established:

- Issuance of the Risk Management Policy and Procedure Document, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues;
- The Group Risk Management Committee (the “Committee”) was established with the responsibility of identifying and communicating to the Board the critical risks (present and potential) the Group faces, their changes and the management action plans to manage the risks, and
- The appointment of a dedicated Risk Officer to coordinate the ERM activities within the Group, to supervise the ERM policy implementation and documentation at Group level and to act as the central contact and guide for ERM issues within the Group.

The Risk Management Committee, with the assistance from a firm of consultants and Management continues to drive the risk management activities across all business segments of the Group. Highlights of the ERM related activities for the financial year ended 31 December 2007 are as follows:



- Each company within the Group's business segments i.e. Automotive and related products, Hotel and resorts, Plantation, Plastics manufacturing, Property development and construction and Investment and Financing continue to compile respective risk register and submit to their segment risk coordinator for review;
- Subject to elimination on the basis of significance of the risk to the segment's results, only top 5 principal risks for each business segment will be reported to the Group level. However, Management of each company continues to monitor and mitigate all risk at company level as appropriate;
- To promote effective Management formulation of action plans to mitigate the principal risks identified, 3 training sessions were conducted to enhance Management appreciation of the application of a more structured risk mitigating mechanism which promote use of key indicators and specimen template to track risk ownership and progress of action plan implementation; and
- Compilation of a Group risk profile taking into consideration materiality of the business segment in relation to the Group risk parameters, the top risks from each business segment as selected by Senior Management and feedback from executive directors on strategic risks were carried out and presented to the Risk Management Committee for deliberation and approval.

Internal audit function

The Group has in place an independent internal audit function, which provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control.

The internal audit function adopted the risk-based methodology in its review of key processes of the various operating units in the Group and provided independent and objective reports on the state of internal control of the various operating units within the Group direct to the Audit Committee during the financial year.

The internal audit function also ensured that Management followed up in the implementation of action plans it recommended to improve areas where control deficiencies were noted during internal audit.

Internal control process

Apart from risk management and internal audit, the Board has put in place the following pertinent measures to strengthen the internal control system of the Group:

- The Audit Committee carries out diligent reviews of the quarterly financial results and reports and evaluates the explanations and reasons for significant unusual variances noted thereof;
- The close involvement of Executive Directors, who are hands-on in the day to day operations of the Group; and
- An organisational structure with formally defined lines of responsibility and delegation of authority has been put in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and policies on various operational areas. These procedures are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board.

Weakness in internal controls that result in material losses

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Board and Management continue to take pertinent measures to strengthen the control environment, as appropriate.

This statement is issued in accordance with a resolution of the Directors dated 29 April 2008.



CORPORATE SOCIAL RESPONSIBILITY STATEMENT

At Oriental Holdings Berhad (“OHB”), we recognize the need to place a firm commitment towards corporate social responsibility (“CSR”) and sustainable development activities, of which stems from fundamental principals of good corporate governance and striking a harmonious synergy between corporate pursuits and social obligations.

As a responsible corporate citizen, with operating entities spread across various business sectors, industries and continents, the continued sustainability, success and growth of the organization is primarily dependent upon carrying out our business operations responsibly, in so far as to make a positive impact on the local environment and communities from which we operate, both domestically or abroad.

For the financial year ended 31 December 2007, we continue to support our commitment through investments and participation in educational development projects, community care, environmental projects as well as operational improvement initiatives. Through these efforts, we hope not only to foster positive community relationships, but also help create sustained economic growth by building human and institutional capacity from our operational sectors, namely manufacturing, automotive, hotelier, property development and plantation sectors.

Highlights of CSR initiatives carried out by the respective Group operational sectors

For the community

- Community development and care initiatives carried out under the other Group operations include:
 - Supporting local initiatives, council, schools, hospitals, community groups; and
 - Working with schools on educating industry opportunities; and
 - Sponsorship of local and national events; and
 - Participation in various annual blood drive donation campaigns organized jointly with local authorities and hospitals; and
 - Initiated the employment of handicapped workers for our Plastics manufacturing operational sectors; and
 - Championing of local donations to local schools, religious institutions (mosques, temples) and initiation of development programs particularly in rural operation areas i.e. plantations (local initiatives include supply of basic health amenities, maintenance of roads and schools, construction on roads and wells to enhance the overall quality of local communities from which we operate).
- Honda Singapore donated \$423,900 under the Honda Civic Drive for charity in aid of a community chest, which funds will be used for voluntary welfare programs intended to help the disadvantaged; and
- A subsequent \$206,000 was also raised for the Animal Welfare Fund – in aid of animal welfare and prevention of animal cruelty society (SPCA); and
- In Melbourne and Sydney, Australia under the Bayview Hotel Group, active community projects include participations in local community fundraiser events as well as philanthropic sponsorships of local community organizations e.g. “Make a Wish” Foundation (an organization that caters for the needs and wishes of terminally ill children); and
- In New Zealand under the Bayview Hotel Group, has initiated the “Halo Awards” in conjunction with NZ Radio Works, an annual community award initiative to recognize the selfless heroic acts of individuals in the community; and



- Ongoing support of “Kiscan Program” – a charitable trust dedicated to ensuring the basic physical and nutritional needs of financially disadvantaged children in New Zealand; and
- The hotel also maintains a policy of hiring local employees and use of local produce to support the economy of local communities.

For the environment

- Operational improvements to the manufacturing production facilities to reduce the discharge of effluents and industrial waste from daily operations; and
- Initiation of recycling projects in local communities to promote greater awareness of the environmental health and needs i.e. Bayview Hotels Melaka - all year round recycling campaigns; and
- Conservation of energy, water resources as well as management of waste disposal from our hotelier operations – Bayview Hotels Group observe strictly concerted efforts to reduce energy consumption, water consumption and reduction of hotel supplies waste and improvement of its management; and
- Bayview Hotel & Resorts New Zealand – spear headed the initiative to obtain the Green Globe accreditation by year 2009, meeting requirements on the new Qualmark Environment Sustainability requirements are met as a pre-requisite for gaining our 4 star rating; and
- Bayview Hotels Australia – **Sydney** (participation in Earth Hour (an annual worldwide event to promote awareness on the conservation of energy resources). **Melbourne** - conservation of water and energy use purported through the use of environmentally friendly and energy saving equipments; and
- Observance and compliance with environment requirements applicable i.e. ISO 14000 Environmental Sustainability standards for Oriental Kyowa Plastics operations; and
- Support of local government initiatives to conserve and protect the environment from oil palm plantation activities. In Indonesia, plantation operations are carried out compliant to the PROPER program set up by the Ministry of Environment; and
- Recycling of oil palm products to form organic compost materials; and
- Advocate and maintain vegetation along up hills and river banks to prevent and minimize soil erosion.

For the workplace

Oriental Holdings operational sectors employ a significant handful of employees in both its domestic and overseas operations. We value our employees and continue to encourage the development on both a personal and professional level. Besides, Oriental Holdings as Group also encourages the provision of a safe and healthy work environment for our employees.

This is shown in our concerted efforts to provide and improve working conditions for our employees through the following efforts:

- Continued training and development for employees are considered essential to maintaining and developing a healthy, dedicated workforce where we believe that training is not a ‘cost’ but an ‘investment’ in our employees congruent to our business objectives; and
- Our philosophy (used by Bayview Hotel New Zealand) - “ the worst thing about training staff and having them leave is not training and having them stay” ; and



- Other initiatives to improve employee working conditions include:
 - Organized company trips, annual dinners, sporting and recreation activities and various community events to encourage more interaction amongst employees; and
 - Provision of staff awards and benefits i.e. housing with amenities included, medical treatment, allowances, insurance coverage, transportation for employee's kids to school, financial assistance to staff and family members with various needs; and
 - Collective agreements on staff benefits compliant to local industry workplace compensation guidelines.



Directors' report for the year ended 31 December 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

Principal activities

The principal activities of the Company are as follows :

- (a) investment holding;
- (b) commission agent; and
- (c) provision of management services.

The principal activities of its subsidiaries and associates are set out in Note 34 and Note 10 to the financial statements respectively.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to :		
Stockholders of the Company	323,925	104,034
Minority interest	65,711	-
	<u>389,636</u>	<u>104,034</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in Note 17 to the financial statements.

Dividends

Based on issued capital of 516,968,192 stocks (after deducting 31,808 Treasury Stocks) of RM1 each

A final dividend of 10% less 26% tax and a special dividend of 3% less 26% tax, totalling RM49,732,340 have been recommended by the Directors in respect of the year ended 31 December 2007, subject to the approval of the stockholders at the forthcoming Annual General Meeting.

Since the end of the previous financial year, the Company paid :

- i) an interim dividend of 10% less 27% tax, totalling RM37,738,678 in respect of the year ended 31 December 2006 on 24 January 2007;
- ii) a final dividend of 10% less 27% tax and a special dividend at 3% less 27% tax, totalling RM49,060,282 in respect of the year ended 31 December 2006 on 25 July 2007; and
- iii) an interim dividend of 10% less 26% tax, totalling RM38,255,646 in respect of the year ended 31 December 2007 on 24 January 2008.



Directors of the Company

Directors who served since the date of the last report are:

Dato' Loh Cheng Yean
Dato' Wong Lum Kong
Dato' Loh Say Bee
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail
Dato' Lim Su Tong @ Lim Chee Tong
Dato' Dr. Tan Chong Siang
Dato' Dr Tunku Ismail Bin Tunku Mohammad Jawa
Sharifah Intan Binti S. M. Aidid
Atsushi Fujimoto

In accordance with Section 129 (2) of the Companies Act, 1965, Dato' Loh Say Bee, YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail, Dato' Dr Tunku Ismail Bin Tunku Mohammad Jawa and Puan Sharifah Intan Binti S. M. Aidid retire at the forthcoming Annual General Meeting and, offer themselves for re-election as Directors of the Company until the conclusion of the next Annual General Meeting.

In accordance with Article 133 of the Company's Articles of Association, Dato' Loh Cheng Yean and Dato' Wong Lum Kong retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' interests

The holdings in the stocks of the Company and shares of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouse or children of the Directors) as recorded in the Register of Directors' Shareholdings are as follows :

	Balance at 1.1.2007/*	Bought	(Sold)	Balance at 31.12.2007
Interest in the Company				
	Ordinary Stocks of RM1 each			
Dato' Loh Cheng Yean				
<i>Direct interest</i>				
- own	200,696	121,600	-	322,296
<i>Indirect interest</i>				
- others	* 381,437	-	-	381,437
Dato' Wong Lum Kong				
<i>Direct interest</i>				
- own	150,958	-	-	150,958
<i>Indirect interest</i>				
- others	* 134,894	-	-	134,894
Dato' Loh Say Bee				
<i>Direct interest</i>				
- own	44,642	-	-	44,642



Directors' interests (Cont'd)

	Balance at 1.1.2007/*	Bought	(Sold)	Balance at 31.12.2007
Interest in the Company				
	Ordinary Stocks of RM1 each			
Dato' Lim Su Tong @ Lim Chee Tong				
<i>Direct interest</i>				
- own	2,472,422	-	-	2,472,422
<i>Indirect interest</i>				
- others	* 2,752,189	-	-	2,752,189
Dato' Dr. Tan Chong Siang				
<i>Direct interest</i>				
- own	31,923	-	-	31,923
<i>Indirect interest</i>				
- others	* 21,504	-	-	21,504
Sharifah Intan Binti S. M. Aidid				
<i>Direct interest</i>				
- own	15,000	-	-	15,000
Interest in subsidiaries				
	Shares of RM1 each			
Sharifah Intan Binti S.M. Aidid				
<i>Own Direct interest</i>				
- Armstrong Auto Parts Sdn. Berhad	227,318	-	-	227,318
- Teck See Plastic Sdn. Bhd.	100,000	-	-	100,000

* These are shares held in the name of the spouses and children and are regarded as interest of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965 with effect from 15 August 2007, the effective date of the amendments to the Companies Act, 1965.

None of the other Directors holding office at 31 December 2007 had any interest in the stocks of the Company and ordinary shares of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of full time employees of related companies) by reason of a contract made by the Company or a related company with a Director or with a firm of which a Director is a member, or with a company in which the Director has a substantial financial interests other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 30 to the financial statements.

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



Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were issued by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Details of such events are as disclosed in Note 32 to the financial statements.



Subsequent events

Details of such events are as disclosed in Note 33 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Dato' Loh Say Bee
Director

Dato' Lim Su Tong @ Lim Chee Tong
Director

Penang,

Date: 29 April 2008



Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 57 to 129, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of the results of their operations and cash flows for the year ended on that date.

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

Dato' Loh Say Bee
Director

Dato' Lim Su Tong @ Lim Chee Tong
Director

Penang,

Date : 29 April 2008

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Wong Lum Kong, the Managing Director primarily responsible for the financial management of Oriental Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 129 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 29 April 2008.

.....
Dato' Wong Lum Kong

Before me :

CHEAH BENG SUN
DJN, AMN, PKT, PJK, PJM, PK
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang



Report of the auditors to the stockholders of Oriental Holdings Berhad

We have audited the financial statements set out on pages 57 to 129. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :
 - i) the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;
- and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 34 to the financial statements and we have considered their financial statements and, where audited, the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number : AF 0758
Chartered Accountants

Penang,

Date : 29 April 2008

Ng Swee Weng
Partner
Approval Number : 1414/03/10 (J/PH)



Balance sheets at 31 December 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000
Assets					
Property, plant and equipment	3	1,172,249	1,170,642	12,210	12,165
Intangible assets	4	44,027	32,959	-	-
Biological assets	5	149,281	156,536	-	-
Land held for property development	6	59,466	57,409	-	-
Prepaid land lease payments	7	125,382	104,324	-	-
Investment properties	8	55,947	61,390	3,834	3,834
Investments in subsidiaries	9	-	-	429,739	391,919
Investments in associates	10	205,170	183,624	21,465	21,201
Other investments	11	144,226	207,357	33,113	33,113
Deferred tax assets	12	6,682	7,593	-	-
Total non-current assets		1,962,430	1,981,834	500,361	462,232
Property development costs	13	3,149	2,206	-	-
Receivables, deposits and prepayments	14	511,430	482,546	344,647	367,397
Inventories	15	464,924	408,221	-	-
Current tax assets		-	-	587	4,397
Cash and cash equivalents	16	1,751,696	1,310,079	30,199	22,243
Total current assets		2,731,199	2,203,052	375,433	394,037
Total assets		4,693,629	4,184,886	875,794	856,269
Equity					
Share capital		517,000	517,000	517,000	517,000
Reserves		366,517	345,189	30,060	30,060
Retained earnings		2,444,061	2,208,764	287,190	270,472
		3,327,578	3,070,953	834,250	817,532
Treasury stocks		(249)	(249)	(249)	(249)
Total equity attributable to stockholders' of the Company		3,327,329	3,070,704	834,001	817,283
Minority interest		383,589	299,814	-	-
Total equity	17	3,710,918	3,370,518	834,001	817,283
Liabilities					
Deferred liabilities	18	29,831	23,362	-	-
Borrowings	19	15,881	17,424	-	-
Total non-current liabilities		45,712	40,786	-	-
Payables and accruals	20	418,116	339,039	3,537	1,247
Borrowings	19	396,774	347,973	-	-
Current tax liabilities		83,853	48,831	-	-
Dividend payable		38,256	37,739	38,256	37,739
Total current liabilities		936,999	773,582	41,793	38,986
Total liabilities		982,711	814,368	41,793	38,986
Total equity and liabilities		4,693,629	4,184,886	875,794	856,269

The notes on pages 64 to 129 are an integral part of these financial statements.



Income statements for the year ended 31 December 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Continuing operations					
Revenue	21	4,510,896	3,959,654	153,043	104,610
Cost of sales		(3,547,764)	(3,211,048)	-	-
Gross Profit		<u>963,132</u>	<u>748,606</u>	<u>153,043</u>	<u>104,610</u>
Distribution costs		(83,976)	(64,929)	-	-
Administration expenses		(225,927)	(203,212)	(2,657)	(2,577)
Other operating expenses		(166,163)	(78,212)	(16,750)	(1)
Other operating income		11,217	26,744	34	-
		<u>(464,849)</u>	<u>(319,609)</u>	<u>(19,373)</u>	<u>(2,578)</u>
Results from operating activities		<u>498,283</u>	<u>428,997</u>	<u>133,670</u>	<u>102,032</u>
Interest expense		(15,535)	(10,405)	-	-
Operating profit	21	<u>482,748</u>	<u>418,592</u>	<u>133,670</u>	<u>102,032</u>
Share of profit after tax and minority interests of equity accounted associates		27,318	16,724	-	-
Profit before tax		<u>510,066</u>	<u>435,316</u>	<u>133,670</u>	<u>102,032</u>
Tax expense	24	(120,430)	(101,234)	(29,636)	(20,648)
Profit for the year		<u><u>389,636</u></u>	<u><u>334,082</u></u>	<u><u>104,034</u></u>	<u><u>81,384</u></u>
Attributable to :					
Stockholders of the Company		323,925	305,251	104,034	81,384
Minority interest		65,711	28,831	-	-
Profit for the year		<u><u>389,636</u></u>	<u><u>334,082</u></u>	<u><u>104,034</u></u>	<u><u>81,384</u></u>
Basic earnings per ordinary stock (sen)	25	<u><u>62.65</u></u>	<u><u>59.05</u></u>		
Dividends per ordinary stock - gross (sen)	26	<u><u>23.0</u></u>	<u><u>23.0</u></u>	<u><u>23.0</u></u>	<u><u>23.0</u></u>

The notes on pages 64 to 129 are an integral part of these financial statements.



