ANNUAL REPORT 2019

WHITE HORSE
WHITE HORSE
CERAMIC

VISION
宏願

To Become A World Class Ceramic Tiles Manufacturer
成為國際頂尖磁磚製造商

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Liao Yuan Shun
(Chairman/Managing Director)

Teo Swee Teng
(Deputy Managing Director)

Cheng Soon Mong
(Deputy Managing Director)

Teo Kim Lap
(Non-Independent Non-Executive Director)

Liao Shen Hua
(Non-Independent Non-Executive Director)

Teo Kim Tay
(Non-Independent Non-Executive Director)

Liao Jung Chu
(Non-Independent Non-Executive Director)

Rosita Yeo Swat Geok
(Senior Independent Non-Executive Director)
(Re-designated w.e.f. 1 July 2019)

Lau Lee Jan
(Independent Non-Executive Director)

Tai Lam Shin
(Independent Non-Executive Director)
(Appointed w.e.f. 1 July 2019)

Law Piang Woon
(Senior Independent Non-Executive Director)
(Retired w.e.f. 28 May 2019)

AUDIT COMMITTEE
Tai Lam Shin
(Chairman, Independent Non-Executive Director)
(Appointed w.e.f. 1 July 2019)

Rosita Yeo Swat Geok
(Member, Senior Independent Non-Executive Director)
(Re-designated to from Chairperson to member w.e.f. 1 July 2019)

Liao Shen Hua
(Member, Independent Non-Executive Director)

Law Piang Woon
(Member, Senior Independent Non-Executive Director)
(Ceased w.e.f. 28 May 2019)

NOMINATION COMMITTEE
Rosita Yeo Swat Geok
(Chairperson, Senior Independent Non-Executive Director)
(Re-designated from member to chairperson w.e.f. 1 July 2019)

Lau Lee Jan
(Member, Independent Non-Executive Director)
(Appointed w.e.f. 1 July 2019)

Liao Shen Hua
(Member, Non-Independent Non-Executive Director)

Law Piang Woon
(Chairman, Senior Independent Non-Executive Director)
(Ceased w.e.f. 28 May 2019)

REMUNERATION COMMITTEE
Liao Yuan Shun
(Chairman/Managing Director)

Rosita Yeo Swat Geok
(Member, Senior Independent Non-Executive Director)

Lau Lee Jan
(Member, Independent Non-Executive Director)

Law Piang Woon
(Member, Senior Independent Non-Executive Director)
(Ceased w.e.f. 28 May 2019)

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

REGISTERED OFFICE
PLO 464, Jalan Gangsa
Pasir Gudang Industrial Estate
81700 Pasir Gudang
Johor Darul Takzim.
Tel : (60)7 -251 1111
Fax : (60)7 -251 1011

REGISTRAR
Securities Services (Holdings) Sdn Bhd
[Reg No. 199701005827 (36869-T)]
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan.
Tel : 603 – 2084 9000
Fax : 603 – 2094 9940

AUDITORS
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA & AF 1018)
52 Jalan Kota Laksamana 2/15
Taman Kota Laksamana, Seksyen 2
75200 Melaka.
Tel : 606 – 2825 995
Fax : 606 – 2836 449

PRINCIPAL BANKERS
Malayan Banking Berhad
[Reg No. 196001000142 (3813-K)]
69-75, Jalan Meranti Merah
Taman Kebun Teh
80250 Johor Bahru
Johor Darul Takzim.

Malayan Banking Berhad
[Reg No. 196001000142 (3813-K)]
14 Pusat Perdagangan
Jalan Bandar
81700 Pasir Gudang
Johor Darul Takzim.

The Bank of Nova Scotia Berhad
[Reg No. 199401022356 (308035-U)]
Level 10, Menara Hap Seng 2
Plaza Hap Seng
No. 1, Jalan P.Ramlee
50250 Kuala Lumpur.

AmBank (M) Berhad
[Reg No. 196901000166 (8515-D)]
Level 31, Selesa Tower
Jalan Dato' Abdullah Tahir
80300 Johor Bahru
Johor Darul Takzim.

United Overseas Bank (Malaysia) Berhad
[Reg No. 199301017069 (271809-K)]
8, Jalan Ponderosa 2/1
Taman Ponderosa
81100 Johor Bahru
Johor Darul Takzim.

RHB Bank Berhad
[Reg No. 196501000373 (6171-M)]
10 Pusat Perdagangan
Jalan Bandar
81700 Pasir Gudang
Johor Darul Takzim.

STOCK EXCHANGE
Main Market of Bursa Malaysia
Securities Berhad

WEBSITE
www.whitehorse.my

CORPORATE STRUCTURE

WHITE HORSE BERHAD
[Reg No. 199701039630 (455130-X)]

100%
WHITE HORSE CERAMIC INDUSTRIES SDN. BHD.
[Reg No. 199101006514 (216824-X)]

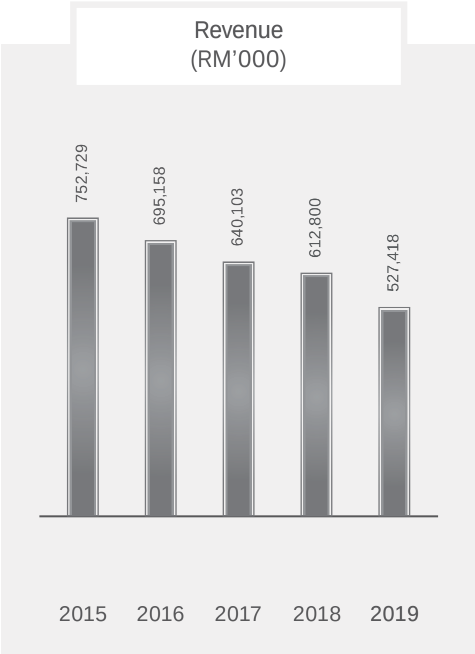
100%
WHITE HORSE MARKETING SDN. BHD.
[Reg No. 199201019057 (250561-D)]

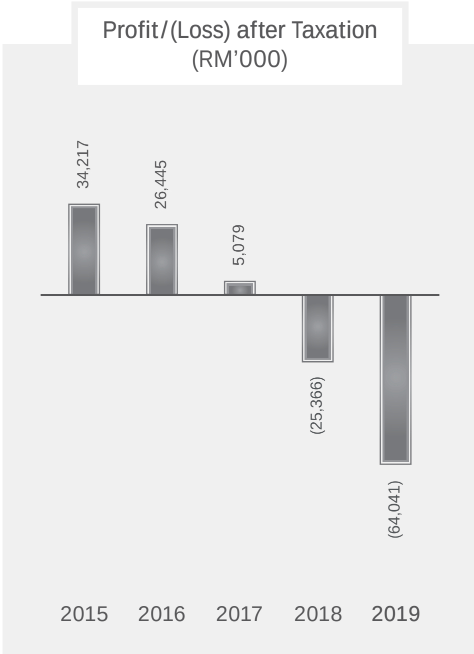
100%
WHITE HORSE CERAMIC INDUSTRIES (VIETNAM) CO., LTD

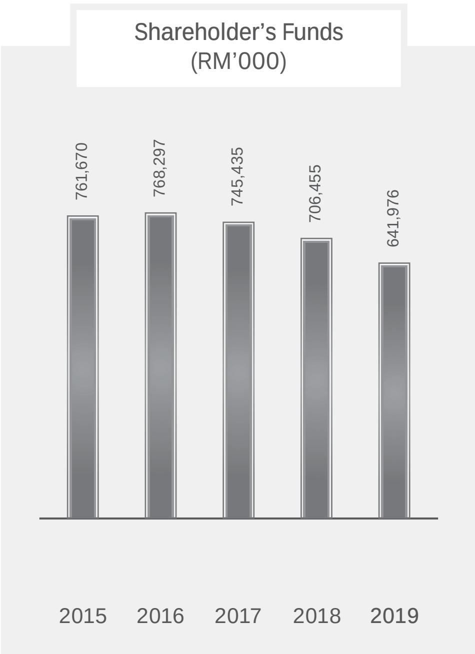
100%

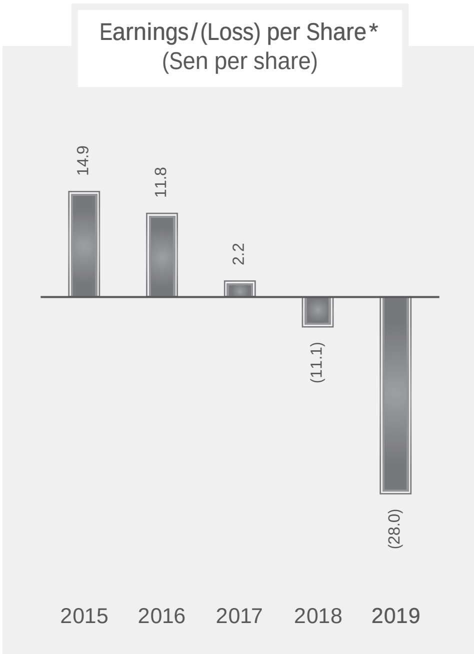
- White Horse Ceramic (S) Pte. Ltd.
- White Horse Ceramic (Phil.) Inc.
- White Horse Ceramic (Thailand) Ltd
- PT WH Ceramic Indonesia
- Grand Mark International Co., Ltd

FINANCIAL HIGHLIGHTS









* earnings/(loss) per share is calculated by dividing profit/(loss) after taxation with weighted average number of ordinary shares in issue.

PROFILE OF DIRECTORS

Liao Yuan Shun

Chairman/Managing Director
Taiwanese, Male, aged 67
Chairman of the Remuneration Committee

Mr. Liao Yuan Shun ("Mr. Liao YS") was appointed to the Board as Executive Chairman of White Horse Berhad on 6 August 1999.

Upon finishing his secondary education in Taiwan, he ventured into the ceramic tiles industry and has more than 40 years of experience in the industry.

Mr. Liao YS also sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2019. He is the brother of Mr. Liao Jung Chu, who is a Director of White Horse Berhad.

CHENG SOON MONG

Deputy Managing Director
Singaporean, Male, aged 77

Mr. Cheng Soon Mong ("Mr. Cheng") was appointed to the Board on 6 August 1999.

He graduated from high school and has over 45 years of experience in the ceramic tiles business. Mr. Cheng has been an Executive Director of White Horse Ceramic Industries Sdn. Bhd. since its incorporation in 1991.

Mr. Cheng also sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2019. He is not related to any other Directors on the Board nor major shareholders of the Company.

Teo Swee Teng

Deputy Managing Director
Malaysian, Male, aged 63

Mr. Teo Swee Teng ("Mr. Teo ST") was appointed to the Board on 6 August 1999.

His first involvement in the ceramic tiles industry began in 1983 upon completing his secondary education when he started a business in marketing and distributing of ceramic tiles.

Mr. Teo ST presently sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all three (3) out of four (4) Board of Directors' Meetings held in the financial year ended 31 December 2019. He is the brother of Mr. Teo Kim Lap and Mr. Teo Kim Tay, who are the Directors and major shareholders of White Horse Berhad.

LIAO JUNG CHU

Non-Independent Non-Executive Director
Taiwanese, Male, aged 81

Mr. Liao Jung Chu ("Mr. Liao JC") was appointed to the Board on 6 August 1999. Mr. Liao JC completed his senior high education in veterinarian studies. He then ventured into the ceramic tiles industry in 1972.

Mr. Liao also sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2019. He is the brother of Mr. Liao Yuan Shun, who is the Executive Chairman/Managing Director and major shareholder of White Horse Berhad, and the father of Mr. Liao Shen Hua, who is a Director of White Horse Berhad.

PROFILE OF DIRECTORS
cont'd

TEO KIM LAP
Non-Independent Non-Executive Director
Malaysian, Male, aged 61

Mr. Teo Kim Lap ("Mr. Teo KL") was appointed to the Board on 6 August 1999.

Together with his brothers, he ventured into the ceramic tiles business upon completion of his secondary education.

Mr. Teo KL presently sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2019. He is the brother of Mr. Teo Swee Teng and Mr. Teo Kim Tay, who are the Directors and major shareholders of White Horse Berhad.

TAI LAM SHIN
Independent Non-Executive Director
Malaysian, Male, aged 63
Chairman of the Audit Committee

Mr. Tai Lam Shin ("Mr. Tai") was appointed to the Board and as Chairman of the Audit Committee on 1 July 2019.

Mr. Tai is a member of the Malaysian Institute of Accountant (MIA) and a Fellow of the Chartered Certified Accountants (FCCA), United Kingdom.

He was an Audit Director with Moore Stephens Associates & Co from April 2008 until his retirement in December 2016 and acted as the Principal from February 2007 to April 2008. Mr. Tai is experienced in areas of audit assurance, financial and corporate advisory, due diligence review and financial reporting for public listed corporations, multinationals and private companies of various industries.

Mr. Tai is also an Independent Non-Executive Director of Keck Seng (Malaysia) Berhad and MCE Holdings Berhad.

He has attended all two (2) out of two (2) Board of Directors' Meetings held in the financial year ended 31 December 2019. He is not related to any other Directors on the Board nor major shareholders of the Company.

LIAO SHEN HUA
Non-Independent Non-Executive Director
Taiwanese, Male, aged 57
Members of the Audit Committee and Nomination Committee

Mr. Liao Shen Hua ("Mr. Liao SH") was appointed to the Board on 6 August 1999. He was appointed as a member of the Audit Committee and Nomination Committee on 26 February 2019.

Mr. Liao SH holds a Diploma in electrical engineering from Ta Hua College of Technology, Taiwan. He was introduced to the ceramic tiles industry soon after his graduation in 1987. As the Executive Director in charge of manufacturing in White Horse Ceramic Industries Sdn. Bhd., a position he has been holding since 1991, Mr. Liao SH is currently responsible for the overall manufacturing operation of White Horse Ceramic Industries Sdn. Bhd. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2019. He is the son of Mr. Liao Jung Chu, who is a Director of White Horse Berhad.

TEO KIM TAY
Non-Independent Non-Executive Director
Taiwanese, Male, aged 56

Mr. Teo Kim Tay ("Mr. Teo KT") was appointed to the Board on 6 August 1999.

He ventured into the ceramic tiles industry upon completion of his secondary education.

Mr. Teo KT presently sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2019. He is the brother of Mr. Teo Kim Lap and Mr. Teo Swee Teng, who are the Directors and major shareholders of White Horse Berhad.

PROFILE OF DIRECTORS
cont'd

LAU LEE JAN
Independent Non-Executive Director
Singaporean, Female, aged 63
Member of the Remuneration Committee and Nomination Committee

Ms. Lau Lee Jan ("Ms. Lau") was appointed to the Board on 22 August 2018. She was appointed as a member of the Remuneration Committee and Nomination Committee on 15 February 2019 and 1 July 2019 respectively.

Ms. Lau graduated with a Bachelor of Law LLB (Honours) in 1981 from the National University of Singapore. She was admitted as an advocate and solicitor to the High Court of Malaya on 5 June 1982 and commenced her private legal practice in Johor Bahru. In 1986, she obtained admission as an advocate and solicitor to the Supreme Court of Singapore. She joined Tay & Partners in 1990 and managed the Johor Bahru branch office until her retirement in 31 December 2016.

Ms. Lau does not have any directorships in other public companies and public listed companies.

She has attended all four (4) Board of Directors' Meeting held in the financial year ended 31 December 2019. She is not related to any other Directors on the Board nor major shareholders of the Company.

ROSITA YEO SWAT GEOK
Senior Independent Non-Executive Director
Malaysian, Female, aged 67
Chairman of the Audit Committee
Members of the Remuneration Committee and Nomination Committee

Ms. Rosita Yeo Swat Geok ("Ms. Yeo") was appointed to the Board on 19 April 2013. She was appointed as a member of the Remuneration Committee on 23 May 2018. Ms. Yeo was re-designated from Independent Non-Executive Director to Senior Independent Non-Executive Director on 1 July 2019. Ms. Yeo had also re-designated her positions in the following Board Committees on 1 July 2019:-

- Re-designated from Chairperson to member of the Audit Committee
- Re-designated from member to Chairperson of the Nomination Committee

Ms. Yeo graduated with a Bachelor Degree of Law LBB (Honours) in 1978 from University of Singapore and has been actively practicing law since then. She has been managing her own law firm, Messrs. Yeo & Co Advocates & Solicitors from June 1989 to June 2016. With effect from 1 July 2016, she is practicing as a consultant at a law firm namely Messrs. Chua & Partners.

Ms. Yeo does not have any directorships in other public companies and public listed companies.

She has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2019. She is not related to any other Directors on the Board nor major shareholders of the Company.

Conflict of Interest

Apart from Mr. Tai Lam Shin, Mr. Cheng Soon Mong, Ms. Lau Lee Jan and Ms. Rosita Yeo Swat Geok, the rest of the Directors are deemed interested in the recurrent related party transactions, of which a shareholders' mandate has been obtained in the Annual General Meeting held on 28 May 2019. Details pertaining to these transactions are disclosed in the Audited Financial Statements for the financial year ended 31 December 2019 and Part A of the Circular/Statement to Shareholders which are downloadable from the Company's corporate website at www.whitehorse.my.

Conviction of Offence

None of the Directors have been convicted of any offence within the past five (5) years, other than the traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies, during the financial year ended 31 December 2019.

KEY SENIOR MANAGEMENT PROFILE

Kwan Kim Fook

Regional Financial Controller
Malaysian, Male, Aged 61

Mr. Kwan Kim Fook joined White Horse Ceramic Industris Sdn Bhd (“WHCI”) on 16 June 1997 as the Financial Controller. He holds a Bachelor Degree in Accounting from the University of Malaya and is a member of the Malaysian Institute of Accountants. He had worked with Bank Negara Malaysia for several years and multi-national companies before joining WHCI. He was appointed as Regional Financial Controller on 1 March 2014.

Raymond Loo Kim Huat

General Manager, Marketing
Malaysian, Male, Aged 52

Mr. Raymond Loo Kim Huat joined White Horse Marketing Sdn Bhd on 15 May 2000 as the Regional Manager for domestic sales. He graduated from University of Malaya with a Degree in Economics. Before joining the Company, he worked in Public Bank Berhad for three (3) years and a building materials company for five (5) years. He was appointed as General Manager of domestic sales division on 1 January 2013.

Luo Tsu-Te

Assistant General Manager, Manufacturing
Taiwanese, Male, Aged 50

Mr. Luo Tsu-Te joined WHCI on 28 April 2006 as the Assistant General Manager of manufacturing division. He holds a Diploma in Ceramic Engineering from National United University, Taiwan. He served in the Republic of China Armed Forces as a Lieutenant for four (4) years before joining White Horse Ceramic Co., Ltd., Taiwan’s Research and Development Department. He is responsible for overseeing the daily operations in both manufacturing facilities in Malaysia.

Tan Chin Goan

Senior Manager, Human Resources
Malaysian, Male, Aged 59

Mr. Tan Chin Goan joined WHCI on 18 July 1997. He completed his Degree in Commerce at the University of Windsor, Canada. Prior to joining WHCI, he has eleven (11) years of experience in the field of administration and human resources functions in various companies. He is responsible for the human resources function in the Group. He was appointed as Senior Manager on 1 January 2003.

None of the above Key Senior Management has any:-

- directorships in public companies and public listed companies;
- family relationship with any Directors and/or major shareholders of the Company;
- personal interest or conflict of interest in any business arrangement involving the Group;
- conviction for offences within the past five (5) years other than traffic offences (if any); and
- public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

It is our pleasure to present the Management Discussion & Analysis (MD&A) for the financial year ended 31 December 2019 ("**FYE 2019**").

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

White Horse Berhad ("**White Horse**" or "**the Company**") strives to be a reputable manufacturer of premium quality tiles. The vision of White Horse is "*to become a world class ceramic tiles manufacturer*."

The Group is involved in the manufacturing and distribution of ceramic and homogeneous tiles. With a sole vision to pursue, the Group remains steadfast in its sole business objective of offering ceramic tiles of par excellence to the market.

We strongly believe in building our forte and expertise in ceramic tiles manufacturing and has never wavered from our sole business segment by diversifying into other non-related businesses.

White Horse entered the industry as a humble player in 1992. After more than two (2) decades in the market, the Group currently has three (3) manufacturing facilities in two (2) countries, namely Malaysia and Vietnam.

At present, our products are sold both domestically and export to more than thirty (30) countries in the world. Domestically, we have a wide marketing network of eleven (11) marketing offices. Ten (10) distribution centres and five (5) major showrooms, namely "*Ceramic World*", other than the standard showroom in the respective centre, so as to provide a prompt service to our dealers and end consumers.

As for Vietnam, we have five (5) marketing offices cum distribution centres and six (6) showrooms across the country, so as to provide a prompt service to our local dealers and end consumers.

Apart from the five (5) overseas subsidiaries in Singapore, Philippines, Thailand, Indonesia and China, we have an international sales team to service our overseas customers.

The following table highlights the financial information of our group for the past five (5) financial years.

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
Revenue	752,729	695,158	640,103	612,800	527,418
Profit/(Loss) before taxation	47,685	37,595	6,829	(26,017)	(61,736)
Interest expense	5,890	6,960	8,259	6,666	9,447
Profit/(Loss) after taxation	34,217	26,445	5,079	(25,366)	(64,041)
Shareholders' equity	761,670	768,297	745,435	706,455	641,976
Total assets	1,271,350	1,208,651	1,108,056	1,050,493	946,849
Loans and borrowings	250,133	244,022	189,164	185,048	188,026
Earnings/(loss) per share (sen)	14.9	11.8	2.2	(11.1)	(28.0)
Net assets per share (RM)	3.32	3.44	3.25	3.09	2.82

FINANCIAL PERFORMANCE OVERVIEW

Review of Financial Results for the FYE 2019 and Financial Condition

For the FYE 2019, the Group recorded a turnover of RM527.4 million, a decrease of 13.9% as compared to the previous financial year. The decrease in revenue was mainly due to the slowdown in the construction industry coupled with the stiff market competition in the tiles industry.

