LienHoe

CORPORATION BERHAD

(Company No. 8507-X)

annual report 2006

Contents

Corporate Information

DIRECTORS

Tun Dato' Seri Abdul Hamid bin Omar
Chairman
(Independent and Non Executive Director)

Mr. Chan Wah Long
Vice Chairman
(Executive Director)

Mr. Kenneth Vun @ Vun Yun Liun
Executive Director

Dr. Teoh Kim Loon
Non Independent and Non Executive Director

Dato' Yap Sing Hock
Managing Director
(Executive Director)

Mr. Cheong Marn Seng, Allen
Executive Director

Mr. Yeoh Chong Keat
Independent and Non Executive Director

SECRETARY

Lee Sook Peng (MAICSA 0810465)

REGISTERED OFFICE

18th Floor, Menara Lien Hoe
No. 8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7805 1331 Fax: 03-7805 3112

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, 50490 Kuala Lumpur
Tel: 03-7495 8000 Fax: 03-7495 9076

PRINCIPAL FINANCIAL INSTITUTIONS

United Overseas Bank (Malaysia) Berhad
Affin Investment Bank Berhad

REGISTRAR

Tenaga Koperat Sdn. Bhd.
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-4041 6522 Fax: 03-4042 6352

STOCK EXCHANGE LISTING

The Main Board of Bursa Malaysia
Securities Berhad

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at 4th Floor, Menara Lien Hoe, 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 26 June 2007 at 10.30 a.m. for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements of the Company for the financial year ended 31 December 2006 together with the Directors' and Auditors' Reports thereon. *(Resolution 1)*

2. To approve the payment of Directors' fees. *(Resolution 2)*

3. To re-elect Dato' Yap Sing Hock who retires in accordance with Article 84 of the Company's Articles of Association. *(Resolution 3)*

4. To re-elect Mr Chan Wah Long who retires in accordance with Article 84 of the Company's Articles of Association. *(Resolution 4)*

5. To re-appoint Tun Dato' Seri Abdul Hamid bin Omar as Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965. *(Resolution 5)*

6. To re-appoint Messrs Ernst & Young as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors. *(Resolution 6)*

AS SPECIAL BUSINESS

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

7. SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

   "THAT the proposed amendments to the Articles of Association of the Company as contained in Appendix I attached to the 2006 Annual Report be and are hereby approved." *(Resolution 7)*

8. ORDINARY RESOLUTION – SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT pursuant to the provision of Section 132D of the Companies Act, 1965 and approvals from Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and such authority shall continue in force until the next Annual General Meeting of the Company." *(Resolution 8)*

9. ORDINARY RESOLUTION – PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID UP CAPITAL OF BILLIONTEX INDUSTRIES SDN BHD, A WHOLLY-OWNED SUBSIDIARY, TO PERFECT EAGLE DEVELOPMENT SDN BHD FOR A CASH CONSIDERATION OF RM65,000,000

   "THAT subject to the approvals from the relevant authorities, approval be and is hereby given for the Company to dispose of the entire issued and paid up capital of Billiontex Industries Sdn Bhd to Perfect Eagle Development Sdn Bhd free from all charges, liens, pledges, trust and other encumbrances and with all rights, benefits and entitlements attached to the shares (including, without limitations, all dividends and distributions declared as at and from the completion date of the agreement) for a cash consideration of RM65,000,000 and upon all other terms and conditions as contained in the sale and purchase agreement.

   AND THAT the Directors of the Company be and are hereby authorized to do all acts, deeds and things and to execute, sign and deliver all such documents and/or agreements as they may deem necessary or expedient to complete the aforesaid disposal with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities." *(Resolution 9)*

10. To transact any other business of the Company for which due notice shall be given.

BY ORDER OF THE BOARD

LEE SOOK PENG
MAICSA 0810465
Secretary

Petaling Jaya, Selangor Darul Ehsan
4 June 2007

NOTES

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. In the case of a corporate member, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

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

4. The form of proxy must be deposited at the registered office of the Company at 18th Floor, Menara Lien Hoe, 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, not later than 48 hours before the time stipulated for holding of the meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 7, if passed will bring the Articles of Association of the Company to be in line with Chapter 7 of the recently amended Listing Requirements of Bursa Malaysia Securities Berhad. Details of the proposed amendments are as contained in Appendix I of the 2006 Annual Report.

2. Resolution 8, if passed will empower the Directors of the Company to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

3. Resolution 9, if passed will empower the Directors of the Company to dispose of the entire issued and paid up capital of Billiontex Industries Sdn Bhd to Perfect Eagle Development Sdn Bhd for a cash consideration of RM65,000,000. Details of the proposed disposal are as contained in the Circular to Shareholders dated 4 June 2007 and despatched together with the 2006 Annual Report.

2006 ANNUAL REPORT

The 2006 Annual Report is in the CD-ROM format. Printed copy of the Annual Report shall be provided to the members upon request. Members who wish to receive the printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Ms Lee Sook Peng or Ms Wong Ngoke Meng at Tel. No. 03-78051331, Fax No. 03-78035133 or e-mail to lienhoe@lienhoe.com.my.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The profile of the Directors who are standing for re-election can be found on pages 6 to 8 of the 2006 Annual Report.

Profile of Directors

Tun Dato' Seri Abdul Hamid bin Omar
(78 years of age – Malaysian)
Chairman, Independent and Non Executive Director

He was appointed the Chairman of the Company on 26 February 2003. He also serves as the Chairman of the Board's Audit Committee and a member of the Risk Management, Remuneration and Nomination Committees.

He studied law in England, was called to the English Bar on 22 November 1955 and is a member of the Honourable Society of Lincoln's Inn, London. He had served the Judicial and Legal Service of the Government of Malaysia from 1956 and carved out an illustrious career which culminated with his appointment as Lord President of the Supreme Court on 10 November 1988 until he retired in September 1994. He was then re-appointed for a further term of six months in accordance with the provisions of the Constitution as his services were still required by the nation. His wealth of knowledge and contributions to the legal profession earned him several State and Federal awards since 1966, the highest being the Federal award of Seri Setia Mahkota (SSM) which carries the title TUN.

He is also a non independent non executive director of Olympia Industries Bhd, an investment holding company listed on Bursa Malaysia Securities Bhd with principal businesses in property development, building construction, stockbroking and gaming.

Dato' Yap Sing Hock
(58 years of age – Malaysian)
Managing Director (Executive Director)

He was appointed the Managing Director of the Company on 30 January 2002. He also serves as a member of the Board's Nomination, Remuneration, Risk Management and Director Executive Committees.

He started his career as a property developer and has since then been involving in the property industry.

Mr Chan Wah Long
(53 years of age – Malaysian)
Vice Chairman (Executive Director)

He was appointed the Vice Chairman of the Company on 7 July 2004. He also serves as a member of the Board's Audit and Director Executive Committees.

He graduated from the London School of Economics with Bachelor of Science in economics in 1977 and began his career in the property industry by joining Rahim & Co. in 1979. He was the Managing Director of the Company from 1988 and resigned on 18 January 2002. He remained the Advisor of the Company until his re-appointment as the Vice Chairman of the Company.

Mr Cheong Marn Seng, Allen
(42 years of age – Malaysian)
Executive Director

He was appointed a Director of the Company on 28 December 2001. He also serves as a member of the Board's Director Executive Committee.

He joined the Company in the year 2001 as the General Manager in charge of corporate finance. He has nearly 8 years of experience in investment banking, having served in senior position in the corporate finance department of a local merchant bank. He has had extensive exposure to corporate finance techniques such as corporate restructuring, equity and debt issue, business valuation and acquisition. Prior to his stint with the investment banking industry, he worked for two international accounting firms for over 4 years during which he was involved in several aspects of auditing, financial management and consultancy. He holds a Bachelor of Commerce in economic and finance from the University of Melbourne, Australia and is presently a member of the Malaysian Institute of Accountants.

He is also a non executive director of Gefung Holdings Bhd, a marble and granite manufacturer listed on Bursa Malaysia Securities Bhd.

Mr Kenneth Vun @ Vun Yun Liun
(33 years of age – Malaysian)
Executive Director

He was appointed a Director of the Company on 15 July 2005.

He obtained his Certified Solutions Consultant certification (Information Technology) from Intel Corporation in 2000, CompTIA Server+ Certified Professional certificate from the Computing Technology Industry Association in 2001, CIW Associates certifications in internet and Web skills in 2001. In 1992, he started his career in the IT industry by incorporating FTEC System Sdn Bhd in 1994 with business operations in Sabah. He expanded its business operation to West Malaysia in 1998 and has since accumulated over 13 years of working experience in the IT industry.

In 2003, as recognition of his entrepreneurial success and contributions to the industry, he was bestowed with the Certificate of Merit for "The Outstanding Young Malaysian Award" for the category "Business, Economic and/or Entrepreneurial Accomplishment" by the Junior Chamber, Malaysia. He was also selected as one of the Top 3 Nominees in the ICT Entrepreneur category of the Ernst & Young Entrepreneur of the Year - Malaysia 2004.

In 2006, he was awarded the Honoree for "The Outstanding Young Malaysian Award" for the category "Business, Economic and/or Entrepreneurial Accomplishment" by the Junior Chamber, Malaysia. These certificates and awards resemble him as a capable person and a business entrepreneur. In addition, he was also awarded as one of the Malaysia's Key Industry Leader by PIKOM Malaysia in 2006.

He is currently the president/managing director of FTEC Resources Bhd, a company involved in the manufacturing, marketing and distribution of application software and computer/IT related products, and the non independent non executive director of Supercomal Technologies Bhd, a company involved in the manufacture of PVC compound and cables/wires. Both companies are listed on Bursa Malaysia Securities Bhd. He has been appointed as the executive chairman of Nucleus Electronics Limited in 2006, a company involved in the semi conductor related activities listed on the Singapore Exchange Securities Trading Limited.

Dr. Teoh Kim Loon
(53 years of age – Malaysian)
Non Independent and Non Executive Director

He was appointed a Director of the Company on 7 July 2004.

He graduated in medicine with the MBBS from University of Malaya in 1979. He started his own general practice in 1983. In 1999, he was appointed an independent non executive director of Pharmaniaga Bhd, a company listed on the second board of Bursa Malaysia Securities Bhd. He resigned as a director from Pharmaniaga Bhd in 2001 and assumed the post of Director/Chief Executive of TDMC Hospital Sdn Bhd which owns a 128 bed private hospital in Kuala Lumpur.

He is also the founder member of Korporatif Doctor Malaysia, a life member of Malaysian Medical Association and a member of the American Board of Independent Medical Examiner.

Mr Yeoh Chong Keat
(48 years of age – Malaysian)
Independent and Non Executive Director

He was appointed a Director of the Company on 6 December 2001. He also serves as a member of the Board's Audit and Risk Management Committees and Chairs the Remuneration and Nomination Committees.

He is a chartered accountant by profession and is a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Malaysian Institute of Taxation, Chartered Accountant (M) and member of the Malaysian Institute of Certified Public Accountants.

He is currently a practising accountant and has been in practice upon his return from the United Kingdom in 1982 where he trained and later qualified as a chartered accountant with the firm now known as PricewaterhouseCoopers, United Kingdom. He was also formerly the Head of the Corporate Services Division of a "Big 4" accounting firm in Kuala Lumpur for over 10 years.

Currently he is the external company secretary of a number of public companies listed on Bursa Malaysia Securities Bhd. He is also an independent non executive director of Hiap Teck Venture Bhd, a steel manufacturing and trading company listed on Bursa Malaysia Securities Bhd.

OTHER DISCLOSURE BY THE BOARD OF DIRECTORS

None of the Directors has any family relationship with any director and/or substantial shareholders of the Company. The Directors do not have any conflict of interest with the Company and they have not convicted any offences within the past 10 years.

None of the Directors has any interest in the securities of the Company except for:-

Name	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
Dato' Yap Sing Hock	94,839,026	27.00	821,250	0.23
Mr Chan Wah Long	445,249	0.13	15,489,037	4.41
Mr Cheong Marn Seng, Allen	325,000	0.09	–	–
Dr. Teoh Kim Loon	675,550	0.19	–	–

Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present the Annual Report for the financial year ended 31 December 2006.