Statements of recognised income and expense for the year ended 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Foreign currency translation differences for foreign operations	17	21,328	18,291	-	-
Income recognised directly in equity		21,328	18,291	-	-
Profit for the year		389,636	334,082	104,034	81,384
Total recognised income for the year		410,964	352,373	104,034	81,384
Attributable to :					
Stockholders of the Company		345,253	323,542	104,034	81,384
Minority interest		65,711	28,831	-	-
		410,964	352,373	104,034	81,384

The notes on pages 64 to 129 are an integral part of these financial statements.



Cash flow statements for the year ended 31 December 2007

	Note	Group		Company	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
			(Restated)		
Cash flows from operating activities					
Profit before tax from continuing operations		510,066	435,316	133,670	102,032
Adjustments for :					
Amortisation of :					
- biological assets	5	10,863	10,710	-	-
- prepaid land lease payments	7	3,032	3,019	-	-
- deferred expenditure	4	1,134	1,066	-	-
Impairment loss on plant and equipment	3	17,216	-	-	-
Impairment loss on goodwill	4	2,784	-	-	-
Deferred expenditure written off	4	3	602	-	-
Depreciation of :					
- property, plant and equipment	3	90,195	94,488	93	88
- investment properties	8	149	149	-	-
Dividend income (gross)		(14,521)	(13,454)	(144,303)	(95,881)
Loss on disposal of other investments	11	2,940	287	-	-
Loss on liquidation of a subsidiary	B	227	-	-	-
Interest expense		15,535	10,405	-	-
Interest income		(44,819)	(43,143)	(8,127)	(8,108)
(Gain)/Loss on disposal of :					
- property, plant and equipment		963	(894)	(34)	-
- investment properties		-	(83)	-	-
Plant and equipment written off		188	299	-	-
Share of profits in associates		(27,318)	(16,724)	-	-
Unrealised loss/(gain) on foreign exchange		22,626	(14,647)	16,750	-
Negative goodwill recognised		(500)	-	-	-
Operating profit/(loss) before changes in working capital		590,763	467,396	(1,951)	(1,869)
Changes in working capital :					
Property development costs		(943)	7,124	-	-
Inventories		(60,019)	(39,190)	-	-
Receivables, deposits and prepayments		(26,007)	(95,541)	6,000	(2,807)
Amount due from associates		(2,191)	(503)	-	-
Payables and accruals		76,770	(9,818)	2,290	(112)
		(12,390)	(137,928)	8,290	(2,919)
Cash generated from/(used in) operations		578,373	329,468	6,339	(4,788)
Dividends received (net)		-	-	114,399	80,074
Interest received		398	466	-	-
Interest paid		(15,002)	(12,513)	-	-
Tax (paid)/refunded		(84,874)	(72,076)	4,078	-
Net cash generated from operating activities		478,895	245,345	124,816	75,286



Cash flow statements for the year ended 31 December 2007 (Cont'd)

		Group		Company	
	Note	2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000
Cash flows from investing activities					
Additions of :					
- deferred expenditure	4	(7,011)	(6,392)	-	-
- land held for property development	6	(2,057)	(1,167)	-	-
- property, plant and equipment	A	(92,377)	(161,664)	(138)	(85)
- biological assets	5	(7,966)	(9,292)	-	-
- investment property	8	(23)	-	-	-
Prepayment of land lease		(25)	(980)	-	-
Dividends received		23,277	29,944	-	-
Interest received		44,165	42,753	8,127	8,108
Net cash outflow on acquisition of a subsidiary	C	(19,183)	(124)	-	-
Net cash outflow on liquidation of a subsidiary	B	(341)	-	-	-
Purchase of investments from minority shareholders		(5,895)	-	-	-
Proceeds from disposal of					
- other investments	11	96,821	26,767	-	-
- plant and equipment		3,672	5,793	34	-
- investment properties		-	343	-	-
Purchase of :					
- other investments		(37,333)	(44,846)	-	-
- associates		(3,321)	-	(264)	-
- subsidiaries		-	-	(37,820)	-
Net cash (used in)/generated from investing activities		(7,597)	(118,865)	(30,061)	8,023
Cash flows from financing activities					
Dividends paid to :					
- minority shareholders		(9,010)	(5,819)	-	-
- stockholders of the Company		(86,799)	(75,374)	(86,799)	(75,374)
Fixed deposits pledged for banking facilities		22,997	4,061	-	-
Repayments of lease obligations		(730)	(383)	-	-
Short term borrowings, net		43,100	62,834	-	-
Proceeds from issue of share to minority shareholders		25,480	-	-	-
Net cash used in financing activities		(4,962)	(14,681)	(86,799)	(75,374)
Net increase in cash and cash equivalents		466,336	111,799	7,956	7,935
Cash and cash equivalents at 1 January		1,282,937	1,155,065	22,243	14,308
Effect of exchange rate fluctuations on cash held		(4,222)	16,073	-	-
Cash and cash equivalents at 31 December	D	1,745,051	1,282,937	30,199	22,243



Cash flow statements for the year ended 31 December 2007 (Cont'd)

Notes

A. *Acquisition of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM94,281,000 (2006 : RM162,566,000) of which RM1,904,000 (2006 : RM902,000) was acquired by hire purchase/lease arrangements.

B. *Liquidation of a subsidiary*

2007

Oriental-Logistics Sdn. Bhd. ("OLOG"), a 51% and 19% respectively owned subsidiary by Jutajati Sdn. Bhd. and Selasih Permata Sdn. Bhd. which in turn are 100% and 50.5% owned subsidiaries of the Company, has commenced its voluntary winding up proceeding on 31 December 2007 via a Special Resolution passed by the shareholders of OLOG.

The fair values of assets and liabilities of the subsidiary liquidated were as follows :

	2007 RM'000
Current assets	
Receivables, deposits and prepayments	169
Cash and bank balances	341
Current liabilities	
Payables and accruals	(135)
Minority interests at the date of liquidated	(148)
Loss on liquidation	(227)
Consideration received	<u>-</u>
Less : Cash and cash equivalents disposed	(341)
Net cash out flow on disposal	<u>(341)</u>



Cash flow statements for the year ended 31 December 2007 (Cont'd)

C. Acquisition of a subsidiary

2007

The acquisition of a subsidiary for the year ended 31 December 2007 is as set out in Note 32(h) of the financial statements.

2006

During the last financial year in 2006, Unique Mix (Penang) Sdn. Bhd., a 70% subsidiary of Simen Utara Sdn. Bhd. ("SU"), which in turn is a 91% subsidiary of Kwong Wah Enterprise Sdn. Bhd. ("KWE"), a wholly owned subsidiary of OHB, acquired 126,000 ordinary shares of RM1 each, representing 42% of the total issued and paid-up share capital in Konkrit Utara Sdn. Bhd. ("K Utara") at a cash consideration of RM157,501.

The fair values and the carrying amount of assets acquired and liabilities assumed are as follows :

	2006 RM'000
Property, plant and equipment	7
Receivables, deposits and prepayments	365
Current tax assets	14
Cash and bank balances	33
Payables and accruals	(1,128)
Deferred tax liabilities	(6)
Net liabilities assumed	<u>(715)</u>
Goodwill on acquisition	872
Total purchase consideration, satisfied in cash	<u>157</u>
Less : Cash and cash equivalents at the date of acquisition	<u>(33)</u>
Net cash outflow on acquisition	<u><u>124</u></u>

The Group's revenue and profit for the year would not be materially different if the acquisition of K Utara had occurred on 1 January 2006.

D. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts :

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	199,399	154,460	4,451	947
Fixed deposits (excluding pledged deposits)	1,552,297	1,132,622	25,748	21,296
Bank overdrafts	(6,645)	(4,145)	-	-
	<u>1,745,051</u>	<u>1,282,937</u>	<u>30,199</u>	<u>22,243</u>

The Group's cash and cash equivalents are stated net of pledged deposits of RM Nil (2006 : RM22,997,000) as disclosed in Note 16.1 to the financial statements.

The notes on pages 64 to 129 are an integral part of these financial statements.



Notes to the financial statements

Oriental Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as below :

Registered office

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

1st Floor, 25B Lebuhr Farquhar
10200 Penang

The consolidated financial statements of the Company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries and the Group's interest in associates.

The principal activities of the Company are as follows :

- (a) investment holding;
- (b) commission agent; and
- (c) provision of management services.

The principal activities of its subsidiaries and associates are set out in Notes 34 and 10 to the financial statements respectively.

The financial statements were approved by the Board of Directors on 29 April 2008.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007 and that have not been applied in preparing these financial statements :

FRSs/Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007



1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs/Interpretations	Effective date
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments : Recognition and Measurement	To be announced
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007
FRS 111, FRS 120 and the Interpretations listed above are not applicable to the Group and the Company. Hence, no further disclosure is warranted.	
The Group and the Company plan to apply the rest of the above-mentioned FRSs and Interpretations for the annual period beginning 1 January 2008 except for FRS 139, Financial Instruments : Recognition and Measurement which the effective date has yet to be announced.	
The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.	
FRS 112 addresses the accounting treatment for income taxes. However, FRS 112 does not prescribe the accounting treatment for reinvestment allowance and investment tax allowance. In the current accounting policy for income taxes, reinvestment allowance or investment tax allowance is treated as the tax base of an asset. On adoption of FRS 112, the Group intends to account for these tax incentives by applying the analogy of the accounting treatment for unused tax losses in FRS 112.	
The initial application of FRS 112 and the other FRSs are not expected to have any material impact on the financial statements of the Group and of the Company.	



1. Basis of preparation (Cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

Note 3	- impairment of property, plant and equipment
Note 4	- assessment on impairment of goodwill
Note 12	- recognition of unutilised tax losses and capital allowances

2. Significant accounting policies

The accounting policies adopted by the Group and the Company are consistent with those adopted in previous year, except for the adoption of FRS 117, Leases.

Other than the reclassification of leasehold land from property, plant and equipment to prepaid land lease payments, the adoption of FRS 117, Leases does not have any significant financial impact on the Group and the Company. The comparative amounts have been reclassified accordingly with the adoption of FRS 117 (see Note 35).

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.



2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) *Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) *Changes in Group composition*

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the purchase method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) *Minority interest*

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity stockholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statements as an allocation of the total profit or loss for the year between minority interest and the equity stockholders of the Company.



2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) *Minority interest (Cont'd)*

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

(iii) *Net investment in foreign operations*

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.



2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment

(i) *Recognition and measurement*

Freehold land and capital work-in-progress are stated at cost/valuation less accumulated impairment losses, if any. All other property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses, if any.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain properties were revalued in 1976 and 1978 and no later valuation has been recorded for these property, plant and equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) *Reclassification to investment property*

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property. Any gain or loss arising on remeasurements is recognised in the income statements.

(iii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.



2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(iv) *Depreciation*

Freehold land and capital work-in-progress are not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Special tools (included in plant and machinery) are depreciated based on the estimated unit of production.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

	%
• Buildings	2 - 10
• Assembly plant	5 - 20
• Plant and machinery	7 - 33 1/3
• Furniture, fixtures, fittings and equipment	5 - 50
• Vehicles	20

The initial cost of hotel operating equipment (included under furniture, fixtures, fittings and equipment) such as linen, crockery, glassware, cutlery and kitchen utensils has been capitalised and is not depreciated. Subsequent acquisition to replace these operating assets are written off in the year in which they are incurred.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Leased assets

(i) *Finance lease*

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) *Operating lease*

Other leases are operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.



2. Significant accounting policies (Cont'd)

(d) Leased assets (Cont'd)

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid land lease payments, except for leasehold land classified as investment property.

Certain leasehold land were revalued previously (see Note 7) and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid land lease payments in accordance with the transitional provision in FRS 117.67A.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Intangible assets

(i) *Goodwill*

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition (termed as "negative goodwill") is recognised immediately in income statements.

(ii) *Deferred expenditure*

Deferred expenditure which represents expenditures incurred on new models of cars is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

(iii) *Amortisation*

Deferred expenditure is amortised over the estimated useful lives of the models concerned to the income statements.

Goodwill with indefinite useful lives is tested for impairment annually and whenever there is an indication that they may be impaired.

(f) New planting expenditure and Replanting expenditure

New planting expenditure represents total cost incurred from land clearing to the point of harvesting.

Expenditure on new planting and replanting and upkeep of immature areas are capitalised and amortised over the estimated economic useful lives of the trees. Amortisation is deferred until the planted areas attain maturity and the rate used is 5% per annum.



2. Significant accounting policies (Cont'd)

(g) Land held for property development

Land held for property development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(h) Investment properties

(i) *Investment property carried at cost*

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognized in profit or loss in the period of the retirement or disposal.

(ii) *Determination of fair value*

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

(i) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition :

- Investments in non-current unquoted equity securities other than investments in subsidiaries and associates are stated at cost less allowance for diminution in value,
- Investments in non-current quoted equity securities are stated at the lower of cost and market value, determined on a portfolio basis,
- Investments in non-current debt securities are stated at amortised cost using the effective interest method less allowance for diminution in value.



2. Significant accounting policies (Cont'd)

(i) Investments in debt and equity securities

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current unquoted equity securities and non-current debt securities other than investments in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(j) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(k) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(l) Inventories

i) Developed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and appropriate proportions of common costs attributable to developing the properties to completion.



2. Significant accounting policies (Cont'd)

(l) Inventories

ii) Other inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cost of assembled motor vehicles and knocked-down units is determined on specific identification and cost of other inventories is principally determined on a first-in, first-out basis.

In the case of work-in-progress and finished products, cost includes an appropriate share of production overheads based on normal operating capacity.

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

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(n) Share capital

(i) Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not revalued for subsequent changes in the fair value or market price of shares. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.



2. Significant accounting policies (Cont'd)

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(q) Impairment of assets

The carrying amount of assets, other than inventories, deferred tax assets, property development costs and financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.



2. Significant accounting policies (Cont'd)

(q) Impairment of assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(r) Borrowings

Borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the borrowings using the effective interest method.

(s) Employee benefits

Short-term employee benefit

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(t) Revenue recognition

(i) *Goods sold*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) *Services*

Revenue from services rendered is recognised in the income statements in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.



2. Significant accounting policies (Cont'd)

(t) Revenue recognition

(iii) *Property development*

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated property development costs.

Where the financial outcome of a property development activities cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the income statements.

(iv) *Developed properties held for sale*

Revenue relating to sale of developed properties held for sale is recognised net of discounts when risks and rewards have been transferred.

(v) *Rental income*

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) *Dividend income*

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

(u) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Borrowing costs incurred on planting expenditure are capitalised. Exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs, are also capitalised.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific planting expenditure, in which case the actual borrowing costs incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.



2. Significant accounting policies (Cont'd)

(v) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) Earnings per stock

The Group presents basic earnings per stock (EPS) data for its ordinary stocks. Basic EPS is calculated by dividing the profit or loss attributable to ordinary stockholders of the Company by the weighted average number of ordinary stocks outstanding during the period.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.



3. Property, plant and equipment

Group	As at 31 December					
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000	Depreciation for the year RM'000	Impairment loss for the year RM'000
2007						
Freehold land :						
At valuation - 1978	15,437	-	-	15,437	-	-
At cost	141,571	-	-	141,571	-	-
Buildings :						
At valuation - 1976	2,037	2,037	-	-	-	-
- 1978	1,125	623	-	502	20	-
At cost	992,332	278,495	-	713,837	21,547	-
Assembly plant :						
At valuation - 1978	1,370	1,370	-	-	-	-
At cost	3,460	3,434	-	26	1	-
<i>Other assets at cost :</i>						
Plant and machinery	666,969	444,059	17,216	205,694	49,640	17,216
Furniture, fixtures, fittings, equipment and vehicles	253,019	185,731	-	67,288	18,987	-
Capital work-in-progress	27,894	-	-	27,894	-	-
	<u>2,105,214</u>	<u>915,749</u>	<u>17,216</u>	<u>1,172,249</u>	<u>90,195</u>	<u>17,216</u>



3. Property, plant and equipment (Cont'd)

		As at 31 December				As at
		Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000	Depreciation for the year RM'000	1 January Net book value RM'000
2006 (Restated)						
Freehold land :						
At valuation	- 1978	15,437	-	15,437	-	15,437
At cost		137,472	-	137,472	-	110,682
Buildings :						
At valuation	- 1976	2,037	2,037	-	-	-
	- 1978	1,125	603	522	20	542
At cost		916,262	250,233	666,029	25,484	629,630
Assembly plant :						
At valuation	- 1978	1,370	1,370	-	-	-
At cost		3,460	3,433	27	1	28
<i>Other assets at cost :</i>						
Plant and machinery		629,143	399,578	229,565	50,734	235,923
Furniture, fixtures, fittings, equipment and vehicles		245,978	176,621	69,357	18,249	71,384
Capital work-in-progress		52,233	-	52,233	-	44,081
		<u>2,004,517</u>	<u>833,875</u>	<u>1,170,642</u>	<u>94,488</u>	<u>1,107,707</u>



3. Property, plant and equipment (Cont'd)

Company	As at 31 December			
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000	Depreciation for the year RM'000
2007				
Freehold land :				
At valuation - 1978	10,519	-	10,519	-
At cost	1,049	-	1,049	-
Buildings :				
At valuation - 1978	788	473	315	15
At cost	175	46	129	4
Other assets at cost :				
Furniture, fixtures, fittings, equipment and vehicles	508	338	170	74
Capital work-in-progress	28	-	28	-
	13,067	857	12,210	93

Company	As at 31 December				As at 1 January
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000	Depreciation for the year RM'000	Net book value RM'000
2006					
Freehold land :					
At valuation - 1978	10,519	-	10,519	-	10,519
At cost	1,049	-	1,049	-	1,049
Buildings :					
At valuation - 1978	788	458	330	16	346
At cost	175	42	133	4	137
Other assets at cost :					
Furniture, fixtures, fittings, equipment and vehicles	432	326	106	68	89
Capital work-in-progress	28	-	28	-	28
	12,991	826	12,165	88	12,168

Please refer Notes 3.1 and 3.2 for detailed movement of cost/valuation and accumulated depreciation of property, plant and equipment of the Group and of the Company.