The Group incurred a loss before taxation of RM61.7 million for the FYE 2019, an increase of 137.3% over the previous financial year. It was mainly due to the lower revenue achieved, impairment of property, plant and equipment in Vietnam operation and also additional provision of inventories obsolescence.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Finance costs amounted to RM9.4 million, an increase of 41.7% as compare with previous financial year mainly due to the hike in the interest rate and adoption of MFRS 16. The interest income has been increased by 43.4% from RM0.94 million to RM1.35 million.

The gearing ratio stood at 29.3% as compared to 26.2% of last year, the increase was mainly due to the addition of lease liabilities of RM31.4 million from adoption of MFRS 16.

Cash and cash equivalents amounting to RM91.4 million, an increase of 15.2% as compared to last year of RM79.3 million, due to the turnaround of inventories that generate cash inflow.

The trade receivables stood at RM89.9 million, a reduction of RM10.6 million or 10.5% as compared to previous year due to the effect of stringent credit control and also reduction in revenue.

The inventories of RM297.2 million and its turnover days have been reduced by RM81.4 million and 38 days respectively as compared with previous year, improvement of which was due to the rationalization of inventory control system.

In view of the low revenue affected the bottom line of the Company, several counter measures have been taken place to reduce the operating expenses and also the inventories level.

Review of Financial Condition

In view of the slow pace in the construction and renovation industries, there would be no major capital expenditure to be taking place in the forthcoming years.

To counter the slow pace market condition that has impacted our Group's operation and performance, several measures to improve the bottom-line and cash flow have been implemented as follows:-

(1) Cost savings, where the man-power head counts has been reduced by 19% to 2,097 persons with a cost reduction of 12% to RM89.6 million. Other cost cutting exercises also applied to other operating expenses.

(2) Stringent credit control to ensure a positive cash-inflow and also to reduce the risk of non-performance trade receivables.

(3) Rationalisation of inventories control system, which includes in the reduction of products range, fast moving products would be produced more and non-profitable products would be dropped. This rationalisation exercise has improved our inventories storage capacity, in addition to the improvement of productivity and efficiency.

(4) Continuing to develop new products with higher margin and launching it into the market regularly.

Financial condition and liquidity are considered manageable as some of the Banks' lending capacity is still been not fully utilised.

However, the Covid-19 pandemic, its outbreak has prompted the Government to impose the Movement Control Order ("**MCO**") on 18 March 2020, where most of the economic activities have to be lockdown and thus, our business operations were shut-down accordingly.

During this period, our financial position is hit by a mismatch of cash-flow, where out-flow is more than in-flow, our revenue is almost zero and sales collection is on a slow pace, but expenses like wages and payables including bank repayment have to keep going on.

The Group's financial condition and liquidity are within the manageable level despite of the challenging operating environment.

Subsequently, we have obtained an approval from the Ministry of Trade and Industries of Malaysia on 30 April 2020 to recommence our operations on 4 May 2020.

Looking forward, we are in the view that the post MCO is a challenging era to our business operation.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

REVIEW OF OPERATING ACTIVITIES

The Malaysian property and renovation sectors remained tepid in year 2019, with the existing property overhang situation slow to ease.

Amidst price war for tiles and stiff competition from importers, the import duty for ceramic tiles from China has reduced to 0% since August 2019 which caused the market condition to worsen. Apart from that, natural gas price hike also contributed to the increase in production costs in manufacturing.

During FYE 2019, the Group reviewed the stock inventory and made intense efforts to reduce the holding inventory.

On a comforting note, we have maintained our brand position in the market by achieving the "Brand Laureate Best Brands Award" in Brand influencer for Ceramic Tiles category and being voted Platinum Winner in Floor & Wall Tiles category for Reader's Digest Trusted Brands.

KNOWN AND ANTICIPATED RISKS

The Group is exposed to a variety of market and financial risks, including foreign currency exchange rate.

For market risk, the Group's business operates in a stiff competitive environment with local manufacturers and also building material importers. In order to remain competitive, our Group focuses on the wide product range and high product quality to uphold our premium pricing over the other competitors. This is supported by our continuous research and development efforts and also product innovation.

To mitigate the foreign exchange rate risk, we utilise our export proceeds to pay for foreign currency borrowings and payables.

DIVIDEND POLICY

White Horse has been consistently paying out dividends for the past over ten (10) years. The dividend payouts had demonstrated the Company's commitment in rewarding a fair and equitable return of investment to its shareholders. Dividend payout is dependant on the Company's profitability, liquidity, business investments enhancement and operational requirements for the year and subsequent years. In view of the net business loss and also the ongoing challenging environment, the Board does not propose any dividend payout for the current financial year.

LOOKING FORWARD

Year 2020 has been plagued by a worldwide pandemic, the Covid-19 virus spread which has caused a lockdown in many countries including MCO in Malaysia. The eventual impact of the pandemic to the Group's operations will depend on the time of recovery of the economy.

We will continue to be prudent in our operations and investments, focus on efforts to enhance operational and cost efficiencies, improve productivity to deliver sustainable results for the Group.

RECOGNITION AND APPRECIATION

On behalf of the Board of Directors, we wish to express our heartfelt appreciation to our valued shareholders, customers, vendors, business associates, financial institutions and various government and regulatory authorities for their continuing support and confidence in the Group throughout these challenging times.

Last but not least, we would also like to convey our gratitude to the management and staff for their efforts and dedication to the Group.

SUSTAINABILITY STATEMENT

This Sustainability Statement ("**the Statement**") was prepared in accordance with the Main Market Listing Requirements and guided by the Sustainability Reporting Guide – 2nd Edition and Toolkits issued by Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**"). The Statement communicates our initiatives in addressing sustainability related matters to our shareholders and stakeholders.

The Statement will cover the business operations of two key (2) subsidiaries, namely White Horse Ceramic Industries Sdn Bhd ("**WHC**") and White Horse Marketing Sdn Bhd ("**WHM**"). Both wholly-owned subsidiaries conduct business activities related to manufacturing and sale of ceramic tiles and accessories in Malaysia. The Statement reports on sustainability initiatives and activities for the financial year ended 31 December 2019 unless otherwise stated.

SUSTAINABILITY GOVERNANCE STRUCTURE

The sustainability efforts of the Group are managed by the Sustainability Working Group ("**SWG**"). The SWG consists of department representatives from various functions within the Group such as Finance and Accounting, Human Resources, Manufacturing, Marketing and Purchasing. The SWG reports to the Sustainability Committee which consists of the Executive Directors and the Group Managing Director as the Chairman of the Committee.

STAKEHOLDERS' ENGAGEMENT

White Horse Berhad ("**White Horse**") recognises that sustainability is pertinent for creating long term value for our business as well as our commitment as a responsible corporate citizen. As such, the Group engages with internal and external stakeholders through various channels to develop a better understanding of their needs and expectations. Through such engagements we can also disseminate information effectively to them. This is pertinent to the materiality assessment process as it assists in determining key sustainability matters that are material to the organisation and our stakeholders. The Group conducts such engagements with transparency and integrity to sustain a mutual supportive relationship with the stakeholders.

MATERIALITY ASSESSMENT

During the financial year ended 31 December 2019, we have reviewed sustainability matters based on the importance of such issues to the stakeholders and to the business operations. We present an overview of the material sustainability issues of the Group and how they are managed according to the three (3) main pillars of sustainability in the economic, social and environmental aspects.

Our material matters

Economic Sustainability
Corporate governance and ethical behaviour
Customer engagement and product management
Social Sustainability
Labour management
Occupational safety and health
Community involvement
Environmental Sustainability
Compliance
Waste & water management
Energy management

SUSTAINABILITY STATEMENT
cont'd

Economic Sustainability

White Horse is one of the leading market player in the tiles manufacturing sector in Malaysia. As a humble entrant in 1992, the core competency has always been focused on product quality and innovation, prompt service and wide marketing network.

Corporate Governance and Ethical Behaviour

The Group is committed to comply with the best practices of good governance guided by the Malaysian Code on Corporate Governance. We believe good corporate governance is essential to business sustainability and pivotal to protect the interests of our stakeholders.

The Group has put in place various policies but not limited to the following:-

1) Code of Ethics and Conduct

   The Company has adopted the revised Code of Ethics and Conduct to include Directors, Management and employees of the Company and its subsidiaries to adhere to the general principles and standards of business conduct and ethical behaviour in the performance and exercise of their responsibilities as Board, Management and employee of the Company in order to uphold good corporate integrity.

2) Grievances Procedure

   The procedure provides a channel for employees to bring matters up the immediate superior's attention so as to resolve any conflicts in the shortest time possible.

3) Whistleblowing Policy and Procedures

   The policy facilitates the reporting of genuine concerns of violations or wrongdoings observed without fear of retaliation.

The Group is aware of the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities to encapsulate anti-corruption measures ("**Anti-Corruption Amendments**"). In line with the new Anti-Corruption Amendments, as well as the regulatory compliance with the corporate liability provisions pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which is expected to be effective from 1 June 2020, we are currently studying and comprehending the legislations and adequate procedures to be established and put in place.

Customer Engagement and Product Management

White Horse highly values customer engagement in today's highly competitive market. We emphasise highly on communication with customers by holding regular visitations to them in order to receive timely information on customers' needs and expectation. This serves as a driving force for measures to improve our product and service quality in the interest of our customers. In addition, customer's satisfaction is measured on yearly basis with the aim of improving any concerns addressed by customers.

We strive hard to offer our customers products with reliable premium quality and produce our products in environmentally conscious manufacturing facilities. As a commitment of our quality, the quality management systems of our manufacturing facilities are in compliance with ISO 9001:2015. Our products conform to MS ISO 13006 : 2014 standards and a selected range of products are also awarded the certification for SIRIM Eco-Labelling certification. In 2019, an extensive range of our porcelain tiles series were certified with the Singapore Green Label.

SUSTAINABILITY STATEMENT
cont'd

Social Sustainability

Labour Management – The White Horse Family

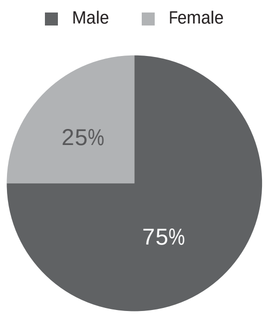
Our employees play a vital role in sustaining the business operations. Henceforth, the Group is committed in providing a safe, conducive and nurturing environment for the employees for their career development and personal growth.

Workforce Diversity

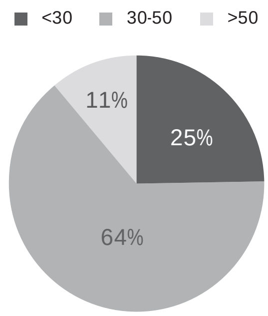
The Group embraces diversity at the workplace and does not allow room for any form of discrimination practices against employees of different gender, age, ethnicity, nationality or marital status. The Group also adheres to minimum wage requirements and exercises the prohibition of harassment.

Employees profile (as at 30 April 2020)

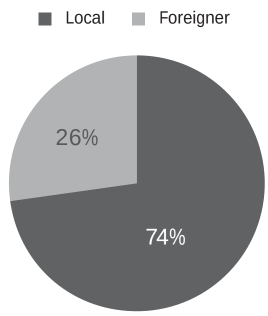
Total Employees : 1,394



Gender



Age Group



Nationality

Employee Development

Both internal and external training are provided for our employees to enhance their skills and knowledge as well as to remain competitive in the market. On a yearly basis, department heads will evaluate employees and identify new training needs for the next year.

Occupational Safety and Health

A Safety and Environmental Committee has been put in place to initiate related programmes to enhance employee's awareness in the workplace and at the same time, manages and evaluates such programs to ensure continuous improvement measures are in place.

Occupational Safety and Health practices does not only include our employees, but also applies for external contractors who work at our premises. Safety briefings are conducted for contractors before they are allowed to enter into the premises.

Safety trainings include the use of personal protection equipment, firefighting, first aid and even road safety awareness are held on a regular basis. Emergency fire drills and chemical spillage drills are also held to raise awareness for crisis management.

During the financial year ended 31 December 2019, we have held various in-house activities with various public institutions and departments like blood donation campaigns, lungs healthy testing, health and road safety briefings.

Community Involvement

Not forgetting the society at large, our community outreach program for the financial year ended 31 December 2019 included visitation to an old folks' home and other homes of the needy, providing industrial training opportunities to existing students of tertiary institutions and sponsor of a gas detector to a Primary school in Pasir Gudang.

SUSTAINABILITY STATEMENT
cont'd

Environmental Sustainability

With an annual production output of approximately 16 million square metres, we have a responsibility to conserve energy and preserve the environment. With this value in mind, the operations are conducted with procedures to deploy resources and monitor matters relating to legal and regulatory compliance. In line with this, our manufacturing facilities are certified with ISO 14001:2015 Environmental Management System Standard.

The Group also inculcates environment focused values to the employees through briefings, trainings and daily activities. Recycle bins are located within the premises to encourage staff to recycle waste. Styrofoam boxes are not allowed to be used in the canteen of the manufacturing facilities, neither are employees allowed to bring them into the factory premises.

Compliance

One of the objectives of our environmental management system is to be 100% compliant to legal requirements. In the financial year ended 2019, there were no penalty imposed by the authorities for non-compliance with environmental laws and regulations for our manufacturing operations in Malaysia.

Waste and Water Management

In our industry, waste generation is inevitable. As such, we need to cultivate a commitment towards managing waste responsibly.

We have in place waste management procedures to execute stringent measures are taken in the manufacturing facilities to minimise any adverse environmental impacts arising from waste disposal and discharge.

Waste in manufacturing operations is categorised into scheduled waste and non-scheduled waste. Scheduled waste is managed according to regulatory requirements and collected by licensed contractors approved by Department of Environment. Non-scheduled waste is collected by selected contractors for recycling purposes or disposed at authorised landfills. By-product waste are recycled back into manufacturing process.

There are industrial effluent treatment systems in the manufacturing facilities to treat used water to be recycled for production use.

Energy Management

Gas Consumption

At White Horse, natural gas is the primary energy source used in tiles manufacturing process. Energy consumption is monitored closely and machinery which operates using natural gas such as firing kilns and spray dryers are maintained regularly to ensure optimisation of energy efficient usage. We invested in a heat recycling project which spanned over a few years to recycle heat from firing stage to earlier stages of production to reduce gas usage.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company and its subsidiaries ("**Group**") is fully committed to business integrity, transparency and professionalism whist pursuing its corporate objectives to enhance shareholders' value and its overall competitive positioning. As part of this commitment, the Board of Directors ("**Board**") of the Company recognises the importance of governance and plays an active role in administering and reviewing the Group's governance practices and framework to ensure its relevance and ability to meet future challenges.

The Board is pleased to present this Corporate Governance Overview Statement ("**Statement**") to provide investors with an overview of the extent of compliance with three (3) Principles as set out in the Malaysian Code on Corporate Governance ("**MCCG**") under the stewardship of the Board throughout the financial year ended 31 December 2019 ("**FYE 2019**") and up to the latest practicable date of 30 April 2020 ("**LPD**").

This Statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**"). In addition, the Corporate Governance Report which sets out the application of each practice in the Malaysian Code on Corporate Governance ("**MCCG**") is available for viewing in the Group's corporate website at www.whitehorse.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(1) Board Responsibilities

Intended Outcome 1.0

Every company is headed by a board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

(i) Roles and Responsibilities of the Board

The Board is responsible for oversight of the Company and noted that the vision of the Group is "*to become a world class ceramic tiles manufacturer*". By utilising high end, imported machinery and technologies – the Board further noted that the Group is the only tile manufacturer in Malaysia capable of producing a range encompassing a broad spectrum of porcelain and ceramic tiles and tile accessories.

The Board members, in carrying out their duties and responsibilities, are firmly committed to ensuring that set vision be "realised", that the highest standards of corporate governance and corporate conduct are adhered to, in order that the Company achieves strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion on the Executive Directors, representing the Management, as well as to properly constituted Board Committees.

The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective Terms of Reference. At each Board Meeting, minutes of the Board Committee meetings are presented to the Board.

The respective Chairman of the Board Committees will also report to the Board on key issues deliberated by the Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

(1) Board Responsibilities cont'd

(i) Roles and Responsibilities of the Board cont'd

The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of long-term shareholders' value. The Board is primarily responsible for:-

(a) Reviewing and adopting a strategic plan for the Company;

(b) Overseeing the conduct of the Company's business;

(c) Considering management recommendations on key issues including acquisitions and divestments, restructuring, funding and significant capital expenditure;

(d) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and

(e) Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

(ii) Key Responsibilities of the Chairman

The Board is led by Mr. Liao Yuan Shun, who is the Chairman and Managing Director ("**MD**") of the Company. He is assisted by two (2) Deputy MDs. Although the positions of Chairman and MD are held by the same individual, the roles of the Chairman and MD are clearly demarcated and each has a clear accepted division of responsibilities.

As outlined in the Board Charter, the Chairman is primarily responsible for matters pertaining to the Board and the overall conduct of the Company. The MD together with the Deputy MDs oversee the running of the Group and the implementation of the Board's decisions, business strategies and policies. There is also a clear demarcation of responsibilities between the roles of the MD and Deputy MDs to ensure a balance of authority and power, such that no one individual has unfettered powers of decision-making.

(iii) Separation of the positions of the Chairman and MD

The Board noted the combination of the positions of the Chairman and the MD is essential for the commercial environment that the Group is currently operating. Such combination of roles renders creditability and confidence to third party(ies) on the authority of the Chairman and MD for successful conclusion of commercial deals/ transactions.

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

(a) The composition of the Board consists of 30% of Independent Non-Executive Directors, whom, collectively, have the weightage in terms of Board's decision making and are free to exercise their independent judgement or act in the best interests of the Company, and to safeguard the interest of the minority shareholders.

(b) The decision of the Board shall always be agreed upon by at least majority of the Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.

(c) A clear division of responsibilities for the role of Chairman of the Board has been outlined in the Board Charter, which are distinct and separate from his roles and responsibilities as MD, through the separate employment contract.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

(1) Board Responsibilities cont'd

(iv) Company Secretary

In compliance with Practice 1.4 of the MCCG, the Board is supported by a suitably qualified and competent Company Secretary, i.e. Ms. Chua Siew Chuan, FCIS ("**Ms. Chua**").

Ms. Chua is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. Details of the qualifications and experience of the Company Secretary are set out in Practice 1.4 of the Corporate Governance Report, available for viewing in the Group's corporate website at www.whitehorse.my.

(v) Circulation of meeting materials

As a standing practice, the notice of the Board Meetings is served at least seven (7) days before each Board Meeting. In compliance with Practice 1.5 of the MCCG, meeting papers and agenda items are to be circulated at least seven (7) days prior to the Meetings to allow ample time for Directors to consider the relevant information.

A comprehensive meeting papers comprising background, matters arising, research, analysis, findings/updates, results, presentations, recommendations and any other relevant information is prepared and circulated in advance to enable the Board to make considerations, deliberations and decisions.

Minutes of the Board/Board Committees Meetings have been accurately recorded by the Company Secretary to reflect the deliberations, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities. The Minutes was then tabled at the next following Board/Board Committees Meetings for perusal and confirmation. Upon Committee/Directors' confirmation, the Chairman of the Board/Board Committee Meetings signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the Companies Act 2016.

Intended Outcome 2.0

There is demarcation of responsibilities between the Board, Board Committees and Management.

There is clarity in the authority of the Board, its Committees and individual Directors.

(vi) Board Charter

The Board had on 20 November 2013 approved and adopted the Board Charter and the same was uploaded to the Company's website. The Board recognises the importance to set out the key values, principles and ethos of the Company, as policies and strategy development are based on these considerations. The Board Charter had included the division of responsibilities and powers between the Board and Management as well as the different committees established by the Board.

The Board had on 26 February 2020 reviewed and approved the revised Board Charter of the Company. The Board will review the Board Charter periodically and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

A full copy of the Board Charter is available for viewing on the Group's corporate website at www.whitehorse.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

(1) **Board Responsibilities** cont'd

Intended Outcome 3.0

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

(vii) **Code of Ethics and Conduct**

(a) **Business Conduct and Corporate Culture**

The Board has on 26 February 2020 adopted a revised Code of Ethics and Conduct for Directors, Management and employees of the Company and its subsidiaries to adhere to the general principles and standards of business conduct and ethical behaviour in the performance and exercise of their responsibilities as Board, Management and employee of the Company in order to uphold good corporate integrity.

The Code of Ethics and Conduct will be reviewed periodically to ensure the information remains relevant and appropriate.

A copy of the Code of Ethics and Conduct is available for viewing on the Group's corporate website at www.whitehorse.my.

(b) **Whistleblowing Policy and Procedures**

The Board has on 26 February 2020 adopted a revised Whistleblowing Policy and Procedure to facilitate the whistle blower to report or disclose through established channels about any violations or wrongdoings they may observe in the Group without fear of retaliation and should they act in good faith when reporting such concerns.

A copy of the Whistleblowing Policy and Procedure is available for viewing on the Company's corporate website at www.whitehorse.my.

(2) **Board composition**

Intended Outcome 4.0

Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

(i) **Composition of the Board**

The Board comprises members experienced in ceramic tiles manufacturing and marketing and is supported by other professionals in the legal, operational, marketing, research and development, administration and financial sectors. The effective combination of existing technical skills and working experience is vital for the continual success of the Group. The profile of the Directors is presented in another section of the Annual Report.

The Board has ten (10) members. Seven (7) of the ten (10) members are Non-Executive members, three (3) of whom are Independent Non-Executive Directors. The composition of the Board complied with paragraph 15.02 of the Main LR of Bursa Malaysia Securities. The Independent Non-Executive Directors provide an unbiased and independent view and judgement to the pertinent issues of the Company and the interest of the stakeholders and the Group. The number of Directors reflects fairly the investment of the shareholders in particular the minority shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

(2) **Board composition** cont'd

(i) **Composition of the Board** cont'd

As the Chairman/MD of the Company is a Non-Independent Executive Director, the Company acknowledges the importance of increasing the number of Independent Directors pursuant to Practice 4.1 of the MCCG and is currently seeking for potential candidates to ensure the balance of power and authority on the Board.