For the year under review, our Group managed to register revenue of RM114.16 million, which represented an increase of RM12.19 million over the previous financial year. However, our Group incurred a loss of RM53.73 million of which approximately RM43.12 million was attributable to finance cost, RM12.53 million was loss arising from the sale of assets and RM4.73 million was related to impairment losses for certain property assets.

Since the beginning of year 2006, significant progress has been made in our asset divestment plan. Barring unforeseen circumstances, our Group will stand to receive from these asset sales cash proceeds amounting to RM278 million with which nearly all our borrowings will be repaid. This will lead to substantial cut in our finance cost and improved cash position for our Group in the following year.

Resulting from the repayment of almost all our borrowings and given our country's strong economic growth and improving business climate, our Company is poised for growth. We are now ready and able to seek new business and investment opportunities.

Finally, on behalf of the Board, I would like to take this opportunity to thank all our investors, bankers, business associates and valued customers for the support and faith they have in us. Appreciation is also extended to our management and employees for their dedication and commitment to our Group.

TUN DATO' SERI ABDUL HAMID BIN OMAR
Chairman
21 May 2007

Review of Operations

For the financial year under review, our Group generated income in all the four principal areas of business, namely property investment, building construction, hotel and property development.

Property Investment

Our Group generates rental and car parking income from the following four commercial buildings which have a combined net lettable area of around 1.19 million square feet:-

Building	Location	Type	Lettable Area (sq. ft)
Kompleks Lien Hoe	Johor Bahru	Retail	705,479
Plaza Armada	Petaling Jaya	Retail	69,244
The Atria Shopping Centre	Petaling Jaya	Retail	208,317
Menara Lien Hoe	Petaling Jaya	Office	207,966

Last year property investment contributed RM28.13 million in revenue to our Group. In comparison to the RM29.60 million earned in previous year, the slightly lower income from our properties was the result of higher non-renewal of expired tenancies.

There have been signs of weakening income from our properties ever since the recent emergence of new and large facilities within the vicinity of our properties, posing great competition for tenants. As all our retail properties are getting old after more than 20 years in use, major renovation to the building interior and improvement to the existing amenities are pre-requisites for them to regain the strength to retain and attract tenants. Based on our evaluation, this requires capital investment of a minimum of RM15 million for each property. While we have had made clear our intention to eventually sell these properties, we are aware of the need to safeguard the value of our properties through continuous and proper maintenance and up-keeping.

In tandem with the reduced revenue and coupled with higher maintenance cost, the operating income from property investment declined to RM14.68 million from RM15.40 million made previously.

Building Construction

During the year under review, the Group's construction business completed jobs worth RM55.06 million mainly in multi-storey condominium and terrace houses. We faced mounting pressure on profit margin as overcapacity in the industry and escalating building material cost drove down profitability. Under such circumstances, despite an increased revenue of RM55.06 million as compared to RM48.96 million in the preceding financial year, operating profit dropped to RM0.48 million from RM0.57 million previously.

The industry began to experience the ripple effect of the energy price increase when almost all building materials cost rose in tandem with the sharp rise in fuel price last year. Indirect expenses such as transportation and hire of machineries were not spared from the price hike. This trend of price escalation continues into current year with soaring steel price and cement price.

Our order book yet to be recognised currently stands at RM60 million. Profit margin is expected to come under further pressure this year as these works were secured based on the pre-increase cost estimates. To mitigate this impact, the management now looks towards improving operational efficiency and material usage to reduce cost.

Notwithstanding the adverse operating environment, we are optimistic that our construction business will be able to secure more jobs and contribute positively to our Group's profitability in the current year.

Hotel

Our hotel business, represented by Armada Hotel in Petaling Jaya, saw a marginal growth in revenue from RM23.13 million previously to RM23.30 million for the year under review. The higher revenue was achieved on the back of improved room occupancy and stronger sales of food & beverage, spurred by rising corporate activities in meetings and functions amid cautious consumer spending.

Despite rising operating cost and higher maintenance charges, the hotel business was able to sustain the operating profit at RM8.31 million as compared to RM8.28 million achieved in previous year.

Property Development

In year 2006 we signed a joint venture agreement with a subsidiary of Ekson Corporation Berhad for the purpose of carrying out a commercial development on 50 acres of our land in Puchong-Seri Kembangan. We have taken this approach to fast track the development of our land in Puchong-Seri Kembangan without having to commit any further capital. Based on the development layout plan that has already been submitted to the authorities for approval, the plan will give rise to a gross development value of more than RM300 million out of which 27.5% is our share. The sale launch for the development is planned to take place in year 2008.

We also during the year under review completed the sale of several small parcel of land in Senai, Johor Baru and Melaka which we consider as non-strategic for the purpose of raising cash to settle some borrowings.

Subsequent to the financial year under review, we entered into a conditional agreement to sell the balance of our land in Puchong-Seri Kembangan measuring 64 acres for RM65 million. We deem it fit to dispose of the remaining land bank in Purchong-Seri Kembangan as we do not wish to be directly competing with our adjacent joint venture development in which we have a stake.

Overall Financial Results and Future Plans

For the year under review, we made a total of RM7.67 million in net operating profit. Our operating results fully reflected the limitation in the conditions of our properties as well as the demanding environment we faced in the respective business segments during the year. After allowing for RM43.12 million in finance cost, RM12.53 million loss from the sale of assets and RM4.73 million in provision for impairment in value of certain assets, the Group incurred a loss of RM52.71 million.

Our Company began the year under review saddled with borrowings of RM272.40 million. These are mainly short term mortgages carried forward from the 1990s and the high cost in rolling-over some of these debts was responsible for last year's increased finance cost. Aware that reducing borrowings to cut the finance cost is key to our Company's long term financial sustainability, we had in the 2004 Annual Report declared plan to divest our property assets to raise cash for debt repayment. In this regard, enormous progress has been achieved since the second half of last year.

Barring unforeseen circumstances, upon completion of the sale of Menara Lien Hoe, Kompleks Lien Hoe, The Atria Shopping Centre and the 64-acre land in Puchong-Seri Kembangan in later part of the current financial year, we expect to receive total cash of RM278 million with which we will pay off almost all borrowings.

We believe by the end of this financial year, our Company will come through the tough time and will return to positive cash flow next year. Thereafter with a healthy balance sheet, our Company will be in good shape to identify new investment opportunities. We would like to steer our Company to be more selective towards investments with higher yield and sustainable growth prospects funded by a more balanced capital structure.

DATO' YAP SING HOCK
Managing Director
21 May 2007

The Board of Directors ("the Board") of Lien Hoe Corporation Berhad continues to endeavour compliance with all the key principles and practices of the Malaysian Code on Corporate Governance. The following statement outlines the corporate governance practices that were in place throughout the year ended 31 December 2006.

1. BOARD OF DIRECTORS

1.1 Board Composition and Balance

The Board presently consists of 7 members; comprising 4 Executive Directors, 2 Independent and Non Executive Directors and 1 Non Independent and Non Executive Director. Collectively the Board has a mix of industry-specific knowledge and technical skills which are necessary for the leadership and management of the Group. The profile of each of the members of the Board can be found on pages 6 to 8 of this Annual Report.

There is balance in the Board represented by the presence of 2 Independent and Non Executive Directors who ensure that strategies proposed by the Executive Management are fully examined and the long term interests of minority shareholders are well taken into consideration.

1.2 Board Responsibilities

The Board is overall responsible for the strategic direction and business performance of the Group by specifically focusing on issues relating to strategic plan, business conduct, risk management and internal control.

The Board meets regularly to review the Group's corporate strategy, business operations, financial results and also to decide on matters significant to the Group's business and finances including approval of annual operating budget, major capital expenditure, material acquisition and disposal of asset.

1.3 Board Meetings

4 board meetings were held in the financial year ended 31 December 2006 and the attendance record of each director is as follows :

Board of Directors	Meeting Attendance
Tun Dato'Seri Abdul Hamid Bin Omar	4/4
Mr Chan Wah Long	4/4
Dato' Yap Sing Hock	3/4
Mr Cheong Marn Seng, Allen	4/4
Mr Kenneth Vun @ Vun Yun Liun	3/4
Mr Yeoh Chong Keat	4/4
Dr Teoh Kim Loon	4/4

During the year, the Board resolved and approved the Group's matters through board meetings or by way of circular resolutions.

1.4 Supply of Information

The Board had been supplied with complete and timely information to enable it to discharge its responsibilities. All notices of meetings together with the agenda and discussion papers were served on the Directors in advance of the meeting dates. The Board has access to advice and services of the Company Secretary.

1.5 Board Appointment and Re-election

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to re-election by the shareholders at the annual general meeting following their appointment.

At least one third of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each annual general meeting.

1.6 Board Committee

The Board has delegated specific responsibilities to other Board Committees. The details of each of the said committees are set out below:-

1.6.1 Audit Committee

The Terms of Reference of the Audit Committee, its members and its activities during the financial year, details of attendance of each member and the number of meetings held are set out on pages 18 to 21 of this Annual Report.

1.6.2 Executive Committee

The Executive Committee which comprises Dato' Yap Sing Hock, Mr Chan Wah Long and Mr Cheong Marn Seng, Allen was established to be responsible for, inter-alia, the following duties and responsibilities:

- To review and monitor the performance of all operating units and subsidiaries of the Company;

- As approving authority for all capital expenditures and contractual commitments exceeding RM1,000,000 undertaken by the Group; and

- To review and prescribe policies in relation to the day to day operations of the Group.

1.6.3 Nomination Committee

The Nomination Committee consist of the following members:-

Mr Yeoh Chong Keat
Chairman, Independent and Non Executive Director

Tun Dato' Seri Abdul Hamid Bin Omar
Independent and Non Executive Director

Dato' Yap Sing Hock
Executive Director

The Nomination Committee serves to facilitate appointment of new directors as and when necessary and will give due consideration to the mix of experience and skills required for an effective Board.

1.6.4 Remuneration Committee

The Remuneration Committee consists of the following members:-

Mr Yeoh Chong Keat
Chairman, Independent and Non Executive Director

Tun Dato' Seri Abdul Hamid Bin Omar
Independent and Non Executive Director

Dato' Yap Sing Hock
Executive Director

The Remuneration Committee reviews and recommends to the Board the remuneration of the Executive Directors of the Company. The Directors do not participate in decisions on their own remuneration.

1.6.5 Risk Management Committee

The Risk Management Committee consists of the following members: -

Mr Yeoh Chong Keat
Independent and Non Executive Director

Tun Dato'Seri Abdul Hamid Bin Omar
Independent and Non Executive Director

Dato' Yap Sing Hock
Executive Director

The Risk Management Committee assists the Board to oversee the management of risk issues and review the efficacy of the internal controls of the Group.

2. DIRECTORS' REMUNERATION

Analysis of the Directors' Remuneration are set out on pages 78 to 79 of this Annual Report.

3. ACCOUNTABILITY AND AUDIT

3.1 Financial Reporting

The Board aims to provide a balanced and understandable assessment of the Company's financial position and prospects at the end of the financial year.

The Company publishes full financial statements annually and quarterly results as required by the Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee assists the Board by reviewing the disclosure information to ensure accuracy and adequacy.

3.2 Internal Control

The Statement on Internal Control appended on page 22 of this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets.

3.3 Relationship with the Auditors

The Company has always maintained a transparent and appropriate relationship with its auditors in seeking their professional advice and ensuring compliance with accounting standards in Malaysia.

The role of the Audit Committee in relation to the auditors is detailed in the Audit Committee Report set out on pages 18 to 21 of this Annual Report.

4. DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad and will continue to undergo other relevant training programmes and seminars to further enhance their skills and knowledge. The training programmes and seminars attended by the Directors are on areas relating to corporate governance and risk management.

5. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. Announcements and releases of financial results on a quarterly basis provide the shareholders and the investing public with a timely overview of the Group's performance and operations.

The annual general meeting is the principal forum for dialogue with individual shareholders and investors. At the Company's annual general meeting, shareholders are encouraged to ask questions and express their views about the Company's business and financial issues.

6. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

During the year 2006, staff members from Hotel Armada (PJ) Sdn Bhd, a wholly-owned subsidiary, carried out several activities as part of the Company's contributions to the community. These activities include, among others, visit to Joyhaven Home of The Elderly in Petaling Jaya, participation in the "Pelancaran Album Raya SRC dan Majlis Berbuka Puasa Warga Armada bersama anak-anak yatim dari Kompleks Penyayang Bakti" in Sungai Buloh and visit to the Shelter Home in Petaling Jaya.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of each financial year and of their results and their cash flows for the year then ended.

The Directors are to ensure that appropriate accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements.

The Directors are responsible for ensuring the Group keeps proper accounting records so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Company and of the Group, to prevent and detect fraud and other irregularities.

THE AUDIT COMMITTEE COMPRISES THE FOLLOWING DIRECTORS: -

TUN DATO' SERI ABDUL HAMID BIN OMAR
(Chairman, Independent and Non Executive Director)

MR YEOH CHONG KEAT
(Independent and Non Executive Director)

MR CHAN WAH LONG
(Executive Director)

TERMS OF REFERENCE

COMPOSITION

The Audit Committee shall be appointed by the Board of Directors ("the Board") from amongst its Directors which fulfils the following requirements:-

(a) the Audit Committee must be composed of no fewer than 3 members;

(b) a majority of the Audit Committee must be independent directors; and

(c) at least one member of the Audit Committee:-

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and: -
  - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- (iii) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.

(d) no alternate director is appointed as a member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above paragraph, the Company must fill the vacancy within 3 months.

The members of the Audit Committee shall select a chairman from among themselves who shall be an independent director.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

RIGHTS OF THE AUDIT COMMITTEE

The Company must ensure that wherever necessary and reasonable for the performance of its duties, the Audit Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company: -

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

REPORTING OF BREACHES TO BURSA MALAYSIA SECURITIES BERHAD

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

FUNCTIONS

The functions of the Audit Committee shall be:-

(a) To review

- (i) with the external auditors, the audit plan;
- (ii) with the external auditors, his evaluation of the system of internal accounting controls;
- (iii) with the external auditors, his audit report;
- (iv) the assistance given by the Company's officers to the auditors;
- (v) the scope and results of the internal audit procedures;
- (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-

- changes in or implementation of major accounting policy changes;
- significant and unusual events; and
- compliance with accounting standards and other legal requirements;

(viii) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(ix) any letter of resignation from the external auditors of the Company; and

(x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

(b) To consider the nomination of a person or persons as external auditors together with such other functions as may be agreed to by the Audit Committee and the Board.

MEETINGS

A representative of external auditors shall normally attend meetings. Meetings shall be held no fewer than 4 times a year and the external auditors may request a meeting if they consider that one is necessary.

In order to form a quorum in respect of a meeting of the audit committee, the majority of members present must be independent directors.

The Company Secretary shall be the Secretary of the Audit Committee and shall circulate the minutes of the meetings of the Audit Committee to all members of the Board.

NUMBER OF AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 AND ATTENDANCE OF EACH MEMBER

The Audit Committee met 5 times during the financial year ended 31 December 2006 and the attendance of each member of the Audit Committee are as follows:-

Composition of The Audit Committee	**Meeting Attendance**
Tun Dato' Seri Abdul Hamid bin Omar	5/5
Mr Yeoh Chong Keat	5/5
Mr Chan Wah Long	5/5

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year ended 31 December 2006, 5 Audit Committee meetings were held. The Audit Committee met once a year with the external auditors without the presence of the executive committee member.

In line with the Terms of Reference of the Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2006:-

1. Reviewed the quarterly and annual financial results announcements and recommending them for the approval by the Board, focusing particularly on compliance with accounting standards and regulatory requirements;

2. Reviewed the nature and scope of the audit with the external auditors, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response; and

3. Reviewed the scope of internal audit plan and the results of the audit work carried out by the internal audit function.

Statement on Internal Control

Effective internal control and risk management practices are important in safeguarding the Group's assets and the shareholders' investment in the Company. Set out below is a statement outlining the state of the system of internal control of the Group during the financial year ended 31 December 2006.

1. Board's Responsibilities

It is the primary duty of the Board to maintain a sound system of internal control and to review its adequacy and integrity. The system of internal controls, covering risk management and the financial, operational and compliance controls, involves all key operating units within the Group and is designed to meet the Group's business objectives and to manage the risks to which it is exposed. This system, by virtue of its limitations, can only provide reasonable, and not absolute, assurance against material misstatemant, loss or fraud.

2. Key Elements of the Group's Internal Control System

The key elements of the Group's internal control system can be broadly summarised as follows:-

2.1 Control Environment and Control Activities

- An organization structure with defined lines of responsibility and a process of hierarchical reporting is in place.
- Experienced and competent staff are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal controls.
- Clearly defined authorization limits at appropriate levels are set out in an authority matrix for controlling and approving capital expenditure and expenses.
- Clearly documented Internal Policies, Standard Operating Procedures and Personnel Manual set to provide a clear framework for good internal control practices. These policies manuals are the subject of regular reviews to meet new business requirements.

2.2 Monitoring and Communication

- Regular board and management meetings to assess performance and controls.
- Regular visits to operating units by members of the Board and senior management whenever appropriate.
- Regular review of business processes to assess the effectiveness of internal controls by the independent Internal Audit Unit. Reports on findings of the internal audit are presented to the Audit Committee of the Board for consideration.

2.3 Risk Management

- An ongoing process is adopted to identify, manage and respond to internal and external factors that may affect the achievement of the Group's business objectives and performance. Risk assessment exercise is carried out by the Group's operating units, with the support of the control and development department to affirm the Corporate Risk Profile.

3. Review of Effectiveness

During the year under review, the Board is of the opinion that the internal control system currently in place is adequate and effective to safeguard the Group's interest and assets.

For the coming year, the Board will continually assess the adequancy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary.

SHARE BUY-BACK

The Company did not buy any of its own shares during the financial year ended 31 December 2006.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Pursuant to a Trust Deed dated 11 July 2002, the Company issued RM107,490,084 nominal value of 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ('ICULS') at 100% of its nominal value in satisfaction of the purchase consideration for the acquisition of two subsidiary companies, Billiontex Industries Sdn Bhd and Russella Teguh Sdn Bhd. As at 31 December 2006, RM79,880,084 nominal value of ICULS were converted into new ordinary shares of RM1 each in the capital of the Company. Other than the above, there was no exercise of options or warrants.

AMERICAN DEPOSITORY RECEIPT ('ADR') OR GLOBAL DEPOSITORY RECEIPT ('GDR')

The Company did not sponsor any ADR or GDR programme.

SANCTIONS AND/OR PENALTIES

Since the end of the previous financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulating bodies.

NON-AUDIT FEES

There was no payment of non-audit fees to the external auditors in the financial year ended 31 December 2006.

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2006 and the unaudited results previously announced by the Company.

PROFIT GUARANTEE

For the financial year ended 31 December 2006, there were no profit guarantees given by the Company.

MATERIAL CONTRACTS

Since the end of the previous financial year, there were no material contracts entered into by the Company and its subsidiaries, involving the Directors and substantial shareholders of the Company.

REVALUATION POLICY

The Group did not adopt any revaluation policy on the landed properties.

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Company is a property and investment holding company.

The principal activities of its subsidiaries consist mainly of:

(i) property and investment holding;
(ii) property development;
(iii) building and civil works; and
(iv) operation of hotels.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the year from continuing operations	(55,915)	(19,608)
Profit for the year from discontinuing operations	2,182	–
Loss for the year	(53,733)	(19,608)

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

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

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tun Dato' Seri Abdul Hamid bin Omar
Dato' Yap Sing Hock
Cheong Marn Seng
Chan Wah Long
Kenneth Vun @ Vun Yun Liun
Yeoh Chong Keat
Dr. Teoh Kim Loon

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 24 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1 each			
	1 January 2006	**Bought**	**Sold**	**31 December 2006**
The Company				
Direct Interest				
Dato' Yap Sing Hock	9,843,250	71,570,900	–	81,414,150
Chan Wah Long	445,249	–	–	445,249
Dr. Teoh Kim Loon	675,550	–	–	675,550
Cheong Marn Seng	325,000	–	–	325,000
Kenneth Vun @ Vun Yun Liun	60,000,000	–	–	60,000,000
Indirect Interest				
Dato' Yap Sing Hock	821,250	–	–	821,250
Chan Wah Long	19,809,037	–	4,320,000	15,489,037

Dato' Yap Sing Hock, Chan Wah Long, Dr. Teoh Kim Loon, Cheong Marn Seng and Kenneth Vun @ Vun Yun Liun by virtue of their interests in shares in the Company are also deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

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

ISSUE OF SHARES

During the financial year, the Company's issued and paid-up share capital was increased from RM303,156,545 to RM334,132,241 comprising 334,132,241 ordinary shares of RM1 each arising from the conversion of RM30,975,696 nominal value of 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") into 30,975,696 new ordinary shares of RM1 each.

The new ordinary shares rank pari passu in all respects with existing ordinary shares except that they will not be entitled to any dividend, rights and other distribution declared in respect of the financial period prior to the financial period in which the ICULS are converted.

OTHER STATUTORY INFORMATION

(a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:

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

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

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

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

SIGNIFICANT EVENTS

Significant events during the financial year are as disclosed in Note 32 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 33 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2007.

Dato' Yap Sing Hock	Cheong Marn Seng

Statement by Directors and Statutory Declaration

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Dato' Yap Sing Hock and Cheong Marn Seng, being two of the directors of Lien Hoe Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 89 are drawn up in accordance with the provisions of the Companies Act 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2007.

Dato' Yap Sing Hock

Cheong Marn Seng

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Cheong Marn Seng, being the director primarily responsible for the financial management of Lien Hoe Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 89 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Cheong Marn Seng
at Kuala Lumpur in the Federal
Territory on 24 April 2007.

Cheong Marn Seng

Before me,

Soh Ah Kau, AMN
Pesuruhjaya Sumpah
Kuala Lumpur, Malaysia

REPORT OF THE AUDITORS TO THE MEMBERS OF
LIEN HOE CORPORATION BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 31 to 89. These financial statements are the responsibility of the Company's directors.

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

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

As disclosed in Note 33(b) to the financial statements, during the year, investment property ["The Atria Shopping Centre"] with a carrying value of RM91,666,000 was classified as held for sale. At the point of reclassification to held for sale, FRS 136: Impairment of Assets requires such assets to be tested for impairment when there are indications of impairment. As the indicative selling price of RM75,000,000 of "The Atria Shopping Centre" is below the carrying amount, an impairment amount of RM16,666,000 should have been recognised in the profit or loss for the year of the Group. This non-recognition of the impairment amount during the year is not in accordance with the requirements of the FRS 136. Had the impairment loss of RM16,666,000 been recognised during the year, the Group's loss for the year would have increased by RM16,666,000, and the carrying amount of non-current assets held for sale would have decreased by the same amount.

In our opinion, except for the effects on the financial statements of the matters referred to in the preceding paragraph:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended;

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

However, in our opinion, the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act except for the qualification as detailed above for Atria Properties Sdn. Bhd.