3. Property, plant and equipment (Cont'd)

3.1 Detailed movement in cost/valuation of the Company/Group are as follows:

	At 1 January 2007 RM'000	Additions RM'000	Additions through acquisition of a subsidiary RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Transfer from investment property RM'000	Exchange differences RM'000	At 31 December 2007 RM'000
Held by the Company								
At valuation 1978 :								
Freehold land	10,519	-	-	-	-	-	-	10,519
Buildings	788	-	-	-	-	-	-	788
At cost								
Freehold land	1,049	-	-	-	-	-	-	1,049
Buildings	175	-	-	-	-	-	-	175
Furniture, fixtures, fittings, equipment and vehicles	432	138	-	(62)	-	-	-	508
Capital work-in-progress	28	-	-	-	-	-	-	28
	12,991	138	-	(62)	-	-	-	13,067
Held by the subsidiaries of the Group								
At valuation 1978 :								
Freehold land	4,918	-	-	-	-	-	-	4,918
Buildings	337	-	-	-	-	-	-	337
Assembly plant	1,370	-	-	-	-	-	-	1,370
At valuation 1976 :								
Buildings	2,037	-	-	-	-	-	-	2,037
At cost								
Freehold land	136,423	519	-	(16)	-	3,368	228	140,522
Buildings	916,087	12,062	-	(4,216)	42,697	9,850	15,677	992,157
Assembly plant	3,460	-	-	-	-	-	-	3,460
Plant and machinery	629,143	27,085	-	(2,413)	17,946	(7,679)	2,887	666,969
Furniture, fixtures, fittings, equipment and vehicles	245,546	17,030	156	(12,344)	1,487	-	636	252,511
Capital work-in-progress	52,205	37,447	-	(7)	(62,130)	-	351	27,866
	2,004,517	94,281	156	(19,058)	-	5,539	19,779	2,105,214

Note 8



3. Property, plant and equipment (Cont'd)

	At 1 January 2006 RM'000	Additions RM'000	Additions through acquisition of a subsidiary RM'000	Disposal/ Write-off RM'000	Reclassification RM'000	Exchange differences RM'000	At 31 December 2006 RM'000
Restated							
Held by the Company							
At valuation 1978 :							
Freehold land	10,519	-	-	-	-	-	10,519
Buildings	788	-	-	-	-	-	788
At cost							
Freehold land	1,049	-	-	-	-	-	1,049
Buildings	175	-	-	-	-	-	175
Furniture, fixtures, fittings, equipment and vehicles	347	85	-	-	-	-	432
Capital work-in-progress	28	-	-	-	-	-	28
	12,906	85	-	-	-	-	12,991
Held by the subsidiaries of the Group							
At valuation 1978 :							
Freehold land	4,918	-	-	-	-	-	4,918
Buildings	337	-	-	-	-	-	337
Assembly plant	1,370	-	-	-	-	-	1,370
At valuation 1976 :							
Buildings	2,037	-	-	-	-	-	2,037
At cost							
Freehold land	109,633	21,001	-	-	4,779	1,010	136,423
Buildings	855,123	39,429	-	(3,706)	22,980	2,261	916,087
Assembly plant	3,460	-	-	-	-	-	3,460
Plant and machinery	611,020	23,751	-	(26,992)	25,184	(3,820)	629,143
Furniture, fixtures, fittings, equipment and vehicles	239,566	13,299	7	(12,640)	4,205	1,109	245,546
Capital work-in-progress	44,053	65,001	-	(23)	(57,148)	322	52,205
	1,884,423	162,566	7	(43,361)	-	882	2,004,517



3. Property, plant and equipment (Cont'd)

3.2 Detailed movement in accumulated depreciation of the Company/Group are as follows:

	At 1 January 2007 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	Transfer from investment property RM'000	Exchange differences RM'000	At 31 December 2007 RM'000
Held by the Company						
At valuation 1978 :						
Buildings	458	15	-	-	-	473
At cost						
Buildings	42	4	-	-	-	46
Furniture, fixtures, fittings, equipment and vehicles	326	74	(62)	-	-	338
	826	93	(62)	-	-	857
Held by the subsidiaries of the Group						
At valuation 1978 :						
Buildings	145	5	-	-	-	150
Assembly plant	1,370	-	-	-	-	1,370
At valuation 1976 :						
Buildings	2,037	-	-	-	-	2,037
At cost						
Buildings	250,191	21,543	(2,883)	5,837	3,761	278,449
Assembly plant	3,433	1	-	-	-	3,434
Plant and machinery	399,578	49,640	(1,218)	(5,615)	1,674	444,059
Furniture, fixtures, fittings, equipment and vehicles	176,295	18,913	(10,072)	-	257	185,393
	833,875	90,195	(14,235)	222	5,692	915,749

Note 8



3. Property, plant and equipment (Cont'd)

	At 1 January 2006 RM'000	Depreciation for the year RM'000	Disposal/ Write-off RM'000	Exchange differences RM'000	At 31 December 2006 RM'000
Held by the Company					
At valuation 1978 :					
Buildings	442	16	-	-	458
At cost					
Buildings	38	4	-	-	42
Furniture, fixtures, fittings, equipment and vehicles	258	68	-	-	326
	738	88	-	-	826
Held by the subsidiaries of the Group					
At valuation 1978 :					
Buildings	141	4	-	-	145
Assembly plant	1,370	-	-	-	1,370
At valuation 1976 :					
Buildings	2,037	-	-	-	2,037
At cost					
Buildings	225,630	25,480	(2,235)	1,316	250,191
Assembly plant	3,432	1	-	-	3,433
Plant and machinery	375,097	50,734	(24,940)	(1,313)	399,578
Furniture, fixtures, fittings, equipment and vehicles	168,271	18,181	(10,988)	831	176,295
	776,716	94,488	(38,163)	834	833,875

The property, plant and equipment are shown at Directors' valuation in the years indicated based on the following valuation exercises carried out :

- In 1976 - By a firm of professional valuers on a 'replacement cost' basis.
- In 1978 - By Government Valuers on an 'open market value' basis.

Subsequent acquisitions are shown at cost while deletions are at valuation or cost as appropriate.

Included in the net book value of the buildings of the Group stated at cost is an amount of RM307,000 (2006 : RM307,000) representing the cost of construction of three units of shop houses on land belonging to a third party.

Certain title deeds to the land and buildings of the Group are in the process of issuance by the relevant authorities.

3.1 Assets under hire purchase and leasing arrangements

Included in the net book value of property, plant and equipment of the Group is an amount of RM2,956,000 (2006 : RM1,842,000) representing assets financed under leasing instalment plans.

3.2 Security

Certain freehold land of the Group with net book value of RM19,597,000 (2006 : RM19,597,000) are pledged to a licensed bank as security for banking facilities granted to a subsidiary of the Company (see Note 19).



3. Property, plant and equipment (Cont'd)

3.3 *Impairment of property, plant and equipment*

Certain subsidiaries of the Group included within the plastic division, carried out a review of the recoverable amount of its property, plant and equipment during the current financial year as the operating results have declined over the years due to the competitive overseas market. The review led to the recognition of an impairment loss of RM17,216,000 (included in "Other operating expenses") as disclosed under Note 21. The recoverable amount was based on the higher of value in use and fair value less cost to sell.

3.4 *Carrying amounts of revalued property, plant and equipment*

The carrying amounts of the revalued assets (under property, plant and equipment) had they been stated at cost less accumulated depreciation are as follows :

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2007			
At Valuation 1976 :			
<i>Held by the subsidiaries of the Group</i>			
Buildings	1,713	1,270	443
At Valuation 1978 :			
<i>Held by the Company</i>			
Freehold land	865	-	865
Buildings	65	36	29
	930	36	894
<i>Held by the subsidiaries of the Group</i>			
Freehold land	1,022	-	1,022
Buildings	1,687	676	1,011
Assembly plant	691	691	-
	3,400	1,367	2,033
	6,043	2,673	3,370



3. Property, plant and equipment (Cont'd)

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2006 (Restated)			
At Valuation 1976 :			
<i>Held by the subsidiaries of the Group</i>			
Buildings	1,713	1,245	468
At Valuation 1978 :			
<i>Held by the Company</i>			
Freehold land	865	-	865
Buildings	65	35	30
	930	35	895
<i>Held by the subsidiaries of the Group</i>			
Freehold land	1,022	-	1,022
Buildings	1,687	673	1,014
Assembly plant	691	691	-
	3,400	1,364	2,036
	6,043	2,644	3,399

4. Intangible assets - Group

	Note	Goodwill RM'000	Deferred expenditure RM'000	Total RM'000
Cost				
At 1 January 2006		26,003	19,209	45,212
Additions during the year		872	6,392	7,264
Write-off during the year	21	-	(17,414)	(17,414)
Liquidation of a subsidiary		(200)	-	(200)
Effect of movement in exchange rate		-	(33)	(33)
At 31 December 2006		26,675	8,154	34,829
Additions during the year		7,975	7,011	14,986
Impairment loss on goodwill	21	(2,784)	-	(2,784)
Write-off during the year	21	-	(3)	(3)
Acquisition of a subsidiary		-	3	3
Effect of movement in exchange rate		-	6	6
At 31 December 2007		31,866	15,171	47,037



4. Intangible assets - Group (Cont'd)

	Note	Goodwill RM'000	Deferred expenditure RM'000	Total RM'000
Amortisation				
At 1 January 2006		-	17,644	17,644
Amortisation during the year	21	-	1,066	1,066
Write-off during the year	21	-	(16,812)	(16,812)
Effect of movement in exchange rate		-	(28)	(28)
At 31 December 2006		-	1,870	1,870
Amortisation during the year	21	-	1,134	1,134
Effect of movement in exchange rate		-	6	6
At 31 December 2007		-	3,010	3,010
Carrying amounts				
At 1 January 2006		26,003	1,565	27,568
At 31 December 2006/1 January 2007		26,675	6,284	32,959
At 31 December 2007		31,866	12,161	44,027

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill had been allocated to the following business segments as independent CGUs :

	Group	
	2007 RM'000	2006 RM'000
Automotive and related products	5,152	5,152
Plastic products	4,159	4,988
Plantation	18,224	12,204
Multiple units without significant goodwill	4,331	4,331
	<u>31,866</u>	<u>26,675</u>

(a) Key sources of estimation uncertainty

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2007 was approximately RM31,866,000 (2006 : RM26,675,000).



4. Intangible assets - Group (Cont'd)

(b) Recoverable amount based on value in use

The recoverable amount of a CGU is determined based on the value in use calculations with the following key assumptions applied :

- (i) Cash flows are projected based on the financial budgets approved by the Directors.
- (ii) Discount rates used for cash flows discounting purposes are the management's estimate of average cost of capital required in the respective segments. The discount rates applied for cash flow projections are ranging from 5% to 10%.
- (iii) Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields, oil extractions rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performance of the segments.
- (iv) Profit margins are projected based on the industry trends, historical profit margin achieved or predetermined profit margin for property projects.

With regard to the assessment of value in use and fair value less costs to sell, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

5. Biological assets

	Group	
	2007	2006
	RM'000	RM'000
Cost		
Balance at 1 January	222,755	220,102
Additions during the year	7,966	9,292
Acquisition through a subsidiary	764	-
Effect of movement in exchange rate	(7,026)	(6,639)
Balance at 31 December	<u>224,459</u>	<u>222,755</u>
Accumulated amortisation		
Balance at 1 January	66,219	56,974
Amortisation charge for the year (Note 21)	10,863	10,710
Effect of movement in exchange rate	(1,904)	(1,465)
Balance at 31 December	<u>75,178</u>	<u>66,219</u>
	<u><u>149,281</u></u>	<u><u>156,536</u></u>



5. Biological assets (Cont'd)

Additions to biological assets during the year include :

	Group	
	2007 RM'000	2006 RM'000
- Interest expense	<u>1,439</u>	<u>1,587</u>

Interest is capitalised under biological assets at average rate of 3.50% to 6.82% (2006 : 3.50% to 6.82%) per annum.

6. Land held for property development

	Note	Group	
		2007 RM'000	2006 RM'000
Balance at 1 January		57,409	56,242
Add : Additions during the year		2,057	1,167
Balance at 31 December *		<u>59,466</u>	<u>57,409</u>
* This amount comprises :			
At valuation (1978)			
Freehold land		1,751	1,751
At cost			
Freehold land		43,991	43,991
Other outgoing	6.2	13,724	11,667
		<u>59,466</u>	<u>57,409</u>

6.1 Land held for property development under the revaluation model

The freehold land is shown at Directors' valuation based on a valuation exercise carried out by Government Valuers on an 'open market value' basis in 1978.

The carrying amount of the revalued land had it been stated at cost is RM1,257,000 (2006 : RM1,257,000).

6.2 Other outgoing

Included in other outgoing is land premium of RM5,625,000 (2006 : RM5,625,000) representing payment made pursuant to a conditional agreement entered into between the State Government of Malacca and one of the subsidiaries, Ultra Green Sdn Bhd ("UGSB"), whereby UGSB has been granted exclusive right to reclaim and develop approximately 1,125 acres of foreshore land. The approval from the State Government of Malacca includes the granting of leasehold tenancy for a period of 99 years and the entitlement of the State Government of Malacca, after reclamation, to one-sixth of the total net saleable area or one-sixth of the paid up capital of UGSB in lieu thereof.

As at the date of these financial statements, UGSB has commenced the reclamation works after obtaining the approval from the Department of Environment Melaka.



7. Prepaid land lease payments

	Note	Group 2007 RM'000	Group 2006 RM'000
At 1 January		104,324	105,417
Additions		25	980
Additions through acquisition of a subsidiary		24,054	-
Amortisation for the year	21	(3,032)	(3,019)
Exchange difference		11	946
At 31 December		<u>125,382</u>	<u>104,324</u>
Long term leasehold land		51,028	27,317
Short term leasehold land		74,354	77,007
		<u>125,382</u>	<u>104,324</u>

The leasehold land of the Group with the following carrying amount were revalued in 1976 and 1978 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid land lease payments in accordance with the transitional provision of FRS 117.67A when it first adopted FRS 117, Leases this year.

	Group 2007 RM'000	Group 2006 RM'000
At valuation 1976		
Short term leasehold land	480	516
At valuation 1978		
Long term leasehold land	1,272	1,297
Short term leasehold land	140	147
	1,412	1,444
	<u>1,892</u>	<u>1,960</u>



8. Investment properties

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January	61,963	62,223	3,834	3,834
Additions	23	-	-	-
Disposal	-	(260)	-	-
Transfer to property, plant and equipment (Note 3)	(5,539)	-	-	-
At 31 December	<u>56,447</u>	<u>61,963</u>	<u>3,834</u>	<u>3,834</u>
Accumulated depreciation				
At 1 January	573	424	-	-
Charge for the year	149	149	-	-
Transfer to property, plant and equipment (Note 3)	(222)	-	-	-
At 31 December	<u>500</u>	<u>573</u>	<u>-</u>	<u>-</u>
Carrying amount				
At 31 December	<u>55,947</u>	<u>61,390</u>	<u>3,834</u>	<u>3,834</u>
Included in the above are :				
Freehold land	51,132	54,500	3,834	3,834
Buildings	4,815	6,890	-	-
	<u>55,947</u>	<u>61,390</u>	<u>3,834</u>	<u>3,834</u>

Investment properties comprise a number of commercial properties and vacant land that are leased to third parties or held for capital appreciation. The Directors estimate that the fair value of the investment properties are as follows :

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
	million	million	million	million
Freehold land	102.4	103.5	21.3	21.3
Buildings	0.9	4.0	-	-
	<u>103.3</u>	<u>107.5</u>	<u>21.3</u>	<u>21.3</u>



9. Investments in subsidiaries

	Company	
	2007	2006
	RM'000	RM'000
Unquoted shares, at cost	<u>429,739</u>	<u>391,919</u>

Details of the subsidiaries are listed under Note 34.