The Board has put in place the following Board Committees to assist in carrying out its fiduciary duties:-

- Audit Committee;
- Nomination Committee; and
- Remuneration Committee.

All of these Committees have written Terms of Reference clearly outlining their objectives, duties and powers. The final decisions on all matters are determined by the Board as a whole.

(ii) **Tenure of Independent Directors**

The Board subscribes to an open policy on the tenure of Independent Director whereby there should not be an arbitrary tenure be imposed on the Independent Directors. The Board believes that the length of tenure of Independent Directors on the Board does not interfere with their objective and independent judgement or their ability to act in the best interest of the Company.

(iii) **Appointment of the Board and Senior Management**

In relation to appointment of Board member, the Board, vide the Nomination Committee, would undergo the three-staged nomination process as follows:-

- Stage 1: Review of the potential candidates based on the criteria set
- Stage 2: Board gaps review
- Stage 3: Recommendation to the Board

The new appointment of senior management would be reviewed by the Nomination Committee based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

(iv) **Board Diversity Policy**

The Board affirms its commitment to boardroom diversity as a truly diversified Board to enhance the Board's effectiveness, creativity and capacity to thrive in good times and weather tough times.

Bearing in mind that an appointment to the Board is a long term commitment to the Company, the Board has not set any short term target or measure for boardroom diversity, but nevertheless works to ensure that there is no discrimination on the basis of, but not limited to, ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Board members.

The Board has indicated its commitment to boardroom diversity by the following appointments:-

Gender Diversity

Ms. Rosita Yeo Swat Geok and Ms. Lau Lee Jan have been appointed as the Independent Non-Executive Directors to the Board on 19 April 2013 and 22 August 2018 respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

(2) **Board composition** cont'd

(iv) **Board Diversity Policy** cont'd

Age Diversity

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

The age profile of the Directors were ranging from 55 to 80 years of age, which underlies the Board's commitment to age diversity at the Board level appointment.

Diversity in Nationality and Geographic Region

Mindful of global mobility of talents, the Board does not restrict its composition to just Malaysians. The Board endeavour to source and appoint Directors of diverse nationality and of trans-national background and experiences.

As at the date of this Annual Report, the diversity in the race/ethnicity of the existing Directors is as follows:-

	Race/Ethnicity					Gender		
	Malay	Chinese	Indian	Other	Total	Male	Female	Total
Number of Directors	0	7	0	3	10	8	2	10

The existing Directors' age distribution falling within the respective age group is as follows:

Age Group (Years)	50-55	56 - 64	65 - 80	Total
Number of Directors	1	5	4	10

Workforce Diversity

The Group is committed to a diverse and inclusive culture which is essential to the Group's future growth. The Group's gender and race/ethnicity diversity are made up of the following:-

	Race/Ethnicity			
Gender	Malay	Chinese	Indian	Other
Male	554	142	23	677
Female	172	169	17	148

The Group's workforce diversity in terms of age is made up of the following:-

	Age Group (Years)				
Gender	Below 20	20-29	30-39	40-49	Above 50
Male	7	317	480	419	173
Female	2	116	204	145	39

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

(2) Board composition cont'd

(v) Nomination Committee

During the financial year under review, the Nomination Committee met once and the meeting attendance is as follows:-

Members	Membership/Designation	No. of meetings attended/held during the financial year under review	%
Rosita Yeo Swat Geok *(Re-designated from member to chairperson w.e.f 1 July 2019)*	Chairperson Senior-Independent Non-Executive Director	2/2	100
Law Piang Woon *(Ceased as Chairman w.e.f 28 May 2019)*	Chairman Senior Independent Non-Executive Director	2/2	100
Liao Shen Hua	Member Independent Non-Executive Director	2/2	100
Lau Lee Jan *(Appointed as member w.e.f 1 July 2019)*	Member Independent Non-Executive Director	N/A	N/A

The Nomination Committee has undertaken the following activities during the financial year:-

(a) Examined the size of the Board, mix of skills, independence and time commitment based on the commercial needs of the Company;

(b) Conducted the effectiveness of the Board evaluation to assess the effectiveness of the Board as a whole and Board Committees in accordance with the three (3) key principles of the MCCG;

(c) Evaluated the contribution and performance of each individual Director;

(d) Evaluated the contribution and performance of the Audit Committee and each individual Audit Committee member;

(e) Review and recommendation to the Board, the adoption of "Declaration by Independent Directors" to confirm the "independence" of the Independent Directors on an annual basis;

(f) Review and recommendation to the Board, the re-election of the Directors who will be retiring at the forthcoming Annual General Meeting ("**AGM**") of the Company;

(g) Review and recommendation to the Board, the appointment of new Independent Non-Executive Director; and

(h) Review the composition of the Board Committee.

The Terms of Reference of the Nomination Committee is available for reviewing at the Group's corporate website at www.whitehorse.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

(2) **Board composition** cont'd

(v) **Nomination Committee** cont'd

Directors' Training

In order for the enlarged White Horse Berhad Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board.

The Board has cultivated the following best practices:-

- All newly appointed Directors are to attend the Mandatory Accreditation Programme as prescribed by the Main LR of Bursa Malaysia Securities within the stipulated timeframe;
- All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment;
- The Directors may be requested to attend additional training courses according to their individual needs as a Director or member of Board Committees on which they serve;
- The Directors are briefed by the Company Secretary on the letters issued by Bursa Malaysia Securities at every Board meeting.

All members of the Board have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities.

During the financial year ended 31 December 2019, the Board members had participated in the following continuing education programmes:-

Name of Directors	Dates	Description of Training Programmes
Liao Yuan Shun	22 August 2019	World Politico-economic trends amidst US-China trade war: Opportunities & Challenges for Southeast Asia
Teo Swee Teng		
Cheng Soon Mong		
Teo Kim Lap		
Liao Shen Hua		
Teo Kim Tay		
Liao Jung Chu		
Rosita Yeo Swat Geok		
Lau Lee Jan		
Tai Lam Shin	9 July 2019 14 August 2019 22 August 2019 13 November 2019	MFRS9 - Financial Instruments: Measurement & Recognition Demystifying the Diversity Conundrum: The Road to Business Excellence World Politico-economic trends amidst US-China trade war: Opportunities & Challenges for Southeast Asia Deloitte TaxMax – the 45th Series

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

2020 Training Needs

Upon review of the training needs of the Directors for the financial year ending 31 December 2020 and recognising the need to keep abreast with the fast-changing business and regulatory environment, the Board has encouraged its members to attend at least one (1) continuing education programme.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

(2) Board composition cont'd

(vi) Annual Assessment of the Board cont'd

Intended Outcome 5.0

Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

In compliance with Practice 5.1 of the New MCCG, on behalf of the Board, the Nomination Committee conducted the following assessments annually and subsequently reported the respective results to the Board for notation:-

(a) Directors' self-assessment;

(b) Evaluation on the effectiveness of the Board of Directors and the Committees of the Board; and

(c) Annual Assessment of Independence.

(3) Remuneration

Intended Outcome 6.0

The level and composition of remuneration of Directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

(i) Remuneration Committee

During the financial year under review, the Remuneration Committee met once and the meeting attendance is as follows:-

Members	Membership/Designation	No. of meetings attended/held during the financial year under review	%
Liao Yuan Shun	Chairman Managing Director	1/1	100
Rosita Yeo Swat Geok	Member Senior Independent Non-Executive Director	1/1	100
Lau Lee Jan	Member Independent Non-Executive Director	1/1	100
Law Piang Woon *(Ceased as member w.e.f 28 May 2019)*	Member Senior Independent Non-Executive Director	1/1	100

The Remuneration Committee has undertaken the following activities during the financial year:-

(a) Reviewed and recommended the remuneration packages for the Executive Directors and Non-Independent Non-Executive Directors for the FYE 2018;
(b) Reviewed and recommended the Directors' fees for the FYE 2018; and
(c) Reviewed and recommended the benefits payable to the Non-Executive Directors pursuant to Section 230(1)(b) of the Companies Act 2016.

The Terms of Reference of the Remuneration Committee is available for viewing at the Group's corporate website at www.whitehorse.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

(3) **Remuneration** cont'd

(ii) **Directors' Remuneration Policy**

The Board has adopted policies and procedures to determine the remuneration of Directors and senior management on 26 February 2019.

This policy will be reviewed biennially by the Remuneration Committee or as and when it is required to ensure the information remains current and updated.

Intended Outcome 7.0

Stakeholders are able to assess whether the remuneration of Directors and senior management is commensurate with their individual performance, taking into consideration the Company's performance.

(iii) **Details of each individual Director's remuneration for the FYE 2019**

In compliance with Practice 7.1 of the MCCG, there is detailed disclosure on named basis for the remuneration of individual Directors and it is disclosed in the Corporate Governance Report, which can be downloaded from the Group's corporate website at www.whitehorse.my.

(iv) **Details of top five (5) senior management's remuneration for the FYE 2019**

The Board is of the view that it is inappropriate to disclose the names and detailed remuneration of senior management staff other than the Executive Directors given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.

The disclosure of the remuneration received by the senior management in the bands of RM50,000/- was disclosed in the Corporate Governance Report, which can be downloaded from the Group's corporate website at www.whitehorse.my.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Intended Outcome 8.0

There is an effective and independent Audit Committee.

The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information.

(1) **Audit Committee**

The membership, a summary of the activities of the Audit Committee and internal audit function and activities are stated in the Audit Committee Report of this Annual Report.

The Chairman of the Audit Committee is Mr. Tai Lam Shin, an Independent Non-Executive Director while Mr. Liao Yuan Shun is the Non-Independent Non-Executive Chairman of the Board.

No appointment of former key audit partners as Audit Committee/Board Member

Practice 8.2 of the MCCG requires the Audit Committee to have a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. The Terms of Reference of the Audit Committee has been incorporated accordingly to formalise the above requirement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

(1) **Audit Committee** cont'd

Assessment of Suitability and Independence of External Auditors

The Audit Committee has adopted policies and procedures to assess the suitability, objectivity and independence of external auditors and that such assessment has been carried out annually.

The outcome of the assessment would form a basis for the Audit Committee in making recommendation to the Board on the re-appointment of the external auditors for the ensuing year at the Annual General Meeting.

Intended Outcome 9.0

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

(2) **Risk Management and Internal Control Framework**

Framework to Manage Risks

The Risk Management Committee was set up in November 2004, comprising members from the Executive Directors and Management representing the key departments.

The Risk Management Committee has established an Enterprise Risk Management Framework to determine the Company's level of risk tolerance and actively identity, assess and monitor key business to safeguard shareholders' investments.

The Statement on Risk Management and Internal Control of the Group as set out in this Annual Report provides an overview of the state and features of risk management and internal controls within the Group, in compliance with Practice 9.2 of the MCCG.

Intended Outcome 10.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Internal Audit Function

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Planning Memorandum, setting out the internal audit work expected to be carried out for a period of one year, is tabled to the Audit Committee at the beginning of the year.

The Company has its own internal audit function to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

The In-House Internal Auditors communicate regularly with and report directly to the Audit Committee. For the FYE 2019, the in-house Internal Auditors met up twice with the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

(1) Communication with Stakeholders

Intended Outcome 11.0

There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

In compliance with Practice 11.1 of the MCCG, the Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follows:-

(a) Shareholders' Communication and Investor Relations

The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the Main LR of Bursa Malaysia Securities. All the Directors were present at the Twenty-First AGM of the Company held on 28 May 2019 to engage with the shareholders personally and proactively.

(b) Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company, summary of key matters discussed at the AGM, Annual Reports as well as the financial information of the Company.

The announcement of the quarterly financial results is also made via Bursa LINK immediately after the Board's approval. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information.

(c) Downloadable "Tiles Handbook"

The Board noted the Group has developed a unique "Tiles Handbook", which is downloadable from the Company's website at http://www.whitehorse.my/. The said Handbook focuses on the various aspects of ceramic tiles such as characteristics of the tiles, tips for choosing appropriate tiles prior to purchase, types of checks to be made before laying the tiles, methods of laying the tiles as well as care and maintenance of the tiles.

(d) White Horse Ceramic App

This mobile application enables the public to quickly and easily view the Group's latest ceramic wall tiles, ceramic floor tiles and porcelain tiles series. It is downloadable from the Company's website at http://www.whitehorse.my/; by way of scanning of QR Code; purchase from Apple App Store or Download vide Google Playstore.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

(2) Conduct of General Meetings

Intended Outcome 12.0

Shareholders are able to participates, engage the Board and senior management effectively and make informed voting decisions at General Meetings.

(i) Notice of Annual General Meeting

The Notice of the Twenty-Second AGM together with the Annual Report are despatched to shareholders at least twenty-eight (28) days prior to the meeting date as a good corporate governance practice.

(ii) Attendance of Directors at General Meetings

All the members of the Board will be present to provide better opportunity for the shareholders to effectively engage with each Board member.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to financial year ending 2020, the Board and its respective committees will:-

- Focus on major strategic issues to ensure sustainability and growth;
- Continue to monitor succession planning for the senior leadership team, to ensure a healthy pipeline of talent is emerging for future senior executive management;
- Consider other variety of approaches and independent sources to identify suitable candidate for appointment of Directors, should the need arise; and
- Continue to review the balance, experience and skills of the Board.

CONCLUSION

The Board is satisfied that, it complies substantially with the practices of the MCCG during the FYE 2019 and up to the LPD.

This Statement and the Corporate Governance Report are made in accordance with the resolution passed by the Board on 13 May 2020.

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of Proceeds**

   The Company did not raise any funds through any corporate proposal during the financial year ended 31 December 2019.

2. **Audit and Non-Audit Services**

   During the financial year, Messrs. Crowe Malaysia PLT and Ernst & Young Tax Consultants Sdn. Bhd., the external auditors and tax agent of the Group and of the Company respectively, have rendered certain audit and non-audit services to the Company and the Group, a breakdown of which is listed below for information:-

	Company (RM)	Group (RM)
Audit services rendered		
Statutory audit	58,000	176,000
Subtotal	58,000	176,000
Non-audit services rendered		
Messrs. Crowe Malaysia PLT		
Review of Statement on Risk Management and Internal Control	6,000	6,000
Ernst & Young Tax Consultants Sdn. Bhd.		
Preparation and submission of Forms C	6,000	45,500
Subtotal	12,000	51,500
Total	**70,000**	**227,500**

3. **Material Contracts involving the Interests of the Directors, Chief Executive or Major Shareholders**

   There were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors, Chief Executive who is not a Director and/or major shareholders, either still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year.

4. **Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPT”)**

   At the Twenty-First Annual General Meeting of the Company held on 28 May 2019, the Company had obtained a general mandate from its shareholders (“**Shareholders’ Mandate**”) for a recurrent related party transaction of revenue and trading nature (“**RRPT**”).

ADDITIONAL COMPLIANCE INFORMATION
cont'd

The breakdown of the aggregate value of the RRPT conducted during the financial year ended 31 December 2019 pursuant to the Shareholders' Mandate, is set out below:-

Related Party	Transacting Party	Nature of Transaction	Aggregate value of transaction from 1 January 2019 to 31 December 2019 (RM)
Teobros Ceramica Sdn. Bhd. ("**TCSB**")	Teo Kim Lap Teo Kim Tay Teo Swee Teng *(Teo Kim Lap, Teo Kim Tay and Teo Swee Teng are also directors and major shareholders in TCSB)*	(a) Sales of ceramic tiles including glazed and homogeneous tiles by White Horse Ceramic Industries Sdn. Bhd. ("**WHC**") to TCSB	18,509,518
	Teo Boon Hoo *(Teo Boon Hoo is a major shareholder in TCSB and is a brother to Teo Kim Lap, Teo Kim Tay and Teo Swee Teng)* (via the transaction in TCSB)	(b) Sales of ceramic tiles including glazed and homogeneous tiles by White Horse Marketing Sdn. Bhd. ("**WHM**") to TCSB	211,880
		(c) Sales of ceramic tiles including glazed and homogeneous tiles by TCSB to WHM	65,588
White Horse Ceramic Co., Ltd ("**WHCL**")	Liao Yuan Shun Liao Jung Chu Liao Shen Hua *(Liao Yuan Shun, Liao Jung Chu and Liao Shen Hua are directors and major shareholders of WHCL)* (via transaction in WHCL)	(a) Sales of raw materials, machines, consumable supplies, ceramic tiles including glazed and homogeneous tiles and other related products by White Horse Berhad ("**WHB**") Group to WHCL	11,869,070
	Liao Shen Yao Liao Shen Chun Liao Chia Feng Liao Chen Mei Hsiu Liao Hung Chang Liao Chia Ning Liao Chung Yi	(b) Payment of user licensing, hardware and software maintenance and miscellaneous fee for Enterprise Resource Planning System	1,315,419
	Chen Liao Wen	(c) Sales of ceramic tiles including glazed and homogeneous tiles and other related products by WHCL to WHB Group	64,017
		(d) Trademark Licence fee payable by WHC to WHCL	128,624
Yap Chai Eng	Teo Kim Tay *(spouse of Madam Yap Chai Eng)*	Rental payable by WHM to Madam Yap Chai Eng	22,573

AUDIT COMMITTEE REPORT

The Board of Directors of White Horse Berhad ("**White Horse**" or "**the Company**") is pleased to present the Audit Committee ("**AC**") Report which provides insights as to the manner the Audit Committee discharged its functions for the Group for the financial year ended 31 December 2019 ("**FYE 2019**"), in compliance with Paragraph 15.15(1) of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and Malaysian Code on Corporate Governance ("**MCCG**").

Composition

The AC comprises three (3) members, which consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This complies with Paragraphs 15.09(1)(a) and (b) and 15.09(2) of the Main LR of Bursa Malaysia Securities.

The current composition of the Audit Committee is as follows:

Name	Designation	Directorship
Tai Lam Shin *(Appointed w.e.f 1 July 2019)*	Chairman	Independent Non-Executive Director
Rosita Yeo Swat Geok *(Re-designated to member w.e.f 1 July 2019)*	Member	Senior Independent Non-Executive Director
Liao Shen Hua *(Appointed w.e.f 15 February 2019)*	Member	Non-Independent Non-Executive Director
Liao Jung Chu *(Ceased w.e.f 26 February 2019)*	Member	Non-Independent Non-Executive Director
Law Piang Woon *(Ceased w.e.f 28 May 2019)*	Member	Senior Independent Non-Executive Director

AC Chairman

Mr. Tai Lam Shin is a Fellow of Chartered Association of Certified Accountants (FCCA) in United Kingdom and is a member of the Chartered Accountant of Malaysian Institute of Accountants (MIA). This complies with Paragraph 15.09(1)(c) of the Main LR of Bursa Malaysia Securities. In addition, Mr. Tai Lam Shin is an Independent Non-Executive Director which complies with Paragraph 15.10 of the Main LR of Bursa Malaysia Securities.

In compliance with Practice 8.1 of the MCCG, the Chairman of the AC is not the Chairman of the Board.

Review of Term of Office and Performance

For the FYE 2019, the AC has completed the self and peer assessment for the review by the Nomination Committee ("**NC**"). Upon review, the NC noted the AC and its members have carried out their duties in accordance with the Terms of Reference of AC, thereby complying with Paragraph 15.20 of the Main LR of Bursa Malaysia Securities.

Formal assessment on the External Auditors

In compliance with Practice 8.3 of the MCCG, the AC has established policies and procedures to assess the suitability, objectivity and independence of the External Auditors on annual basis, prior to making their recommendation to the Board whether to seek shareholders' approval at next Annual General Meeting ("**AGM**") for the re-appointment of External Auditors for the ensuing year.

Upon completion of its assessment, the AC was satisfied with Messrs. Crowe Malaysia PLT's technical competency i.e. effectiveness, suitability and independence during the financial year under review and recommended to the Board the re-appointment of Messrs. Crowe Malaysia PLT as external auditors for the financial year ending 31 December 2019. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming AGM of the Company.

AUDIT COMMITTEE REPORT
cont'd

Terms of Reference ("TOR")

The latest TOR of the AC was revised on 20 November 2019 to incorporate the amendments of Main LR of Bursa Malaysia Securities.

The updated TOR of the AC is available on the Company's website at www.whitehorse.my.

Meetings

The AC held a total of four (4) meetings during the FYE 2019. The details of attendance of the AC Meetings during the financial year were as below:-

Name	No. of Meetings attended	Percentage of Attendance (%)
Tai Lam Shin *(Appointed w.e.f 1 July 2019)*	2/2	100
Rosita Yeo Swat Geok *(Re-designated to member w.e.f 1 July 2019)*	4/4	100
Liao Shen Hua *(Appointed w.e.f 15 February 2019)*	4/4	100
Liao Jung Chu *(Ceased w.e.f 26 February 2019)*	1/1	100
Law Piang Woon *(Ceased w.e.f 28 May 2019)*	2/2	100

For the FYE 2019, the AC Meetings were held as follows:-

No.	AC Meeting Date	Private session with the External Auditors without Executive Directors and Management
(1)	26 February 2019	-
(2)	28 May 2019	-
(3)	23 August 2019	✓
(4)	20 November 2019	✓

Private Sessions

As a standing practice, the AC would hold private session with the External Auditors without the presence of the Executive Directors and Management ("**Private Session**"). For the FYE 2019, two (2) private sessions were held. At the Private Session, the External Auditors were encouraged to raise with the AC any matters they considered important to bring to the AC's attention. The lead audit engagement partner of the External Auditors responsible for the Group has attended the Private Session for the FYE 2019.

At the Private Sessions, the AC Chairman sought information on the communication flow between the External Auditors and the Management which was necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties. For the FYE 2019, the External Auditors confirmed to the AC that there were neither restrictive nor non-co-operative behaviour exhibited by the Management in the course of their audit.