Ernst & Young
AF: 0039
Chartered Accountants
24 April 2007

Lee Seng Huat
No. 2518/12/07 (J)
Partner

BALANCE SHEETS
AS AT 31 DECEMBER 2006

	Note	Group 2006 RM'000	Group 2005 RM'000 (restated)	Company 2006 RM'000	Company 2005 RM'000 (restated)
ASSETS					
Non-current assets					
Property, plant and equipment	3	**115,590**	124,045	**10,296**	10,625
Land held for development	4(a)	**164,818**	182,957	**–**	–
Prepaid land lease payments	5	**17,346**	23,863	**–**	675
Investment properties	6	**7,788**	241,338	**–**	–
Subsidiaries	7	**–**	–	**435,709**	514,475
Goodwill on consolidation	8	**5,561**	6,426	**–**	–
		311,103	578,629	**446,005**	525,775
Current assets					
Property development costs	4(b)	**12,034**	5,939	**–**	–
Amount due from customers for contract work	9	**48**	2,976	**–**	–
Inventories	10	**10,784**	21,835	**–**	–
Receivables	11	**20,395**	39,177	**5,489**	6,886
Tax recoverable		**1,507**	1,507	**1,329**	1,329
Fixed deposits with licensed banks	12	**354**	544	**–**	–
Cash and bank balances		**7,620**	4,637	**2,665**	466
		52,742	76,615	**9,483**	8,681
Assets of disposal group and non-current assets classified as held for sale	13	**238,610**	–	**59,185**	–
		291,352	76,615	**68,668**	8,681
TOTAL ASSETS		**602,455**	655,244	**514,673**	534,456
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	14	**334,132**	303,156	**334,132**	303,156
Reserves	15	**72,451**	74,148	**70,393**	70,393
Accumulated losses		**(219,376)**	(165,643)	**(86,020)**	(66,412)
Total equity		**187,207**	211,661	**318,505**	307,137

	Note	Group		Company	
		2006	2005	**2006**	2005
		RM'000	RM'000 (restated)	**RM'000**	RM'000 (restated)
Non-current liabilities					
Deferred tax liabilities	16	**38,883**	41,985	**–**	–
Borrowings (Secured)	17	**405**	122,225	**305**	5,531
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	18	**27,610**	58,586	**27,610**	58,586
		66,898	222,796	**27,915**	64,117
Current liabilities					
Bank overdrafts (Secured)	19	**13,422**	15,762	**11,464**	12,161
Borrowings (Secured)	17	**88,810**	134,416	**80,930**	124,008
Amount due to customers for contract work	9	**33**	1,268	**–**	–
Payables	20	**45,059**	67,622	**19,843**	27,033
Tax payable		**1,485**	1,719	**–**	–
		148,809	220,787	**112,237**	163,202
Liabilities directly associated with assets classified as held for sale	13	**199,541**	–	**56,016**	–
		348,350	220,787	**168,253**	163,202
Total liabilities		**415,248**	443,583	**196,168**	227,319
TOTAL EQUITY AND LIABILITIES		**602,455**	655,244	**514,673**	534,456

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

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Continuing operations					
Revenue	21	**99,715**	101,975	**228**	3,228
Cost of sales	22	**(70,824)**	(49,615)	**–**	–
Gross profit		**28,891**	52,360	**228**	3,228
Other income		**306**	1,738	**6,461**	84,096
Operating and administration expenses		**(40,824)**	(46,206)	**(7,889)**	(11,375)
Selling expenses		**(395)**	(527)	**–**	(48)
Other expenses		**–**	(1,359)	**(9,522)**	(7,381)
(Loss)/profit from operations	23	**(12,022)**	6,006	**(10,722)**	68,520
Finance costs	25	**(43,108)**	(33,741)	**(8,886)**	(9,301)
(Loss)/profit before taxation		**(55,130)**	(27,735)	**(19,608)**	59,219
Taxation	26	**(785)**	(118)	**–**	335
Net (loss)/profit for the year from continuing operations		**(55,915)**	(27,853)	**(19,608)**	59,554
Discontinuing operations					
Profit for the year from discontinuing operations	13	**2,182**	–	**–**	–
(Loss)/profit for the year		**(53,733)**	(27,853)	**(19,608)**	59,554
Attributable to:					
Equity holders of the Company		**(53,733)**	(27,853)	**(19,608)**	59,554
(Loss)/profit per ordinary share of RM1 each (sen)					
– Basic, for loss from continuing operations		**(18.15)**	(9.21)		
– Basic, for profit from discontinuing operations		**0.71**	–		
	27	**(17.44)**	(9.21)		
– Diluted, for loss from continuing operations		**(18.15)**	(9.21)		
– Diluted, for profit from discontinuing operations		**0.71**	–		
	27	**(17.44)**	(9.21)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

		← Non-distributable		→	Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange reserve RM'000	Capital reserve RM'000	Total reserves RM'000	Accumulated losses RM'000	Total RM'000
Group								
At 1 January 2005	302,029	51,056	3,616	1,416	17,839	73,927	(137,790)	238,166
Conversion of 5–year 2% ICULS	1,127	–	–	–	–	–	–	1,127
Currency translation differences,								
– Arising during the year	–	–	–	1,637	–	1,637	–	1,637
– Deregistration of a subsidiary	–	–	–	(1,416)	–	(1,416)	–	(1,416)
Net income recognised directly in equity	–	–	–	221	–	221	–	221
Net loss for the year	–	–	–	–	–	–	(27,853)	(27,853)
Total recognised income and expense for the year	–	–	–	221	–	221	(27,853)	(27,632)
At 31 December 2005	303,156	51,056	3,616	1,637	17,839	74,148	(165,643)	211,661
Conversion of 5–year 2% ICULS	**30,976**	**–**	**–**	**–**	**–**	**–**	**–**	**30,976**
Currency translation differences								
– Arising during the year recognised directly in equity	**–**	**–**	**–**	**(1,697)**	**–**	**(1,697)**	**–**	**(1,697)**
Net loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(53,733)**	**(53,733)**
Total recognised income and expense for the year	**–**	**–**	**–**	**(1,697)**	**–**	**(1,697)**	**(53,733)**	**(55,430)**
At 31 December 2006	**334,132**	**51,056**	**3,616**	**(60)**	**17,839**	**72,451**	**(219,376)**	**187,207**

		← Non-distributable →		Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Total reserves RM'000	Accumulated losses RM'000	Total RM'000
Company							
At 1 January 2005	302,029	51,056	2,596	16,741	70,393	(125,966)	246,456
Conversion of 5-year 2% ICULS	1,127	–	–	–	–	–	1,127
Net profit for the year, representing total recognised income and expense for the year	–	–	–	–	–	59,554	59,554
At 31 December 2005	303,156	51,056	2,596	16,741	70,393	(66,412)	307,137
Conversion of 5-year 2% ICULS	**30,976**	**–**	**–**	**–**	**–**	**–**	**30,976**
Net loss for the year, representing total recognised income and expense for the year	**–**	**–**	**–**	**–**	**–**	**(19,608)**	**(19,608)**
At 31 December 2006	**334,132**	**51,056**	**2,596**	**16,741**	**70,393**	**(86,020)**	**318,505**

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000 (restated)	**RM'000**	RM'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation				
Continuing operations	**(55,130)**	(27,735)	**(19,608)**	59,219
Discontinuing operations	**2,424**	–	–	–
Adjustments for:				
Amortisation of goodwill	–	414	–	–
Impairment loss of goodwill	**865**	–	–	–
Bad debts written off	**109**	143	**101**	124
Impairment loss of investment in subsidiaries	–	–	**9,522**	–
Depreciation of property, plant and equipment	**3,519**	4,090	**634**	1,235
Depreciation of investment properties	**3,823**	3,123	–	–
Amortisation of prepaid land lease payments	**621**	621	**45**	45
Property, plant and equipment written off	**395**	800	–	–
Loss/(gain) on disposal of property, plant and equipment	**1,421**	(121)	–	(76,087)
Loss on re-organisation	–	–	–	6,022
Gain on deregistration of a subsidiary	–	(1,112)	–	–
Interest income	**(137)**	(103)	**(6,433)**	(7,904)
Allowance for doubtful debts	**198**	1,401	–	1,359
Writeback of allowance for doubtful debts	–	(13)	–	(13)
Impairment loss of investment properties	**2,162**	–	–	–
Write-down of inventories	**2,568**	142	–	–
Interest expense	**43,118**	33,741	**8,886**	9,301
Operating profit/(loss) before working capital changes	**5,956**	15,391	**(6,853)**	(6,699)
Working capital changes:				
Development properties	**12,044**	(4,102)	–	–
Inventories	**8,483**	365	–	–
Receivables	**20,728**	(7,707)	**1,296**	1,329
Payables	**(7,430)**	11,491	**2,050**	(4,729)
Subsidiaries	–	–	**17,095**	(16,573)
Cash generated from/(used in) operations	**39,781**	15,438	**13,588**	(26,672)
Taxes paid	**(102)**	(1,065)	–	(822)
Net cash generated from/(used in) operating activities	**39,679**	14,373	**13,588**	(27,494)

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000 (restated)	**RM'000**	RM'000 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(263)**	(1,741)	**(83)**	(631)
Purchase of investment properties	**(2,620)**	(3,637)	**–**	–
Proceeds from disposal of property, plant and equipment	**3,257**	211	**–**	105,197
Additional investment in a subsidiary	**–**	(54)	**–**	(54)
Deregistration of a subsidiary	**–**	(15)	**–**	–
Interest received	**137**	103	**65**	65
Net cash generated from/(used in) investing activities	**511**	(5,133)	**(18)**	104,577
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of revolving credits	**(3,567)**	–	**(3,567)**	–
Repayment of hire purchase payables	**(535)**	(805)	**(237)**	(456)
Repayment of term loans	**(10,335)**	(78,861)	**(3,555)**	(65,606)
Net (repayment)/drawdown of bankers' acceptances	**(2,463)**	491	**–**	–
Issuance of Secured Notes	**–**	105,620	**–**	–
Net movement of fixed deposits pledged for banking facilities	**(20)**	(340)	**–**	–
Interest paid	**(16,689)**	(31,248)	**(3,315)**	(9,781)
Net cash used in financing activities	**(33,609)**	(5,143)	**(10,674)**	(75,843)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**6,581**	4,097	**2,896**	1,240
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**(11,125)**	(15,222)	**(11,695)**	(12,935)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(4,544)**	(11,125)	**(8,799)**	(11,695)
Cash and cash equivalents comprise:				
Cash and bank balances	**7,620**	4,637	**2,665**	466
Bank overdrafts	**(13,422)**	(15,762)	**(11,464)**	(12,161)
	(5,802)	(11,125)	**(8,799)**	(11,695)
Cash and bank balances classified as held for sale (Note 13)	**1,258**	–	**–**	–
Total cash and cash equivalents	**(4,544)**	(11,125)	**(8,799)**	(11,695)

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2006

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is property and investment holding. The principal activities of the subsidiaries are property and investment holding, property development, building and civil works and operation of hotels. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and comply with the provisions of the Companies Act, 1965.

The financial statements have been prepared on a historical cost basis unless otherwise disclosed in other significant accounting policies.

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

At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards (“FRSs”) which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2(b).

(b) Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2006, the Group and the Company adopted the following applicable new/revised standards mandatory for financial periods beginning on or after 1 January 2006.

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share

FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition, the Group and the Company had early adopted FRS 117, Leases for the financial period beginning 1 January 2006.

FRS 124, Related Party Disclosures which is effective for periods beginning on or after 1 October 2006, is expected only to have disclosure impact to the financial statements in the period of initial application.

FRS 139, Financial Instruments : Recognition and Measurement application has been deferred to a date to be announced by Malaysian Accounting Standards Board. The Directors anticipate that the adoption of FRS 139 in future periods will not have a material impact on the financial statements of the Group and of the Company.

The other standards, amendments to standards and interpretations issued but not yet effective are not applicable to the Group and the Company.

The adoption of the revised FRS 102, 108, 110, 116, 121, 127 and 132 did not result in any significant changes in accounting policies. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(i) FRS 3: Business Combination, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 20 years and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating unit in which the goodwill is attached to. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 January 2006. The transitional provision of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 January 2006 amounting to RM1,862,000 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 January 2006 of RM6,426,000 ceased to be amortised thereafter.

Because the revised accounting policy has been applied prospectively, the changes have no impact on amounts reported for prior periods. This change has no impact on the Company's financial statements.

(ii) FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Prior to 1 January 2006, non-current assets (or disposal groups) held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current assets (or disposal groups) held for sale and those for continuing use. Upon the adoption of FRS 5, non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) and are stated at the lower of carrying amount and fair value less costs to sell.

Prior to 1 January 2006, the Group would have recognised a discontinued operation at the earlier of the date the Group enters into a binding sale agreement and the date the Board of Directors have approved and announced a formal disposal plan. FRS 5 requires a component of an entity to be classified as a discontinued operation when the criterias to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The principal impact of this change in accounting policy is that a discontinued operation is recognised by the Group at a earlier point than it would be under the previous accounting policy due to the stricter criterias in FRS 5.

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. The effects on the balance sheets of the Group and of the Company and income statements of the Group as at 31 December 2006 are set out in Note 2(b)(vi)(a) and Note 2(b)(vi)(b) respectively. This change has no impact on the Company's income statement for the year ended 31 December 2006.