10. Investments in associates

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	64,320	60,999	31,465	31,201
Share of post-acquisition reserves	140,850	122,625	-	-
	<u>205,170</u>	<u>183,624</u>	<u>31,465</u>	<u>31,201</u>
Less : Impairment losses	-	-	(10,000)	(10,000)
	<u>205,170</u>	<u>183,624</u>	<u>21,465</u>	<u>21,201</u>

* This is represented by :

Share of net assets	200,791	179,245
Goodwill	4,379	4,379
	<u>205,170</u>	<u>183,624</u>



10. Investments in associates (Cont'd)

List of associates :

	Group's Effective Interest		Principal Activities
	2007 %	2006 %	
Incorporated in Malaysia :			
Southern Oriental Sdn. Bhd.	50.0	50.0	Investment holding
Chainferry Development Sdn. Berhad	32.8	32.8	Property development
Penang Wellesley Realty Sdn. Berhad	39.8	39.8	Property development
Southern Perak Plantations Sdn. Berhad	39.5	39.5	Production and sale of oil palm fruits, palm oil and kernel
Penang Amusements Co. Sdn. Bhd.	25.0	25.0	Operation of a bowling alley
Honda Autoparts Manufacturing (M) Sdn. Bhd.	49.0	49.0	Manufacturing and sale of motor vehicle parts
Hicom Teck See Manufacturing Malaysia Sdn Bhd	29.4	29.4	Manufacture of thermo plastic and thermo setting products
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	30.0	30.0	Sale of construction machinery, attachments and spare parts and renting of machinery
Key Digital Sdn. Bhd.	30.0	-	Investment holding
Unique Mix Sdn. Bhd.	31.9	31.9	Selling and distributing of ready mix concrete
Incorporated in Singapore :			
Singapore Safety Driving Centre Ltd	27.5	27.5	Operation of a driving school
B.S. Kah Pte. Ltd	40.0	40.0	Property management
Bukit Batok Driving Centre Ltd	21.9	21.9	Operation of a driving school
Incorporated in Thailand :			
<i>Held through a subsidiary of the Company, Teck See Plastic Sdn Bhd</i>			
Kasai Teck See Co. Ltd.	15.0	-	Manufacture and sale of parts, mould and automotive equipment including automotive interior parts

The accounting year end of all the associates is 31 December except for Hicom Teck See Manufacturing Malaysia Sdn Bhd, Honda Autoparts Manufacturing (M) Sdn. Bhd. and Hitachi Construction Machinery (Malaysia) Sdn. Bhd. whose accounting years end on 31 March.



10. Investments in associates (Cont'd)

Summary financial information on associates :

Group	Revenues (100%) RM'000	Profit/(Loss) for the year (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2007				
Chainferry Development Sdn. Berhad	678	(562)	49,925	2,959
Penang Wellesley Realty Sdn. Berhad	-	378	9,711	217
Southern Perak Plantations Sdn. Berhad	51,353	17,416	105,375	21,166
Penang Amusements Co. Sdn. Bhd.	824	96	2,411	305
Honda Autoparts Manufacturing (M) Sdn. Bhd.	102,761	4,666	93,244	8,413
Hicom Teck See Manufacturing Malaysia Sdn. Bhd.	199,247	10,624	168,440	61,327
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	277,401	28,876	183,085	91,740
Singapore Safety Driving Centre Ltd	59,487	11,392	112,739	16,560
B.S. Kah Pte. Ltd	900	38	3,687	1,757
Bukit Batok Driving Centre Ltd	67,735	15,141	119,106	32,787
Key Digital Sdn. Bhd.	-	(17)	863	4
Southern Oriental Sdn. Bhd.	-	(15)	3	53
Unique Mix Sdn. Bhd.	13,966	(41)	5,821	3,389
Kasai Teck See Co. Ltd.	3,811	(1,752)	10,347	1,301
	778,163	86,240	864,757	241,978
2006				
Chainferry Development Sdn. Berhad	918	(456)	49,229	791
Penang Wellesley Realty Sdn. Berhad	-	322	9,495	225
Southern Perak Plantations Sdn. Berhad	29,237	4,819	89,986	19,543
Penang Amusements Co. Sdn. Bhd.	465	43	2,389	329
Honda Autoparts Manufacturing (M) Sdn. Bhd.	62,897	6,454	91,971	8,646
Hicom Teck See Manufacturing Malaysia Sdn Bhd	194,690	751	151,548	49,214
Hitachi Construction Machinery (Malaysia) Sdn. Bhd.	184,588	14,216	117,838	51,370
Singapore Safety Driving Centre Ltd	56,114	8,153	98,232	14,097
B.S. Kah Pte. Ltd	806	14	2,961	1,070
Bukit Batok Driving Centre Ltd	62,456	13,795	107,200	31,392
Southern Oriental Sdn. Bhd.	-	(14)	3	38
Unique Mix Sdn. Bhd.	1,490	95	5,921	3,448
	593,661	48,192	726,773	180,163



11. Other investments, at cost

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Quoted shares				
- in Malaysia	7,456	7,619	-	-
- outside Malaysia	42,808	38,318	-	-
Quoted bonds	61,354	103,173	-	-
Quoted unit trusts and REITS	3,288	9,827	-	-
	<u>114,906</u>	<u>158,937</u>	<u>-</u>	<u>-</u>
Unquoted shares	28,252	28,252	33,113	33,113
Unquoted bonds	-	19,067	-	-
Others	1,068	1,101	-	-
	<u>144,226</u>	<u>207,357</u>	<u>33,113</u>	<u>33,113</u>
Market value of :				
- Quoted shares	102,209	92,562	-	-
- Quoted bonds	61,309	103,678	-	-
- Quoted unit trusts and REITS	4,314	11,249	-	-
	<u>167,832</u>	<u>207,489</u>	<u>-</u>	<u>-</u>

Details of disposed investments stated at cost are as follows :

	Group	
	2007	2006
	RM'000	RM'000
Proceeds from disposal	96,821	26,767
Carrying amount of investments disposed	(99,761)	(27,054)
Loss on disposal of investments (Note 21)	<u>(2,940)</u>	<u>(287)</u>

12. Deferred tax assets

The recognised deferred tax assets are in respect of the following :

	Group	
	2007	2006
	RM'000	RM'000
Property, plant and equipment		
- capital allowances	(765)	1,849
Provisions	3,186	1,376
Unutilised capital allowances	3,082	1,844
Unutilised tax losses	1,179	2,524
	<u>6,682</u>	<u>7,593</u>



12. Deferred tax assets (Cont'd)

The movements of deferred tax assets during the financial year are disclosed in Note 18.

No deferred tax has been recognised in respect of the following items as it is not probable that future taxable profit will be available against which the Group can utilise the benefits :

	Group	
	2007	2006
	RM'000	RM'000
Deductible/(Taxable) temporary differences	22,228	(1,147)
Unutilised capital allowances	883	851
Unutilised tax losses	10,657	5,844
Unutilised tax credits	1,634	-
	35,402	5,548

Unutilised capital allowances, unutilised tax losses and tax credits do not expire under the Malaysian tax legislation. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

13. Property development costs

	Group	
	2007	2006
	RM'000	RM'000
Balance at 1 January	2,206	9,330
Add : Development costs incurred during the year	943	1,011
	3,149	10,341
Less : Cost charged to income statements	-	(2,253)
Transfer to inventories	-	(5,882)
Balance at 31 December *	3,149	2,206
* This amount comprises :		
Freehold land, at cost	39	329
Development costs	3,110	1,877
	3,149	2,206



14. Receivables, deposits and prepayments

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade					
Amount due :					
- within 1 year		376,757	386,673	-	-
- after 1 year		344	1,641	-	-
	14.1	377,101	388,314	-	-
Allowance for doubtful debts		(10,316)	(6,777)	-	-
Unearned income		(969)	(1,080)	-	-
		(11,285)	(7,857)	-	-
		365,816	380,457	-	-
Non-trade					
Amount due from subsidiaries	14.2	-	-	344,636	367,386
Amount due from associates	14.2	6,352	4,191	-	-
Other receivables		28,151	29,713	-	-
Deposits		97,698	53,460	11	11
Prepayments		13,413	14,725	-	-
		145,614	102,089	344,647	367,397
		511,430	482,546	344,647	367,397

14.1 Analysis of foreign currency exposure for significant receivable

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

- RM13,723,000 (2006 : RM13,051,000) denominated in US Dollar
- RM Nil (2006 : RM189,000) denominated in Singapore Dollar
- RM4,385,000 (2006 : RM4,296,000) denominated in Japanese Yen
- RM397,000 (2006 : RM3,300,000) denominated in Thai Baht
- RM320,000 (2006 : RM Nil) denominated in EURO Dollar

14.2 Amount due from subsidiaries and associates

The receivables due from subsidiaries and associates are unsecured, interest-free and repayable on demand, except for an amount of RM115,624,312 (2006 : RM132,661,701) due from subsidiaries that is subject to interest at the rate of 5.72% (2006 : 5.72%) per annum.



15. Inventories

	Group	
	2007	2006
	RM'000	RM'000
Developed properties held for sale	8,203	8,401
Finished products		
Manufactured goods	57,710	42,491
Assembled motor vehicles	243,612	196,458
Trading inventories	16,769	12,735
	318,091	251,684
Work-in-progress	17,020	19,709
Raw materials	56,238	63,544
Knocked-down units	31,537	31,840
Consumable stores and spares	30,807	30,335
Hotel stocks	3,028	2,708
	464,924	408,221

Included in the above are certain inventories carried at net realisable value :

	Group	
	2007	2006
	RM'000	RM'000
Manufactured goods	12,448	16,453
Trading inventories	-	27
	12,448	16,480

16. Cash and cash equivalents

	Group		Company	
Note	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Fixed deposits :				
With licensed banks	1,483,844	1,085,736	25,748	21,296
With licensed finance companies	68,453	69,883	-	-
16.1	1,552,297	1,155,619	25,748	21,296
Cash and bank balances	16.2	154,460	4,451	947
16.3	1,751,696	1,310,079	30,199	22,243



16. Cash and cash equivalents (Cont'd)

16.1 Deposits placed with licensed banks pledged for a bank facility

Included in the fixed deposits of the Group is an amount of RM Nil (2006 : RM22,997,000) which is pledged for banking/financing facilities granted to certain subsidiaries (see Note 19).

16.2 Cash and bank balances

Included in cash and bank balances of the Group is an amount of RM651,000 (2006 : RM434,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

16.3 Analysis of foreign currency exposure for significant cash and cash equivalent

Significant cash and cash equivalents outstanding at year end that are not in the functional currencies of the Group entities are as follows :

- RM160,879,000 (2006 : RM118,040,000) denominated in US Dollar
- RM8,470,000 (2006 : RM5,045,000) denominated in Japanese Yen



17. Capital and reserves

17.1 Reconciliation of movement in capital and reserves

	Attributable to stockholders of the Company									Total RM'000	Minority interest RM'000	Total equity RM'000
	Non-distributable					Distributable						
Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Capital redemption reserve RM'000	Asset revaluation reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000			
At 1 January 2006	517,000	1,099	1,073	283,947	68	474	(249)	1,979,404	40,237	2,823,053	277,761	3,100,814
Foreign exchange translation differences	-	-	-	18,291	-	-	-	-	-	18,291	-	18,291
Net gains recognised directly in equity	-	-	-	18,291	-	-	-	-	-	18,291	-	18,291
Profit for the year	-	-	-	-	-	-	-	305,251	-	305,251	28,831	334,082
Total recognised income and expense for the year	-	-	-	18,291	-	-	-	305,251	-	323,542	28,831	352,373
Dividends to stockholders	-	-	-	-	-	-	-	(75,891)	-	(75,891)	-	(75,891)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	(959)	(959)
Dividends to minority interest	-	-	-	-	-	-	-	-	-	-	(5,819)	(5,819)
At 31 December 2006	517,000	1,099	1,073	302,238	68	474	(249)	2,208,764	40,237	3,070,704	299,814	3,370,518



17. Capital and reserves (Cont'd)

17.1 Reconciliation of movement in capital and reserves (Cont'd)

Group	Attributable to stockholders of the Company									Total RM'000	Minority interest RM'000	Total equity RM'000
	Non-distributable					Distributable						
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Capital redemption reserve RM'000	Asset revaluation reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000			
At 1 January 2007	517,000	1,099	1,073	302,238	68	474	(249)	2,208,764	40,237	3,070,704	299,814	3,370,518
Foreign exchange translation differences	-	-	-	21,328	-	-	-	-	-	21,328	-	21,328
Net gains recognised directly in equity	-	-	-	21,328	-	-	-	-	-	21,328	-	21,328
Profit for the year	-	-	-	-	-	-	-	323,925	-	323,925	65,711	389,636
Total recognised income and expense for the year	-	-	-	21,328	-	-	-	323,925	-	345,253	65,711	410,964
Dividends to stockholders	-	-	-	-	-	-	-	(87,316)	-	(87,316)	-	(87,316)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	(148)	(148)
Dilution arising from additional shares issued by a subsidiary	-	-	-	-	-	-	-	(1,312)	-	(1,312)	1,576	264
Dividends paid to minority interest	-	-	-	-	-	-	-	-	-	-	(9,010)	(9,010)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	4,105	4,105
Acquisition of shares from minority interest	-	-	-	-	-	-	-	-	-	-	(3,939)	(3,939)
Shares issued to minority interest	-	-	-	-	-	-	-	-	-	-	25,480	25,480
At 31 December 2007	517,000	1,099	1,073	323,566	68	474	(249)	2,444,061	40,237	3,327,329	383,589	3,710,918



17. Capital and reserves (Cont'd)

17.1 Reconciliation of movement in capital and reserves (Cont'd)

Company	Note	Non-distributable			Distributable		Total RM'000
		Share capital RM'000	Capital redemption reserve RM'000	Treasury stocks RM'000	Retained earnings RM'000	Capital reserve RM'000	
At 1 January 2006		517,000	68	(249)	264,979	29,992	811,790
Profit for the year		-	-	-	81,384	-	81,384
Dividends to stockholders	26	-	-	-	(75,891)	-	(75,891)
At 31 December 2006		517,000	68	(249)	270,472	29,992	817,283
Profit for the year		-	-	-	104,034	-	104,034
Dividends to stockholders	26	-	-	-	(87,316)	-	(87,316)
At 31 December 2007		517,000	68	(249)	287,190	29,992	834,001



17. Capital and reserves (Cont'd)

17.2 Share capital

	Group/Company	
	2007	2006
	RM'000	RM'000
Authorised :		
1,000,000,000 stocks of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid :		
517,000,000 stocks of RM1 each	<u>517,000</u>	<u>517,000</u>

17.3 Capital reserve

The capital reserve comprises :

- a) surplus on sale of land and building and long term investments; and
- b) reserve fund provided at 10% of net profit of a subsidiary in China.

17.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

17.5 Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of property, plant and equipment.

17.6 Treasury stocks

In year 2000, the Company purchased 100,000 of its issued stocks from the open market. The average price paid for the stocks purchased was RM7.84 per stock. The repurchased stocks are held as treasury stocks and carried at cost.

On 2 March 2001, 68,192 of the treasury stocks were cancelled which reduced the issued capital of the Company to 517,000,000 stocks of RM1 each and an amount equivalent to their nominal value was transferred to Capital Redemption Reserve. Treasury stocks have no rights to voting, dividends and participation in other distribution.

17.7 Minority interest

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of their share of subsidiaries' goodwill on consolidation.

17.8 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits and exempt income to frank/distribute dividends out of all its distributable reserves at balance sheet date.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.



18. Deferred liabilities

	Note	Group 2007 RM'000	2006 RM'000
Deferred tax liabilities	18.1	28,148	22,291
Lease obligations			
Total amount payable		2,815	1,626
Portion payable within 12 months included under Borrowings (Note 19)		(1,132)	(555)
Amount payable after 12 months	18.2	1,683	1,071
		29,831	23,362

18.1 Deferred tax liabilities

The recognised deferred tax liabilities for the Group are in respect of the following :

	Group 2007 RM'000	2006 RM'000
Property, plant and equipment - capital allowances	16,360	15,933
- revaluation	320	320
Prepaid land lease - fair value adjustment	7,214	-
Biological assets - capital allowances	6,549	6,761
Unabsorbed capital allowances	(1,421)	-
Other deductible temporary differences	(874)	(723)
	28,148	22,291

18.2 Lease obligations

Lease obligations are payable as follows :

	2007			2006		
	Minimum lease payment RM'000	Interest RM'000	Principal RM'000	Minimum lease payment RM'000	Interest RM'000	Principal RM'000
Less than 1 year	1,316	184	1,132	653	98	555
Between 1 and 5 years	1,800	117	1,683	1,141	70	1,071
	3,116	301	2,815	1,794	168	1,626



18. Deferred liabilities (Cont'd)

The components and movements of deferred tax (assets)/liabilities are as follows :

	At 1 January 2006 RM'000	Effect of movement in exchange rate RM'000	Recognised in the income statements RM'000	Acquired in business combination RM'000	At 31 December 2006 RM'000	Effect of movement in exchange rate RM'000	Recognised in the income statements RM'000	Fair value adjustment RM'000	At 31 December 2007 RM'000
Deferred tax liabilities									
Property, plant and equipment									
- capital allowances	10,722	18	5,187	6	15,933	2	425	-	16,360
- revaluation	326	-	(6)	-	320	-	-	-	320
Prepaid land lease payments	-	-	-	-	-	-	-	7,214	7,214
Biological assets									
- capital allowances	6,565	(29)	225	-	6,761	(54)	(158)	-	6,549
Other items	(950)	-	227	-	(723)	-	(1,572)	-	(2,295)
	16,663	(11)	5,633	6	22,291	(52)	(1,305)	7,214	28,148
Deferred tax assets									
Property, plant and equipment									
- capital allowances	89	(33)	(1,905)	-	(1,849)	(2)	2,616	-	765
- revaluation	(1,073)	-	(303)	-	(1,376)	-	(1,810)	-	(3,186)
Other items	(6,315)	-	1,947	-	(4,368)	-	107	-	(4,261)
	(7,299)	(33)	(261)	-	(7,593)	(2)	913	-	(6,682)
	9,364	(44)	5,372	6	14,698	(54)	(392)	7,214	21,466

Note 24

Note 24



19. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 31.