AUDIT COMMITTEE REPORT
cont'd

AC Meeting Proceedings

Notices of AC meetings and meeting papers were distributed to the AC at least one (1) week in advance prior to the meeting to enable the AC members to peruse and provide their feedbacks/comments at the meeting.

All deliberations during the AC meetings were duly minuted. Minutes of AC meetings were tabled for confirmation at every succeeding AC meeting.

The AC Chairman presented the AC's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the AC Chairman would convey to the Board matters of significant concern raised by the Internal and/or External Auditors.

Mr. Kwan Kim Fook, the Regional Financial Controller normally attend AC Meetings. Other Board Members and/or employees would attend the AC Meetings upon the invitation of the AC.

SUMMARY OF WORKS UNDERTAKEN BY THE AC

The AC has undertaken the following works during the FYE 2019:-

(a) **Oversight of Financial Reporting**

(i) Reviewed the unaudited quarterly financial results for the quarters ended 31 December 2018, 31 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019, respectively and recommended the same for the Board's approval.

(ii) Reviewed the draft audited financial statements for the FYE 2019 and recommended the same for the Board's approval.

(iii) Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

(b) **Oversight of External Auditors**

(i) Reviewed the suitability and independence of the External Auditors vide a formalised "Assessment on External Auditors" and upon reviewed and being satisfied with the results of the said Assessment, the same has been recommended to the Board for approval.

(ii) Reviewed the External Auditors' Audit Plan for FYE 2019 and Management's response.

(iii) Reviewed and recommended the proposed change of External Auditors.

(c) **Oversight of Internal Audit Department ("IAD") and Function**

(i) Review and adoption of an Internal Audit Plan for FYE 2019.

(ii) Reviewed and approved the internal audit reports for FYE 2019.

(iii) Reviewed the adequacy and performance of the internal audit function and its comprehensive coverage of the Group's activities.

(iv) Reviewed the effectiveness of the internal audit function vide a formalised "Assessment on Internal Auditors".

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF WORKS UNDERTAKEN BY THE AC cont'd

(d) Review of Related Party Transactions ("RPT")

(i) Reviewed the related party transactions, entered into by the Company and its group of companies.

(ii) Reviewed the quarterly recurrent RPT Report, prepared by the IAD.

(iii) Issuance of Statement of AC for inclusion in the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for entering into Recurrent RPTs to confirm the review of the terms of the Proposed Shareholders' Mandate and its satisfaction with the review procedures set out for recurrent RPTs.

(iv) Review of the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for entering into recurrent RPTs.

(e) Oversight of Risk Management Matters

(i) To review the principal risks identified by the Management and IAD and ensuring the implementation of appropriate internal controls and mitigation measures.

(ii) Reviewed the AC Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2019.

(f) Oversight of Share Buy-Back Activities

(i) Review of the draft Statement to Shareholders in relation to the Proposed Renewal of Authority for Share Buy-back and recommendation of the same to the Board of Directors for approval.

Examined the effects of the Proposed Renewal of Authority for Share Buy-back on the share capital, net assets, working capital and earnings per share of the Company.

Conclusion made on Review of Recurrent RPTs for FYE 2019

From its review of RPTs entered into by the Company and its group of companies for the FYE 2019, the AC has concluded that the RPTs were conducted at arm's length basis and on normal commercial terms consistent with the Company's usual business practices and policies.

For FYE 2019, the AC was of the opinion that the Group has in place adequate procedures and processes to monitor, track and identify recurrent RPT in a timely and orderly manner.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION

(1) **In-house IAD**

The Company has an IAD which report directly to the AC. The IAD is mainly responsible for undertaking a regular review of the internal control system of the Group and to ensure its operations are carried out effectively and efficiently.

The scope of internal audit covers the periodic audits of key departments, branches and overseas subsidiaries within the Group to test on the appropriateness of control design and implementation as well as compliance with existing policies and procedures.

The IAD performs periodic audits of the Company and subsidiaries within the Group based on a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on areas with high risk and potential inadequate controls to ensure that an adequate action plan is in place to improve the controls. For those areas with high risk and inadequate controls, the audit ascertains that the risks are effectively mitigated by the controls.

Other works undertaken by the IAD during the financial year include:-

- Ascertained the extend of compliance of established policies, procedures and statutory requirements;
- Reviewed the operation flow within the Group;
- Recommended improvement on existing systems; and
- Presented the audit plan for the FYE 2019 to the AC.

Profile of the Head of IAD is set out as follows:-

Year of Appointment	:	2001
Principal Engagement Lead	:	Chiang Hsieh Tsui-Ju
Qualifications	:	Degree in Accountancy
Experiences	:	20 years of experience in finance and accounting and internal audit functions
Number of resources	:	There are a total of six (6) staff in IAD.

(2) **IAD Audit Assignments for FYE 2019**

Given the diverse nature of the Group's subsidiaries, the IAD has segregated their audit activities into three (3) main categories:-

(a) Departmental Audit Assignments;
(b) Malaysian and Vietnam Branches Audit Assignments; and
(c) Subsidiaries Audit Assignments.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION cont'd

(2) **IAD Audit Assignments for FYE 2019** cont'd

Category of Audit Activities	Audit area/entity	Audit Period
Departmental Audit Assignments	• Management Information System	August 2018 to December 2019
	• Customer Service	June 2018 to June 2019
	• Purchasing	October 2018 to April 2019
	• International Sales	November 2018 to November 2019
	• Finance and accounting	August 2018 to August 2019
	• Material Planning	July 2018 to November 2019
	• Human Resource	August 2018 to June 2019
Malaysian and Vietnam Branches Audit Assignments	Malaysia	
	• Johor Bahru	June 2018 to July 2019
	• Batu Pahat	July 2018 to June 2019
	• Butterworth	December 2018 to August 2019
	• Alor Setar	December 2018 to August 2019
	• Ipoh	December 2018 to August 2019
	• Klang	September 2018 to September 2019
	• Kota Kinabalu	October 2018 to October 2019
	• Kuching	November 2018 to November 2019
	• Kota Bharu	November 2018 to October 2019
	• Kuantan	November 2018 to November 2019
	• Kuala Lumpur	October 2018 to November 2019
	Vietnam	
	• Head Office	November 2018 to October 2019
	• Ho Chi Minh City	July 2018 to October 2019
	• Hanoi	July 2018 to October 2019
	• Danang	July 2018 to October 2019
	• Nha Trang	March 2018 to October 2019
	• Can Tho	July 2018 to October 2019
	• Hai Phong	March 2018 to October 2019

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION cont'd

(2) **IAD Audit Assignments for FYE 2019** cont'd

Category of Audit Activities	Audit area/entity	Audit Period
Subsidiaries Audit Assignments	• White Horse Ceramic (Phil) Inc.	September 2018 to July 2019
	• White Horse Ceramic (S) Pte Ltd.	October 2018 to August 2019
	• White Horse Ceramic (Thai) Ltd.	June 2018 to September 2019
	• PT WH Ceramic Indonesia	January 2019 to May 2019
	• Grand Mark International Co., Ltd	November 2018 to September 2019

For FYE 2019, representatives from the IAD attended two (2) AC Meetings to table their findings and reports.

Internal Audit Review and Assurance

For the FYE 2019, the IAD has successfully completed all their audit assignments in accordance with their risk-based Internal Audit Schedule for 2019. The Head of IAD further affirmed to the AC that sufficient and appropriate audit procedure have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in their internal audit reports for FYE 2019.

The internal audits performed met the objective of highlighting to the AC the audit findings which required follow-up action by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system. It ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.

For the FYE 2019, the IAD engagement team personnel, including the Principal Engagement Team Leader, have affirmed to the AC that in relation to the Company/Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.

(3) **Internal Audit Charter**

The AC has adopted an Internal Audit Charter in order to formalise the remit of the IAD and the Internal Audit function as well as to regulate the process to review the adequacy of scope, functions, competency, and resources of the internal audit function.

The Internal Audit Charter comprises the following items:-

(i) In-House Internal Audit Charter;
(ii) Terms of Reference for in-house internal audit function;
(iii) Authority;
(iv) Reporting;
(v) Objectivity and independence;
(vi) Objectives and scope of work;
(vii) Internal audit function administration;
(viii) Oversight functions of the AC in relation to internal audit functions; and
(ix) Review of Internal Audit Charter.

The Internal Audit Charter was adopted by the Board on 26 February 2019 and subsequently reviewed by the Board on 20 November 2018.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION cont'd

(4) Internal Audit Function Review

On a yearly basis, the AC would conduct an internal audit function review in order to review the adequacy and performance of the internal audit function and its comprehensive coverage of the Group's activities ("**the IA Review**").

For the FYE 2019, the IA Review has been conducted by the AC on 20 November 2019. The AC has conducted the IA Review based on the following criteria:-
- Understanding;
- Charter and Structure;
- Skills and experiences;
- Communication; and
- Performance.

Upon review, the AC was satisfied with the performance and the conduct of IAD for the FYE 2019.

(5) Operational costs incurred by IAD for the FYE 2019

The operational cost incurred by the IAD for FYE 2019 amounted to RM818,106.73/- (2018: RM816,260/-).

This AC Report is made in accordance with the Resolution passed by the Directors at the Board of Directors' Meeting held on 26 February 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**")'s Main Market Listing Requirements ("**Main LR**"), the Board of Directors ("**the Board**") of White Horse Berhad is pleased to provide its Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2019 ("**the Statement**"), which has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies issued by the Task Force on Internal Control with the support and endorsement of the Bursa Malaysia Securities and Part II of Principle B, Intended Outcome 9.0, Practices 9.1 and 9.2 read together with Guidance 9.1 and 9.2 as set out in the Malaysian Code on Corporate Governance which relate to risk management and internal control framework.

RESPONSIBILTIES OF THE BOARD

The Board acknowledges its overall responsibilities to maintain a sound system of internal control and effective risk management to safeguard shareholders' investment and the Group assets, and for reviewing its adequacy and integrity.

The Board has a current internal control system which identifies, evaluates and manages significant risks encountered by the Group.

In view 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, the system could provide only reasonable but not absolute assurance against any material misstatement, operational failures, fraud or loss.

The Board is assisted by the Audit Committee ("**AC**") and Risk Management Committee to review the adequacy and effectiveness of the system of internal controls and to ensure that a mix of techniques is used to obtain the level of assurance required by the Board.

The Board has received assurance from the Group Managing Director and the Deputy Group Managing Director that, to the best of their knowledge, the Groups risk management and internal control system will operate adequately and effectively, in all material aspects, based on the risk management and internal control system.

RISK MANAGEMENT FRAMEWORK

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives, throughout the year under review. This process is reviewed by the Board via the AC, while Management and Heads of Divisions are delegated the responsibility to manage risks related to their respective division units. The process requires the Management and Head of Division to comprehensively identify and assess the relevant types of risks in terms of likelihood and magnitude of impact, as well as to identify and evaluate the adequacy and effectiveness of applying the mechanisms to manage and mitigate these risks. Key risks relating to the Group's operations are deliberated at the business units' and Company's monthly meetings attended by key management personnel and significant risks are communicated to the Board at their scheduled meetings.

The Board and Management practice proactive significant risks identification on a yearly basis or earlier as appropriate, particularly for any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

INTERNAL AUDIT DEPARTMENT

The Board acknowledges the importance of internal audit. The Group Internal Auditors perform periodic audits of the Company and subsidiaries within the Group based on a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on areas with high risk and potential inadequate controls to ensure that an adequate action plan is in place to improve the controls. For those areas with high risk and inadequate controls, the audit ascertains that the risks are effectively mitigated by the controls.

All audit findings, recommendations and Management's actions are rigorously deliberated at the AC meetings before being reported to the Board. Quarterly reports to the AC track the progress towards completion of all corrective actions taken on issues highlighted by the Group Internal Auditors.

Based on the internal audit reviews conducted, none of the audit issues noted have resulted in any material control deficiencies. Details of the activities of the internal audit function are provided in the AC Report of this Annual Report.

OTHER KEY FEATURES OF THE INTERNAL CONTROLS

The monitoring, review and reporting arrangements in place give reasonable assurance that the structure of controls and their implementation are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees and others.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the annual report is sound and sufficient to safeguard the shareholders' investment, the interest of customers, regulators, employees and the Group's assets.

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

i. The organisation structure is clearly defined by means of organisation charts and main job function and responsibilities are communicated to all levels.
ii. Clearly documented internal policies and procedures are set out in a series of standard operating procedures, which are constantly reviewed for improvement to reflect changes in business structures and processes.
iii. The AC examines the effectiveness of the Group's system of internal control for and on behalf of the Board. This is accomplished through the review of the internal audit department's works, which adopts a series of audit program in identifying areas of priority and which is carried out in accordance with the audit plan.
iv. The Board and the AC meet every quarter to discuss matters raised by Management and Internal Auditors on business and operational matters including potential risks and control issues. The Group Managing Director also reports to the Board on significant changes in business and external environment. Monthly financial reports which include key financial information of major subsidiaries are submitted to the Board by the Regional Financial Controller.
v. Regular internal audit visits, which provide independent assurance on the effectiveness of the Group's system of internal control and advise Management on areas for further improvement.
vi. The Group has a policy on approving authority for its operating and capital expenditure.
vii. Budgetary control is applied to every department and division in the Group and actual performance is closely monitored against budgets to identify significant variances. Discussions are held regularly between the Management and the Head of Division to ensure the budgets are attainable and realistic.
viii. Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programs and workshops to enhance their knowledge and expand the employees' competency level in executing daily functions. Relevant training and courses have been provided to employees across all functions to maintain a high level of competency.
ix. A Code of Ethics for all employees which defines the ethical standards and conduct at work is communicated to all employees upon their employment.
x. The Group emphasises continuous effort in maintaining the quality of its products. The Directors ensure that safety and health regulations, environment controls and all others legislations in connection with the industry have been considered and complied with.
xi. Sufficient insurance coverage on major assets is in place to ensure the Group's assets are adequately covered against risks that can result in material losses, and it is reviewed regularly to ensure adequate insurance coverage to protect the Group from potential claims and loss.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

xii. A whistle-blowing policy and procedures are established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.

xiii. The Group operates on an Enterprise Resource Planning ("**ERP**") system which integrates various aspects of the Group's operations except for the overseas subsidiaries. The ERP system provides Management with data, analysis, variations, exceptions and others input relevant to the Group's performance. Employees within the Group are guided by the Management Information System Policy, Access Management Security Policy and End User Policy.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities' Main LR, the external auditors have reviewed the Statement for inclusion in the Annual Report for the financial year ended 31 December 2019. Their review is performed in accordance with the Audit and Assurance Practice Guide ("**AAPG**") 3: Guidance for auditors on engagements to report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. The external auditors' procedures have been conducted to assess whether the Statement is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the risk management and internal control system of the Group.

AAPG 3 does not require the external auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosure required by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor it is factually inaccurate.

CONCLUSION

The Board is committed towards operating and maintaining a sound system of internal control and recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control. There were no material losses incurred during the financial year as a result of weaknesses in internal control.

For the financial year under review and up to the date of approval of the Statement, based on inquiry, information and assurances provided by the Group Managing Director and Deputy Group Managing Director, the Board is satisfied that the Group's risk management and internal control system is operating adequately and effectively in all materials aspects. Measures are in place and continually being taken to ensure the ongoing adequacy and effectiveness of risk management and internal control to safeguard the Group's assets and enhance shareholders' investment.

The Statement is made in accordance with a resolution passed by the Directors at the Board of Directors' Meeting held on 26 February 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable approved Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and their financial performance and cash flows for the financial year ended.

In the preparation of the annual financial statements, the Directors have also:-

- Adopted the appropriate and relevant accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Assessed the Group's and the Company's ability to continue as going concern, and confirmed that the annual financial statements are prepared using the going concern basis of accounting.

The Directors are also responsible for:-

- Ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements; and
- Taking the necessary steps to ensure appropriate systems and internal controls are in place to safeguard the assets of the Group and of the Company, as well as to prevent and detect fraud and any other irregularities.

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 31 December 2019.

This statement of Directors' responsibility for preparing the financial statements is made in accordance with a resolution passed by the Directors on 13 May 2020.

Financial Statements

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	64,041	7,016

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 570,400 of its issued ordinary shares from the open market at the average price of RM1.19 per share. The total consideration paid for the purchase was RM678,560 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 December 2019, the Company held as treasury shares a total of 12,091,000 of its 240,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM18,712,361. The details of the treasury shares are disclosed in Note 16 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT
cont'd

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGES OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT
cont'd

DIRECTORS

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

Teo Kim Tay
Teo Swee Teng
Cheng Soon Mong
Lau Lee Jan
Liao Jung Chu
Liao Shen Hua
Liao Yuan Shun
Rosita Yeo Swat Geok
Teo Kim Lap
Tai Lam Shin (Appointed on 1.7.2019)
Law Piang Woon (Retired on 28.5.2019)

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

Chang Hua Wei
Liao Shen Yao

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
The Company				
Direct Interests				
Cheng Soon Mong	4,877,735	-	-	4,877,735
Liao Jung Chu	1,098,000	-	-	1,098,000
Liao Shen Hua	2,600,797	-	-	2,600,797
Liao Yuan Shun	1,600,855	-	-	1,600,855
Teo Kim Lap	11,083,027	-	-	11,083,027
Teo Kim Tay	12,409,015	-	-	12,409,015
Teo Swee Teng	11,073,593	-	-	11,073,593
Indirect Interests				
Cheng Soon Mong ^	132,500	-	-	132,500
Liao Jung Chu ^	9,626,303	-	-	9,626,303
Liao Shen Hua ^	8,500,000	-	-	8,500,000
Liao Yuan Shun *	26,496,000	-	-	26,496,000
Teo Kim Lap ^	1,450,000	-	(55,400)	1,394,600
Teo Kim Tay ^	150,000	-	(55,400)	94,600
Teo Swee Teng ^	2,425,000	-	(487,400)	1,937,600

* Deemed interested by virtue of his direct substantial shareholdings in Ding Qiao Investment Co., Ltd. as well as his family member's direct shareholdings in the Company.

^ Deemed interested through his family member's shareholding in the Company.

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

DIRECTORS' REPORT
cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

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

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM10,000,000 and RM19,610 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed in accordance with a resolution of the directors dated 13 May 2020.

Teo Kim Tay

Teo Swee Teng

STATEMENT BY DIRECTORS

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

We, Teo Kim Tay and Teo Swee Teng, being two of the directors of White Horse Berhad, state that, in the opinion of the directors, the financial statements set out on pages 54 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 13 May 2020.

Teo Kim Tay

Teo Swee Teng

STATUTORY DECLARATION

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

I, Teo Swee Teng, being the director primarily responsible for the financial management of White Horse Berhad, do solemnly and sincerely declare that the financial statements set out on pages 54 to 117 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovementioned Teo Swee Teng,
NRIC Number: 570619-04-5507
at Melaka in the State of Melaka
on this 13 May 2020

Teo Swee Teng

Before me

M084
Shahrizah Binti Yahya
BC/S/1135
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WHITE HORSE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of White Horse Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 117.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WHITE HORSE BERHAD
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

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

<table>
<tr><td colspan="2">Inventories existence and obsolescence
Refer to Note 4.9 and Note 10 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>As at 31 December 2019, the carrying amount of inventories were RM297 million, representing 31% of the total assets of the Group. Included in inventories were various types of tiles (finished goods) of RM196 million stated at lower of cost and net realisable value ("NRV");

The Group constantly develops new products/designs to cater for consumers' changing preference for tile designs. The demand for a particular tile design will naturally slow down after certain number of years and that may affect the NRV of the finished goods;

The abovementioned is also disclosed in Note 4.1(c) to the financial statements as one of the key assumptions used by management under the section of Key Sources of Estimation Uncertainty; and

For the current financial year ended 31 December 2019, an amount of RM5 million has been recognised in profit or loss of the Group, which represents a write down of inventories to their net realisable values. The accumulated write down of inventories as at 31 December 2019 of the Group is RM51 million.</td><td>We focused on this area because the inventories balance is significant to the financial statements and the write-down of inventories requires a high level of judgement based on management's experience.

We have performed the following audit procedures in relation to inventories existence and obsolescence:

● Performed tests on inventories aging report by selecting samples and checked to the date of stock-in (purchase date) to the appropriate age band;

● Assessed the adequacy of stock write-down and whether the write-down policy is adhered to;

● Performed physical count to sight the existence and conditions of inventories; and

● Performed net realisable value test on the inventories. We also assessed the basis used by management in estimating the selling price, less estimated costs necessary to make the sale of these inventories by comparing to recently transacted prices.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WHITE HORSE BERHAD
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Impairment Assessment of Property, Plant and Equipment ("PPE") of the Group's Vietnam Operations ("Vietnam CGU") Refer to Note 4.7 and Note 6 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Vietnam CGU has been incurring losses for the past few financial years; As at 31 December 2019, the carrying amount of Vietnam CGU's PPE were RM47 million, representing 5% of the total assets of the Group; The Group performed impairment review of the Vietnam CGU's PPE by estimating the recoverable amount of its PPE. Estimating the value-in-use ("VIU") of Vietnam CGU's PPE includes estimating its future cashflows and discounting them at an appropriate rate; The abovementioned is also disclosed in Note 4.1(b) to the financial statements as one of the key assumptions used by management under the section of *Key Sources of Estimation Uncertainty*; and As of the end of the reporting period, an amount of RM12 million has been recognised in profit or loss of the Group, which represents an impairment loss of PPE for the Group's operations in Vietnam.	We focused on this area because the Vietnam CGU's PPE balance is significant to the financial statements and the subjectivity involved in estimating the VIU. We have performed the following audit procedures in relation to impairment assessment of PPE of Vietnam CGU: ● Obtained the future cash flow projections and the assumptions used by the management for the purpose of these projections together with calculations for deriving the VIU of the relevant CGU; ● Assessed management's projections of the recoverable amount, including testing inputs to the internal and external data; ● Evaluated the key assumptions applied such as revenue growth and compared to those in the previous financial years; and ● Assessed whether the discount rate (weighted average cost of capital) used to determine the present value of the future cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile comparable to those that the entity expects to derive.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WHITE HORSE BERHAD
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WHITE HORSE BERHAD
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2018 were audited by another firm of chartered accountants, whose report dated 19 April 2019 expressed an unqualified opinion on those statements.