(iii) FRS 101: Presentation of Financial Statements and FRS 133: Earnings Per Share

Upon adoption of the revised FRS 101, the long term borrowings which are payable on demand, are now reclassified as current liabilities.

FRS 101 also requires disclosure, on the face of the statement of changes in total equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company.

The current year's presentation of the financial statements of the Group and of the Company is based on the revised requirements of FRS 101 and as disclosed in Note 2(b)(vii), the prior year comparatives have been restated to conform with the current year's presentation.

FRS 133 has resulted in the presentation on the face of the income statement basic and diluted earnings per share for profit or loss from continuing operations and discontinuing operations attributable to the ordinary equity holders of the Company.

(iv) FRS 117: Leases

Leasehold land held for own use

Prior to 1 January 2006, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2(b)(vii), certain comparatives have been restated. The effects on the balance sheets of the Group and of the Company as at 31 December 2006 are set out in Note 2(b)(vi)(a). There were no effects on the consolidated income statement for the year ended 31 December 2006 and the Company's income statement.

(v) FRS 140: Investment Property

Prior to 1 January 2006, investment property was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. Upon the adoption of FRS 140, property that met the definition of investment property are classified as investment property and stated at cost less accumulated depreciation and accumulated impairment losses.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy has been applied retrospectively and as disclosed in Note 2(b)(vii), certain comparatives have been restated. The investment property was stated at cost less accumulated depreciation and impairment losses

The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2(b)(vi)(a). There were no effects on the consolidated income statement for the year ended 31 December 2006 and the Company's financial statements.

(vi) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following table provides estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year.

(a) **Effects on balance sheets as at 31 December 2006.**

Description of change	FRS 5 Note 2(b)(ii) RM'000	FRS 101 Note 2(b)(iii) RM'000	FRS 117 Note 2(b)(iv) RM'000	FRS 140 Note 2(b)(v) RM'000	Total RM'000
	Increase/(Decrease)				
Group					
Property, plant and equipment	(386)	–	(23,242)	(230,185)	(253,813)
Prepaid land lease payments	(5,896)	–	23,242	–	17,346
Land held for development	–	–	–	(7,788)	(7,788)
Investment properties	(230,185)	–	–	237,973	7,788
Receivables	(675)	–	–	–	(675)
Cash and bank balances	(1,258)	–	–	–	(1,258)
Fixed deposit	(210)	–	–	–	(210)
Assets of disposal groups and non-current asset classified as held for sale	238,610	–	–	–	238,610
Borrowings (secured) (current liabilities)	(173,643)	2,852	–	–	(170,791)
Payables	(21,637)	–	–	–	(21,637)
Tax payable	(196)	–	–	–	(196)
Deferred tax liabilities	(4,065)	–	–	–	(4,065)
Borrowings (secured) (non-current liabilities)	–	(2,852)	–	–	(2,852)
Liabilities directly associated with assets classified as held for sale	199,541	–	–	–	199,541
Company					
Property, plant and equipment	(38)	–	(630)	–	(668)
Prepaid land lease payments	(630)	–	630	–	–
Subsidiaries	(58,517)	–	–	–	(58,517)
Non-current asset classified as held for sale	59,185	–	–	–	59,185
Borrowings (secured) (current liabilities)	(41,433)	2,852	–	–	(38,581)
Payables	(14,583)	–	–	–	(14,583)
Borrowings (secured) (non-current liabilities)	–	(2,852)	–	–	(2,852)
Liabilities directly associated with assets classified as held for sale	56,016	–	–	–	56,016

(b) Effects on income statements for the year ended 31 December 2006.

Description of change	Increase/(Decrease) FRS 5 Note 2(b)(ii) RM'000
Group	
Continuing operations	
Revenue	(14,450)
Expenses	12,016
Finance cost	10
Profit before tax	(2,424)
Taxation	242
Profit for the year	(2,182)
Discontinuing operations	
Profit for the year from discontinuing operations	2,182
	–

(vii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of change	Previously stated RM'000	Increase/(Decrease) FRS 101 Note 2(b)(iii) RM'000	FRS 117 Note 2(b)(iv) RM'000	FRS 140 Note 2(b)(v) RM'000	Total RM'000
At 31 December 2005					
Group					
Property, plant and equipment	381,458	–	(23,863)	(233,550)	124,045
Prepaid land lease payments	–	–	23,863	–	23,863
Land held for development	190,745	–	–	(7,788)	182,957
Investment properties	–	–	–	241,338	241,338
Borrowings (secured) (current liabilities)	128,712	5,704	–	–	134,416
Borrowings (secured) (non-current liabilities)	127,929	(5,704)	–	–	122,225
Company					
Property, plant and equipment	11,300	–	(675)	–	10,625
Prepaid land lease payments	–	–	675	–	675
Borrowings (secured) (current liabilities)	118,304	5,704	–	–	124,008
Borrowings (secured) (non-current liabilities)	11,235	(5,704)	–	–	5,531

(c) Significant Accounting Judgements and Estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2006 was RM5,561,000 (2005: RM6,426,000). Further details are disclosed in Note 8.

(ii) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2006, tax recoverable and tax payable for the Group are RM1,507,000 (2005: RM1,507,000) and RM1,681,000 (2005: RM1,719,000) respectively. The tax recoverable for the Company is RM1,329,000 (2005: RM1,329,000).

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of subsidiaries are accounted for using purchase method. The purchase method of accounting involved allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit and loss.

(e) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill might be impaired. The policy for the recognition and the measurement of impairment losses is in accordance with Note 2(r).

(f) Investments in Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less impairment losses. The policy for the recognition and the measurement of impairment losses is in accordance with Note 2(r). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(g) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for certain short leasehold building are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and the measurement of impairment losses is in accordance with Note 2(r).

Certain short leasehold buildings have not been revalued since they were first revalued in 1988. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1988 valuation less accumulated depreciation and impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Other property, plant and equipment are depreciated on the straight line basis so as to write off the cost of each asset to its residual value over their estimated useful lives, at the following annual rates:

Buildings	1%	to	5%
Plant and machinery and motor vehicles	10%	to	20%
Furniture, fittings and equipment	10%	to	33%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items 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 or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(h) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and the measurement of impairment losses is in accordance with Note 2(r).

Freehold land has an unlimited useful life and therefore is not depreciated.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal or use. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(i) Land Held for Development and Property Development Costs

(i) Land held for development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Cost includes cost of land and attributable development expenditure. The policy for the recognition and the measurement of impairment losses is in accordance with Note 2(r).

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

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

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

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(j) Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers for contract work. When progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for contract work.

(k) Inventories

Inventories are stated at the lower of cost (determined on weighted average basis) and net realisable value. Cost includes direct materials and other direct costs. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

(l) Leases

(i) Classifications

A lease is recognised as a financial lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(g).

(iii) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Certain short leasehold lands have not been revalued since they were first revalued in 1988. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1988 valuation less accumulated depreciation and impairment losses.

(m) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative 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 is 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 tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(n) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to other liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(o) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(p) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably.

(i) Development properties

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(j).

(iii) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discount upon the transfer of risks and rewards.

(iv) Sale of services

Revenue from services rendered is recognised net of service taxes and discount as and when the services are performed.

(v) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised on an accrual basis.

(vi) Revenue from letting of properties and car parks

Revenue from letting of properties and car parks is recognised on an accrual basis.

(vii) Dividend income

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

(q) Foreign Currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transaction

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

(r) Impairment of Assets

The carrying amounts of the Group's assets, other than construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(s) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as 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.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand, at banks, deposits at call (excluding deposits pledged for banking facilities granted to the Group and the Company), net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(vi) Irredeemable convertible unsecured loan stocks ("ICULS")

The Company has applied the transitional provisions of FRS 132_{2004}: Financial Instruments: Disclosure and Presentation which became effective for financial statements covering periods beginning on or after 1 January 2002.

Under the transitional provisions of FRS 132_{2004}, the classification of the component parts of the ICULS as required under FRS 132_{2004} need not be complied with for financial instruments that are issued before 1 January 2003. For the purpose of preparation of the financial statements, the ICULS are classified as a liability.

(vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold buildings RM'000	Short leasehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
At 31 December 2006								
Cost/Valuation								
At 1 January 2006								
At cost	20,484	5,719	109,793	1,003	6,025	10,767	1,516	155,307
At valuation	–	–	–	1,103	–	–	–	1,103
	20,484	5,719	109,793	2,106	6,025	10,767	1,516	156,410
Additions	–	–	–	–	**362**	**161**	–	**523**
Disposals	**(7,445)**	–	–	–	**(450)**	**(114)**	–	**(8,009)**
Write off	–	–	–	–	**(9)**	**(61)**	**(336)**	**(406)**
Transfer	–	**1,180**	–	–	–	–	**(1,180)**	–
Reclassified as held for sale	–	–	–	**(1,798)**	–	–	–	**(1,798)**
At 31 December 2006	**13,039**	**6,899**	**109,793**	**308**	**5,928**	**10,753**	–	**146,720**
Representing:								
At cost	**13,039**	**6,899**	**109,793**	**308**	**5,928**	**10,753**	–	**146,720**
At valuation	–	–	–	–	–	–	–	–
At 31 December 2006	**13,039**	**6,899**	**109,793**	**308**	**5,928**	**10,753**	–	**146,720**
Accumulated Depreciation and Impairment Losses								
At 1 January 2006								
Accumulated depreciation	–	143	13,642	1,443	4,506	7,392	–	27,126
Accumulated impairment losses	4,647	406	–	–	–	–	186	5,239
	4,647	549	13,642	1,443	4,506	7,392	186	32,365
Charge for the year	–	**21**	**1,718**	**91**	**580**	**1,109**	–	**3,519**
Disposals	**(2,945)**	–	–	–	**(304)**	**(82)**	–	**(3,331)**
Write off	–	–	–	–	**(5)**	**(6)**	–	**(11)**
Transfer	–	**186**	–	–	–	–	**(186)**	–
Reclassified as held for sale	–	–	–	**(1,412)**	–	–	–	**(1,412)**
At 31 December 2006	**1,702**	**756**	**15,360**	**122**	**4,777**	**8,413**	–	**31,130**

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold buildings RM'000	Short leasehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Analysed as:								
Accumulated depreciation	**–**	**164**	**15,360**	**122**	**4,777**	**8,413**	**–**	**28,836**
Accumulated impairment losses	**1,702**	**592**	**–**	**–**	**–**	**–**	**–**	**2,294**
	1,702	**756**	**15,360**	**122**	**4,777**	**8,413**	**–**	**31,130**
Net Book Value								
At cost	**11,337**	**6,143**	**94,433**	**186**	**1,151**	**2,340**	**–**	**115,590**
At valuation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2006	**11,337**	**6,143**	**94,433**	**186**	**1,151**	**2,340**	**–**	**115,590**
At 31 December 2005								
Cost/Valuation								
At 1 January 2005								
At cost	20,484	5,719	109,793	1,003	6,212	11,579	1,630	156,420
At valuation	–	–	–	1,103	–	–	–	1,103
	20,484	5,719	109,793	2,106	6,212	11,579	1,630	157,523
Additions	–	–	–	–	283	1,458	–	1,741
Disposals	–	–	–	–	(465)	(2)	–	(467)
Write off	–	–	–	–	(5)	(2,268)	(114)	(2,387)
At 31 December 2005	20,484	5,719	109,793	2,106	6,025	10,767	1,516	156,410
Representing:								
At cost	20,484	5,719	109,793	1,003	6,025	10,767	1,516	155,307
At valuation	–	–	–	1,103	–	–	–	1,103
At 31 December 2005	20,484	5,719	109,793	2,106	6,025	10,767	1,516	156,410