	Group	
	2007	2006
	RM'000	RM'000
Current		
Secured :		
Bank overdrafts	2,852	459
Other bank borrowings	73,696	16,546
	<u>76,548</u>	<u>17,005</u>
Unsecured :		
Bank overdrafts	3,793	3,686
Other bank borrowings	315,301	326,727
Lease obligations (Note 18)	1,132	555
	<u>320,226</u>	<u>330,968</u>
	<u><u>396,774</u></u>	<u><u>347,973</u></u>
Non-current		
Secured :		
Other bank borrowings	<u>15,881</u>	<u>17,424</u>

The bank borrowings carry interest at rates which vary according to prevailing base lending rates.

The secured bank borrowings are secured by way of charge over certain property of the Group (see Note 3) and fixed deposit pledged (see Note 16).

20. Payables and accruals

	Note	Group		Company	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables	20.1	246,383	199,036	-	-
Non-trade					
Amount due to associates	20.2	410	213	-	-
Amount due to subsidiaries	20.2	-	-	2,702	438
Other payables		69,817	70,364	-	144
Accrued expenses	20.3	101,506	69,426	835	665
		<u>171,733</u>	<u>140,003</u>	<u>3,537</u>	<u>1,247</u>
		<u><u>418,116</u></u>	<u><u>339,039</u></u>	<u><u>3,537</u></u>	<u><u>1,247</u></u>



20. Payables and accruals (Cont'd)

20.1 Analysis of foreign currency exposure for significant payable

Significant trade payables that are not in the functional currencies of the Group entities are as follows :

- RM12,427,000 (2006 : RM16,845,000) denominated in US Dollar
- RM37,000 (2006 : RM Nil) denominated in Singapore Dollar
- RM32,489,000 (2006 : RM13,130,000) denominated in Japanese Yen
- RM73,000 (2006 : RM Nil) denominated in Thai Baht
- RM40,000 (2006 : RM31,000) denominated in Euro Dollar

20.2 Amount due to associates and subsidiaries

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

20.3 Accrued expenses

Included in accrued expenses is an amount of RM3,307,000 (2006 : RM Nil) payable to the former shareholder of a subsidiary, PT Bumi Sawit Sukses Pramata, pending the release of certificate of "Hak Guna Usaha" on land by Indonesia Government.

21. Operating profit

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Revenue				
- Sale of goods and services	4,446,002	3,897,501	133	126
- Interest income	44,819	43,143	8,126	8,108
- Rental income	5,554	5,556	444	447
- Dividend income	14,521	13,454	144,303	95,881
- Commission income	-	-	37	48
	<u>4,510,896</u>	<u>3,959,654</u>	<u>153,043</u>	<u>104,610</u>

Operating profit is arrived at after charging :

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- <i>current year</i>				
- Statutory audit • KPMG	608	514	25	9
• Other auditors	475	474	-	-
- Other services by KPMG	491	488	139	150
- <i>prior year</i>				
- Statutory audit • KPMG	18	(39)	16	-
• Other auditors	-	1	-	-
- Other services by KPMG	-	34	-	-
Amortisation of :				
- biological assets (Note 5)	10,863	10,710	-	-
- prepaid lease payments (Note 7)	3,032	3,019	-	-



21. Operating profit (Cont'd)

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Loss on liquidation of a subsidiary	227	-	-	-
Bad and doubtful debts	579	141	-	-
Deferred expenditure (Note 4) :				
- Amortisation	1,134	1,066	-	-
- Write off	-	602	-	-
Depreciation :				
- property, plant and equipment (Note 3)	90,195	94,488	93	88
- investment properties (Note 8)	149	149	-	-
Directors' emoluments				
Directors of the Company :				
- Fees	1,091	1,108	540	540
- Short term employee benefits	6,586	5,659	52	51
- Benefits-in-kind	27	30	-	-
Other directors of subsidiaries :				
- Fees	918	1,275	-	-
- Short term employee benefits	7,264	6,581	-	-
- Benefits-in-kind	95	78	-	-
Direct operating expenses of investment properties :				
- Did not generate rental income	68	99	12	30
- Generated rental income	289	364	-	-
Impairment loss on plant and equipment	17,216	-	-	-
Impairment loss on goodwill	2,784	-	-	-
Hire of equipment	1,814	2,194	-	-
Interest expense on :				
- Bank overdraft	97	184	-	-
- Other bank borrowings	15,438	10,221	-	-
Loss on disposal of :				
- investments (Note 11)	2,940	287	-	-
- property, plant and equipment	963	-	-	-
Plant and equipment written off	188	299	-	-
Realised loss on foreign exchange	8,337	-	-	1
Rental of land and buildings	5,175	5,862	-	-
Write down of inventories	2,834	1,030	-	-
Unrealised loss on foreign exchange	22,626	-	16,750	-
And crediting :				
Dividends (gross) received from :				
- Unquoted investments	11,299	10,924	10,370	10,343
- Unquoted subsidiaries	-	-	127,416	75,866
- Unquoted associates	-	-	6,517	9,672
- Investments quoted in Malaysia	480	505	-	-
- Investments quoted outside Malaysia	2,742	2,025	-	-
Gain on disposal of :				
- property, plant and equipment	-	894	34	-
- investment properties	-	83	-	-
Interest received from subsidiaries	-	-	7,268	7,583
Other interest income	44,819	43,143	859	525
Realised gain on foreign exchange	-	1,958	-	-
Negative goodwill recognised	500	-	-	-
Rental income	5,554	5,500	444	447
Reversal of allowance for doubtful debts	-	47	-	-
Unrealised gain on foreign exchange	-	14,647	-	-



22. Employee information

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Staff costs	<u>326,562</u>	<u>279,995</u>	<u>1,067</u>	<u>1,018</u>

Included in staff costs of the Group and of the Company is an amount of RM16,919,000 (2006 : RM19,429,000) and RM147,726 (2006 : RM139,955) respectively representing contributions made to Employees' Provident Fund.

23. Key management personnel compensation

Key management personnel include all the Directors of the Group and their compensations are as disclosed in Note 21.

24. Tax expense

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Recognised in the income statements				
Tax expense on continuing operations	120,430	101,234	29,636	20,648
Share of tax of equity accounted associates	6,652	3,422	-	-
Total tax expense	<u>127,082</u>	<u>104,656</u>	<u>29,636</u>	<u>20,648</u>

Major components of tax expense include :

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current year	25,873	19,328	15,780	7,366
- prior years	(38)	(5,014)	(380)	(697)
	25,835	14,314	15,400	6,669
Overseas - current year	101,059	75,726	14,236	8,157
- prior years	(6,072)	5,822	-	5,822
	94,987	81,548	14,236	13,979
Total current tax	<u>120,822</u>	<u>95,862</u>	<u>29,636</u>	<u>20,648</u>



24. Tax expense (Cont'd)

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Deferred tax expense				
Origination and reversal of temporary differences	(1,035)	1,119	-	-
Prior year	643	4,253	-	-
Total deferred tax	(392)	5,372	-	-
Share of tax of equity accounted associates	6,652	3,422	-	-
Total tax expense	<u>127,082</u>	<u>104,656</u>	<u>29,636</u>	<u>20,648</u>

Reconciliation of effective tax expense

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Profit for the year	389,636	334,082	104,034	81,384
Total tax expense	127,082	104,656	29,636	20,648
Profit excluding tax	<u>516,718</u>	<u>438,738</u>	<u>133,670</u>	<u>102,032</u>
Tax at Malaysian tax rate of 27% (2006 : 28%)	139,701	122,847	36,091	28,569
Effect of lower tax rate of certain subsidiaries *	(209)	-	-	-
Effect of tax rates in foreign jurisdictions **	(17,779)	(21,268)	(4,983)	(3,263)
Effect of changes in tax rate ***	(16)	-	-	-
Non-deductible expenses	16,695	8,425	4,727	8
Income not subject to tax	(10,663)	(7,069)	(5,807)	(9,815)
Tax incentives	(5,975)	(3,789)	-	-
Deferred tax assets not recognised	8,238	98	-	-
Recognition of previously unrecognised deferred tax asset	(531)	(1,004)	-	-
Losses not available for set-off	2,362	496	-	-
Others	726	859	(12)	24
(Over)/Under provided in prior years	(5,467)	5,061	(380)	5,125
	<u>127,082</u>	<u>104,656</u>	<u>29,636</u>	<u>20,648</u>

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

** Tax rate in several foreign jurisdictions decreased in 2007 and certain subsidiaries operate in tax jurisdiction with different tax rates.

*** The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.



25. Basic earnings per ordinary stock

The basic earnings per ordinary stock have been calculated based on the net profit for the year attributable to the stockholders of the Company and the number of stocks in issue of 516,968,192 (2006 : 516,968,192), after deducting the Treasury Stocks of 31,808 (2006 : 31,808).

26. Dividends

Dividends recognised in the current year by the Company are :

	Group/Company	
	2007	2006
	RM'000	RM'000
Interim declared/paid :		
2007 : Interim dividend of 10% less 26% tax (2006 : 10% less 27% tax)	38,256	37,739
Final paid - 2006		
Final dividend of 10.00% (2005 : 10.25%) less 27% tax	37,740	38,152
A special dividend of 3% (2005 : Nil) less 28% tax	11,320	-
	49,060	38,152
	87,316	75,891

The Directors proposed a final dividend of 10% less 26% tax and a special dividend of 3% less 26% tax, totalling RM49,732,340 in respect of the year ended 31 December 2007, subject to the approval of the stockholders at the forthcoming Annual General Meeting. The financial statements do not reflect this proposed final dividend, which will be accounted for as an appropriation of retained profits in the year ending 31 December 2008.

The gross dividends per ordinary stock as disclosed in the Income Statements take into account the total interim and final dividend for the financial year.

27. Commitments

	Group	
	2007	2006
	RM'000	RM'000
(i) Non-cancellable operating lease commitments		
Within 1 year	2,127	1,384
Between 1 to 5 years	4,859	3,547
Above 5 years	3,174	3,117
	10,160	8,048
(ii) Capital expenditure		
- approved but not contracted for	96,061	86,827
- contracted but not provided for and payable within one year	12,712	48,161
	108,773	134,988



28. Segmental reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments :

<i>Automotive and related products</i>	Retailer, assembly and distributor of motor vehicles; manufacture of engines, seats and other related parts as well as traders of spare parts, accessories and related component parts
<i>Plastic products</i>	Manufacture, assembly and distribution of plastic component parts; manufacture of plastic technical and industrial goods and equipment
<i>Hotels and resorts</i>	Hotelier
<i>Investment holding and financial services</i>	Investment in shares and bonds, letting of properties and leasing companies
<i>Plantation</i>	Cultivation of oil palm
<i>Others including property development</i>	<ul style="list-style-type: none">a) Development of residential and commercial properties;b) provision of management, marketing, advertisement and central reservation services;c) freight forwarding, shipping agents and commission agents;d) manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials;e) distributor of cement and manufacturer and dealer of concrete products

Geographical segments

The Group's business is mainly carried out in two geographical areas, Malaysia and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.



28. Segmental reporting (Cont'd)

Business segments

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Others including property development RM'000	Elimination RM'000	Consolidated RM'000
2007								
Revenue from external customers	3,113,145	493,257	196,150	316,849	64,946	326,549	-	4,510,896
Inter-segment revenue	8,130	2,269	-	-	2,133	12,932	(25,464)	-
Total revenue	3,121,275	495,526	196,150	316,849	67,079	339,481	(25,464)	4,510,896
Segment results	248,136	(19,902)	26,412	173,483	47,326	9,918	12,910	498,283
Interest expense								(15,535)
Share of profit after tax and minority interest of equity accounted associates								27,318
Profit before tax								510,066
Tax expense								(120,430)
Profit for the year								389,636
Segment assets	2,395,105	525,038	533,665	586,457	212,984	228,528	-	4,481,777
Investment in associates								205,170
Unallocated assets								6,682
Total assets								4,693,629
Segment liabilities	202,380	110,661	47,873	24,896	5,130	27,176	-	418,116
Unallocated liabilities								564,595
Total liabilities								982,711
Capital expenditure (including property, plant and equipment, prepaid lease, investment property and biological assets)	37,745	18,918	26,416	13,774	137	5,305	-	102,295
Depreciation and amortisation	28,133	34,384	18,592	20,590	96	3,578	-	105,373
Non-cash expenses other than depreciation and amortisation	7,932	4,390	137	693	18,602	4,109	-	35,863



28. Segmental reporting (Cont'd)

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Others including property development RM'000	Elimination RM'000	Consolidated RM'000
2006								
Revenue from external customers	2,800,450	493,138	170,435	172,719	62,372	260,540	-	3,959,654
Inter-segment revenue	873	1,807	-	-	1,379	36,010	(40,069)	-
Total revenue	2,801,323	494,945	170,435	172,719	63,751	296,550	(40,069)	3,959,654
Segment results	265,999	17,870	19,533	77,650	40,510	8,390	(955)	428,997
Interest expense								(10,405)
Share of profit after tax and minority interest of equity accounted associates								16,724
Profit before tax								435,316
Tax expense								(101,234)
Profit for the year								334,082
Segment assets	2,178,217	550,943	494,277	449,239	119,505	201,488	-	3,993,669
Investment in associates								183,624
Unallocated assets								7,593
Total assets								4,184,886
Segment liabilities	141,667	114,683	43,675	12,232	1,976	24,806	-	339,039
Unallocated liabilities								475,329
Total liabilities								814,368
Capital expenditure (including property, plant and equipment, prepaid lease, investment property and biological assets)	62,458	35,135	57,913	15,113	88	2,131	-	172,838
Depreciation and amortisation	31,053	31,534	23,018	20,318	90	3,419	-	109,432
Non-cash expenses other than depreciation and amortisation	2,711	33	1,105	416	1	3,425	-	7,691



28. Segmental reporting (Cont'd)

Geographical segments

	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2007					
Revenue from external customers by location of customers	1,667,750	2,140,679	702,467	-	4,510,896
Segment assets by location of assets	1,630,865	1,618,788	1,231,624	-	4,481,777
Capital expenditure by location of assets	45,320	11,540	45,435	-	102,295
2006					
Revenue from external customers by location of customers	1,524,657	1,896,622	538,375	-	3,959,654
Segment assets by location of assets	1,515,377	1,434,719	1,043,573	-	3,993,669
Capital expenditure by location of assets	76,308	17,147	79,383	-	172,838

29. Contingent liabilities, unsecured - Company

- i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of **RM603.4 million** (2006 : RM736.3 million) of which **RM339.0 million** (2006 : **RM350.9 million**) was utilised as at balance sheet date.
- ii) The Company has also issued corporate guarantees to certain non-financial institutions for the supply of goods and services provided to certain subsidiaries up to a limit of **RM38.5 million** (2006 : RM32.5 million) of which **RM6.1 million** (2006 : **RM6.9 million**) was utilised as at balance sheet date.
- iii) The Company also undertakes to provide financial support for certain subsidiaries to enable them to continue as a going concern.

30. Related parties

30.1 For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related parties include the following :

- a) The Company has a controlling related party relationship with its direct and indirect subsidiaries and the associates of the Group as disclosed in the financial statements;



30. Related parties (Cont'd)

- b) The Company also has a related party relationship with :
- i) the substantial shareholder, Boon Siew Sdn Berhad which holds a 43% interest in the Company and presumed to exercise significant influence over the Company;
 - ii) the subsidiaries of Boon Siew Sdn Berhad and the direct and indirect associates of Boon Siew Sdn Berhad
- (hereinafter referred as “Boon Siew Group of Companies”); and
- iii) The key Directors and key management personnel of the Group
 - Dato’ Loh Cheng Yean
 - Dato’ Wong Lum Kong, JP
 - Dato’ Lim Su Tong @ Lim Chee Tong
 - Dato’ Dr. Tan Chong Siang

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

30.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :

- a) With associates of the Group

	Group	
	2007	2006
	RM’000	RM’000
i) Sale of goods	9,511	4,721
ii) Rental receivable	147	-
iii) Management fee and commission payable	284	495

- b) With Boon Siew Group of Companies

	Group	
	2007	2006
	RM’000	RM’000
i) Commission receivable in respect of advertising, marketing and hotel reservation services	3,079	2,933
ii) Sale of goods	205,257	177,551
iii) Charges for the assembly of motor cycles	50,269	46,776
iv) Purchase of goods	24,364	15,005
v) Rental charges (payables)/receivable (net)	(106)	6
vi) Sale of plant and equipment	-	296

- c) There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 21.

The Directors of the Company are of the opinion that the above transactions were entered in the normal course of business and the terms of which have been established on a negotiated basis.



30. Related parties (Cont'd)

30.3 Significant non-trade related party balances

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Amount due from				
- subsidiaries	-	-	338,576	367,386
- associates	6,352	4,191	-	-
	<u>6,352</u>	<u>4,191</u>	<u>338,576</u>	<u>367,386</u>
Amount due to				
- associates	410	213	-	-
- subsidiaries	-	-	2,702	438
	<u>-</u>	<u>-</u>	<u>2,702</u>	<u>438</u>

31. Financial instruments

The Group's financial risk management policy seeks to ascertain that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group financial risk management policies. The Group operates within clearly defined guidelines that are approved by the Board.

It is the Group's policy not to engage in speculative transactions. As and when the Group undertakes significant transactions with risk exposure, the Group evaluates its exposure and the necessity to hedge such exposure taking into consideration the availability and cost of such hedging instruments. Financial instruments such as trade receivables, trade and other payables arise directly from the Group's operations.

The main risks arising from financial instruments and policies for controlling these risks are set out below :

Credit risk

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Interest rate risk

The Group is exposed to the fluctuating interest rate risk in respect of deposits placed with the licensed financial institutions, borrowings and investment portfolio. These risks are managed through the use of fixed and floating rate financial instruments.