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Piong Yew Peng
03070/06/2021 J
Chartered Accountant

Melaka
13 May 2020

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	243,520	243,520
Property, plant and equipment	6	346,952	433,695	-	-
Right-of-use assets	7	95,916	-	-	-
Prepaid lease payments	8	-	12,700	-	-
Trade and other receivables	11	927	798	20,998	27,485
Goodwill	9	677	677	-	-
Deferred tax assets	21	50	4,135	-	-
		444,522	452,005	264,518	271,005
CURRENT ASSETS					
Inventories	10	297,210	378,644	-	-
Right of return assets	24	2,177	1,804	-	-
Trade and other receivables	11	94,225	110,303	5	1,114
Other current assets	12	15,869	18,776	76	76
Current tax assets		1,425	9,617	31	1
Fixed deposits with licensed banks	13	46,800	23,699	-	-
Cash and bank balances	14	44,621	55,645	107	167
		502,327	598,488	219	1,358
TOTAL ASSETS		946,849	1,050,493	264,737	272,363
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	246,936	246,936	246,936	246,936
Treasury shares	16	(18,712)	(18,034)	(18,712)	(18,034)
Retained profits		395,604	459,645	19,709	26,725
Foreign currency translation reserve	17	18,148	17,908	-	-
TOTAL EQUITY		641,976	706,455	247,933	255,627

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019
cont'd

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
NON-CURRENT LIABILITIES					
Other payables	22	39,913	36,176	-	-
Long-term borrowings	20	29,730	6,000	-	-
Deferred tax liabilities	21	7,727	12,338	-	-
		77,370	54,514	-	-
CURRENT LIABILITIES					
Trade and other payables	22	64,707	106,894	16,692	16,694
Refund liabilities	24	2,703	2,311	-	-
Short-term borrowings	23	158,296	179,048	-	-
Current tax liabilities		1,794	1,228	-	-
Dividend payable		3	43	112	42
		227,503	289,524	16,804	16,736
TOTAL LIABILITIES		304,873	344,038	16,804	16,736
TOTAL EQUITY AND LIABILITIES		946,849	1,050,493	264,737	272,363

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
REVENUE	24	527,418	612,800	144	16,167
COST OF SALES		(467,610)	(511,887)	-	-
GROSS PROFIT		59,808	100,913	144	16,167
OTHER INCOME		8,572	5,423	1,166	3,907
		68,380	106,336	1,310	20,074
ADMINISTRATIVE EXPENSES		(85,371)	(79,824)	(2,057)	(490)
SELLING AND DISTRIBUTION EXPENSES		(36,914)	(45,658)	-	-
FINANCE COSTS		(9,447)	(6,666)	-	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	25	1,616	(205)	(6,267)	-
(LOSS)/PROFIT BEFORE TAXATION	26	(61,736)	(26,017)	(7,014)	19,584
INCOME TAX (EXPENSE)/INCOME	28	(2,305)	651	(2)	14
(LOSS)/PROFIT AFTER TAXATION		(64,041)	(25,366)	(7,016)	19,598
OTHER COMPREHENSIVE LOSS					
Items that Will be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		240	(649)	-	-
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		(63,801)	(26,015)	(7,016)	19,598
LOSS PER SHARE (SEN)					
Basic/Diluted	29	(28.0)	(11.1)		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Foreign Currency Translation Reserve RM'000	Distributable Retained **Profits** RM'000	Total Equity RM'000
Balance at 1.1.2019		246,936	(18,034)	17,908	459,645	706,455
Loss after taxation for the financial year		-	-	-	(64,041)	(64,041)
Other comprehensive income for the financial year:						
- Foreign currency translation differences		-	-	240	-	240
Total comprehensive expenses for the financial year		-	-	240	(64,041)	(63,801)
Contributions by and distributions to owners of the Company:						
- Purchase of treasury shares	16	-	(678)	-	-	(678)
Total transactions with owners		-	(678)	-	-	(678)
Balance at 31.12.2019		246,936	(18,712)	18,148	395,604	641,976
Balance at 1.1.2018		246,936	(17,297)	18,557	489,589	737,785
Loss after taxation for the financial year		-	-	-	(25,366)	(25,366)
Other comprehensive income for the financial year:						
- Foreign currency translation differences		-	-	(649)	-	(649)
Total comprehensive expenses for the financial year		-	-	(649)	(25,366)	(26,015)
Contributions by and distributions to owners of the Company:						
- Purchase of treasury shares	16	-	(737)	-	-	(737)
- Dividends	30	-	-	-	(4,578)	(4,578)
Total transactions with owners		-	(737)	-	(4,578)	(5,315)
Balance at 31.12.2018		246,936	(18,034)	17,908	459,645	706,455

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Balance at 1.1.2018		246,936	(17,297)	11,705	241,344
Profit after taxation/Total comprehensive income for the financial year		-	-	19,598	19,598
Contributions by and distribution to owners of the Company:					
- Purchase of treasury shares	16	-	(737)	-	(737)
- Dividends	30	-	-	(4,578)	(4,578)
Total transactions with owners		-	(737)	(4,578)	(5,315)
Balance at 31.12.2018/1.1.2019		246,936	(18,034)	26,725	255,627
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(7,016)	(7,016)
Contributions by and distribution to owners of the Company:					
- Purchase of treasury shares	16	-	(678)	-	(678)
Total transactions with owners		-	(678)	-	(678)
Balance at 31.12.2019		246,936	(18,712)	19,709	247,933

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(61,736)	(26,017)	(7,014)	19,584
Adjustments for:-				
Amortisation of prepaid lease payments	-	1,730	-	-
Bad debts written off	2	-	-	-
Depreciation of property, plant and equipment	31,398	33,114	-	-
Depreciation of right-of-use assets	5,998	-	-	-
Fair value loss/(gain) on financial liabilities	-	-	1,387	(3,279)
Gain on disposal of property, plant and equipment	(628)	(28)	-	-
Impairment loss on property, plant and equipment	12,114	-	-	-
Impairment loss on trade receivables	1,819	345	-	-
Impairment loss on other receivables	-	-	6,267	-
Interest expense on lease liabilities	1,932	-	-	-
Bad debts recovered	(20)	-	-	-
Interest income	(1,348)	(940)	-	-
Inventories written down	5,076	690	-	-
Other interest expense	7,515	6,666	-	-
Property, plant and equipment written off	154	155	-	-
Reversal of impairment loss on trade receivables	(3,435)	(140)	-	-
Unrealised loss/(gain) on foreign exchange	3,532	3,428	(1,166)	(246)
Operating (loss)/profit before working capital changes	2,373	19,003	(526)	16,059
Decrease in receivables	12,411	21,339	1,109	792
Decrease in other current assets	2,907	13,515	-	-
Decrease in inventories and right of return assets	75,985	11,437	-	-
(Decrease)/Increase in payables and refund liabilities	(37,700)	(19,167)	68	(12,548)
CASH FROM OPERATIONS	55,976	46,127	651	4,303
Income tax paid	(2,935)	(5,021)	(36)	(36)
Income tax refunded	8,862	-	3	-
NET CASH FROM OPERATING ACTIVITIES	61,903	41,106	618	4,267

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

	Note	The Group 2019 RM'000	The Group 2018 RM'000 (Restated)	The Company 2019 RM'000	The Company 2018 RM'000
CASH FLOWS FOR INVESTING ACTIVITIES					
Interest received		1,348	940	-	-
Purchase of property, plant and equipment		(13,034)	(24,346)	-	-
Proceeds from disposal of property, plant and equipment		767	166	-	-
Placement of fixed deposits with tenure more than 3 months		(533)	(31)	-	-
NET CASH FOR INVESTING ACTIVITIES		(11,452)	(23,271)	-	-
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid	30	-	(4,578)	-	(4,578)
Interest paid	31(a)	(9,447)	(6,666)	-	-
Repayment of lease liabilities	31(a)	(2,001)	-	-	-
Repayment of term loans	31(a)	(5,265)	(10,916)	-	-
Net (repayment)/drawdown of bankers' acceptance	31(a)	(24,424)	433	-	-
Net drawdown of revolving credits	31(a)	2,696	4,144	-	-
Repayment of hire purchase obligations	31(a)	-	(14)	-	-
Purchase of treasury shares	16	(678)	(737)	(678)	(737)
NET CASH FOR FINANCING ACTIVITIES		(39,119)	(18,334)	(678)	(5,315)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11,332	(499)	(60)	(1,048)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		219	(777)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		79,313	80,589	167	1,215
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31(c)	90,864	79,313	107	167

The annexed notes form an integral part of these financial statements.

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	PLO 464, Jalan Gangsa Pasir Gudang Industrial Estate 81700 Pasir Gudang Johor
Principal place of business	:	PLO 464, Jalan Gangsa Pasir Gudang Industrial Estate 81700 Pasir Gudang Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 13 May 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 16 Leases
IC Interpretation 23 Uncertainty Over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:

<u>MFRS 16 Leases</u>

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Property, Plant and Equipment

The Group determines whether an item of its property, plant and equipment impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables.

(e) Impairment of cost of investment in a subsidiary of the Company

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(f) Estimating variable consideration for returns, rebates and discounts

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return, rebates and discounts.

The Group developed a statistical model for forecasting sales returns, rebates and discounts. The model used the historical data of each product to come up with expected percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical pattern will impact the expected percentages estimated by the Group.

The Group updates its assessment of expected returns, rebates and discounts annually and the refund liabilities are adjusted accordingly. Estimates of expected returns, rebates and discounts are sensitive to changes in circumstances and the Group's past experience may not be representative of customers' actual returns, rebates and discounts in the future.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in financial statements other than as disclosed below:-

(a) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(b) Revenue from contracts with customers

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

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

The Group provides delivery services for customer. The Group determined that both the goods and delivery services are capable of being distinct. The Group is not providing a significant integration service because the presence of the goods and delivery services together in this contract do not result in any additional or combined functionality and neither the goods nor the delivery services modify or customise the other. In addition, the goods and delivery services are not highly interdependent or highly interrelated, because the Group would be able to transfer the goods even if the customer declined the delivery services. However, the identification of delivery services as a separate deliverable of bundled sales did not have any material impact on the amount and timing of revenue recognised and hence, these services are bundled together with the sale of goods to a customer and the Group accounted for the bundled sales as one deliverable and recognised revenue at a point in time.

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

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

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

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

4.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on combination. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of Consolidation (Cont'd)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

4.4 Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations (Cont'd)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at cost less any impairment losses.

Freehold land is not depreciated. Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Not applicable (2018 – 60 to 908 years)
Buildings	12 to 50 years
Other assets	3 to 10 years
Plant and machinery	5 to 12 years

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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 31 December 2018

Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Leases (Cont'd)

Accounting Policies Applied Until 31 December 2018 (Cont'd)

Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

The lump sum upfront lease payments made in respect of leasehold land which in substance is an operating lease is classified as prepaid lease payments. The prepaid lease payments are stated at cost less accumulated amortisation. The amortisation is charged to profit or loss in equal instalments over the lease period.

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price, production or conversion cost and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.11 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (Cont'd)

(a) Impairment of Financial Assets (Cont'd)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) **Impairment of Non-financial Assets**

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.13 Employee Benefits

(a) **Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) **Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Income Taxes

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.15 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.16 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.18 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.19 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 Revenue from Contracts with Customers

The Company is in the business of investment holding and provision of management services, while the Group is in the business of manufacturing and distributing of ceramic and homogeneous tiles. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for those goods or services. The Group and the Company has generally concluded that it is the principal in its revenue arrangements.

(a) Sale of goods

Revenue from sale of tiles is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 180 days upon delivery. Other credit terms are assessed and approved on a case-by-case basis.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Revenue from Contracts with Customers (Cont'd)

(a) Sale of goods (Cont'd)

(i) Variable consideration

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

Right of return

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

Rebates and discounts

The Group provides retrospective volume rebates, early payment rebates and other discounts to customers. Rebates and discounts are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates and discounts, the Group applies the expected value method.

(b) Assets and liabilities arising from rights of return

(i) Right of return assets

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

(ii) Refund liabilities

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

4.21 Revenue from Other Sources and Other Operating Income

(a) Dividend Income

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

(b) Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 Revenue from Other Sources and Other Operating Income (Cont'd)

(c) Management Fees

Management fees is recognised when services are rendered.

(d) Rental Income

Rental income is accounted for on a straight-line basis over the lease terms.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	244,076	244,076
Accumulated impairment losses	(556)	(556)
	243,520	243,520

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019	2018	
		%	%	
Subsidiaries of the Company				
White Horse Ceramic Industries Sdn. Bhd.	Malaysia	100	100	Manufacture and distribution of ceramic and homogeneous tiles
White Horse Marketing Sdn. Bhd.	Malaysia	100	100	Distribution of ceramic and homogeneous tiles
White Horse Ceramic Industries (Vietnam) Co., Ltd. *	Vietnam	100	100	Manufacture and distribution of ceramic and homogeneous tiles

NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019	2018	
		%	%	
Subsidiaries of White Horse Ceramic Industries Sdn. Bhd.				
White Horse Ceramic (S) Pte. Ltd. ^	Singapore	100	100	Distribution of ceramic and homogeneous tiles
White Horse Ceramic (Phil.) Inc. ^	Philippines	100	100	Distribution of ceramic and homogeneous tiles
White Horse Ceramic (Thailand) Ltd. ^	Thailand	100	100	Distribution of ceramic and homogeneous tiles
PT. WH Ceramic Indonesia ^ #	Indonesia	100	100	Distribution of ceramic and homogeneous tiles
Grand Mark International Co., Ltd. ^	People's Republic of China	100	100	Distribution of ceramic, building materials and hardware

* *This subsidiary was audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.*
^ *These subsidiaries were audited by other firms of chartered accountants.*
# *The subsidiary is under Members' Voluntary Liquidation in year 2020.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

6. PROPERTY, PLANT AND EQUIPMENT

	1.1.2019										
	As Previously Reported	Initial Application of MFRS 16	As Restated	Additions	Disposal	Write off (Note 26)	**Reclassification**	Depreciation Charges (Note 26)	Impairment loss (Note 26)	Exchange Differences	At 31.12.2019
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019											
Carrying Amount											
Freehold land	26,265	-	26,265	-	-	-	-	-	-	-	26,265
Leasehold land	55,585	(55,585)	-	-	-	-	-	-	-	-	-
Buildings	208,266	-	208,266	19	(21)	(8)	-	(7,967)	-	67	200,356
Other assets	7,260	-	7,260	2,426	(23)	(7)	8,816	(3,034)	-	15	15,453
Plant and machinery	131,529	-	131,529	6,505	(95)	(139)	-	(20,397)	(12,114)	(469)	104,820
Capital work-in-progress	4,790	-	4,790	4,084	-	-	(8,816)	-	-	-	58
	433,695	(55,585)	378,110	13,034	(139)	(154)	-	(31,398)	(12,114)	(387)	346,952

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2018 RM'000	Additions RM'000	Disposal RM'000	Write off (Note 26) RM'000	Reclassification RM'000	Depreciation Charges (Note 26) RM'000	Exchange Differences RM'000	At 31.12.2018 RM'000
2018								
Carrying Amount								
Freehold land	26,265	-	-	-	-	-	-	26,265
Leasehold land	56,489	-	-	-	-	(904)	-	55,585
Buildings	196,018	-	(9)	-	20,832	(8,549)	(26)	208,266
Other assets	7,307	2,552	(34)	(27)	93	(2,623)	(8)	7,260
Plant and machinery	132,915	20,017	(95)	(128)	(53)	(21,038)	(89)	131,529
Capital work-in-progress	23,886	1,777	-	-	(20,872)	-	(1)	4,790
	442,880	24,346	(138)	(155)	-	(33,114)	(124)	433,695

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Carrying Amount RM'000
2019				
Freehold land	26,265	-	-	26,265
Buildings	312,262	(111,906)	-	200,356
Other assets	46,589	(31,136)	-	15,453
Plant and machinery	677,567	(560,633)	(12,114)	104,820
Capital work-in-progress	58	-	-	58
	1,062,741	(703,675)	(12,114)	346,952

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2018			
Freehold land	26,265	-	26,265
Leasehold land	66,893	(11,308)	55,585
Buildings	314,465	(106,199)	208,266
Other assets	38,481	(31,221)	7,260
Plant and machinery	694,143	(562,614)	131,529
Capital work-in-progress	4,790	-	4,790
	1,145,037	(711,342)	433,695

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Other assets comprise office equipment, furniture, fixtures, computers, renovation and motor vehicles.

(b) Property, plant and equipment are subject to negative pledge in relation to the bank borrowings granted to the Group as referred to in Note 19 and 23.

7. RIGHT-OF-USE ASSETS

	← 1.1.2019		→			
	As Previously Reported	Initial Application of MFRS 16	As Restated	Depreciation Charges (Note 26)	Exchange Differences	At 31.12.2019
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019						
Carrying Amount						
Leasehold land	-	97,304	97,304	(3,939)	(190)	93,175
Hostel	-	97	97	(40)	-	57
Showroom	-	1,051	1,051	(287)	-	764
Warehouse	-	2,504	2,504	(1,079)	-	1,425
Equipment	-	1,148	1,148	(653)	-	495
	-	102,104	102,104	(5,998)	(190)	95,916

	RM'000
Analysed by:-	
Cost	133,247
Accumulated depreciation	37,331
	95,916

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

(a) The Group leases various leasehold land, showroom, warehouse, hostel and equipment of which the leasing activities are summarised below:-

(i)	Leasehold land	The Group has entered into non-cancellable operating lease agreements for the use of land. The leases are for a period from 2 to 908 years. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy or creation of any charge is however, allowed with the consent of the lessor.
(ii)	Hostel, showroom and warehouse	The Group leased a number of hostel, showroom and warehouse for a period from 2 to 4 years with an option to renew the lease after that date.
(iii)	Equipment	The Group leased a number of equipment for a period from 1.5 to 2 years with no option to renew the lease after that date.

(b) Leasehold land is subject to negative pledge in relation to the bank borrowings granted to the Group as referred to in Note 19 and 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

8. PREPAID LEASE PAYMENTS

	← 1.1.2019		→			
	As Previously Reported	Initial Application of MFRS 16	As Restated	Amortisation Charges (Note 26)	Exchange Differences	At 31.12.2019
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019						
Carrying Amount						
Leasehold land	12,700	(12,700)	-	-	-	-

	At 1.1.2018	Amortisation Charges (Note 26)	Exchange Differences	At 31.12.2018
2018	RM'000	RM'000	RM'000	RM'000
Carrying Amount				
Leasehold land	14,380	(1,730)	50	12,700

(a) The prepaid lease payments have been represented as 'right-of-use assets' as shown in Note 7 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) The prepaid lease payments are subject to negative pledge in relation to the bank borrowings granted to the Group as referred to in Note 19 and 23.

9. GOODWILL

	The Group	
	2019	2018
	RM'000	RM'000
Cost:-		
At 1 January/31 December	677	677

The carrying amount of goodwill is allocated to the cash generating unit of White Horse Ceramic (S) Pte. Ltd.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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10. INVENTORIES

	The Group	
	2019	2018
	RM'000	RM'000
At cost:-		
Raw materials	51,017	84,729
Work-in-progress	10,988	14,709
Finished goods	141,976	204,666
Packing materials	2,194	2,557
Abrasive stones	2,941	2,480
Consumable supplies	33,232	32,261
Goods-in-transit	1,165	428
	243,513	341,830
At net realisable value:-		
Work-in-progress	171	-
Finished goods	53,526	36,814
	53,697	36,814
	297,210	378,644
Recognised in profit or loss:-		
Inventories recognised as cost of sales	462,534	511,197
Inventories written down (Note 26)	5,076	690

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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11. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other receivables				
Due from related companies	-	-	27,265	27,485
Sundry receivables	742	296	-	-
Deposits	185	502	-	-
	927	798	27,265	27,485
Less: Allowance for impairment losses	-	-	(6,267)	-
Total non-current other receivables, net	927	798	20,998	27,485
Current				
Trade receivables				
Third parties	74,999	77,645	-	-
Due from companies in which certain directors have financial interests:				
- Teobros Ceramica Sdn. Bhd.	14,455	21,298	-	-
- White Horse Ceramic Co., Ltd.	4,472	7,109	-	-
	93,926	106,052	-	-
Less: Allowance for impairment losses	(4,073)	(5,638)	-	-
Trade receivables, net	89,853	100,414	-	-
Other receivables				
Due from related companies	-	-	-	1,109
Goods and services tax recoverable	346	358	-	-
Sundry receivables	1,307	7,773	-	-
Deposits	2,719	1,758	5	5
	4,372	9,889	5	1,114
Total current trade and other receivables	94,225	110,303	5	1,114
Allowance for impairment losses:-				
At 1 January	5,638	6,802	-	-
Addition during the financial year (Note 25)	1,819	345	6,267	-
Reversal during the financial year (Note 25)	(3,435)	(140)	-	-
Write off during the financial year	(12)	(1,292)	-	-
Exchange differences	63	(77)	-	-
	4,073	5,638	6,267	-

(a) The Group's trade credit terms range from 30 to 180 (2018 – 30 to 180) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) The non-trade balance of amount due from related companies is non-interest bearing, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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12. OTHER CURRENT ASSETS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Prepaid operating expenses	9,512	10,375	76	76
Advances to suppliers of raw materials and property, plant and equipment	6,357	8,401	-	-
	15,869	18,776	76	76

13. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates of ranging from 0.80% to 4.80% (2018 – 3.14% to 4.50%) per annum. The fixed deposits have maturity periods ranging from 21 to 365 (2018 – 4 to 365) days.

