

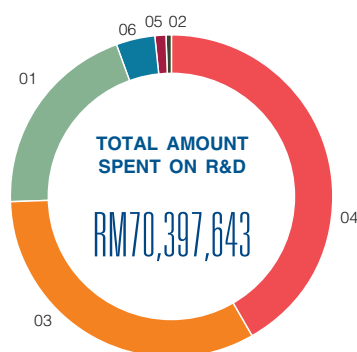


PRODUCTS AND SERVICES

Our Commitment

TO CONTINUOUSLY INVEST OUR RESOURCES IN ENSURING OUR PRODUCTS AND SERVICES ARE RELEVANT AND MEET THE NEEDS OF OUR CUSTOMERS.

Total Amount Spent On R&D by Division



01.	Plantation	19.89%
02.	Property	0.04%
03.	Pharmaceutical	33.41%
04.	Heavy Industries	42.21%
05.	Trading & Industrial	0.49%
06.	Finance & Investment	3.96%

Note:

The Group's total amount spent on R&D constitutes 0.7% of our total revenue in 2019

Moving Forward

- To drive improvement and innovation in our products and services as well as processes through digitalisation and automation, in our bid to remain competitive amidst the Industrial Revolution 4.0.
- To enhance our internal capacity for R&D through relevant training for our human capital.

Our Progress in 2019



DRIVING RESEARCH & DEVELOPMENT (R&D)

PLANTATION

Efficiency and yield improvement are core focus areas of our R&D activities in Plantation Division. In 2019, we:

- continued to develop high-quality planting materials to generate higher yields;
- widened our mechanisation effort to cover more portions of our estates for cost efficiency and to reduce safety health risk; and
- utilised global positioning systems (GPS)/geographical information systems (GIS) and Unmanned Aerial Vehicles (UAVs) for field mapping, more precise planning of roads, terraces and drainage schemes as well as to monitor progress and quality of our replanting programmes.

HEAVY INDUSTRIES

Our Heavy Industries Division's key objectives in R&D are to improve design and engineering capabilities as well as to boost processes for productivity and cost savings.

- Boustead Naval Shipyard (BNS) spent RM29 million to engage with consultants for the design and production of shipbuilding activities.
- In 2019, we continued our collaboration with local universities to develop design and engineering capabilities and initiated partnership with:
 - National Defence University of Malaysia in 2019 for the study of maritime technology; and
 - Istanbul Shipyard for the development of the design, concept, technology and construction of Fast Interceptor Craft.

PHARMACEUTICAL

Our Pharmaceutical Division's key focus areas for R&D activities are in producing new pharmaceutical products in various dosage form, as well as in manufacturing affordable and halal medicines.

- Through the 10-Year Development Programme, we have formulated 23 new products with two new products introduced in 2019.
- We continued to minimise manufacturing costs to supply high-quality cost-competitive pharmaceutical products.
- We have 154 Halal-certified products of which 33 were new products submitted for certification.

In the logistics arm of Pharmaniaga, we utilised the Robotic Process Automation (RPA) system to accelerate and improve processes. In 2019, we achieved high order fulfilment rate of more than 97% and compliance rate of 99.6% for 700,000 order lines.

TRADING & INDUSTRIAL

The R&D activities in UAC Berhad, focuses on developing new products, improving cost efficiencies in the production process, reducing the environmental impact of our products, and improving the quality, durability, functionality and ease of installation of our existing products. In 2019, we:

- formulated our third-generation wall system and are in the process of production;
- undertook the development of a total solution for wood-like decking which acts as a substitute for timber and is easier to install; and
- developed cost-competitive mix designs for both fibre cement boards and pre-cast wall panels.

Our Progress in 2019

PRIORITISING CUSTOMER SATISFACTION

PROPERTY

In 2019, we have launched new products including:

- 163 units of double story terrace houses and 24 units of single storey shops in Taman Mutiara Rini, Johor; and
- 80 units of chalets in Royale Chulan Cherating

We also conducted the annual satisfaction survey for our malls and office buildings tenants, to gauge their satisfaction level. The average scores received, from both malls and office buildings tenants were 70.5% and 81%, respectively.

In our Hotels & Resorts unit, we were conferred the following awards, as a testament of our commitment towards superior customer experience:



1. TripAdvisor 2019 Traveller's Choice Award – Royale Chulan Penang
2. TripAdvisor 2019 Certificate of Excellence – Royale Chulan Penang and Royale Chulan Cherating
3. Penang Convention & Exhibition Bureau (PCEB) – GMID19 Team Penang Award for Best Social Media (Team Spirit) – Royale Chulan Penang
4. Traveloka Hotel Award 2019 – Royale Chulan Bukit Bintang
5. Booking.com Guest Review Award – Royale Chulan Penang

FINANCE & INVESTMENT

Boustead Travel, which adopts a Swift corporate travel booking tool to enhance customer experience via enhanced flexibility has won the following awards:



1. Singapore Airlines Top Agency Awards Year 2018/2019
2. Firefly's Top 12 Travel Agents Award 2018
3. Korean Air Million Dollar Agent 2018

BHB Sustainability Report 2019 p.45-50

Our newly launched chalets in Royale Chulan Cherating