31. Financial instruments (Cont'd)

Foreign currency risk

Foreign exchange risk arises as the Group engages in transactions that are denominated in foreign currencies, mainly in US Dollars, Singapore Dollars, Brunei Dollars, Australian Dollars, New Zealand Dollars, Chinese Renminbi, Japanese Yen, Thai Baht, Vietnam Dollars and Indonesian Rupiah. In addition, the Group is exposed to foreign currency movements on its investments in foreign subsidiaries and associates. Foreign currency risk is mitigated as it is managed as far as possible by natural hedges of matching assets and liabilities in the same foreign currency.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	Average effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	After 5 years RM'000
2007					
Fixed rate instrument					
Lease obligations	2.50 – 4.50	2,815	1,132	1,683	-
Floating rate instruments					
Bonds, unit trusts and REITS	3.00 - 6.00	64,642	64,642	-	-
Fixed deposits	0.50 - 10.25	1,552,297	1,552,297	-	-
Bank overdrafts	6.75 - 7.75	6,645	6,645	-	-
Other borrowings	2.07 - 7.68	404,878	404,878	-	-
Cash and bank balances	2.10	651	651	-	-
2006					
Fixed rate instrument					
Lease obligations	2.50 – 4.58	1,626	555	1,071	-
Floating rate instruments					
Bonds, unit trusts and REITS	3.00 - 7.70	132,067	108,250	2,245	21,572
Fixed deposits	1.00 - 3.50	1,155,619	1,155,619	-	-
Bank overdrafts	6.25 - 7.75	4,145	4,145	-	-
Other borrowings	1.39 - 7.07	360,679	360,679	-	-
Cash and bank balances	2.00	433	433	-	-



31. Financial instruments (Cont'd)

Effective interest rates and repricing analysis (Cont'd)

	Average effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	After 5 years RM'000
Company					
2007					
Fixed rate instrument					
Amount due from subsidiaries	6.00	115,624	115,624	-	-
Floating rate instrument					
Fixed deposits	3.41	25,748	25,748	-	-
2006					
Fixed rate instrument					
Amount due from subsidiaries	5.72	132,662	132,662	-	-
Floating rate instrument					
Fixed deposits	2.33	21,296	21,296	-	-
Fair values					

Recognised financial instruments

The carrying amounts approximate fair value due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, receivables, payables and short term borrowings.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.



31. Financial instruments (Cont'd)

Fair values

Recognised financial instruments

The fair values of other financial assets together with the carrying amounts shown in the balance sheet as at 31 December are as follows :

Group	2007		2006	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Quoted shares	50,264	102,209	45,937	92,562
Bonds, unit trusts and REITS	64,642	65,623	132,067	133,994
Unquoted shares	28,252	#	28,252	#
Financial liability				
Lease obligations	2,815	*	1,626	*

The fair value of quoted securities is their quoted bid price at the balance sheet date.

- # It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.
- * The fair value of this fixed interest financial instrument is determined by discounting the relevant cash flows using current interest rates for similar financial instruments at the balance sheet date. Since the current interest rates do not differ significantly from the intrinsic value of this financial instrument, the fair value of this financial instrument therefore, closely approximate its carrying value as at the balance sheet date.

32. Significant events during the year

- Oriental Boon Siew (Mauritius) Pte. Ltd., a 50.5% owned subsidiary of the Company, has incorporated a wholly owned subsidiary OBS (Singapore) Pte. Ltd. ("OBSG"). The purpose is to take up 90% equity in PT Bumi Sawit Sukses Pratama, a new oil palm plantation company in Indonesia.
- The Company and its 60% owned subsidiary, Teck See Plastic Sdn. Bhd. ("TSP"), subscribed for the increase in paid up capital of Oriental Industries (Wuxi) Co. Ltd. ("OIW"), a 100% owned subsidiary of Oriental International (Mauritius) Pte. Ltd., which in turn is a wholly-owned subsidiary of the Company. Following the subscription, the Group's effective interest in OIW was reduced from 100% to 95%.
- The merger of the operations of two of the Company's subsidiaries, Armstrong Auto Parts Sdn. Bhd. ("AAP"), a 60.7% owned subsidiary, and Armstrong Cycle Parts (Sdn) Bhd. ("ACP"), a 57.1% owned subsidiary, resulting in the shareholders of both companies becoming the shareholders of AAP. The merger was completed on 1 July 2007.
- Kah Motor Company Sdn. Bhd. ("Kah Motor"), a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary Kah Power Products Pte. Ltd. ("Kah Power"). The purpose is to distribute motor power products.



32. Significant events during the year (Cont'd)

- e) Oriental Rubber & Palm Oil Sdn. Bhd., a wholly-owned subsidiary of the Company, has incorporated a 51% owned subsidiary, Oriental Boon Siew (M) Sdn. Bhd. ("OBSM"). The intended principal activity is to carry on the business of housing developer and building contractor, property development and investment holding company.
- f) Teck See Plastic Sdn. Bhd. ("TSP"), a 60% owned subsidiary, further acquired 5% of total issued and paid up capital of Oriental Nichinan Design Engineering Sdn. Bhd. ("ONDE"), a 70% owned subsidiary of the Company. Following the acquisition, the Company's effective interest in ONDE was increased from 85% to 88%.
- g) Oriental-Logistics Sdn. Bhd., a 51% and 19% respectively owned subsidiary by Jutajati Sdn. Bhd. and Selasih Permata Sdn. Bhd. which in turn are 100% and 50.5% owned subsidiaries of the Company, has commenced its voluntary winding up proceeding as at year end.
- h) During the year, OBS (Singapore) Pte. Ltd. ("OBSG"), a wholly-owned subsidiary of Oriental Boon Siew (Mauritius) Pte. Ltd. which in turn is 50.5% owned subsidiary of the Company has acquired 90% equity in PT Bumi Sawit Sukses Pratama, a new oil palm plantation company in Indonesia at a cash consideration of RM24,054,337.

The assets acquired and liabilities assumed arising from the acquisition of BSSP are as follows :

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Plant and equipment	156	156
Prepaid lease payments	24,054	9
Biological assets	764	764
Receivables, deposits and prepayments	381	381
Deferred expenditure	3	3
Inventories	133	133
Cash and bank balances	4,871	4,871
	<u>30,362</u>	<u>6,317</u>
Payables and accruals	(1,009)	(1,009)
Deferred tax liabilities	(7,214)	-
	<u>(8,223)</u>	<u>(1,009)</u>
Fair value of net assets	22,139	
Minority interest at the date of acquisition	(4,105)	
	<u>18,034</u>	
Goodwill on acquisition	6,020	
Total purchase consideration, satisfied in cash	<u>24,054</u>	
Less : Cash and cash equivalents at the date of acquisition	(4,871)	
Net cash outflow on acquisition	<u>19,183</u>	

If the acquisition of BSSP had occurred on 1 January 2007, the Group's profit for the year would have been lower by RM1,000 whilst revenue of the Group remained unchanged.

There were no other material acquisition subsequent to 31 December 2007.



33. Subsequent events

- a) Kah Motor Company Sdn. Berhad (“Kah Motor”), a wholly owned subsidiary of the Company has incorporated a wholly-owned subsidiary, KM Agency Sdn. Bhd. on 18 February 2008. The purpose of KM Agency Sdn. Bhd. is to provide insurance services for motor vehicles including cars sold by Kah Motor.
- b) On 19 February 2008, a wholly-owned subsidiary, Oriental International (Mauritius) Pte Ltd (“OIM”) has converted its loan payable to the Company into equity. Subsequently, the OIM’s issued and paid-up capital was increased from USD4,587,000 to USD6,587,500.

Meanwhile, an 85.8% owned subsidiary of OIM, Hymold (Su Zhou) Co. Ltd. also converted its loan payable to OIM into equity which resulted in an increase in the Group’s effective interest from 85.8% to 88.99%.

- c) On 22 February 2008, Oriental Asia (Mauritius) Pte. Ltd., a wholly-owned subsidiary of 50.5% owned subsidiary, Selasih Permata Sdn. Bhd., acquired one ordinary share of SGD1 in Unique Mix (Singapore) Pte. Ltd., in Singapore. The purpose is to participate in a proposed joint venture which will manufacture and supply ready-mix concrete in Vietnam.

34. Details of subsidiaries

Name of Subsidiaries and Principal Activities	Group’s Effective Interest	
	2007 %	2006 %
Oriental Realty Sdn. Berhad <i>Property development and investment holding</i>	100.0	100.0
Subsidiary company of Oriental Realty Sdn. Bhd. - Kenanga Mekar Sdn. Bhd. <i>Property development</i>	100.0	100.0
Syarikat Oriental Credit Berhad <i>Money lending</i>	100.0	100.0
Bayview International Sdn. Bhd. <i>Provision of management, marketing, advertisement and central reservation services</i>	100.0	100.0
Dragon Frontier Sdn Bhd <i>Manufacture of plastic moulded parts for electrical, electronics and automotive industries</i>	100.0	100.0
Oriental Rubber & Palm Oil Sdn. Berhad <i>Cultivation of oil palm, investment holding and letting of parking lots</i>	100.0	100.0
Subsidiary of Oriental Rubber & Palm Oil Sdn. Berhad - Oriental Boon Siew (M) Sdn. Bhd. * <i>Housing developer, building contractor, property development and investment holding</i>	51.0	-
Compounding and Colouring Sdn Bhd <i>Manufacture of polypropylene compounds</i>	70.0	70.0



34. Details of subsidiaries (Cont'd)

Name of Subsidiaries and Principal Activities	Group's Effective Interest	
	2007 %	2006 %
Oriental Assemblers Sdn. Bhd. <i>Assembly of motor vehicles and manufacture of engines</i>	97.2	97.2
Oriental Nichinan Design Engineering Sdn Bhd <i>Design, manufacture and sale of prototype plastic models</i>	88.0	85.0
Oriental San Industries Sdn. Bhd. <i>Letting of properties</i>	100.0	100.0
Kah Assemblers Sdn Bhd <i>Manufacture and assembly of motorcycles</i>	100.0	100.0
Armstrong Cycle Parts (Sdn.) Berhad * <i>Manufacture of automotive control cables and spokes, nipples and control cables for motor cycles and bicycles</i>	57.1	57.1
Onward Leasing & Credit Sdn Bhd <i>Leasing company</i>	51.2	51.2
Kah Bintang Auto Sdn Bhd <i>Retailer of motor vehicles and traders of spare parts, accessories and related component parts</i>	100.0	100.0
Oriental-Hyundai Sdn Bhd <i>Distributor of motor vehicles</i>	60.0	60.0
Oriental Boon Siew (Mauritius) Pte Ltd # <i>Investment holding</i>	50.5	50.5
Subsidiary of Oriental Boon Siew (Mauritius) Pte Ltd - OBS (Singapore) Pte. Ltd. # <i>Investment holding and granting of loans</i>	50.5	-
Subsidiary of OBS (Mauritius) Pte Ltd # - PT. Bumi Sawit Sukses Pratama * <i>Oil palm plantation</i>	45.5	-
Oriental International (Mauritius) Pte Ltd # <i>Investment holding</i>	100.0	100.0
Subsidiaries of Oriental International (Mauritius) Pte Ltd - Hymold (Su Zhou) Co., Ltd * <i>Manufacture of plastic products</i>	85.8	85.8
- Oriental Industries (Wuxi) Co. Ltd * <i>Manufacture of precision moulds, standard moulds, printed circuit boards and injection moulding</i>	95.0	100.0
- P.T. Oriental Manufacturing Indonesia * <i>Manufacturing and distribution of plastic articles and products in automotive and electrical sectors</i>	75.8	75.8



34. Details of subsidiaries (Cont'd)

Name of Subsidiaries and Principal Activities	Group's Effective Interest	
	2007 %	2006 %
Kah Motor Company Sdn Berhad <i>Assembly of Honda motor cycles and dealer of Honda vehicles and hotelier</i>	100.0	100.0
Subsidiaries of Kah Motor Company Sdn Berhad		
- Boon Siew (Borneo) Sendirian Berhad * <i>Distribution of Honda motor cars and motor cycles</i>	99.0	99.0
- Ultra Green Sdn Bhd <i>Land reclamation</i>	100.0	100.0
- Happy Motoring Company Sdn. Bhd. * <i>Distribution of Honda motor cars and motor cycles and sale of spare parts</i>	51.0	51.0
- Kah New Zealand Limited # <i>Hotelier (with golf course)</i>	100.0	100.0
- Kah Australia Pty Ltd * <i>Hotelier and Investment holding</i>	100.0	100.0
Subsidiary of Kah Australia Pty Ltd		
- Geographe Bay Motel Unit Trust * <i>Hotelier</i>	51.0	51.0
- Kah Power Products Pte. Ltd. # <i>Distribution of motor power products</i>	100.0	-
Teck See Plastic Sdn. Bhd. <i>Manufacture and distribution of plastic articles and products</i>	60.0	60.0
Subsidiaries of Teck See Plastic Sdn Bhd		
- Lipro Sdn Bhd <i>Manufacture and assembly of plastic component parts</i>	30.6	30.6
- Lipro Electrical Manufacturing Sdn Bhd <i>Manufacture of electrical parts</i>	60.0	60.0
- Lipro Mold Engineering Sdn. Bhd. <i>Manufacture and repair of moulds, jigs and fixtures</i>	51.0	51.0
- AT-TS Marketing Sdn Bhd <i>Consultancy and management services in plastic and metal industry and trading in gas equipment spare parts</i>	60.0	60.0
- Armstrong Industries Sdn. Bhd. <i>Letting of properties</i>	60.0	60.0



34. Details of subsidiaries (Cont'd)

Name of Subsidiaries and Principal Activities	Group's Effective Interest	
	2007 %	2006 %
Armstrong Auto Parts Sdn. Berhad <i>Manufacture of seats, press, diecasts parts, shock absorbers, suspension and electrical components for motor cycles and motor vehicles</i>	67.0	68.3
Subsidiaries of Armstrong Auto Parts Sdn. Berhad		
- Armstrong Realty Sdn. Bhd. <i>Letting of properties</i>	67.0	68.3
- Armstrong Trading & Supplies Sdn. Bhd. <i>General trading of related automotive parts</i>	67.0	68.3
- Armstrong Component Parts (Vietnam) Co., Ltd * <i>Manufacturing and assembly of parts and components for automobiles, motorcycle and others</i>	67.0	-
Kah Classic Auto Sdn Bhd <i>Dormant</i>	100.0	100.0
Jutajati Sdn Bhd <i>Investment holding</i>	100.0	100.0
Subsidiaries of Jutajati Sdn Bhd		
- Oriental Thai Industries Co Ltd * <i>Manufacturing of plastic products</i>	100.0	100.0
- Oriental-Logistics Sdn Bhd <i>Freight forwarding, shipping agents and commission agents (voluntarily liquidated in December 2007)</i>	-	60.6
- Kwong Wah Enterprise Sdn Bhd <i>Investment holding</i>	100.0	100.0
Subsidiaries of Kwong Wah Enterprise Sdn Bhd		
- North Malaya Engineers Trading Company Sdn. Berhad * <i>Manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials</i>	100.0	100.0
- Lipro Trading Sdn Bhd <i>Distributor of cement</i>	100.0	100.0
- Simen Utara Sdn Bhd * <i>Trading agent</i>	91.0	91.0
Subsidiaries of Simen Utara Sdn Bhd		
- Unique Pave Sdn Bhd <i>Manufacturer of and dealer of concrete products</i>	74.9	74.9
- Unique Mix (Penang) Sdn. Bhd. * <i>Manufacturer and dealer of concrete products</i>	63.7	63.7
Subsidiary of Unique Mix (Penang) Sdn. Bhd. - Konkrit Utara Sdn. Bhd. * <i>Dealer of concrete products</i>	59.2	59.2



34. Details of subsidiaries (Cont'd)

Name of Subsidiaries and Principal Activities	Group's Effective Interest	
	2007 %	2006 %
Selasih Permata Sdn Bhd <i>Investment holding</i>	50.5	50.5
Subsidiaries of Selasih Permata Sdn Bhd		
- PT Gunung Maras Lestari * <i>Oil palm plantation</i>	46.7	46.7
- PT Gunungsawit Binalestari * <i>Oil palm plantation</i>	46.7	46.7
- PT Oriental Kyowa Industries * <i>Manufacture of plastic technical and industrial goods and equipment</i>	72.8	72.8
- Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd * <i>Manufacture of plastic technical and industrial goods and equipment</i>	71.2	65.4
- Oriental Asia (Mauritius) Pte Ltd # <i>Investment holding</i>	50.5	50.5
North Malaya Engineers Overseas Sdn Bhd <i>Investment holding</i>	100.0	100.0
Subsidiary of North Malaya Engineers Overseas Sdn Bhd		
- North Malaya (Xiamen) Steel Co Ltd * <i>Production of steel wire and its related product, and automobile spare parts</i>	100.0	100.0



34. Details of subsidiaries (Cont'd)

All the subsidiaries are incorporated in Malaysia except for :

	<u>Country of Incorporation</u>
- Happy Motoring Company Sdn. Bhd.	Brunei Darusalam
- Kah Australia Pty Ltd	Australia
- Geographe Bay Motel Unit Trust	Australia
- Kah New Zealand Limited	New Zealand
- PT Oriental Kyowa Industries	Republic of Indonesia
- PT Gunung Maras Lestari	Republic of Indonesia
- PT Gunungsawit Binalestari	Republic of Indonesia
- PT Oriental Manufacturing Indonesia	Republic of Indonesia
- PT Bumi Sawit Sukses Pratama	Republic of Indonesia
- Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd	China
- North Malaya (Xiamen) Steel Co Ltd	China
- Oriental International (Mauritius) Pte Ltd	Mauritius
- Oriental Boon Siew (Mauritius) Pte Ltd	Mauritius
- Hymold (Su Zhou) Co., Ltd	China
- Oriental Thai Industries Co Ltd	Thailand
- Armstrong Component Parts (Vietnam) Co., Ltd	Vietnam
- Oriental Industries (Wuxi) Co. Ltd	China
- Oriental Asia (Mauritius) Pte Ltd	Mauritius
- Kah Power Products Pte Ltd	Singapore
- OBS (Singapore) Pte Ltd	Singapore

* *not audited by KPMG.*

audited by member firms of KPMG International.