14. CASH AND BANK BALANCES

Bank balances of the Group amounting to RM199,000 (2018 – RM195,000) are held under trust by certain managerial staffs of the Group.

15. SHARE CAPITAL

	The Group/The Company			
	2019	2018	2019	2018
	('000)	('000)	RM'000	RM'000
Issued and Fully Paid-Up	Number of Shares			
Ordinary Shares	240,000	240,000	246,936	246,936

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

16. TREASURY SHARES

During the financial year, the Company purchased 570,400 (2018 – 426,700) of its issued ordinary shares from the open market at the average price of RM1.19 (2018 – RM1.73) per share. The total consideration paid for the purchase was RM678,560 (2018 – RM736,461) including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 240,000,000 (2018 – 240,000,000) issued and fully paid-up ordinary shares at the end of the reporting period, 12,091,000 (2018 – 11,520,600) ordinary shares are held as treasury shares by the Company. None (2018 – None) of the treasury shares were resold or cancelled during the financial year.

17. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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18. LEASE LIABILITIES

	The Group 2019 RM'000
At 1 January	
- As previously reported	-
- Initial application of MFRS 16	33,819
- As restated	33,819
Interest expense recognised in profit or loss	1,932
Repayment of principal	(2,001)
Repayment of interest expense	(1,932)
Exchange differences	(403)
At 31 December	31,415
Analysed by:-	
Current liabilities (Note 23)	3,685
Non-current liabilities (Note 20)	27,730
	31,415

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

19. TERM LOANS

	The Group	
	2019 RM'000	2018 RM'000
Current liabilities (Note 23)	4,000	5,265
Non-current liabilities (Note 20)	2,000	6,000
	6,000	11,265

(a) The interest rate profile of the term loans is summarised below:-

		The Group	
	Effective Interest Rate	2019 RM'000	2018 RM'000
Floating rate term loans	10.65% (2018 – 4.50% to 10.90%)	6,000	11,265

(b) The term loans are secured against a corporate guarantee by the Company and negative pledge of all assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

20. LONG-TERM BORROWINGS

	The Group 2019 RM'000	The Group 2018 RM'000
Lease liabilities (Note 18)	27,730	-
Term loans (Note 19)	2,000	6,000
	29,730	6,000

The term loans are secured in the same manner as disclosed in Note 19 to the financial statements.

21. DEFERRED TAX (ASSETS)/LIABILITIES

The Group	At 1.1.2019 RM'000	Recognised In **Profit or Loss** (Note 28) RM'000	Exchange Differences RM'000	At 31.12.2019 RM'000
2019				
Deferred Tax Liabilities				
Property, plant and equipment	24,198	(2,200)	(1)	21,997
Deferred Tax Assets				
Provisions and others	(15,995)	1,349	326	(14,320)
	8,203	(851)	325	7,677

The Group	At 1.1.2018 RM'000	Recognised In **Profit or Loss** (Note 28) RM'000	Exchange Differences RM'000	At 31.12.2018 RM'000
2018				
Deferred Tax Liabilities				
Property, plant and equipment	24,368	(168)	(2)	24,198
Deferred Tax Assets				
Provisions and others	(13,243)	(2,793)	41	(15,995)
	11,125	(2,961)	39	8,203

NOTES TO THE FINANCIAL STATEMENTS

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21. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances for financial reporting purposes:

	The Group	
	2019	2018
	RM'000	RM'000
Deferred tax assets	(50)	(4,135)
Deferred tax liabilities	7,727	12,338
	7,677	8,203

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other payables				
Due to a company in which certain directors have financial interest:				
- White Horse Investment (S) Pte. Ltd.	39,357	35,676	-	-
Accruals and sundry payables	556	500	-	-
Total non-current other payables	39,913	36,176	-	-
Current				
Trade payables				
Third parties	24,339	45,960	-	-
Due to companies in which certain directors have financial interest:				
- Teobros Ceramica Sdn. Bhd.	-	12	-	-
- White Horse Ceramic Co., Ltd.	184	-	-	-
	24,523	45,972	-	-
Other payables				
Due to a company in which certain directors have financial interest:				
- White Horse Investment (S) Pte. Ltd.	16,554	20,698	16,554	16,554
Accruals and sundry payables	19,194	35,679	138	140
Goods and services tax payable	222	121	-	-
Sales tax payable	4,214	4,424	-	-
	40,184	60,922	16,692	16,694
Total current trade and other payables	64,707	106,894	16,692	16,694

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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22. TRADE AND OTHER PAYABLES (CONT'D)

(a) The normal trade credit terms granted to the Group range from 30 to 90 days (2018 – 30 to 90) days.

(b) The non-trade balance of amount due to a company in which certain directors have financial interest is non-interest bearing, unsecured and repayable on demand.

23. SHORT-TERM BORROWINGS

	Effective Interest Rate	The Group 2019 RM'000	The Group 2018 RM'000
Bankers' acceptances	3.20% (2018 – 3.50%)	16,758	41,283
Lease liabilities (Note 18)	3.55% to 6.80% (2018 – Nil)	3,685	-
Revolving credits	4.35% (2018 – 3.63%)	133,853	132,500
Term loans (Note 19)	10.65% (2018 – 4.50% to 10.90%)	4,000	5,265
		158,296	179,048

(a) The term loans are secured in the same manner as disclosed in Note 19 to the financial statements.

(b) The other borrowings are secured against a corporate guarantee by the Company and negative pledge of all assets of the Group.

24. REVENUE

	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
Revenue from contracts with customers				
Sales of goods	527,418	612,800	-	-
Revenue from Other Sources				
Management fee income	-	-	144	144
Dividend income	-	-	-	16,023
	527,418	612,800	144	16,167

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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24. REVENUE (CONT'D)

	The Group	
	2019	2018
	RM'000	RM'000
Right of return assets and refund liabilities		
Right of return assets	2,177	1,804
Refund liabilities		
- Arising from rights of return	2,703	2,311
Type of goods		
Sales of homogeneous tiles	366,662	407,666
Sales of ceramic tiles	130,726	154,745
Others	30,030	50,389
	527,418	612,800
Represented by geographical areas		
Malaysia	364,777	427,625
Vietnam	97,714	110,435
Others	64,927	74,740
	527,418	612,800

The other information on the disaggregation of revenue is disclosed in Note 34 to the financial statements.

25. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Impairment losses:				
- Trade receivables (Note 11)	1,819	345	-	-
- Other receivables (Note 11)	-	-	6,267	-
Reversal of impairment losses:				
- Trade receivables (Note 11)	(3,435)	(140)	-	-
	(1,616)	205	6,267	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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26. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of prepaid lease payments (Note 8)	-	1,730	-	-
Auditors' remuneration:				
- audit fees	314	331	58	59
- non-audit fees	6	87	6	40
Bad debts written off	2	-	-	-
Depreciation:				
- property, plant and equipment (Note 6)	31,398	33,114	-	-
- right-of-use assets (Note 7)	5,998	-	-	-
Employees benefits expense (Note 27)	89,589	101,777	158	157
Fair value loss on financial liabilities	-	-	1,387	-
Impairment loss on property, plant and equipment (Note 6)	12,114	-	-	-
Inventories written down (Note 10)	5,076	690	-	-
Lease expenses:				
- short-term leases	2,887	-	-	-
- rental of premises	-	4,985	-	-
Loss on foreign exchange:				
- realised	-	1,238	-	-
- unrealised	3,532	3,428	-	-
Property, plant and equipment written off (Note 6)	154	155	-	-
Total interest expense on financial liabilities that are not at fair value through profit or loss	9,447	6,666	-	-
Bad debts recovered	(20)	-	-	-
Fair value gain on financial liabilities	-	-	-	(3,279)
Gain on disposal of property, plant and equipment	(628)	(28)	-	-
Gain on foreign exchange:				
- realised	(3,600)	-	-	(382)
- unrealised	-	-	(1,166)	(246)
Total interest income on financial assets measured at amortised cost	(1,348)	(940)	-	-
Lease income:				
- property, plant and equipment	(594)	(404)	-	-

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27. EMPLOYEES BENEFITS EXPENSE

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Directors' non-fee emoluments (Note 32)	1,261	1,378	8	7
Directors' fees:				
- current financial year (Note 32)	637	637	150	150
- (over)/under provision in the previous financial year	(677)	395	-	-
EIS contributions	79	86	-	-
EPF contributions	6,226	7,062	-	-
Other staff related expenses	4,569	4,044	-	-
Salaries, wages and bonus	76,712	87,383	-	-
SOCSO	782	792	-	-
	89,589	101,777	158	157

28. INCOME TAX EXPENSE/(INCOME)

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- current financial year	2,260	2,278	2	34
- under/(over) provision in the previous financial year	896	32	-	(48)
	3,156	2,310	2	(14)
Deferred tax expense (Note 21):				
- origination and reversal of temporary differences	(4,960)	(1,311)	-	-
- under/(over) provision in the previous financial year	4,109	(1,650)	-	-
	(851)	(2,961)	-	-
	2,305	(651)	2	(14)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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28. INCOME TAX EXPENSE/(INCOME) (CONT'D)

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation	(61,736)	(26,017)	(7,014)	19,584
Tax at the Malaysian statutory tax rate of 24% (2018 – 24%)	(14,817)	(6,244)	(1,683)	4,700
Tax effects of:-				
Non-taxable income	(177)	(1,263)	(280)	(4,783)
Non-deductible expenses	6,113	9,206	1,965	117
Deferred tax assets not recognised during the financial year	3,972	-	-	-
Effects of differential in tax rates of foreign subsidiaries	2,322	1,416	-	-
Utilisation of current year reinvestment allowances	-	(250)	-	-
Utilisation of previously unrecognised unutilised capital allowances	(60)	(46)	-	-
Deferred tax asset recognised on unutilised reinvestment allowances arising from current year	-	(1,744)	-	-
Under/(Over) provision of current tax expenses in the previous financial year	896	32	-	(48)
Under/(Over) provision of deferred tax expenses in the previous financial year	4,109	(1,650)	-	-
Others	(53)	(108)	-	-
Income tax expense/(income) for the financial year	2,305	(651)	2	(14)

Subject to agreement with the tax authorities, at the end of the reporting period, unutilised capital allowances, unutilised industrial building allowances, unutilised reinvestment allowances and unabsorbed business losses of the Group are as follows:-

	The Group	
	2019	2018
	RM'000	RM'000
Unutilised capital allowances	7,204	629
Unutilised industrial building allowances	4,754	-
Unutilised reinvestment allowances	4,597	4,597
Unabsorbed business losses	56,020	33,224
	72,575	38,450

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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28. INCOME TAX EXPENSE/(INCOME) (CONT'D)

No deferred tax assets are recognised in respect of the following items:-

	The Group	
	2019	2018
	RM'000	RM'000
Unabsorbed business losses	56,020	27,622
Other temporary differences	13,990	-
	70,010	27,622

For the Malaysia entities, the unabsorbed business losses and unutilised reinvestment allowances are allowed to be utilised for 7 consecutive years of assessment while unutilised capital allowances and unutilised industrial building allowances are allowed to be carried forward indefinitely.

The use of unabsorbed business losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

29. LOSS PER SHARE

	The Group	
	2019	2018
	RM'000	RM'000
Loss attributable to owners of the Company (RM'000)	(64,041)	(25,366)
Weighted average number of ordinary shares in issue ('000)	228,221	228,982
Basic loss per share (Sen)	(28.0)	(11.1)

(a) The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

(b) The Group has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to basic loss per share.

30. DIVIDENDS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Final dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2017	-	4,578	-	4,578

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31. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

	Bankers' Acceptance RM'000	Revolving Credits RM'000	Term Loans RM'000	Lease Liabilities RM'000	Total RM'000
The Group					
2019					
At 1 January, as previously reported	41,283	132,500	11,265	-	185,048
Effects on adoption of MFRS 16	-	-	-	33,819	33,819
At 1 January, as restated	41,283	132,500	11,265	33,819	218,867
Changes in Financing Cash Flows					
Net proceeds from drawdown	-	2,696	-	-	2,696
Net repayment of borrowing principal	(24,424)	-	(5,265)	(2,001)	(31,690)
Repayment of borrowing interests	(1,010)	(5,940)	(565)	(1,932)	(9,447)
	(25,434)	(3,244)	(5,830)	(3,933)	(38,441)
Non-cash Changes					
Interest expense recognised in profit or loss (Note 26)	1,010	5,940	565	1,932	9,447
Unrealised foreign exchange gain	(101)	(1,343)	-	-	(1,444)
Exchange differences	-	-	-	(403)	(403)
	909	4,597	565	1,529	7,600
At 31 December	16,758	133,853	6,000	31,415	188,026

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31. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Bankers' Acceptance RM'000	Revolving Credits RM'000	Term Loans RM'000	Hire Purchase RM'000	Total RM'000
The Group					
2018					
At 1 January	40,640	126,329	22,181	14	189,164
Changes in Financing Cash Flows					
Net proceeds from drawdown	433	4,144	-	-	4,577
Net repayment of borrowing principal	-	-	(10,916)	(14)	(10,930)
Repayment of borrowing interests	(1,026)	(4,948)	(691)	(1)	(6,666)
	(593)	(804)	(11,607)	(15)	(13,019)
Non-cash Changes					
Interest expense recognised in profit or loss (Note 26)	1,026	4,948	691	1	6,666
Unrealised foreign exchange loss	210	2,027	-	-	2,237
	1,236	6,975	691	1	8,903
At 31 December	41,283	132,500	11,265	-	185,048

(b) The total cash outflows for leases as a lessee are as follows:-

	The Group 2019 RM'000
Payment of short-term leases	2,887
Interest paid on lease liabilities	1,932
Payment of lease liabilities	2,001
	6,820

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Cash and bank balances	44,621	55,645	107	167
Fixed deposits with licensed banks	46,800	23,699	-	-
	91,421	79,344	107	167
Less: Fixed deposits with tenure of more than 3 months	(557)	(31)	-	-
	90,864	79,313	107	167

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32. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company comprise of executive directors and non-executive directors who are the executive directors of the subsidiaries.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries, bonus and other emoluments	658	668	-	-
Fees	187	187	-	-
Contributions to defined contribution plan	49	50	-	-
Total executive directors' remuneration excluding benefits in kind	894	905	-	-
Benefits in kind	110	100	-	-
	1,004	1,005	-	-
Non–executive:				
Salaries, bonus and other emoluments	506	512	8	7
Fees	390	390	150	150
Contributions to defined contribution plan	48	47	-	-
Total non-executive directors' remuneration excluding benefits in kind #	944	949	158	157
Benefits in kind	67	73	-	-
	1,011	1,022	158	157
Other directors:				
Salaries, bonus and other emoluments	-	92	-	-
Fees	60	60	-	-
Contributions to defined contribution plan	-	9	-	-
	60	161	-	-
Total directors' remuneration excluding benefits in kind (Note 27)	1,898	2,015	158	157

This includes remuneration of RM944,000 (2018 – RM949,000) paid to non-executive directors of the Company, who are executive directors of the subsidiaries.

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32. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The number of directors of the Group whose total remuneration during the year fall within the following bands are analysed below:

	2019		2018	
	Number of Directors		Number of Directors	
	Executive	Non-executive	Executive	Non-executive
The Group				
Below RM50,000	-	2	-	2
RM50,001 – RM100,000	-	2	-	2
RM100,001 – RM150,000	-	1	-	-
RM150,001 – RM200,000	1	-	-	1
RM200,001 – RM250,000	-	1	1	2
RM250,001 – RM300,000	-	2	-	1
RM350,001 – RM400,000	-	-	1	-
RM400,001 – RM450,000	2	-	1	-
	3	8	3	8

33. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

33. RELATED PARTY DISCLOSURES (CONT'D)

(b) **Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
Dividends received	-	-	-	16,023
Management fee received	-	-	144	144
Companies in which certain directors have financial interests				
Sales of goods to Teobros Ceramica Sdn. Bhd.	18,722	28,136	-	-
Sales of goods to White Horse Ceramic Co., Ltd.	11,869	10,616	-	-
Purchases of goods from Teobros Ceramica Sdn. Bhd.	66	152	-	-
Purchases of goods from White Horse Ceramic Co., Ltd.	64	-	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as its chief operating decision makers in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their geographical areas, and has three reportable operating segments as below:

Malaysia: The Malaysia segment includes manufacturing and distribution of ceramic and homogeneous tiles in Malaysia.

Vietnam: The Vietnam segment includes manufacturing and distribution of ceramic and homogeneous tiles in Vietnam.

Others: The other segments include distribution of ceramic and homogeneous tiles in Indonesia, Philippines, Singapore, Thailand and China.

(a) The Executive Directors assess the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

(b) Each reportable segment assets are measured based on all assets (including goodwill) of the segment other than tax-related assets.

NOTES TO THE FINANCIAL STATEMENTS
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34. OPERATING SEGMENTS (CONT'D)

(c) Each reportable segment liabilities are measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

34.1 GEOGRAPHICAL SEGMENTS

2019	Malaysia RM'000	Vietnam RM'000	Others RM'000	The Group RM'000
Revenue				
External revenue	364,777	97,714	64,927	527,418
Inter-segment revenue	10,152	5,920	-	16,072
	374,929	103,634	64,927	543,490
Consolidation adjustments				(16,072)
Consolidated revenue				527,418
Represented by:-				
Revenue from contracts with customers				
Sales of goods	374,929	103,634	64,927	543,490
Consolidation adjustments				(16,072)
				527,418
Results				
Segment loss	(10,538)	(23,249)	(2,430)	(36,217)
Finance costs				(9,447)
Consolidation adjustments				(16,072)
Consolidated loss before taxation				(61,736)

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34. OPERATING SEGMENTS (CONT'D)

34.1 GEOGRAPHICAL SEGMENTS (CONT'D)

2019	Malaysia RM'000	Vietnam RM'000	Others RM'000	The Group RM'000
Segment loss includes the followings:-				
Interest income	(1,129)	(23)	(196)	(1,348)
Interest expenses	7,457	1,827	163	9,447
Depreciation and amortisation	26,687	7,392	3,317	37,396
Inventories written down/(written back)	3,389	2,083	(396)	5,076
Net impairment losses on financial assets	(181)	(1,040)	(395)	(1,616)
Impairment loss on property, plant and equipment	-	12,114	-	12,114
Unrealised foreign exchange loss/(gain)	3,772	(240)	-	3,532
Assets				
Segment assets	726,847	160,406	58,121	945,374
Unallocated assets:				
- deferred tax assets				50
- current tax assets				1,425
Consolidated total assets				946,849
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	10,555	1,662	817	13,034
Liabilities				
Segment liabilities	198,157	91,294	5,901	295,352
Unallocated liabilities:				
- deferred tax liabilities				7,727
- current tax liabilities				1,794
Consolidated total liabilities				304,873

NOTES TO THE FINANCIAL STATEMENTS
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34. OPERATING SEGMENTS (CONT'D)

34.1 GEOGRAPHICAL SEGMENTS (CONT'D)

2018	Malaysia RM'000	Vietnam RM'000	Others RM'000	The Group RM'000
Revenue				
External revenue	427,625	110,435	74,740	612,800
Inter-segment revenue	18,167	6,311	-	24,478
	445,792	116,746	74,740	637,278
Consolidation adjustments				(24,478)
Consolidated revenue				612,800
Represented by:-				
Revenue from contracts with customers				
Sales of goods	445,792	116,746	74,740	637,278
Consolidation adjustments				(24,478)
				612,800
Results				
Segment profit/(loss)	13,126	(6,260)	(1,739)	5,127
Finance costs				(6,666)
Consolidation adjustments				(24,478)
Consolidated loss before taxation				(26,017)
Segment profit/(loss) includes the followings:-				
Interest income	(751)	(32)	(157)	(940)
Interest expenses	6,580	86	-	6,666
Depreciation and amortisation	24,951	7,379	2,514	34,844
Inventories (written back)/written off	(280)	2,153	(1,183)	690
Net impairment losses on financial assets	106	99	-	205
Unrealised foreign exchange loss/(gain)	1,501	1,932	(5)	3,428

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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34. OPERATING SEGMENTS (CONT'D)

34.1 GEOGRAPHICAL SEGMENTS (CONT'D)

2018	Malaysia RM'000	Vietnam RM'000	Others RM'000	The Group RM'000
Assets				
Segment assets				
Unallocated assets:	829,974	146,335	60,432	1,036,741
- deferred tax assets				4,135
- current tax assets				9,617
Consolidated total assets				1,050,493
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	23,203	309	834	24,346
Liabilities				
Segment liabilities	254,582	69,410	6,480	330,472
Unallocated liabilities:				
- deferred tax liabilities				12,338
- current tax liabilities				1,228
Consolidated total liabilities				344,038

34.2 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

35. CAPITAL COMMITMENTS

	The Group	
	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	-	4,370

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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36. OPERATING LEASE COMMITMENTS

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases':-

Leases as Lessee

The Group leases a number of land and buildings under non-cancellable operating leases. The future minimum lease payments under the non-cancellable operating leases as at the end of the last reporting period are as follows:-

	The Group 2018 RM'000
Not more than 1 year	4,582
Later than 1 year and not later than 5 years	8,735
Later than 5 years	36,195
	49,512

37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

37.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entity. The currency giving rise to the risk is primarily United States Dollar ("USD") and Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the financial year is summarised below:-

Foreign Currency Exposure	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies		
The Group	United States Dollar	Euro	Total
2019	RM'000	RM'000	RM'000
Functional Currencies			
Ringgit Malaysia ("RM")	(83,392)	(709)	(84,101)
Singapore Dollar ("SGD")	(942)	364	(578)
Indonesia Rupiah ("IDR")	(460)	-	(460)
Vietnamese Dong ("VND")	(47,755)	-	(47,755)
Currency exposure	(132,549)	(345)	(132,894)

Foreign Currency Exposure	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies		
The Group	United States Dollar	Euro	Total
2018	RM'000	RM'000	RM'000
Functional Currencies			
Ringgit Malaysia ("RM")	(128,024)	(8,424)	(136,448)
Singapore Dollar ("SGD")	(1,203)	-	(1,203)
Philippines Peso ("Peso")	(2,614)	-	(2,614)
Vietnamese Dong ("VND")	(48,608)	-	(48,608)
Currency exposure	(180,449)	(8,424)	(188,873)

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37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the financial year, with all other variables held constant:-

		The Group	
		2019	2018
Effects on Loss After Taxation		RM'000	RM'000
USD/RM	– strengthened by 10% (2018 – 10%)	(6,338)	(9,730)
	– weakened by 10% (2018 – 10%)	6,338	9,730
Euro/RM	– strengthened by 10% (2018 – 10%)	(54)	(640)
	– weakened by 10% (2018 – 10%)	54	640
USD/SGD	– strengthened by 10% (2018 – 10%)	(72)	(91)
	– weakened by 10% (2018 – 10%)	72	91
Euro/SGD	– strengthened by 10% (2018 – 10%)	28	-
	– weakened by 10% (2018 – 10%)	(28)	-
USD/IDR	– strengthened by 10% (2018 – 10%)	(35)	-
	– weakened by 10% (2018 – 10%)	35	-
USD/VND	– strengthened by 10% (2018 – 10%)	(3,629)	(3,694)
	– weakened by 10% (2018 – 10%)	3,629	3,694
USD/Peso	– strengthened by 10% (2018 – 10%)	-	(199)
	– weakened by 10% (2018 – 10%)	-	199

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowing with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the financial year is disclosed in Note 19 to the financial statements.