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold buildings RM'000	Short leasehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses								
At 1 January 2005								
Accumulated depreciation	–	122	11,924	1,338	4,149	7,467	–	25,000
Accumulated impairment losses	4,647	406	–	–	–	–	186	5,239
	4,647	528	11,924	1,338	4,149	7,467	186	30,239
Charge for the year	–	21	1,718	105	737	1,509	–	4,090
Disposals	–	–	–	–	(377)	–	–	(377)
Write off	–	–	–	–	(3)	(1,584)	–	(1,587)
At 31 December 2005	4,647	549	13,642	1,443	4,506	7,392	186	32,365
Analysed as:								
Accumulated depreciation	–	143	13,642	1,443	4,506	7,392	–	27,126
Accumulated impairment losses	4,647	406	–	–	–	–	186	5,239
	4,647	549	13,642	1,443	4,506	7,392	186	32,365
Net Book Value								
At cost	15,837	5,170	96,151	584	1,519	3,375	1,330	123,966
At valuation	–	–	–	79	–	–	–	79
At 31 December 2005	15,837	5,170	96,151	663	1,519	3,375	1,330	124,045

	Freehold land RM'000	Freehold building RM'000	Short leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Company							
At 31 December 2006							
Cost/Valuation							
At 1 January 2006							
At cost	9,980	–	–	3,021	4,235	1,180	18,416
At valuation	–	–	755	–	–	–	755
	9,980	–	755	3,021	4,235	1,180	19,171
Additions	–	–	–	**333**	**10**	–	**343**
Transfer	–	**1,180**	–	–	–	**(1,180)**	–
Reclassified as held for sale	–	–	**(755)**	–	–	–	**(755)**
At 31 December 2006	**9,980**	**1,180**	–	**3,354**	**4,245**	–	**18,759**
Representing:							
At cost	**9,980**	**1,180**	–	**3,354**	**4,245**	–	**18,759**
At valuation	–	–	–	–	–	–	–
At 31 December 2006	**9,980**	**1,180**	–	**3,354**	**4,245**	–	**18,759**
Accumulated Depreciation and Impairment Losses							
At 1 January 2006							
Accumulated depreciation	–	–	679	2,328	3,651	–	6,658
Accumulated impairment losses	1,702	–	–	–	–	186	1,888
	1,702	–	679	2,328	3,651	186	8,546
Charge for the year	–	–	**38**	**357**	**239**	–	**634**
Transfer	–	**186**	–	–	–	**(186)**	–
Reclassified as held for sale	–	–	**(717)**	–	–	–	**(717)**
At 31 December 2006	**1,702**	**186**	–	**2,685**	**3,890**	–	**8,463**

	Freehold land RM'000	Freehold building RM'000	Short leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Analysed as:							
Accumulated depreciation	–	–	–	**2,685**	**3,890**	–	**6,575**
Accumulated impairment losses	**1,702**	**186**	–	–	–	–	**1,888**
	1,702	**186**	–	**2,685**	**3,890**	–	**8,463**
Net Book Value							
At cost	**8,278**	**994**	–	**669**	**355**	–	**10,296**
At valuation	–	–	–	–	–	–	–
At 31 December 2006	**8,278**	**994**	–	**669**	**355**	–	**10,296**
At 31 December 2005							
Cost/Valuation							
At 1 January 2005							
At cost	24,603	55,545	–	3,421	26,671	1,180	111,420
At valuation	–	–	755	–	–	–	755
	24,603	55,545	755	3,421	26,671	1,180	112,175
Additions	–	–	–	14	617	–	631
Disposals	(14,623)	(55,545)	–	(414)	(23,053)	–	(93,635)
At 31 December 2005	9,980	–	755	3,021	4,235	1,180	19,171
Representing:							
At cost	9,980	–	–	3,021	4,235	1,180	18,416
At valuation	–	–	755	–	–	–	755
At 31 December 2005	9,980	–	755	3,021	4,235	1,180	19,171

	Freehold land RM'000	Freehold building RM'000	Short leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses							
At 1 January 2005							
Accumulated depreciation	–	8,053	641	2,268	8,986	–	19,948
Accumulated impairment losses	1,702	–	–	–	–	186	1,888
	1,702	8,053	641	2,268	8,986	186	21,836
Charge for the year	–	139	38	386	672	–	1,235
Disposals	–	(8,192)	–	(326)	(6,007)	–	(14,525)
At 31 December 2005	1,702	–	679	2,328	3,651	186	8,546
Analysed as:							
Accumulated depreciation	–	–	679	2,328	3,651	–	6,658
Accumulated impairment losses	1,702	–	–	–	–	186	1,888
	1,702	–	679	2,328	3,651	186	8,546
Net Book Value							
At cost	8,278	–	–	693	584	994	10,549
At valuation	–	–	76	–	–	–	76
At 31 December 2005	8,278	–	76	693	584	994	10,625

(a) The property, plant and equipment of the Group and of the Company are stated at cost except for certain short leasehold buildings which were revalued in 1988 at RM1,103,000 and RM755,000 respectively by the directors based on valuations carried out by independent valuers on an open market basis. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised): Property, Plant and Equipment, these assets continued to be stated at their 1988 valuations. The cost of these revalued short leasehold buildings had been fully depreciated.

(b) During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM523,000 (2005: RM1,741,000) and RM343,000 (2005: RM631,000) respectively, of which RM260,000 (2005: Nil) and RM260,000 (2005: Nil) respectively were acquired under hire purchase arrangements.

(c) Included in property, plant and equipment of the Group and of the Company are assets under hire purchase arrangements with a total net book value of RM883,000 (2005: RM973,000) and RM662,000 (2005: RM670,000) respectively.

(d) The land and buildings of the Group and of the Company are charged to financial institutions for facilities granted to the Company and its subsidiaries as disclosed in Notes 17 and 19.

(e) As at 31 December 2006, the title deeds of freehold land at cost of the Group and of the Company of RM13,039,000 (2005: RM13,039,000) and RM9,980,000 (2005: RM9,980,000) are in the process of being transferred to the Group and the Company.

4. LAND HELD FOR DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for development

	Group	
	2006	2005
	RM'000	RM'000
Freehold land, at cost		
At 1 January	**22,561**	22,561
Disposal during the year	**(8,236)**	–
Transfer to property development cost	**(14,325)**	–
At 31 December	**–**	22,561
Accumulated impairment losses		
At 1 January	**4,235**	4,235
Disposal during the year	**(4,235)**	–
At 31 December	**–**	4,235
Carrying amount for freehold land	**–**	18,326
Leasehold land, at valuation		
At 1 January/31 December	**156,500**	156,500
Development expenditure		
At 1 January	**8,131**	5,096
Cost incurred during the financial year	**1,747**	3,035
Transfer to property development cost	**(1,560)**	–
At 31 December	**8,318**	8,131
Net carrying amount of land held for development	**164,818**	182,957

(b) Property development costs

	Group	
	2006	2005
	RM'000	RM'000
At 1 January		
Freehold land	**2,149**	2,149
Development expenditure	**3,790**	2,723
	5,939	4,872
Cost incurred during the year	**139**	1,067
Disposal during the year	**(9,929)**	–
Transfer from land held for development	**15,885**	–
At 31 December	**12,034**	5,939

Development expenditure include borrowing cost capitalised during the previous financial year of RM457,000.

The freehold land are charged to financial institution for banking facilities granted to the Group and the Company as disclosed in Notes 17 and 19.

On 8 December 2005, the Company's wholly owned subsidiary, Billiontex Industries Sdn. Bhd., entered into a Sale and Purchase Agreement for a part disposal of the leasehold land for a cash consideration of RM14,810,400. The proposed disposal is only expected to be completed within the next 24 months from the Sales and Purchase Agreement.

5. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
At 1 January	**23,863**	24,484	**675**	720
Amortisation for the year	**(621)**	(621)	**(45)**	(45)
Reclassified as non-current asset held for sale (Note 13)	**(5,896)**	–	**(630)**	–
At 31 December	**17,346**	23,863	**–**	675
Analysed as:				
Long term leasehold land	**17,346**	18,739	**–**	–
Short term leasehold land	**–**	5,124	**–**	675
	17,346	23,863	**–**	675

(a) The prepaid land lease payments of the Group and of the Company are stated at cost except for certain short leasehold lands which were revalued in 1988 at RM2,127,000 and RM1,485,000 respectively by the directors based on valuations carried out by independent valuers on an open market basis. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised): Property, Plant and Equipment, these assets continued to be stated at their 1988 valuations.

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Net book value of revalued short leasehold land had these assets been carried at cost less depreciation and impairment	*	226	*	96

* These have been reclassified to non-current assets held for sale during the year.

(b) The leasehold land of the Group are charged to financial institutions for facilities granted to the Company as disclosed in Notes 17 and 19.

6. INVESTMENT PROPERTIES

	Group	
	2006	2005
	RM'000	RM'000
Cost		
At 1 January	**284,784**	280,366
Addition	**2,620**	4,418
Reclassified as non-current asset held for sale	**(269,590)**	–
At 31 December	**17,814**	284,784
Accumulated depreciation and impairment losses		
At 1 January	**43,446**	40,323
Depreciation charge for the year (Note 13)	**3,823**	3,123
Impairment loss recognised in income statement (Note 13)	**2,162**	–
Reclassified as non-current asset held for sale	**(39,405)**	–
At 31 December	**10,026**	43,446
Net carrying amount		
At 31 December	**7,788**	241,338

During the year, the Group acquired investment properties with an aggregate cost of RM2,620,000 (2005: RM4,418,000), of which RMNil (2005: RM781,000) were acquired under hire purchase arrangements.

Included in investment properties of the Group are assets under hire purchase arrangements with a total net book value of RM609,000 (2005: RM685,000).

The investment properties are charged to financial institutions for banking facilities granted to the Group and the Company as disclosed in Notes 17 and 19.

Pursuant to the event as disclosed in Note 32(b), an impairment loss of RM2,162,000 is recognised to write down the carrying amount of the investment property to its recoverable amount.

7. SUBSIDIARIES

	Company	
	2006	2005
	RM'000	RM'000
Unquoted shares	**252,559**	252,559
Accumulated impairment losses	**(24,726)**	(15,204)
	227,833	237,355
Amount owing by subsidiaries	**347,888**	358,672
Amount owing to subsidiaries	**(9,863)**	(9,920)
	565,858	586,107
Reclassified as non-current asset held for sale	**(58,517)**	–
	507,341	586,107
Allowance for doubtful debts	**(71,632)**	(71,632)
	435,709	514,475

The amounts owing by subsidiaries are in respect of advances to and payments made on behalf of the subsidiaries. These amounts are unsecured, have no fixed terms of repayment and bear interest at 0.5% to 8.6% (2005: 0.5% to 8.6%) per annum.

The amounts owing to subsidiaries are interest free, unsecured and have no fixed terms of repayment.

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Interest 2006 %	2005 %
Advantage Equity Sdn. Bhd.	Malaysia	Property investment	**100**	100
Atria Properties Sdn. Bhd.	Malaysia	Property investment	**100**	100
Beta Management Services Sdn. Bhd.	Malaysia	Property investment	**100**	100
Bondmark Construction Services Sdn. Bhd.	Malaysia	Inactive	**100**	100
Billiontex Industries Sdn. Bhd.	Malaysia	Property development	**100**	100

Name of Company	Country of Incorporation	Principal Activities	Effective Interest 2006 %	2005 %
Broadland Food Industries Sdn. Bhd.	Malaysia	Management of food court	**100**	100
Christine Inn & Recreation Sdn. Bhd.	Malaysia	Operation of hotel	**100**	100
Dominion Bay Sdn. Bhd.	Malaysia	Snooker centre operator	**100**	100
Hasil Andalas Sdn. Bhd.	Malaysia	Car park operator	**100**	100
Holiday Plaza Complex Management Sdn. Bhd.	Malaysia	Inactive	**100**	100
Hotel Armada (PJ) Sdn. Bhd.	Malaysia	Property investment and operation of hotel	**100**	100
Hotel Armada Group Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Irama Serangkai Sdn. Bhd.	Malaysia	Inactive	**100**	100
Leboh Ampang Plaza Sdn. Bhd.	Malaysia	Inactive	**100**	100
LH Bintang Development Sdn. Bhd.	Malaysia	Land and housing development	**100**	100
LH Commercials Pte. Ltd.	Singapore	Investment holding	**100**	100
LH Indah Apartments Sdn. Bhd.	Malaysia	Property investment	**100**	100
LH Indah Apartments (First) Sdn. Bhd.	Malaysia	Property investment	**100**	100
LH Indah Apartments (Second) Sdn. Bhd.	Malaysia	Property investment	**100**	100
Lien Hoe Property Management Sdn. Bhd.	Malaysia	Inactive	**100**	100
Lien Hoe Resorts Sdn. Bhd.	Malaysia	Inactive	**100**	100
Lien Hoe Square Sdn. Bhd.	Malaysia	Property investment	**100**	100
Lien Hoe Tower Sdn. Bhd.	Malaysia	Property investment	**100**	100
Macro Resources Sdn.Bhd.	Malaysia	Building and civil works	**100**	100