35. Comparative figures

Prior to 1 January 2006, leasehold land were classified as part of property, plant and equipment and were stated at cost less accumulated depreciation and impairment losses, if any.

Under FRS 117, leasehold land are classified as an operating lease and the upfront payments made represent prepaid land lease payments.

In accordance with the transitional provisions of FRS 117, the unamortised amount of leasehold land as at 1 January 2006 are retained as the surrogate carrying amount of prepaid lease payments and presented as a separate line item under non-current assets and are amortised on a straight-line basis over the remaining lease period.

The reclassifications have been accounted for retrospectively. Accordingly, certain comparatives have been restated as disclosed below. There is no financial impact on the income statements of the Group and of the Company.

	Group	
	As restated RM'000	As previously reported RM'000
Balance sheets		
Property, plant and equipment	1,170,642	1,274,966
Prepaid lease payments	<u>104,324</u>	<u>-</u>



LIST OF PROPERTIES OWNED BY THE GROUP

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Company :						
Lot 31, 1541, 1542 & 1550, Section 2 Town of Tanjong Tokong Penang	Land and building	17,500	Freehold	57	-	3.0
Lot 1196 & 440, Section 13, North East District, Penang	Vacant land	9,000	Freehold	-	-	3.8
Lot 243 & 244, Mukim 1, Province Wellesley Central Penang	Land and Building	325,600	Freehold	13	-	7.2
Lot 1000, 1001, 1004, 1005, 1008, 1915, 1916 & 1917, Section 3 Town of Butterworth Province Wellesley North Penang	Motor Assembly Plant	47,200	Freehold	-	-	1.4
Lot 320, Town Area XXI Town of Melaka Melaka	Hotel	1,200	Freehold	20	15 Jan 1987	0.3
Lot 2714 Chainferry Road, Prai	Shoplot	297	Freehold	12	-	0.1
Subsidiary Companies :						
Lot 214, Section 2 Province Wellesley North Butterworth	Vacant land	1,000	Freehold	-	29 Aug 1996	0.6
Lot 135, 110, 133 1381 Mukim 13 and 14 Paya Terubong North East District Penang	Vacant land	97,066	Freehold	-	24 Jan 1972	0.3
Lot 504 & 508, Section 15 North East District Penang	Land and building	1,300	Freehold	34	30 Oct 1972	0.8



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 3389 & 3390, Mukim 18, Tanjung Bungah North East District Penang	Vacant land	40,004	Freehold	-	14 Aug 1992	3.1
Lot 60, 117, 119, 3388 & 3391, Tanjung Bungah North East District Penang	Vacant land	68,756	Freehold	-	29 July 1993	6.7
Lot 904, 905, 906, 908, 910, 911, 914, 917, 1682, 1684 & 1705 Mukim 15, Province Wellesley Central, Penang	Vacant land	90,240	Freehold	-	18 Feb 1993	5.1
Lot 116, Mukim 18 Tanjung Bungah Daerah Timur Laut Penang	Vacant land	50,200	Freehold	-	4 Nov 1994	3.3
Lot 711 & 712, Mk 16, Jalan Bagan Lallang Province Wellesley North, Penang	Housing scheme in progress	49,988	Freehold	-	1970	0.3
Lot 3263 – 3384 & 4133 – 4148 Section 3, Chainferry Road, Daerah Perai Utara, Penang	Vacant land and shop houses	42,000	Freehold	-	22 Dec 1983	6.4
Lot 607, Mukim 12, Bayan Lepas, Daerah Barat Daya Penang	Vacant land	9,683	Freehold	-	19 Aug 1985	0.3
Lot 64, Mukim G, Lot 457, 458, 731, 735 & 736, Mukim 6, Daerah Barat Daya Penang	Vacant land	140,206	Freehold	-	9 Dec 1972	0.4
Lot 236, 241 and 575, Mukim 9, Teluk Kumbar, Daerah Barat Daya Penang.	Vacant land	24,977	Freehold	-	29 Jan 1995	5.3



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
HS (M) 783, Lot No 6147, Mukim 9, Daerah Seberang Prai, No 30, Lintang Tempua, Taman Tempua 14300 Nibong Tebal, Penang	Double storey terrace house	149	Freehold	3	30 Apr 2005	0.2
Lot 2953, 2918, 2937, 2900, 2899, 2919, 2911 Section 1, Tanjung Tokong Daerah Timur Laut, Penang	Land and building	2,160	Freehold	30	1970	0.2
8-G-07 & 8-G-08 Jalan Batu Uban, Sunny Point, Gelugor, Penang	Office showroom	189	Freehold	13	Nov 2003	0.8
2624 Mukim 1 Taman Perindustrian Prai Penang	Factory and office building	38,568	Leasehold (60 years expiring 2064)	12	NA	3.9
HS (D) 5408, PT BM/A/090 Mukim 1, Daerah Seberang Perai Tengah Penang	Factory and administrative office	12,793	Leasehold (60 years expiring 2034)	34	1996	6.9
HS (D) 69, PT No. PTBM/A/68/70 Mukim 1, Kawasan Perusahaan Perai Tengah Penang.	Factory and administrative office	4,046	Leasehold (99 years expiring 2072)	35	1992	1.9
HS (D) 37, PT No. PTBM/A/65/70 Mukim 1, Kawasan Perusahaan Perai Tengah Penang.	Factory and administrative office	4,046	Leasehold (99 years expiring 2071)	36	1972	0.5



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Mak Mandin Industrial Estate Mukim 14, Town of Butterworth Province Wellesley North Penang	Factory and administrative office	40,300	Leasehold (86 years expiring 2063)	35	1 Jan 1973	1.8
1228C-3, 1228D-3, 1228P-3, 1228N-3, 1228M-3, 1228B-3 Jalan Paya Terubong Penang	Shoplots	1,074	Freehold	8	1 Apr 1999	0.9
Lot 1145, Section 13, Daerah Timur Laut Penang	Vacant land	12,000	Freehold	-	-	3.7
Lot 536, 537 & 832 Daerah Timur Laut, Penang.	Vacant land	25,629	Freehold	-	1980	27.4
HS(D) 2720, PT 1461 Mukim 1, Daerah Seberang Perai Tengah Penang	Factory and administrative office	40,440	Leasehold (60 years expiring 2045)	21	1 Jan 1985	0.6
Plot No. 327 Sungai Petani Industrial Estate Kedah	Vacant land	72,841	Leasehold (60 years expiring 2045)	-	3 July 1995	3.9
HS (M) 5/1985, PT 9, Tikam Batu, Mukim Pehula, Kedah	Factory and administrative office	6,000	Leasehold (99 years expiring 2085)	25	1 June 2004	2.1
Tikam Batu Industrial Estate Mukim of Pehula, Kuala Muda Kedah	Factory and administrative office	48,100	Leasehold (99 years expiring 2077)	28	1981	4.6



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
H.S.(D) 16754, 16755, 16756, 16757, 16758, 16759, 16760, 16761, 16762 & 16763 Lot No 8755, 8756, 8757, 8758, 8759, 8760, 8761, 8762, 8763 & 8764 Mukim 6, Daerah Seberang Prai Utara Penang	Vacant land	184,792	Freehold	-	15 Feb 2006	19.6
PT 340, HSM 5/1996 Kelang Lama (Taman Haruan) Mukim Padang Cina Kulim, Kedah	Shophouse	130	Leasehold (99 years expiring 2095)	12	31 Mar 2001	0.2
Lot 4317 ^N , 4318 ^N & 4322 ^N District of Kinta, Ipoh, Perak	Office building	2,600	Freehold	27	31 Dec 1977	2.5
Lot 14702 ^S , District of Kinta, Ipoh, Perak	Vacant land	9,730	Freehold	-	24 Apr 1993	5.5
Lot 2223,152,153 GM 204, Padang Lalang Mukim Jebong, Perak	Vacant land	8,570	Freehold	-	7 May 1991	0.6
Lot 2841 S Title No. 20123 District of Kinta, Ipoh Perak	Vacant land	4,047	Freehold	-	21 Oct 1992	1.1
QT (R) 2467 & QT (R) 548 Town of Petaling Jaya, Selangor	Office, showroom and workshop	9,100	Leasehold (99 years expiring 2063)	33	NA	1.6
Lot 305, Section 92, Jalan Chan Sow Lin, Kuala Lumpur	Office, showroom and workshop	1,500	Leasehold (42 years expiring 2011)	39	1 Dec 1989	0.2
HS (D) 12452 of PT 1, Section 15, District of Petaling Selangor	Land, factory, administrative office	18,748	Leasehold (99 years expiring 2080)	23	19 Jun 1981	7.4



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 264 & 265, Tingkat Perusahaan Lima, Kawasan Perusahaan Perai 2, 13600 Perai, Penang	Factory and administrative office	8,307	Leasehold		NA	7.8
H.S.(D) 10915,PT 14230, Mukim Hulu Bernam Timur Batang Padang Perak	Land and factory	10,216	Freehold	2	28 Jun 05	10.6
H.S.(D) 10914,PT 14229 Mukim Hulu Bernam Timur Batang Padang Perak	Land, factory administrative office	11,506	Freehold	2	28 Jun 05	
Lot 114 & 565, Section 83, 3 rd & 3 1/4 Mile Batu Road, Mukim Kuala Lumpur, Wilayah Persekutuan,	Vacant land	8,220	Freehold	-	6 Nov 1990	5.9
Lot 3907, GM 1648, Mukim Batu 3 1/2 Mile Batu Road Mukim Kuala Lumpur Wilayah Persekutuan	Vacant land	4,040	Freehold	4	9 Nov 1990	4.5
Lot 564, GM 2395, Section 83, 3 1/4 Mile Batu Road, Mukim Batu Wilayah Persekutuan	Vacant land	5,440	Freehold	4	30 Mar 1994	3.8
Lot 308, Section 41, Jalan Dang Wangi Wilayah Persekutuan	Vacant land	6,640	Freehold	-	2 Sept 1993	26.0
Lot 3655, 4 th Mile Pahang Road Mukim Setapak Kuala Lumpur	Office	3,300	Freehold	23	31 Mar 1993	1.7
Lot 2658 (formerly Lots 1708, 1855 & 1856) Section 41 Wilayah Persekutuan Kuala Lumpur	Vacant land rented out as car park	5,127	Freehold	-	Original titles registered on 02 March 1990 & 10 Dec 1991	18.1



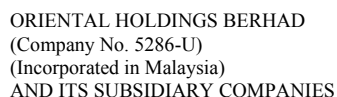
LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
HS (D) 79933, PT 11082 Mukim Sungai Buluh Daerah Petaling No 134, Jalan SS 24/2 Taman Megah, Petaling Jaya Selangor	Office, showroom	430	Freehold	31	Jan 2005	2.5
GM 197, Lot 4267 Mukim Ampang Ampang Road Daerah Kuala Lumpur Selangor	Showroom (Bungalow)	1,487	Freehold	28	Oct 2002	4.4
HS (D) 110210 PT No 11442 Mukim Damansara Daerah Petaling Selangor	Office showroom	282	Freehold	11	Jun 2003	2.1
HS (D) 1204448 PT No 249 Pekan Desa Puchong Daerah Petaling Selangor	Construction in-progress	4,047	Freehold	-	July 2003	8.7
Lot 3, Jalan P/10, Section 10 Kawasan Perusahaan Bandar Baru Bangi Selangor	Land,office and factory buildings	65,628	Leasehold (99 years expiring 2098)	12	21 Feb 1994	25.1
HS (D) 3604 - 3608, PT No. 17587 – 17591 Mukim Klang Selangor	Vacant land	109,900	Freehold	-	1970	2.2
HS (D) 7617, PT6 & PT6A, Jalan 227, Section 20A, Petaling Jaya, Selangor	Office, showroom and workshop	4,978	Leasehold (99 years expiring 2065 & 2074)	24	29 Jun 1990	2.8
Lot 24393 Grant 3297 Batu Road, Mukim Batu Wilayah Persekutuan	Office, showroom and workshop	11,050	Freehold	9	7 Nov 1990	32.1



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 14885, Grant 18616 Mukim Kuala Lumpur Wilayah Persekutuan	Office showroom	573	Freehold	22	25 Nov 1997	2.9
Lot 51 & 59, Selaman Industrial Park Bandar Baru Bangi Selangor	1 ½ storey building	1,220	Freehold	12	26 Sept 1997	1.5
Lot 18123, HSD (T) 10 Daerah Petaling Selangor	Service centre	1,484	Freehold	3	2 May 2003	1.5
Lot 17353 & 17354 HM 21164 & 21165 Daerah Petaling Selangor	Showroom & office	446	Freehold	11	9 Dec 2003	4.4
Lot 43, 274, 275, 277- 279 & 320 Town of TA XXI Melaka	Hotel & Showroom	4,100 500	Freehold	19	15 Jan 1987	42.6
Lot 2218, HS (M) 843/78 PT No PTMT A2/01/3436 Lot 18, Mukim Bachang, District of Melaka Tengah Melaka	Workshop	937	Leasehold (99 years expiring 2077)	17	26 Jun 1990	0.3
Plot 342, 343 HS (M) No. 1142/78 & 1143/78 Mukim Bacang Daerah Melaka Tengah Melaka	Shoplots	535	Leasehold (99 years expiring 2077)	17	1994	0.4
Lot 2219, HS (M) 844/78, PT No 19 Mukim of Bacang, Malim, Melaka	Workshop parking area	1,144	Leasehold (99 years Expiring 2077)	13	22 June 1994	0.5
Lot 627 & 628, 637 & 638, Town of XXI, Daerah Melaka Tengah Melaka	Showroom	219	Freehold	24	31 Dec 1983	0.2



<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 897-898, HS (D) 504 & 505 Town of V Daerah Melaka Tengah Melaka	Showroom	462	Freehold	39	-	0.3
Lot 66, 67 & 68 Kawasan Bandar XL Daerah Melaka Tengah Melaka	Office Showroom	429	Freehold	18	Sept 2002	1.6
HS (D) 75378 PT 2486 Mukim Setul, Daerah 6, Seremban Negeri Sembilan	Factory and administrative office	22,670	Leasehold (99 years Expiring 2092)	12	3 Apr 1995	6.0
Lot 4219, 4640, 4648, 4649, & 6279, Mukim of Johol District of Kuala Pilah Negeri Sembilan	Oil palm plantation and administrative office	2,348 (hectares)	Freehold	1 to 32	13 Aug 1977	18.4
Lot 3, Section 20 Kuantan, Pahang	Building	10,570	Freehold	4	20 Oct 1988	1.1
Lot 123, 1911, 3619, 4295, 2035, 133, 126, 104, 129, 98, 97, 200 & 55 Mukim of Ulu and Kuantan Kuantan, Pahang	Oil palm plantation and administrative office	1,498 (hectares)	Freehold	10 to 48	13 Aug 1977	8.8
Lot 5583 - 5585, Mukim of Kuala Kuantan Kuantan Pahang	Vacant land	450	Freehold	-	31 Dec 1984	0.4
Lot 2357, 2351, 2355, 2348, 2347, 2356, 2358, 2353, 2352, 1589, 1588, 1591, 1685, 1590, 911, 1511, 1218, 15, 912, & 1392 Mukim of Triang District of Temerloh Pahang	Oil Palm plantation and administrative office	1,122 (hectare)	Freehold))))))))	1 to 14	6 Sept 1993	17.1
Lot 2 & 3, Section 4 Village of Mengkarak, District of Temerloh, Pahang	Oil Palm plantation and administrative office	16,901	Freehold))))			



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 15301 TLO 2121 Bandar Johor Baru Daerah Johor Baru	Multi-storey car park	21,710	Leasehold (60 years expiring 2031)	11	1 Nov 1997	5.5
Batu 2, Jalan Tampoi HS (D) 16608 TLO 2013 Johore Bahru	Assembly plant and administrative office	45,200	Leasehold (60 years expiring 2025)	40	22 Apr 1968	9.7
Lot 6487 Jalan Scudai Johore Bahru	Office & showroom	8,200	Freehold	15	24 May 1979	3.5
HS (D) 12569 & 12570, PT No 10168 & 10169 Johor Bahru, Johor	Vacant land	352	Freehold	-	-	0.4
Block 1, 4, 5 & 9 Jalan TG Puteri TG Puteri Resort Pasir Gudang Johor	4 apartments	435	Freehold	11	31 Jul 1996	0.4
Title No 015472607 Inanam, Kota Kinabalu Sabah	Showroom and office building	8,100	Leasehold (60 years expiring 2042)	13	18 Apr 1989	3.5
TS XIX Bukit Timah Road, Singapore.	Office and showroom	3,000	Freehold	21	31 Dec 1982	13.5
Lot 402 T.S. II Bencoolen Street, Singapore.	Hotel	1,700	Freehold	21	25 May 1991	51.6
Lot 238 & 239 Mukim 14 6A Mandai Estate Singapore	Warehouse	6,100	Freehold	19	27 Apr 1990	23.8
Lot 244 and 245 Mukim 14, Mandai Estate Singapore	Warehouse	6,530	Freehold	15	30 Dec 1992	29.2
Lot 3801, PT Mukim 23, Ubi Road 3 Eunos Link Singapore 1440	Showroom, workshop and office	9,480	Leasehold (30 years Expiring 2025)	13	1 Jul 1995	37.8