	The Group	
	2019	2018
Effects on Loss After Taxation	RM'000	RM'000
Increase of 20 basis points (2018: 20 basis point)	9	17
Decrease of 20 basis points (2018: 20 basis point)	(9)	(17)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2018 – 1) customers which constituted approximately 15% (2018 – 21%) of its trade receivables (including related parties) at the end of the reporting period.

In addition, the Company also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the financial year is as follows:-

	The Group	
	2019	2018
	RM'000	RM'000
Malaysia	66,335	74,545
Singapore	5,013	5,445
Vietnam	4,160	3,001
Taiwan	3,778	7,669
Philippines	3,748	3,537
Others	6,819	6,217
	89,853	100,414

(ii) Exposure to Credit Risk

At the end of the financial period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Company after deducting any allowance for impairment losses (where applicable).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses which using a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

The expected loss rates are based on the loss given default and probability of default assigned, and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2019				
Current (not past due)	53,810	-	(485)	53,325
1 to 30 days past due	20,698	-	(368)	20,330
31 to 60 days past due	4,857	-	(127)	4,730
61 to 90 days past due	4,132	-	(373)	3,759
91 to 120 days past due	3,255	-	(173)	3,082
More than 121 days past due	6,690	-	(2,063)	4,627
Credit impaired	484	(484)	-	-
	93,926	(484)	(3,589)	89,853

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
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37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2018				
Current (not past due)	68,069	-	(4,083)	63,986
1 to 30 days past due	17,530	-	(167)	17,363
31 to 60 days past due	6,217	-	(279)	5,938
61 to 90 days past due	3,332	-	(181)	3,151
91 to 120 days past due	1,693	-	(78)	1,615
More than 121 days past due	8,595	-	(234)	8,361
Credit impaired	616	(616)	-	-
	106,052	(616)	(5,022)	100,414

The movements in the loss allowances in respect of trade receivables are disclosed in Note 11 to the financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Related Companies (Non-trade Balances)

The Company applies the general approach to measuring expected credit losses for all intercompany balances. Generally, the Company considers loans and advances to related companies have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the related companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS
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37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Related Companies (Non-trade Balances) (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated for the other receivables are summarised below:-

The Company	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Low credit risk	20,998	-	20,998
Credit impaired	6,267	(6,267)	-
	27,265	(6,267)	20,998

The Company	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2018			
Low credit risk	28,594	-	28,594

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2019						
Non-derivative Financial Liabilities						
Lease liabilities	3.55 – 6.80	31,415	76,461	3,830	9,277	63,354
Term loans	10.65	6,000	6,517	4,345	2,172	-
Bankers' acceptances	3.20	16,758	16,758	16,758	-	-
Revolving credits	4.35	133,853	133,853	133,853	-	-
Trade and other payables	-	100,184	100,184	100,184	-	-
Dividend payable	-	3	3	3	-	-
		288,213	333,776	258,973	11,449	63,354

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2018					
Non-derivative Financial Liabilities					
Term loans	4.50 – 10.90	11,265	11,968	5,546	6,422
Bankers' acceptances	3.50	41,283	41,283	41,283	-
Revolving credits	3.63	132,500	132,500	132,500	-
Trade and other payables	-	138,525	138,525	138,525	-
Dividend payable	-	43	43	43	-
		323,616	324,319	317,897	6,422

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37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year) (Cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2019				
Non-derivative Financial Liabilities				
Trade and other payables	-	16,692	16,692	16,692
Dividend payable	-	112	112	112
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	195,003	195,003
		16,804	211,807	211,807

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2018				
Non-derivative Financial Liabilities				
Trade and other payables	-	16,694	16,694	16,694
Dividend payable	-	42	42	42
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	220,460	220,460
		16,736	237,196	237,196

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS
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37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2019	2018
	RM'000	RM'000
Lease liabilities	31,415	-
Bankers' acceptances	16,758	41,283
Revolving credits	133,853	132,500
Term loans	6,000	11,265
Less: Fixed deposits with licensed banks	(46,800)	(23,699)
Less: Cash and bank balances	(44,621)	(55,645)
Net debt	96,605	105,704
Total equity	641,976	706,455
Debt to equity ratio	15%	15%

The debt-to-equity ratio has increased from 10% to 15% following the adoption of MFRS 16 due to the recognition of lease liabilities on 1 January 2019 while the comparative information has not been restated.

NOTES TO THE FINANCIAL STATEMENTS

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37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Amortised Cost				
Trade receivables and other receivables (Note 11)	91,902	108,483	20,998	28,594
Fixed deposits with licensed banks (Note 13)	46,800	23,699	-	-
Cash and bank balances (Note 14)	44,621	55,645	107	167
	183,323	187,827	21,105	28,761
Financial Liabilities				
Amortised Cost				
Lease liabilities (Note 18)	31,415	-	-	-
Bankers' acceptances (Note 23)	16,758	41,283	-	-
Revolving credits (Note 23)	133,853	132,500	-	-
Term loans (Note 19)	6,000	11,265	-	-
Trade and other payables (Note 22)	100,184	138,525	16,692	16,694
Dividend payable	3	43	112	42
	288,213	323,616	16,804	16,736

37.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Amortised Cost				
Net gains/(losses) recognised in profit or loss	521	1,846	(5,101)	934
Financial Liabilities				
Amortised Cost				
Net (losses)/gains recognised in profit or loss	(6,918)	(9,967)	(1,387)	2,973

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37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of financial year:-

	Fair Value of Financial Instruments Not Carried at Fair Value				
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
	RM'000	RM'000	RM'000	RM'000	RM'000
2019					
Financial Liabilities					
Term loans	-	6,000	-	6,000	6,000

	Fair Value of Financial Instruments Not Carried at Fair Value				
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
	RM'000	RM'000	RM'000	RM'000	RM'000
2018					
Financial Liabilities					
Term loans	-	11,265	-	11,265	11,265

Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

The fair values of the Group's term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rate on or near the reporting date.

38. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(a) Lessee Accounting

At 1 January 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate at that date ranging from 3.55% to 6.80%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

38. INITIAL APPLICATION OF MFRS 16 (CONT'D)

(a) Lessee Accounting (Cont'd)

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

The following table explains the difference between the operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 January 2019:-

	The Group 2019 RM'000
Operating lease commitments as at 31 December 2018 as disclosed in last financial year	49,512
Discounted using the incremental borrowing rate as at 1 January 2019	33,819
Lease liabilities recognised as at 1 January 2019	33,819

The main impacts resulting from the initial adoption of MFRS 16 at 1 January 2019 are summarised below:-

	1 January 2019		
	As Previously Reported RM'000	MFRS 16 Adjustments RM'000	As Restated RM'000
Property, plant and equipment	433,695	(55,585)	378,110
Prepaid lease payments	12,700	(12,700)	-
Right-of-use assets	-	102,104	102,104
Lease liabilities	-	(33,819)	(33,819)

There were no financial impacts to the Group's financial statements upon the transition to MFRS 16 at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
cont'd

39. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM'000	As Restated RM'000
Consolidated Statement of Financial Position (Extract):-		
Deferred tax assets	-	4,135
Current tax assets	8,389	9,617
Fixed deposits with licensed banks	-	23,699
Cash and bank balances	79,344	55,645
Deferred tax liabilities	(8,203)	(12,338)
Current tax liabilities	-	(1,228)
Consolidated Statement of Comprehensive Income and Other Comprehensive Income (Extract):-		
Interest income	940	-
Other income	2,645	5,423
Administrative expenses	(78,191)	(79,824)
Net impairment losses on financial assets	-	(205)
Consolidated Cash Flows (Extract):-		
Cash Flows for Operating Activities		
Interest paid	(6,666)	-
Interest received	940	-
Cash Flows for Investing Activities		
Interest received	-	940
Placement of fixed deposits with tenure more than 3 months	-	31
Cash Flows for Financing Activities		
Interest paid	-	(6,666)
Decrease in loans and borrowings	(6,339)	-
Repayment of term loans	-	(10,916)
Net drawdown of bankers' acceptance	-	433
Net drawdown of revolving credit	-	4,144
Decrease in cash and cash equivalents	(468)	(499)

40. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group and hence, may impact its performance and financial position in the future. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the governments and various private corporations, the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements could not be reasonably quantified at this juncture.

LIST OF LANDED PROPERTIES
AS AT 31 DECEMBER 2019

Location	Address	Description	Existing Use	Tenure	Approximate Age of Building (years)	Land & Built-up Area (sq meter)	Date of Acquisition	2019 Carrying Amount (RM)
Lot PTD 156654, HS(D) 309464 Mukim of Plentong, District of Johor Bahru, Johor	PLO 464, Jalan Gangsa, Pasir Gudang Industrial Estate, 81700 Pasir Gudang Johor	Industrial building and a block of 5 Storey corporate office with basement.	Owner occupied	Lease from Johor Corporation 30 years expiring on 03/07/2022 with option for further extension of 30 years.	23	83,079 & 64,425	01-Oct-91	30,516,072
Lot PTD 2860, HS(D) 367647 Mukim of Sungai Tiram, District of Johor Bahru, Johor	PLO 29, Tanjung Langsat Industrial Complex, 81700 Pasir Gudang	Industrial building	Owner occupied	Leasehold 60 years expiring on 08/02/2064	18	129,624 & 92,047	01-Sep-00	61,886,241
Lot PTD 4068, HS(D) 491784 Mukim of Sungai Tiram, District of Johor Bahru, Johor	PLO 132, Tanjung Langsat Industrial Complex, 81700 Pasir Gudang	Industrial building	Owner occupied	Leasehold 60 years expiring on 10/01/2071	9	117,055 & 27,090	24-Nov-09	30,680,760
Lot PTD 4587, HS(D) 503711 Mukim of Sungai Tiram, District of Johor Bahru, Johor	PLO 133, Tanjung Langsat Industrial Complex, 81700 Pasir Gudang	Vacant Land for Industrial building	Owner occupied	Leasehold 60 years expiring on 01/04/2072	8	50,931 & 0	01-Jan-13	6,441,297
Lot PTD 119781, HS(D) 247731, Mukim of Plentong, District of Johor Bahru, Johor	PLO 453, Jalan Keluli 3, Pasir Gudang Industrial Estate, 81700 Pasir Gudang Johor	Single storey warehouse and annexed with double storey office	Owner occupied	Lease from Johor Corporation 30 years expiring on 30/12/2026 with option for further extension of 30 years.	22	24,280 & 14,295	01-May-95	7,353,210
Lot PTD 163211, HS(D) 334414, Mukim of Plentong, District of Johor Bahru, Johor	PLO 496, Jalan Keluli 3, Pasir Gudang Industrial Estate, 81700 Pasir Gudang Johor	Single storey warehouse	Owner occupied	Leasehold 30 years expiring on 21/06/2030 with option for further extension of 30 years.	19	25,490 & 14,605	01-Sep-00	8,010,190
Lot PTD 194277, HS(D) 442429, Mukim of Plentong, District of Johor Bahru, Johor	PLO 728, Jalan Keluli 3, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 60 years expiring on 19/03/2067	14	20,488 & 13,413	30-Sep-07	8,589,362

LIST OF LANDED PROPERTIES

AS AT 31 DECEMBER 2019
cont'd

Location	Address	Description	Existing Use	Tenure	Approximate Age of Building (years)	Land & Built-up Area (sq meter)	Date of Acquisition	2019 Carrying Amount (RM)
Lot PTD 110338, HS(D) 216827, Mukim of Plentong, District of Johor Bahru, Johor	Block 7, Jalan Cendana 2, Taman Cendana, 81700 Pasir Gudang Johor	A block of 5 storey medium cost flat with 38 units apartments	Owner occupied	Leasehold 99 years expiring on 28/04/2093	23	3,600 & 2,531	31-Mar-97	1,604,324
HS(D) 135082 & 135083 PTD 71022 & 71023 Mukim Plentong	Block 69 & 68 Jalan Tembusu, Taman Air Biru, 81700 Pasir Gudang, Johor.	A block of 5 storey medium cost flat with 35 units apartments	Owner occupied	Leasehold 99 years expiring on 02/11/2085	33	2,678 & 2,230	31-Jan-07	2,304,086
Lot PTD 3613, HS(D) 375496 Mukim of Sungai Tiram, District of Johor Bahru, Johor	PLO 39, Tanjung Langsat Industrial Complex, 81700 Pasir Gudang	Industrial land	Owner occupied	Leasehold 60 years expiring on 09/09/2064	18	4,468 & 0	01-Jul-02	474,005
Lot PTD 3612, HS(D) 375495 Mukim of Sungai Tiram, District of Johor Bahru, Johor	PLO 33, Tanjung Langsat Industrial Complex, 81700 Pasir Gudang	Natural gas service station	Owner occupied	Leasehold 60 years expiring on 09/09/2064	18	400 & 0	01-Sep-01	54,191
GRN 459987 LOT 90523 Mukim of Plentong District of Johor Bahru.	No 2, Jalan Mutiara 2, Taman Perindustrian Plentong, 81750 Plentong, Johor	2 storey warehouse and showroom with 3-storey office	Owner occupied	Freehold	6	9,528 & 14,501	30-Sep-14	35,811,833
Lot P.T.No:17306, HS(M) 10066, Mukim of Batu, District of Gombak, Selangor.	No:1, Jalan Persiaran Satu, Bandar Baru Selayang, 68100 Batu Caves	Single storey warehouse and annexed with three storey office	Owner occupied	Leasehold 99 years expiring on 22/12/2085	22	12,550 & 7,884	01-Jul-95	11,747,361
GM 975 Lot 2737 Mukim Klang, Daerah Klang	Lot 2737, Jalan Nong / KS2, Taman Perindustrian Sg, Jati 41200 Klang, Selangor	Single storey warehouse and annexed with double storey office	Owner occupied	Freehold	12	12,014 & 8,628	24-Mar-05	12,716,812
Lot No:67890, HS(D)KA 1257/76 Mukim Ulu Kinta, District of Kinta, Perak	Plot 76, Persiaran Portland, Kawasan Perindustrian Tasek, 31400 Ipoh	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 99 years expiring on 31/10/2075	18	4,065 & 2,717	28-Feb-02	1,958,535

LIST OF LANDED PROPERTIES
AS AT 31 DECEMBER 2019
cont'd

Location	Address	Description	Existing Use	Tenure	Approximate Age of Building (years)	Land & Built-up Area (sq meter)	Date of Acquisition	2019 Carrying Amount (RM)
PN 2918, Lot 68293, Mukim Ulu Kinta, District of Kinta, Perak	Plot 81, Persiaran Portland, Kawasan Perindustrian Tasek, 31400 Ipoh	Vacant Land for Industrial Building	Owner occupied	Leasehold 99 years expiring on 01/09/2075	44	4,065	31-Jan-11	974,005
Mukim 63 Lot 1214 Mukim Mergung, Daerah Kota Setar	No 202 Kaw Perusahaan Mergong II, Lorong Perak 8, 05150 Alor Setar, Kedah	7 units of 2 storey and 2 units of warehouse	Owner occupied	Leasehold 60 years expiring on 29/12/2037	42	5,727	31-Jul-07	2,871,126
HS(M) 460 PT 4526, Mukim 01, Seberang Perai Tengah Pulau Pinang	No 3088 Jalan Kelisa Emas 1, Seberang Jaya, 13700 Perai	Single storey warehouse and annexed with double storey office	Owner occupied	Freehold	14	7,778 & 8,894	01-Mar-06	16,541,146
Lot 55, HS(D) 1456, PTD 8754, Mukim of Kuala Kuantan, Pahang	Lot 55, Semambu Industrial Estate, 25350 Kuantan	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 66 years expiring on 02/03/2043	40	4,480 & 1,583	30-Sep-98	1,055,223
HS(D) 3087, PTD 2404, Mukim Simpang Kanan, Batu Pahat, Johor.	104, Jalan Jelawat, Taman Banang, 83000 Batu Pahat, Johor.	Single Storey Shophouse	Owner occupied	Freehold	48	164	14-Feb-11	302,384
HS(M) 11473, LOT 5644, Mukim Kajang, Daerah Hulu Langat, Selangor	HS(M) 11473, LOT 5644, Mukim Kajang, Daerah Hulu Langat, Selangor	Vacant Land	Owner occupied	Leasehold 60 years expiring on 23/07/2029	50	15,517	30-Sep-14	5,343,058
Country Lease No. 015364646 Mile 10, Tuaran Road, District of Kota Kinabalu, Sabah	Mile 10, Tuaran Road, in the District of Kota Kinabalu, Sabah.	Vacant Land	Owner occupied	Leasehold 999 years expiring on 09/01/2923	96	9,834	31-Jul-15	11,331,171
No 7525 Tambol, Bang Pleeyai, Amphur, Bangplee, Samutprakam, Bangkok, Thailand.	Bangna Tart Road KM 11, Bangplee, Samutprakam, Bangkok, Thailand	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 22 years expiring on 24 Jan 2027	15	9,600 & 8242	13-Jan-05	5,602,242

LIST OF LANDED PROPERTIES

AS AT 31 DECEMBER 2019
cont'd

Location	Address	Description	Existing Use	Tenure	Approximate Age of Building (years)	Land & Built-up Area (sq meter)	Date of Acquisition	2019 Carrying Amount (RM)
A 12502 (now known as Lot 1342m) MK 11, Singapore	No. 1, Sungai Kadut Way, Singapore 728770	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 30 years expiring on 15/06/2022	27	4,374 & 2,916	25-Jul-03	6,469,989
Street 2A, My Xuan A Industrial Park, Tan Thanh District, Ba Ria-Vung Tau Province, Vietnam	Street 2A, My Xuan A Industrial Park, Tan Thanh District, Ba Ria-Vung Tau Province, Vietnam	Industrial buildings and a block of 4 storey corporate office	Owner occupied	Leasehold 46 years expiring on 08/07/2052	12	278,511 & 99,802	01-Aug-08	20,644,309
48, Street 4, Da Nang Industrial Park, An Don, Son Tra District, Da Nang City, Vietnam	48, Street 4, Da Nang Industrial Park, An Don, Son Tra District, Da Nang City, Vietnam	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 39 years expiring on 21/09/2043	15	6,253 & 4,527	01-May-05	602,870
Unit LD-7.8 Lexington Building No 6, An Phu Town, An Phu Ward, District 2, Ho Chi Minh City Vietnam	Unit LD-7.8 Lexington Building No 6, An Phu Town, An Phu Ward, District 2, Ho Chi Minh City Vietnam	Residential apartment	Owner occupied	Leasehold 50 years expiring on 29/03/2067	3	82	29-Mar-17	480,639 .
							Total :	292,366,441

ANALYSIS OF SHAREHOLDING
AS AT 30 APRIL 2020

Total number of issued shares (inclusive of treasury shares)	:	240,000,000 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Treasury shares held as at 30 April 2020	:	12,289,200 ordinary shares

1. DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	12	0.62	199	0.00
100 - 1,000	229	11.83	175,101	0.08
1,001 - 10,000	1,363	70.40	4,703,300	2.07
10,001 - 100,000	242	12.50	6,855,800	3.01
100,001 - 11,385,539 (less than 5% of issued shares)	88	4.55	181,138,585	79.55
11,385,540 and above (5% and above of issued shares)	2	0.10	34,837,815	15.30
	1,936	100.00	227,710,800	100.00

2. DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings of White Horse Berhad based on the Register of Directors' Shareholdings are as follows:-

Total number of issued shares (exclusive of treasury shares) = 227,710,800

		No. of Ordinary Shares Held			
No.		Direct	%	Indirect	%
1.	Liao Yuan Shun	1,600,855	0.70	26,496,000 (1)	11.64
2.	Liao Jung Chu	1,098,000	0.48	7,025,506 (2)	3.09
3.	Liao Shen Hua	2,600,797	1.14	8,500,000 (3)	3.73
4.	Teo Swee Teng	11,073,593	4.86	1,937,600 (4)	0.85
5.	Teo Kim Lap	11,083,027	4.87	1,394,600 (5)	0.61
6.	Teo Kim Tay	12,409,015	5.45	94,600 (6)	0.04
7.	Cheng Soon Mong	4,877,735	2.14	132,500 (7)	0.06
8.	Rosita Yeo Swat Geok	–	–	–	–
9.	Lau Lee Jan	–	–	–	–
10.	Tai Lam Shin	–	–	–	–

ANALYSIS OF SHAREHOLDING

AS AT 30 APRIL 2020
cont'd

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The substantial shareholders' shareholdings of White Horse Berhad based on the Register of Substantial Shareholders of the Company are as follows:-

		No. of Ordinary Shares Held			
No.		Direct	%	Indirect	%
1.	Urusharta Jamaah Sdn Bhd	22,428,800	9.85	-	-
2.	Teo Kim Tay	12,409,015	5.45	94,600 (6)	0.04
3.	Liao Yuan Shun	1,600,855	0.70	26,496,000 (1)	11.64
4.	Teo Swee Teng	11,073,593	4.86	1,937,600 (4)	0.85
5.	Teo Boon Hoo	11,663,335	5.12	-	-
6.	Teo Kim Lap	11,083,027	4.87	1,394,600 (5)	0.61

Notes:

(1) Deemed interested through his wife, Liao Chen Mei Hsiu and his sons, Liao Hung Chang and Liao Chia Feng, his daughters, Liao Chung Yi and Liao Chia Ning and through his direct interest in Ding Qiao Investment Co., Ltd.