Name of Company	Country of Incorporation	Principal Activities	Effective Interest 2006 %	Effective Interest 2005 %
Menara Lien Hoe Sdn. Bhd.	Malaysia	Inactive	**100**	100
Pembinaan Macro Resources Sdn. Bhd.	Malaysia	Building and civil works	**100**	100
Macro Technology Sdn. Bhd.	Malaysia	Inactive	**100**	100
Russella Teguh Sdn. Bhd.	Malaysia	Property development	**100**	100
Taman Templer Sdn. Bhd.	Malaysia	Inactive	**100**	100

8. GOODWILL ON CONSOLIDATION

	Group 2006 RM'000	Group 2005 RM'000
Cost		
At 1 January	**8,288**	8,234
Additional investment in a subsidiary	**–**	54
Effects of adopting FRS 3 [Note 2(b)(i)]	**(1,862)**	–
At 31 December	**6,426**	8,288
Accumulated amortisation and impairment losses		
At 1 January	**1,862**	1,144
Impairment loss recognised in income statement	**865**	–
Amortisation recognised in income statement	**–**	414
Deregistration of a subsidiary	**–**	304
Effects of adopting FRS 3 [Note 2(b)(i)]	**(1,862)**	–
At 31 December	**865**	1,862
Net carrying amount	**5,561**	6,426

Goodwill has been allocated to the Group's cash generating units ("CGU") identified according to business segments as follows:

	Construction RM'000	Hotel Operations RM'000	Property Investment RM'000	Property Development RM'000	Total RM'000
31 December 2006	52	4,276	381	852	5,561
31 December 2005	52	4,997	381	996	6,426

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the directors are of the opinion that since all the CGU's are to be held on a long term basis, value in use would best reflect its recoverable amount. The value in use is determined by discounting future cash flows over a five-year period. The future cash flows are based on management's five-year business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

There remains a risk that, due to unforeseen changes in the respective economies in which the cash-generating units operate and/or global economic conditions, the ability to achieve management's business plan will be adversely affected. In calculating the value in use for each cash-generating unit, management has applied a discount rate of 5% to 10% and a growth rate for the period beyond five years of 5% to 10%. The following describes each key assumptions on which management has based its cash flow projections for the purposes of impairment testing of goodwill:

(a) The discount rate used reflected the management's best estimate of return on capital employed required in the respective segments.

(b) Growth rate for the period beyond five years has been used based on historical trend of each segment taking into account industry outlook for that segment.

(c) The profit margin used in the projections are based on the historical profit margin trend for the individual cash generating unit or budgeted profit margin for predetermined projects obtained.

Impairment losses of goodwill of RM721,000 and RM144,000 are recognised for the hotel operation segment and property development segment respectively during the financial year.

The management believes that no reasonably possible change in any of the above key assumptions would have caused the carrying values of the CGU to materially exceed their recoverable amounts other than disclosed above.

9. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	Group	
	2006	2005
	RM'000	RM'000
Construction costs incurred to date	**99,018**	47,413
Attributable profit	**4,673**	1,991
	103,691	49,404
Progress billings	**(103,676)**	(47,696)
	15	1,708
Amount due from customers for contract work	**48**	2,976
Amount due to customers for contract work	**(33)**	(1,268)
	15	1,708
Retention sums on contracts, included within trade receivables (Note 11)	**6,597**	6,325

	Group	
	2006	2005
	RM'000	RM'000
Construction costs recognised as an expense (Note 22)	**52,357**	45,632
Contract revenue recognised as an income (Note 21)	**55,064**	48,962

10. INVENTORIES

	Group	
	2006	2005
	RM'000	RM'000
At cost:		
Consumables	**607**	638
At net realisable value:		
Land, completed apartments and office lots	**10,177**	21,197
	10,784	21,835

The title deeds for office lots with book value of RM283,000 (2005: RM598,000) are in the process of being transferred to the Group.

During the financial year, inventories were written down by RM2,568,000 (2005: RM142,000) to its net realisable value.

Land, completed apartments and office lots stated at net realisable value of RM10,177,000 (2005: RM20,752,000) are charged to financial institutions to secure banking facilities granted to the Group as disclosed in Notes 17 and 19.

11. RECEIVABLES

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**7,758**	28,492	**23**	54
Retention sums on contracts (Note 9)	**6,597**	6,325	**–**	–
Allowance for doubtful debts	**(1,842)**	(5,660)	**–**	–
	12,513	29,157	**23**	54
Other receivables	**41,652**	43,790	**38,462**	39,828
Allowance for doubtful debts	**(33,770)**	(33,770)	**(32,996)**	(32,996)
	7,882	10,020	**5,466**	6,832
Deposits for investments and related advances	**–**	300	**–**	300
Allowance for doubtful debts	**–**	(300)	**–**	(300)
	–	–	**–**	–
	20,395	39,177	**5,489**	6,886

Included in other receivables are the following:

(i) an unsecured interest free advance of RM10,655,000 (2005: RM10,655,000) was given to a third party by a subsidiary, prior to the acquisition of this subsidiary by the Group. In year 2003, this said amount was assigned to the Company by the subsidiary and a provision of RM7,512,000 has been made. In year 2005, the third party entered into a settlement agreement with the Company for an amount of RM4,262,000 as full settlement. As at 31 December 2006, an amount of RM2,983,000 remained outstanding.

(ii) advances, payments on behalf and deposits paid in connection with the acquisition of Billiontex Industries Sdn. Bhd. and Russella Teguh Sdn. Bhd. amounting to RM15,999,000 (2005: RM15,999,000). As at 31 December 2006, ICULS of the Company with nominal value of RM14,300,000 (2005: RM14,300,000) were deposited by the vendors with a stakeholder as collateral for the amounts due. The market value of the ordinary shares as at 31 December 2006, had these ICULS been converted, amounted to RM4,290,000 (2005: RM2,860,000). The overprovision of RM1,430,000 has not been recognised in the financial statements.

The Group's normal trade credit term ranges from 7 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than the amounts due from the debtors as stated in (i) and (ii) above.

12. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to financial institutions for banking facilities granted to the Group. The deposits earn interest of 3% (2005: 3%) per annum and have average maturities of 1 year (2005: 1 year).

13. ASSETS OF DISPOSAL GROUP AND NON CURRENT ASSET CLASSIFIED AS HELD FOR SALE

On 7 July 2006, the Company has entered into a Sale and Purchase agreement for the disposal of the entire issued and paid up capital of Lien Hoe Tower Sdn. Bhd. On 9 January 2007, a wholly owned subsidiary, LH Commercials Pte. Ltd. has entered into a Sale and Purchase agreement for the disposal of the entire issued and paid up capital of Advantage Equity Sdn. Bhd. and on 7 March 2007, a wholly owned subsidiary, Atria Properties Sdn. Bhd. has entered into a Sale and Purchase Agreement for the disposal of 5 contiguous lots of land held in Mukim of Sungai Buloh, District of Petaling, Selangor with a commercial building erected thereon known as "The Atria Shopping Centre". These disposals are consistent with the Group's strategy and plan to reduce the Group's debts through sale of assets.

These disposals are expected to be completed in year 2007. As at 31 December 2006, the assets and liabilities of Lien Hoe Tower Sdn. Bhd. and Advantage Equity Sdn. Bhd. have been presented on the consolidated balance sheet as a disposal group held for sale and results from these subsidiaries are presented separately on the consolidated income statement as discontinuing operation. The carrying amount of the investment in these subsidiaries and amount owing by/to these subsidiaries have also been presented as a non-current asset held for sale in the Company's balance sheet as at 31 December 2006.

An analysis of the result of the discontinuing operations and the result recognised on the remeasurement of assets of disposal group is as follows:

	Group 2006 RM'000
Revenue	14,450
Expenses	(12,016)
Finance costs	(10)
Profit before tax of discontinuing operations	2,424
Taxation	(242)
Profit for the year from discontinuing operations	2,182

The following amounts have been included in arriving at profit before tax of discontinuing operations:

	Group 2006 RM'000
Auditors' remuneration	22
Staff costs:	
Wages and salaries	1,604
Social security costs	23
Pension costs - defined contribution plans	145
Depreciation of property, plant and equipment	76
Depreciation of investment properties	3,823
Amortisation of prepaid land lease payment	327
Impairment loss of investment property	2,162
Allowance for doubtful debts	66
Bad debt written off	4
Direct operating expenses of investment properties with income generated during the year	8,714

	Group 2006 RM'000
Discontinuing operations	
Current year income tax	79
Underprovision of income tax expense in prior years	12
	91
Deferred tax (Note 16):	
Deferred tax relating to origination and reversal of temporary differences	36
Deferred tax recognised at different tax rates	(9)
Underprovision of deferred tax in prior years	124
	151
Total income tax expense from discontinuing operations	242

The cash flows attributable to the discontinuing operation are as follows:

	Group 2006 RM'000
Operating cash flows	10,992
Investing cash flows	(4,629)
Financing cash flows	(5,494)
Total cash flows	869

The major classes of assets and liabilities of Lien Hoe Tower Sdn. Bhd., Advantage Equity Sdn. Bhd. and "The Atria Shopping Centre" of Atria Properties Sdn. Bhd. and other assets classified as disposal group and non-current asset held for sale on the consolidated balance sheet as at 31 December 2006 are as follows:

	Carrying amount as at 31.12.2006 RM'000
Assets	
Property, plant and equipment	386
Prepaid land lease payments	5,896
Investment properties	230,185
Receivables	675
Fixed deposit with a licensed bank	210
Cash and bank balances	1,258
Assets of disposal group and non-current assets classified as held for sale	238,610
Liabilities	
Borrowings (secured)	173,643
Payables	21,637
Tax payable	196
Deferred tax liabilities	4,065
Liabilities directly associated with assets classified as held for sale	199,541

The non-current asset classified as held for sale in the Company's balance sheet as at 31 December 2006 is as follows:

	Carrying amount as at 31.12.2006 RM'000
Assets	
Property, plant and equipment	**38**
Prepaid land lease payments	**630**
Subsidiaries	**58,517**
Non-current assets classified as held for sale	**59,185**
Liabilities	
Borrowings (secured)	**41,433**
Payables	**14,583**
Liabilities directly associated with assets classified as held for sale	**56,016**

14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2006 '000	2005 '000	**2006 RM'000**	2005 RM'000
Authorised:				
1 January/31 December	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At 1 January	**303,156**	302,029	**303,156**	302,029
Conversion of ICULS (Note 18)	**30,976**	1,127	**30,976**	1,127
At December	**334,132**	303,156	**334,132**	303,156

During the financial year, the Company's issued and paid-up share capital was increased from RM303,156,545 to RM334,132,241 comprising 334,132,241 ordinary shares of RM1 each arising from the conversion of RM30,975,696 nominal value of 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") into 30,975,696 new ordinary share of the Company of RM1 each.

The new ordinary shares rank pari passu in all respects with existing ordinary shares except that they will not be entitled to any dividend, rights and other distributions declared in respect of a financial period prior to the financial period in which the ICULS are converted.

15. RESERVES

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Share premium					
– non-distributable		**51,056**	51,056	**51,056**	51,056
Reserves					
(i) Non-distributable:					
– Revaluation reserve		**3,616**	3,616	**2,596**	2,596
– Exchange reserve	(a)	**(60)**	1,637	**–**	–
		3,556	5,253	**2,596**	2,596
(ii) Distributable:					
– Capital reserve	(b)	**17,839**	17,839	**16,741**	16,741
		72,451	74,148	**70,393**	70,393

(a) Movement in exchange reserve is disclosed in the statement of changes in equity.

(b) The capital reserve relates to the revaluation reserve portion for land and buildings which have been previously disposed.