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 3654 Mukim 23 15 Ubi Road 4 Singapore 408610	Bodyshop & Repair	4,994	Leasehold (27 years expiring 2018)	17	20 Mar 1991	1.1
Lot 20733 Kampong Pengkalan KM6, Jalan Gadong Brunei Darulsalam	Light industrial building	1,500	Freehold	22	13 Feb 1985	0.2
Lot 1 to 7, MT Ruapheau Tongariro National Park Ruapheau Surrey District Wellington Land Registry, New Zealand	Hotel with golf course	260,700	Leasehold (30 years Expiring 2020)	17	17 Sept 1991	11.2
Section 1 and 25 Block XIV Lot 1, Block XIV Block XIV Lot 1, Block XIV State Highway 1, Wairakei Lake Taupo Region Tatua Surrey District South Auckland Registry, New Zealand	Hotel with golf course and access land	638,500	Freehold	17	17 Sept 1991	36.1
561 Bussel Highway Sussex Location 256 And Lot 8 Busselton, West Australia Australia	Hotel	56,900	Freehold	36	19 Jun 1991	31.6
90, William Street Sydney, N.S.W. 2011 Australia	Hotel	1,300	Freehold	35	6 Jun 1993	84.8
6, 8 & 9, Queens Road Melbourne Victoria 3004 Australia Sydney NSW 2011 Australia	Hotel and vacant land	6,900	Freehold	19	21 Apr 1993	50.7



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
100 William Street Sydney NSW 2011 Australia	Office building	1,300	Freehold	35	20 Sep 1994	60.7
52 Queens Road Melbourne Victoria 3004 Australia	Hotel	7,000	Freehold	43	12 Nov 1993	31.1
Plot 15 Wang Qiao Industries Zone Pudong New Area, Shanghai Peoples' Republic of China	Factory	17,123	Leasehold (50 years expiring 2046)	11	14 May 1996	16.6
696, Jian Ye Road, Wang Qiao Industries Zone Pudong New Area, Shanghai	Factory	30,000	Leasehold (50 years expiring 2049)	9	20 Nov 1999	20.2
Lot 500203-9, Xinyang Industrial Zone Haichang, Xiamen, Fujian Province Peoples' Republic of China	Land and building	20,847	Leasehold (50 years expiring 2045)	9	Feb 1996	1.1
HSE C21 Primrose Spring City Kunming Peoples' Republic of China	Holiday resort (for staff use)	145	Leasehold (70 years expiring 2064)	13	11 Jun 1999	0.6
12 th & 16 th , Garden Mansion San Xiang Road Suzhou City Peoples' Republic of China	2 apartments	280	Leasehold (50 years Expiring 2042)	14	Jun 2002	0.4



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Yidong Garden Huan Long Lu, Pudong New Area, Shanghai Peoples' Republic of China	2 apartments	210	Leasehold (70 years expiring 2069)	7	Oct 2001	0.5
88-B of Wuxi Municipal National New & High Tech Development Zone, Wuxi Peoples' Republic of China	Factory land & Building	33,014	Leasehold (50 years expiring 2052)	4	Oct 2002	10.6
No 2, Jingshan Road Feng Qiao Town Su Zhou New District Jiangsu Province Peoples' Republic of China	Factory and administrative office	26,627	Leasehold (50 years expiring 2044)	15	Jun 2002	17.6
No 40-602 & 40-901 Xin Zhou Garden Wuxi New District High Tech Industrial Area Wuxi, Jiangsu Province, Peoples' Republic of China	Apartments	266	Leasehold (50 years)	4	Oct 2002	0.4
Desa Mayang & Desa Simpang Gong, Kecamatan Simpang Tertip Desa Belo Laut & Desa Air Belo, Kecamatan Mentok Kabupaten Bangka Barat Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil Palm plantation, crude palm oil mill and administrative office	9,098 (hectares)	Leasehold (30 years expiring 2031)	1 to 11	11 May 1995	66.4



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Kecamatan Bakem Kecamatan Pemali Kecamatan Puding Besar Kabupaten Bangka Induk Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Oil palm plantation, crude palm oil mill and administrative office	12,704 (hectare)	Leasehold (30 years expiring 2028)	1 to 11	13 Sep 1994	121.7
Kotamadya Pangkal Pinang, Kecamatan Pangkal Balam, Kelurahan Lontong Pancur Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	Bulking facility with residential quarters and administrative	3.66 (hectares)	Leasehold (20 years expiring 2017 and 2020)	1 to 7	9 Jul 1997 and 13 Oct 2000	0.9
Plot No. 5 – 16 MM 2100 Industrial Town Cibitung Bekasi West Java Republic of Indonesia	Factory Office Building	10,524 1,365	Leasehold (25 years expiring 2021)	13	1 Apr 1996	5.3
Plot No. 5 – 16 MM 2100 Industrial Town Cibitung Bekasi West Java Republic of Indonesia	Land	24,000	Leasehold (25 years expiring 2021)	13	7 Nov 1995	0.6
JL Gunung Putri 72 Dago Villas Residence Lippo Cikarang West Java Republic of Indonesia	Land House Building	240 220	Leasehold (25 years expiring 2021)	12	1 Apr 1996	0.1
Lot C4B-KIIC, Karawang Republic of Indonesia	Land	15,000	Leasehold (30 years expiring 2026)	12	-	1.4
Lot C4B-KIIC, Karawang Republic of Indonesia	Factory building	14,575	Leasehold (30 years expiring 2026)	12	20 Oct 2004	6.3



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
2 nd Floor, Plaza ABDA Jl. Jend. Sudirman Kav. 59 Jakarta 12190 Republic of Indonesia	Office	179	Leasehold(15 years Expiring 2020)	3	1 Jun 2005	0.9
32K Sudirman Mansion Jl. Jend. Sudirman Kav. 59 Jakarta 12190 Republic of Indonesia	Apartment	125	Leasehold (15 years expiring 2020)	3	1 Jun 2005	0.6
G8/18, G8/19, G8/22 & G8/23 123, 124 & 131 MU1 Hi-Tech Industrial Estate Bangpa-In, Ayudhya Thailand	Land and factory building	10,000	Freehold	6	29 Sep 2001	9.2
136, 137 Hi Tech Industrial Estate M001, Tambol Baanpo, Amphur Bangpa-In, Ayutthaya Thailand	Factory land and building	10,500	Freehold	6	26 Dec 2002	5.6
Lot 23, Noi Bai Industrial Zone Quang Tien Soc Son District Hanoi, Vietnam	Factory and administrative office	5,325	Leasehold (30 years expiring 2032)	6	20 Aug 2002	0.6
Lot 24, 25 & 26, Noi Bai Industrial Zone* Quang Tien Soc Son District Hanoi, Vietnam	Factory	7,853 sq. meter	Leasehold (30 years expiring 16 th Aug 2032)	2	1 Jun 2004	0.9
Kecamatan Simpang Rimba dan Payung, Kabupaten Bankga Selatan, Pulau Bangka Propinsi Kepulauan Bangka Belitung Republic of Indonesia	New development area for oil palm	14,000 (hectares)	Leasehold Concession	1	NA	1.38



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Date of Acquisition</u>	<u>Net Book Value (RM million)</u>
Lot 37111-37112	Office and Showroom,	1,013	Freehold	-	17 Mar 2005	5.5
Lot 37113-37115, District of Kinta, Ipoh Perak	Workshop				22 Dec 2004	
Supalai Park Tower 1, 6 th floor , Room 9/75 , Phaholyothin Road, Ladyao Sub District Chatuchak District Bangkok	Condominium	42.17	Freehold	4	28 Sep 2003	1.3
Supalai Park Tower 1, 7 th floor , Room 9/89 , Phaholyothin Road, Ladyao Sub District Chatuchak District Bangkok	Condominium	45.12	Freehold	4	28 Sep 2003	1.4
Supalai Park Tower 1, 12 th floor , Room 9/183 , Phaholyothin Road, Ladyao Sub District Chatuchak District Bangkok	Condominium	44.94	Freehold	4	28 Sep 2003	1.4
Plot 2, 255 Alexandra Road Singapore	Car Storage Space	9,600	Leasehold (99 years Expiring 2098)	7	4 May 1999	57.7

NA: Not available



STOCKHOLDING STATISTICS AS AT 6 MAY 2008

AUTHORISED STOCK CAPITAL	:	RM1,000,000,000/=
ISSUED AND FULLY PAID-UP CAPITAL	:	RM517,000,000/= (including 31,808 treasury stocks)
CLASS OF STOCK	:	Ordinary Stocks of RM1/= each
VOTING RIGHTS	:	On a show of hands - One vote for every stockholder On a poll - One vote for every ordinary stock held

ANALYSIS OF STOCKHOLDINGS

Size of Stockholding	No of Stockholders/ Depositors	No. of Stocks	% of Issued Capital
1 - 99	349	13,297	0.00
100 - 1,000	1,479	1,201,114	0.23
1,001 - 10,000	3,166	13,220,408	2.56
10,001 - 100,000	1,069	30,619,282	5.92
100,001 to less than 5% of issued stocks	154	201,817,694	39.04
5% and above of issued stocks	3	270,128,205	52.25
Total	6,220	517,000,000	100.00

SUBSTANTIAL STOCKHOLDERS

Name	No of stocks Direct	% of Issued Capital	No of stocks Deemed	% of Issued Capital
1. Boon Siew Sdn Bhd	222,274,125	43.00	50,474,799 ^(a)	9.76
2. Employees Provident Fund Board	49,509,480	9.58	-	-
3. Penang Yellow Bus Company Bhd	27,373,731	5.30	-	-
4. Permodalan Nasional Berhad	2,357,922	0.46	-	-
5. Yayasan Pelaburan Bumiputera	-	-	2,357,922 ^(b)	0.46
6. Loh Kian Chong	1,000	-	281,636,097 ^(c)	54.48

(a) Deemed interested via Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Boon Siew Development Sdn Bhd and Boontong Estates Sdn Bhd

(b) Deemed interested via Permodalan Nasional Berhad

(c) Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd and Boontong Estates Sdn Bhd



THIRTY LARGEST STOCKHOLDERS AS AT 6 MAY 2008

	Name	No. of Stocks	% of Issued Capital
1.	Malaysia Nominees (Tempatan) Sendirian Berhad	111,137,063	21.50
	Boon Siew Sdn Berhad (00-00198-000)		
2.	Citigroup Nominees (Tempatan) Sdn Bhd	111,137,062	21.50
	Boon Siew Sdn Bhd		
3.	Employees Provident Fund Board	47,854,080	9.26
4.	Amanah Raya Nominees (Tempatan) Sdn Bhd	35,000,000	6.77
	Skim Amanah Saham Bumiputera		
5.	Citigroup Nominees (Tempatan) Sdn Bhd	27,373,731	5.30
	Penang Yellow Bus Company Bhd		
6.	Citigroup Nominees (Asing) Sdn Bhd	20,932,854	4.05
	Honda Motor Company Ltd		
7.	Citigroup Nominees (Tempatan) Sdn Bhd	18,207,006	3.52
	Bayview Hotel Sdn Bhd		
8.	Valuecap Sdn Bhd	10,671,900	2.06
9.	HSBC Nominees (Asing) Sdn Bhd	8,264,100	1.60
	Exempt an for BNP Paribas Securities Services		
10.	Citigroup Nominees (Tempatan) Sdn Bhd	6,306,693	1.22
	Loh Boon Siew Holdings Sdn Bhd		
11.	Malaysia Nominees (Tempatan) Sendirian Berhad	3,694,139	0.72
	Boontong Estates Sdn Berhad (00-00200-000)		
12.	Citigroup Nominees (Asing) Sdn Bhd	3,542,200	0.69
	Exempt an for Mellon Bank (Mellon)		
13.	Mayban Nominees (Tempatan) Sdn Bhd	3,091,000	0.60
	Mayban Trustees Berhad for Public Itikal Fund (N14011970240)		
14.	Citigroup Nominees (Asing) Sdn Bhd	3,021,116	0.58
	CBNY for DFA Emerging Markets Fund		
15.	TM Asia Life Malaysia Bhd	2,700,000	0.52
	As Beneficial Owner (PF)		
16.	ChinChoo Investment Sdn. Berhad	2,663,000	0.52
17.	Citigroup Nominees (Tempatan) Sdn Bhd	2,580,480	0.50
	Loh Kar Bee Holdings Sdn Bhd		
18.	Citigroup Nominees (Tempatan) Sdn Bhd	2,472,422	0.48
	Lim Su Tong		
19.	Permodalan Nasional Berhad	2,357,922	0.46
20.	Key Development Sdn. Berhad	2,280,000	0.44
21.	HSBC Nominees (Asing) Sdn Bhd	1,980,000	0.38
	HSBC-FS for Aberdeen Malaysia Equity Fund		
22.	HSBC Nominees (Asing) Sdn Bhd	1,700,000	0.33
	Exempt an for JPMorgan Chase Bank, National Association (Norges Bank)		
23.	Golden Fresh Sdn Bhd	1,680,000	0.33
24.	Mayban Nominees (Tempatan) Sdn Bhd	1,608,000	0.31
	Aberdeen Asset Management Sdn Bhd for the Employees' Provident Fund Board (250416)		
25.	Malaysia Nominees (Tempatan) Sendirian Berhad	1,423,565	0.28
	Tong Yen Sdn Bhd (00-00203-000)		
26.	Amsec Nominees (Tempatan) Sdn Bhd	1,339,000	0.26
	Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM- Aberdeen)		
27.	Citigroup Nominees (Asing) Sdn Bhd	1,333,110	0.26
	Exempt an for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)		
28.	Citigroup Nominees (Tempatan) Sdn Bhd	1,199,923	0.23
	Boon Siew Development Sdn Bhd		
29.	Chong Thuah Realty Sdn Bhd	1,019,000	0.20
30.	HSBC Nominees (Asing) Sdn Bhd	1,011,500	0.20
	Exempt an for JPMorgan Chase Bank, National Association (U.A.E)		
		439,580,866	85.03



DIRECTORS' STOCKHOLDINGS AS AT 6 MAY 2008

	Name of Directors	Direct Interest	%	Indirect Interest ^(@)	%
1.	Dato' Loh Cheng Yean	322,296	0.06	381,437	0.07
2.	Dato' Wong Lum Kong, JP	150,958	0.03	134,894	0.03
3.	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail	-	-	-	-
4.	Dato' Loh Say Bee	44,642	0.00	-	-
5.	Dato' Lim Su Tong @ Lim Chee Tong	2,472,422	0.48	2,752,189	0.53
6.	Dato' Dr Tan Chong Siang	31,923	0.00	21,504	0.00
7.	Dato' Dr Tunku Ismail Bin Tunku Mohammad Jewa	-	-	-	-
8.	Atsushi Fujimoto	-	-	-	-
9.	Sharifah Intan Binti S. M. Aidid (*)	15,000	0.00	-	-

@ These are stocks held in the name of the spouses and children and are regarded as interests of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965 with effect from 15 August 2007, the effective date of the amendments to the Companies Act, 1965.

** She also holds 227,318 shares and 100,000 shares in Armstrong Auto Parts Sdn Bhd and Teck See Plastic Sdn Bhd respectively.*



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PROXY FORM

No. of stocks held

I/We, _____
NRIC No _____
of _____
being a stockholder/stockholders of Oriental Holdings Berhad hereby appoint _____
of _____
or failing him _____
of _____
or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the FORTY SIXTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 26 June 2008 at 3:00 p.m. at Sri Mas Ballroom, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang or at any adjournment thereof.

My/our proxy is to vote on either on a show of hands or on a poll as indicated below with an "X"

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To receive and adopt the audited Financial Statements for 2007		
2.	To declare a Final and Special Dividends		
3.	To re-elect Dato' Loh Say Bee		
4.	To re-elect Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail		
5.	To re-elect Puan Sharifah Intan Binti S M Aidid		
6.	To re-elect Tunku Dato' Dr Ismail Bin Tunku Mohammad Jawa		
7.	To re-elect Dato' Wong Lum Kong, JP		
8.	To re-elect Dato' Loh Cheng Yean		
9.	To approve the Directors' Fees		
10.	To re-appoint Messrs KPMG		
11.	To approve Recurrent Related Party Transactions with:- a) Boon Siew Sdn Bhd Group b) Dato' Syed Mohamad Bin Syed Murtaza and family c) Honda Motor Co., Ltd. d) Hyumal Motor Sdn. Bhd.		
12.			
13.			
14.			
15.	To approve the Proposed Renewal of Stock Buy-Back		
SPECIAL RESOLUTION			
1.	To approve the Proposed Amendments to the Articles of Association		

Signed this _____ day of June 2008.

Signature of Stockholder

NOTES :

1. A stockholder entitled to attend and vote at this Meeting may appoint a Proxy, who need not be a stockholder, to attend and to vote in his stead.
2. If the appointer is a corporation, the Proxy Form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
3. To be valid, the Proxy Form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time stipulated for holding the meeting or any adjournment thereof.
4. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.



ORIENTAL HOLDINGS BERHAD
(Company No. 5286-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

..... *Fold Along this line*

AFFIX
POSTAGE
STAMP

Oriental Holdings Berhad
c/o Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

..... *Fold Along this line*