(2) Deemed interested through his sons, Liao Shen Yao and Liao Shen Chun.

(3) Deemed interested through his son, Liao Kuan Yung, his daughters, Liao Wan Yu and Liao Tzu Chi.

(4) Deemed interested through his mother, Yeow Hoon Eng, his wife, Ku Kuan and his sons, Teo Wei Kee and Teo Wei Siong and his daughter, Teo Wei Chin.

(5) Deemed interested through his mother, Yeow Hoon Eng, his wife, Ong Yock Hong and his son, Teo Rhen Gie and his daughters, Teo Sin Rhu, Teo Sin Yee and Teo Hui Yee.

(6) Deemed interested through his mother, Yeow Hoon Eng.

(7) Deemed interested through his wife, Tan Pak Lan and his son, Cheng Hang Huat and his daughter, Cheng Swee Chin.

ANALYSIS OF SHAREHOLDING
AS AT 30 APRIL 2020
cont'd

4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Names	Shareholdings	%
1.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - *URUSHARTA JAMAAH SDN. BHD. (AFFIN 1)*	22,428,800	9.85
2.	TEO KIM TAY	12,409,015	5.45
3.	TEO SWEE TENG	11,073,593	4.86
4.	TEO BOON HOO	11,058,835	4.86
5.	TEO KIM LAP	11,048,527	4.85
6.	LIAO CHIA FENG	6,500,000	2.85
7.	LIAO CHUNG YI	6,500,000	2.85
8.	LIAO HUNG CHANG	6,500,000	2.85
9.	CHENG SOON MONG	4,877,735	2.14
10.	CHEN, YU-CHING	4,835,000	2.12
11.	UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	4,390,870	1.93
12.	LIAO CHIA NING	4,296,000	1.89
13.	LIAO, SHEN-CHUN	4,224,609	1.86
14.	ANG TIAN SU	4,206,694	1.85
15.	CHEN, TSUI-LING	4,118,000	1.81
16.	CHEN, YU-JU	4,118,000	1.81
17.	LIAO, CHIH-HAO	4,000,000	1.76
18.	LIAO, CHUN-HAO	4,000,000	1.76
19.	LIM PEI TIAM @ LIAM AHAT KIAT	3,333,900	1.46
20.	CIMB GROUP NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR DBS BANK LTD (SFS)*	3,181,500	1.40
21.	LIAO KUAN YUNG	3,000,000	1.32
22.	LIAO WAN YU	3,000,000	1.32
23.	LIAO, CHIEH-TING	3,000,000	1.32
24.	LIAO, YEN-JEN	3,000,000	1.32
25.	YONG SHENG INVESTMENT CO., LTD.	3,000,000	1.32
26.	CHEN, HEN-JUI	2,834,637	1.24
27.	LIAO, SHEN-YAO	2,800,897	1.23
28.	WONG HENG MUI	2,717,560	1.19
29.	BAO SHUN INVESTMENT CO., LTD.	2,700,000	1.19
30.	LIAO, SHEN-HUA	2,600,797	1.14
		165,754,969	72.79

Note:-

The analysis of shareholdings is based on the total number of issued shares of the Company as at 30 April 2020 after deducting 12,289,200 ordinary shares bought back by the Company and held as Treasury Shares as at 30 April 2020.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of WHITE HORSE BERHAD will be held at Multi-Purpose Room, PLO 464, Jalan Gangsa, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim on Wednesday, 24 June 2020 at 2:00 p.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon. *(Please refer to Explanatory Note 1)*

2. To approve the payment of Directors' fees amounting to RM150,000/- for the financial year ended 31 December 2019. *(Ordinary Resolution 1)*

3. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM180,000/- for the period from 25 June 2020 to the Twenty-Third Annual General Meeting of the Company in year 2021 pursuant to Section 230(1)(b) of the Companies Act 2016. *(Ordinary Resolution 2)*

4. To re-elect the following Directors who are retiring pursuant to Clause 123 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) Mr. Liao Jung Chu; *(Ordinary Resolution 3)*

   (ii) Mr. Cheng Soon Mong; *(Ordinary Resolution 4)*

   (iii) Mr. Teo Kim Tay; and *(Ordinary Resolution 5)*

   (iv) Madam Rosita Yeo Swat Geok. *(Ordinary Resolution 6)*

5. To re-elect Mr. Tai Lam Shin, a Director who is retiring pursuant to Clause 106 of the Company's Constitution and being eligible, has offered himself for re-election. *(Ordinary Resolution 7)*

6. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 8)*

Special Business

To consider and if thought fit, with or without any modification, to pass the following as Ordinary Resolutions:-

7. ORDINARY RESOLUTION NO. 1 *(Ordinary Resolution 9)*
   - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

   "THAT subject always to the Companies Act 2016, the Constitution of the Company and the approvals from the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised and empowered pursuant to the Companies Act 2016, to issue and allot shares in the Company, at any time, at such price, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding Treasury Shares) for the time being AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING
cont'd

AND THAT the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad; AND be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate."

8. ORDINARY RESOLUTION NO. 2 *(Ordinary Resolution 10)*
   - PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT, subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("Related Parties") as described in the Circular/Statement to Shareholders dated 22 May 2020 ("Recurrent RPTs") provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by a resolution passed by shareholders in a general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

9. ORDINARY RESOLUTION NO. 3 *(Ordinary Resolution 11)*
   - PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

"THAT, subject always to the Companies Act 2016 ("the Act"), the provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities, upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that:-

NOTICE OF ANNUAL GENERAL MEETING
cont'd

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company as at the point of purchase(s); and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

That upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares so purchased in their absolute discretion in the following manner:-

(i) cancel all the shares so purchased; and /or
(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities; and/or
(iii) retain part thereof a treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Malaysia Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this Resolution shall commence immediately upon the passing of this Resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such resolution was passed, at which time the authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

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

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND FURTHER THAT the Directors of the Company be authorised to do all acts, deeds and things and to take all such steps as they may deem fit, appropriate, expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the interest of the Company."

10. To transact any other ordinary business for which due notice has been given.

By Order of the Board

CHUA SIEW CHUAN
(SSM PC NO. 201908002648)(MAICSA 0777689)
Company Secretary

Johor Darul Takzim
Dated: 22 May 2020

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Explanatory Notes:

1. **Item 1 of the Agenda- Audited Financial Statements for the financial year ended 31 December 2019**

   This Agenda item is meant for discussion only, as the provision of Section 340 (1) (a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Item 3 of the Agenda – Benefits Payables to the Non-Executive Directors ("NEDs")**

   The proposed Ordinary Resolution 2, if approved, will authorise the payment of Directors' benefits to the NEDs by the Company. The benefits payable to the NED for the period from 25 June 2020 to the Twenty-Third Annual General Meeting of the Company in year 2021 are derived from the estimated meeting allowance of RM500/- per meeting day based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committee, and number of NEDs involved in the meetings. In addition, the proposed benefits comprise of travelling allowance, car allowance and sports club membership subscription.

3. Item 7 of the Agenda - Authority to Issue Shares Pursuant to the Companies Act 2016

   The Company wishes to renew the mandate on the authority to issue and allot shares pursuant to the Companies Act 2016 at the Twenty-Second Annual General Meeting of the Company (hereinafter referred to as the "General Mandate").

   The Company had been granted a general mandate by its shareholders at the Twenty-First Annual General Meeting of the Company held on 28 May 2019 (hereinafter referred to as the "Previous Mandate"). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate.

   The proposed resolution, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company (excluding Treasury Shares). This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

4. Item 8 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The proposed Ordinary Resolution 10, if passed, will provide a renewal mandate for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for White Horse Berhad Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This mandate shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

   Please refer to the Circular/Statement to Shareholders dated 22 May 2020 for further information.

5. Item 9 of the Agenda - Proposed Renewal of Share Buy-Back Authority

   The proposed Ordinary Resolution 11, if passed, would empower the Directors of the Company to purchase the Company's ordinary shares up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

   Please refer to the Circular/Statement to Shareholders dated 22 May 2020 for further information.

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 June 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the Meeting shall not be entitled to appoint more than two (2) proxies to attend and vote at the same general meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a general meeting shall have the same rights as the member to speak at the meeting.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

4. Where a member is an Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds to which shares in the Company standing to the credit of the said account.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy must be deposited at the Company's Registered Office at PLO 464, Jalan Gangsa, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

ADMINISTRATIVE GUIDE

FOR SHAREHOLDERS AND/OR PROXIES ATTENDING THE TWENTY-SECOND ANNUAL GENERAL MEETING ("AGM")

1. Date, Time and Venue of AGM

   Date : Wednesday, 24 June 2020
   Time : 2:00 p.m.
   Venue : Multi-Purpose Room, PLO 464, Jalan Gangsa, Pasir Gudang Indusatrial Estate, 81700 Pasir Gudang, Johor Darul Takzim

2. Entitlement to Attend

   In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 June 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.

3. Lodgement of Proxy Form of AGM

   If you are unable to attend the AGM and wish to appoint a proxy to vote on your behalf, please deposit your Proxy Form at the Company's Registered Office at PLO 464, Jalan Gangsa, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim in accordance with the notes and instructions printed therein, not later than 48 hours before the AGM i.e. latest by Monday, 22 June 2020 at 2:00 p.m.

4. Registration

   a. Please read the signage to ascertain the registration counter to register yourself for the AGM and join the queue accordingly.

   b. Please produce your original identity card ("IC")/passport to the Share Registrar for verification. Please make sure you collect your IC/passport thereafter.

   c. After the verification, you are required to write your name, contact number, arrival time, temperature reading and sign on the attendance list placed at the registration counter.

   d. NO person will be allowed to register on behalf of another person even with the original IC/passport of that other person.

   e. If you have any questions, please proceed to the Help Desk Counter.

5. Food and Beverage

   Packed refreshment will be provided.

6. Coronavirus Disease (COVID-19) Outbreak

   a. Personal attendance is not recommended and shareholders are encouraged to appoint the Chairman as their proxy to cast their votes.

   b. The shareholders are encouraged to submit questions in relation to the agenda items of the AGM and email your questions at flo@whitehorse.com.my latest by Friday, 19 June 2020 at 2:00 p.m. The Company endeavours to address all your questions and the response to these questions will be in the "Key Matters Discussed", which is to be published on the Company's corporate website after the conclusion of the AGM.

ADMINISTRATIVE GUIDE

FOR SHAREHOLDERS AND/OR PROXIES ATTENDING THE TWENTY-SECOND ANNUAL GENERAL MEETING ("AGM")
cont'd

c. Attendees who wish to attend the AGM are required to declare that:-

   i. They have not travelled to or transited through or travelled/been in contact with a person who has travelled to or transited through those countries affected by Covid-19 over the last 14 days and they DO NOT HAVE symptoms of the Covid-19 and if they do, they are to refrain from attending the AGM.

   ii. Attendees are advised not to attend the AGM if they had been in physical contact with a person infected with Covid-19.

   iii. To seek medical advice and obtain medical clearance before attending the AGM if the attendees had travelled to countries affected by Covid-19 or if they have symptoms such as fever, cough, shortness of breath, running nose, sore throat or respiratory tract infection.

d. As a precautionary measure, we will be conducting temperature checks on all persons upon arrival at the AGM venue. If a member has temperature above 37.5°C or showed symptoms of respiratory illness such as coughing and sneezing, will be declined from entering into the venue.

e. The attendees are strongly advised:-

   i. To wear face mask before attending the AGM and throughout the AGM.
   ii. To maintain a good personal hygiene and use hand sanitiser whenever required.
   iii. To cover your cough or sneeze with tissue, and wash your hand immediately.
   iv. To maintain the social distancing of at least 1 meter apart.

f. In addition to the above, the Company will adhere to other applicable directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council, and other relevant authorities as announced from time to time until the date of the AGM.

7. Enquiry

If you have any enquiries prior to the AGM, please contact the following persons during office hours:-

Share Registrar
Securities Services (Holdings) Sdn. Bhd.
Mr. Wong Piang Yoong
Senior Manager
Tel no : +603-2084 9168 / +603-2084 9161
Fax no : +603-2094 9940 / +603-2095 0292
Email : Piang.Yoong.Wong@sshsb.com.my

White Horse Berhad
Ms. Shelley Tan
Tel no : +607-251 1111
Fax no : +607-251 1011
Email : flo@whitehorse.com.my

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WHITE HORSE

WHITE HORSE
B E R H A D

[Registration No. 199701039630 (455130-X)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	Number of ordinary shares held

*I/We (full name), ______________________________

bearing *NRIC No./Passport No./Registration No. ______________________________

of (full address) ______________________________

____

being a *member/members of White Horse Berhad ("the Company") hereby appoint ______________________________

______________________________ NRIC/Passport No. ______________________________
(FULL NAME IN BLOCK CAPITALS)

of (full address) ______________________________

or failing *him/her, ______________________________ NRIC/Passport No. ______________________________
(FULL NAME IN BLOCK CAPITALS)

of (full address) ______________________________

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 Twenty-Second Annual General Meeting of the Company to be held at Multi-Purpose Room, PLO 464, Jalan Gangsa, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim on Wednesday, 24 June 2020 at 2:00 p.m. and at any adjournment thereof for/against the resolution(s) to be proposed thereat.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Ordinary Business		For	Against
Ordinary Resolution 1	Payment of Directors' fees		
Ordinary Resolution 2	Payment of benefits payable to the Non-Executive Directors		
Ordinary Resolution 3	Re-election of Mr. Liao Jung Chu		
Ordinary Resolution 4	Re-election of Mr. Cheng Soon Mong		
Ordinary Resolution 5	Re-election of Mr. Teo Kim Tay		
Ordinary Resolution 6	Re-election of Madam Rosita Yeo Swat Geok		
Ordinary Resolution 7	Re-election of Mr. Tai Lam Shin		
Ordinary Resolution 8	To re-appoint Messrs. Crowe Malaysia PLT		
Special Business			
Ordinary Resolution 9	Authority to issue shares		
Ordinary Resolution 10	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
Ordinary Resolution 11	Proposed renewal of authority for the Company to purchase its own shares		

Signed this ________ day of ____________________, 2020

____
*Signature(s)/Common Seal of Member(s)

* *Strike out whichever not applicable*

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes: -

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3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a general meeting shall have the same rights as the member to speak at the meeting.
4. Where a member is an Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds to which shares in the Company standing to the credit of the said account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy must be deposited at the Company's Registered Office at PLO 464, Jalan Gangsa, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

Fold this flap for sealing

Then fold here

Affix
Stamp

White Horse Berhad
[Registration No. 199701039630 (455130-X)]
PLO 464, Jalan Gangsa,
Pasir Gudang Industrial Estate,
81700 Pasir Gudang,
Johor Darul Takzim,
Malaysia

1st fold here

MARKETING NETWORK

CERAMIC WORLD SHOWROOMS

Kuala Lumpur
No. 1, Jalan Persiaran Satu, Bandar Baru Selayang,
68100 Batu Caves, Selangor Darul Ehsan, West Malaysia.
Tel: 03-6136 1188 Fax: 03-6138 2366 E: whkl@whitehorse.com.my

Johor Bahru
No.2, Jalan Mutiara 2, Taman Perindustrian Plentong,
81750 Plentong, Johor Darul Takzim, West Malaysia.
Tel: 07- 354 1616 Fax: 07-354 2525 E: whjbshow@whitehorse.com.my

Butterworth
No.3088, Jalan Kelisa Emas 1, Seberang Jaya,
13700 Perai, Pulau Pinang, West Malaysia
Tel : 04 -397 7888 Fax : 04-397 7999 E: whbw@whitehorse.com.my

Alor Setar
202, Lorong Perak 8, Kawasan Perusahaan Mergong 2,
05150 Alor Setar, Kedah Darul Aman, West Malaysia.
Tel: 04-732 7226 Fax: 04-732 7282 E: whas@whitehorse.com.my

Klang
Lot 2737, Jalan Raja Nong/KS2, Taman Perindustrian Sg. Jati,
41200, Klang, Selangor Darul Ehsan, West Malaysia.
Tel: 03-5161 3888 Fax: 03-5161 3111 E: whkg@whitehorse.com.my

Concept Gallery

Pulau Pinang
No.97, Lorong Kinta, 10400 Penang, West Malaysia.
Tel : 04-210 9999 Fax : 04-210 9998 E: whcgpg@whitehorse.com.my

OTHER BRANCHES

Batu Pahat
No. 102, Jalan Jelawat, Taman Banang,
83000 Batu Pahat, Johor Darul Takzim, West Malaysia.
Tel: 07-433 2855/433 3855 Fax: 07-433 4855

Ipoh
Plot 76, Persiaran Portland, Kawasan Perindustrian Tasek,
31400 Ipoh, Perak Darul Ridzuan, West Malaysia.
Tel: 05-291 2288 Fax: 05-291 8822

Kuantan
Lot 55, Semambu Industrial Estate,
25350 Kuantan, Pahang Darul Makmur, West Malaysia.
Tel: 09-568 5333 Fax: 09-568 5666

Kota Bharu
No. 1, Lot PT 4089, Jalan 9/44, Kawasan Perindustrian
Pengkalan Chepa 11, 16100 Kota Bharu,
Kelantan Darul Naim, West Malaysia.
Tel: 09-774 4333 Fax: 09-774 4166

Kuching
Lot 1035, Jalan Utama, Pending Industrial Estate,
93450 Kuching, Sarawak, East Malaysia.
Tel: 082-341 577 Fax: 082-341 578

Kota Kinabalu
Lot 48A, Jalan Kilang, Sedco Industrial Estate,
Kolombong Off Mile 5 ½, Jalan Tuaran,
88450 Kota Kinabalu, Sabah, East Malaysia.
Tel: 088-434 008 Fax: 088- 433 171

OVERSEAS MARKETING OFFICES

Singapore
WHITE HORSE CERAMIC (S) PTE. LTD.
1, Sungei Kadut Way, Singapore 728770
Tel: (65) 6269 0555 Fax: (65) 6269 0055 E: enquiry@whitehorse.com.sg

Philippines
WHITE HORSE CERAMIC (PHIL.) INC.,
346, Sta. Clara Street, Corner Syquia Street, Sta. Ana Manila, 1009 Philippines.
Tel: (632) 268 1928 Fax: (632) 562 0751 E: enquiry@whitehorse.com.ph

Thailand
WHITE HORSE CERAMIC (THAILAND) LTD.
34/9 MOO13, Debaratana Rd.,Bangleeyai, Bangplee District,
Samutprakarn Province 10540 Thailand
Tel: (662)316 3788 Fax: (662) 316 3794/95/96 E: enquiry@whitehorse.co.th

Indonesia
PT. WH CERAMIC INDONESIA
Rukan Exclusive Mediterania, Blok G No.77 RT.008 RW.005
Kel. Kamal Muara, Kec. Penjaringan, Jakarta Utara – DKI Jakarta,
14470 Indonesia
Tel: (62 21) 2257 3305/2257 3056 E: fad@whceramic.co.id

China
Room B-E, 33rd Floor, Developing Building, No. 13 Huayuan East Road,
Changcheng District, Foshan City, 52800 Guangdong, China.
Tel : (86 757) 8278 5366 Fax : (86 757) 8277 5252
E : whitehorse@whitehorseceramic.com.cn

VIETNAM MARKETING NETWORK

Headquarters
Street 2A, My Xuan A Industrial Park, My Xuan Ward,
Phu My Town,Ba Ria - Vung Tau Province, Vietnam
Tel : (+84) 254 393 2333 Fax : (+84) 254 393 2338
Email : cshq@whitehorse.vn

MARKETING OFFICES & SHOWROOMS

Can Tho Branch
424-426, Nguyen Van Cu street, An Binh Ward, Ninh Kieu
District, Can Tho City
Tel : Tel: (+84) 0292 383 9999 Fax : (+84) 0292 383 1111

Ho Chi Minh Branch
270A Ly Thuong Kiet Street, District 10, Ho Chi Minh City
Tel : (+84) 283 864 9800 Fax : (+84) 283 864 9808

Nha Trang Branch
Cay Duoi street, Phu Nam 3 Hemlet,Dien An Village, Dien Khanh
District, Khanh Hoa Province
Tel : (+84) 2583 770 229 Fax :(+84) 2583 770 230

Da Nang Branch
Lot 48, Street 4, Da Nang - An Don Industrial Zone,
Son Tra District, Da Nang City
Tel : (+84) 236 393 1222 Fax : (+84) 236 393 1228

Hanoi Branch
683 Nguyen Khoai Street, Thanh Tri Ward, Hoang Mai District,
Ha Noi Capital
Tel : (+84) 243 644 6555 Fax : (+84) 243 644 6553

Hai Phong Branch
750 Nguyen Van Linh, Le Chan District, Hai Phong City
Tel : (+84) 225 378 4555 Fax : (+84) 225 378 4666

Bien Hoa Showroom
No. 81, Nguyen Ai Quoc Str., Tan Phong Ward, Bien Hoa City

WHITE HORSE
BERHAD
(Reg No. 199701039630 (455130-X))

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