16. DEFERRED TAX LIABILITIES

	Group 2006 RM'000	Group 2005 RM'000
At 1 January	**41,985**	41,702
Recognised in the income statement	**963**	283
Reclassified as held for sale	**(4,065)**	–
At 31 December	**38,883**	41,985

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

Deferred Tax Liabilities of the Group

	Accelerated capital allowances RM'000	Fair value adjustment arising from business combination RM'000	Revaluation of properties RM'000	Total RM'000
At 1 January 2006	5,988	8,799	32,564	47,351
Recognised in the income statement	**(59)**	**(104)**	**(58)**	**(221)**
Reclassified as held for sale	**(163)**	**(68)**	**(3,846)**	**(4,077)**
At 31 December 2006	**5,766**	**8,627**	**28,660**	**43,053**
At 1 January 2005	6,066	8,903	32,572	47,541
Recognised in the income statement	(78)	(104)	(8)	(190)
At 31 December 2005	5,988	8,799	32,564	47,351

Deferred Tax Assets of the Group

	Tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
At 1 January 2006	(5,258)	(86)	(22)	(5,366)
Recognised in the income statement	**1,120**	**64**	**–**	**1,184**
Reclassified as held for sale	**–**	**12**	**–**	**12**
At 31 December 2006	**(4,138)**	**(10)**	**(22)**	**(4,170)**
At 1 January 2005	(5,590)	(227)	(22)	(5,839)
Recognised in the income statement	332	141	–	473
At 31 December 2005	(5,258)	(86)	(22)	(5,366)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2006 RM'000	Group 2005 RM'000
Unused tax losses	**22,635**	14,510
Unabsorbed capital allowances	**12,507**	14,136
	35,142	28,646

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of the Income Tax Act,1967. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset against taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

17. BORROWINGS (SECURED)

	Group		Company	
	2006 RM'000	2005 RM'000	**2006 RM'000**	2005 RM'000
Short Term Borrowings:				
Revolving credits	**22,333**	25,900	**22,333**	25,900
Bankers' acceptances	**3,252**	5,715	**–**	–
Term loans	**104,135**	102,342	**99,825**	97,972
Hire purchase payables (Note 28)	**523**	459	**205**	136
Secured notes	**132,210**	–	**–**	–
	262,453	134,416	**122,363**	124,008
Reclassified as held for sale	**(173,643)**	–	**(41,433)**	–
	88,810	134,416	**80,930**	124,008
Long Term Borrowings:				
Secured notes	**–**	109,581	**–**	–
Term loans	**–**	11,900	**–**	5,180
Hire purchase payables (Note 28)	**405**	744	**305**	351
	405	122,225	**305**	5,531
Total Borrowings:				
Revolving credits	**22,333**	25,900	**22,333**	25,900
Bankers' acceptances	**3,252**	5,715	**–**	–
Secured notes (Note 17(a))	**–**	109,581	**–**	–
Term loans (Note 17(b))	**62,702**	114,242	**58,392**	103,152
Hire purchase payables (Note 28)	**928**	1,203	**510**	487
	89,215	256,641	**81,235**	129,539
Maturity of borrowings (excluding hire purchase payables):				
Within 1 year	**88,287**	133,957	**80,725**	123,872
More than 1 year and less than 5 years	**–**	121,481	**–**	5,180
	88,287	255,438	**80,725**	129,052

The range of effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, was as follows:

	Group		Company	
	2006	2005	**2006**	2005
	%	%	**%**	%
Revolving credits	**6.6 - 8.0**	5.8 - 8.8	**6.6 - 8.0**	5.8 - 7.3
Bankers' acceptances	**5.5 - 6.4**	5.2 - 5.7	**–**	–
Secured Notes (Note 17(a))	**24.0**	24.0	**–**	–
Term loans	**7.6 - 11.7**	6.9 - 11.0	**7.6 - 11.7**	6.9 - 11.0

The revolving credits, bankers' acceptances, secured notes and term loans of the Group and of the Company are secured on the freehold and leasehold properties of the Company and its subsidiaries as disclosed in Notes 3, 4, 5, 6 and 10 and other fixed and floating assets and liabilities of its subsidiaries.

Note 17(a): Secured Notes

In the previous year, a wholly owned subsidiary company, LH Commercials Pte. Ltd., a company incorporated in Singapore, issued SGD46,500,000 17.777778 per cent Secured Notes due 2007 ("Secured Notes"). The Secured Notes are secured by:

(a) legal charges over the landed properties of two subsidiaries, constituting (i) a land held in Mukim of Sungei Buloh, District of Petaling, Selangor together with the commercial building erected thereon known as "The Atria Shopping Centre" and (ii) a land held in Mukim of Plentong, Daerah Johor Bahru, Johor with a commercial building erected thereon known as "Kompleks Lien Hoe";

(b) first fixed and floating charges over all the properties, undertaking and assets of LH Commercials Pte. Ltd., and its subsidiaries of (i) Advantage Equity Sdn. Bhd. and (ii) Atria Properties Sdn. Bhd.; and

(c) a charge over all moneys in the Cash Reserve Account.

Note 17(b): Default in Banking Facilities

On 21 December 2005, a financial institution has given its demand for repayment of the outstanding principal sum of the term loan facilities together with interest amounting to RM14,857,807, failing which it will proceed with legal action or apply for an order of sale of the securities pledged.

On 29 March 2006, the financial institution has served the Company with a Notice pursuant to the National Land Code 1965, for the application of an order of sale of some of the pledged assets.

The Company is currently seeking legal advice from its solicitors on the next course of action.

18. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	Group and Company	
	2006	2005
	RM'000	RM'000
At 1 January	**58,586**	59,713
Converted to new ordinary shares of the Company (Note 14)	**(30,976)**	(1,127)
At 31 December	**27,610**	58,586

On 13 July 2002, the Company issued RM107,490,084 5-year 2% ICULS at 100% of its nominal value towards full settlement of the consideration for the acquisition of 100% equity interest in Billiontex Industries Sdn. Bhd. and Russella Teguh Sdn. Bhd.

The terms of the ICULS are as follows:

(a) maturity date - 5 years ending from and including the date of issue of the ICULS;

(b) conversion rate - on the basis of RM1 nominal value of ICULS for 1 new fully paid ordinary share of RM1 in the Company;

(c) conversion rights - The ICULS shall be convertible into new ordinary shares in the Company at any time throughout the tenure of the ICULS during which they are outstanding;

(d) the remaining ICULS outstanding on the maturity date will be mandatorily converted by the Company into new ordinary shares in the Company;

(e) the ICULS bear interest at 2% per annum, payable annually in arrears from the date of issue during the 5-year period that they remain outstanding, except that the last coupon payment shall be made on the maturity date of the ICULS; and

(f) upon conversion of the ICULS into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividend, rights and other distribution declared in respect of the financial period prior to the financial period in which the ICULS are converted.

19. BANK OVERDRAFTS (SECURED)

The bank overdrafts bear interest at rates ranging from 5.1% to 10.2% (2005: 5.1% to 10.2%) per annum. The bank overdrafts are secured on the freehold and leasehold properties of the Company and its subsidiaries and other fixed and floating assets and liabilities of the subsidiaries.

20. PAYABLES

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Trade payables	**15,728**	28,714	**650**	665
Other payables:				
– Accruals	**16,732**	24,900	**8,072**	17,268
– Others	**12,599**	14,008	**11,121**	9,100
	29,331	38,908	**19,193**	26,368
	45,059	67,622	**19,843**	27,033

The normal trade credit terms granted to the Group range from 7 to 90 days.

21. REVENUE

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Rental income				
– subsidiaries	**–**	–	**–**	154
– others	**13,685**	29,605	**228**	3,074
Contract revenue from construction contracts (Note 9)	**55,064**	48,962	**–**	–
Revenue from operation of hotels	**23,302**	23,135	**–**	–
Revenue from property development	**7,392**	–	**–**	–
Others	**272**	273	**–**	–
	99,715	101,975	**228**	3,228

22. COST OF SALES

	Group 2006 RM'000	Group 2005 RM'000
Cost of inventories and others	**4,524**	3,983
Contract cost from construction contracts (Note 9)	**52,357**	45,632
Property development cost	**13,943**	–
	70,824	49,615

23. (LOSS)/PROFIT FROM OPERATIONS

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/profit from operations is stated after charging/(crediting):				
Auditors' remuneration	**199**	209	**55**	52
Amortisation of goodwill	**–**	414	**–**	–
Impairment loss of goodwill (Note 8)	**865**	–	**–**	–
Staff costs [Note (a)]	**9,770**	11,988	**1,781**	2,552
Directors' emoluments (Note 24)	**2,621**	2,610	**1,938**	1,668
Depreciation of property, plant and equipment	**3,443**	4,090	**634**	1,235
Depreciation of investment properties	**–**	3,123	**–**	–
Amortisation of prepaid land lease payment	**294**	621	**45**	45
Property, plant and equipment written off	**395**	800	**–**	–
(Loss)/gain) on disposal of property, plant and equipment	**1,421**	(121)	**–**	(76,087)
Gain on deregistration of a subsidiary	**–**	(1,112)	**–**	–
Interest income from:				
– subsidiaries	**–**	–	**(6,367)**	(7,839)
– others	**(137)**	(103)	**(66)**	(65)
Allowance for doubtful debts:				
– trade receivables	**132**	42	**–**	–
Other expenses [Note (b)]	**–**	1,359	**9,522**	7,381
Writeback of allowance for doubtful debts	**–**	(13)	**–**	(13)
Write-down of inventories	**2,568**	142	**–**	–
Bad debts written off	**105**	143	**101**	124
Rental expense of buildings				
– subsidiaries	**–**	–	**749**	749
– others	**11**	77	**–**	–
Rental of equipment	**–**	14	**–**	14

Note (a) – Staff costs comprise:

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Wages and salaries	**8,640**	10,726	**1,612**	2,322
Social security costs	**94**	118	**16**	23
Pension costs – defined contribution plans	**779**	934	**153**	207
Other staff related expenses	**257**	210	**–**	–
	9,770	11,988	**1,781**	2,552

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Note (b) – Other expenses comprise:				
Allowance for doubtful debts:				
– other receivables	**–**	1,359	**–**	1,359
Impairment loss of investment in subsidiaries	**–**	–	**9,522**	–
Loss on re-organisation	**–**	–	**–**	6,022
	–	1,359	**9,522**	7,381

24. DIRECTORS' EMOLUMENTS

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	**2,186**	1,975	**1,862**	1,579
Benefits-in-kind	**37**	37	**37**	37
	2,223	2,012	**1,899**	1,616
Non-executive:				
Fees	**76**	89	**76**	89
	2,299	2,101	**1,975**	1,705
Directors of Subsidiaries:				
Executive:				
Salaries and other emoluments	**359**	546	**–**	–
Benefits-in-kind	**6**	13	**–**	–
	365	559	**–**	–
Total	**2,664**	2,660	**1,975**	1,705

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind	**2,545**	2,521	**1,862**	1,579
Total non-executive directors' remuneration excluding benefits-in-kind	**76**	89	**76**	89
Total directors' remuneration excluding benefits-in-kind	**2,621**	2,610	**1,938**	1,668

The number of directors of the Company whose total remuneration for the year ended 31 December fell within the following bands is as follows:

	Number of Directors	
	2006	2005
Executive directors:		
RM300,001 to RM350,000	**1**	–
RM350,001 to RM400,000	**–**	1
RM500,001 to RM550,000	**–**	1
RM800,001 to RM850,000	**1**	–
RM1,000,001 to RM1,050,000	**1**	1
Non–executive directors:		
Below RM50,000	**4**	4

25. FINANCE COSTS

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Hire purchase and lease interest	**92**	147	**39**	93
Revolving credit, bank overdrafts, bankers' acceptances and trust receipts	**3,536**	3,406	**3,072**	2,864
ICULS	**766**	560	**766**	560
Secured notes	**28,314**	18,287	**–**	–
Term loans	**10,400**	11,798	**5,009**	5,784
	43,108	34,198	**8,886**	9,301
Interest capitalised in qualifying assets:				
Development properties	**–**	(457)	**–**	–
	43,108	33,741	**8,886**	9,301

26. TAXATION

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Current year income tax	**38**	198	**–**	–
Overprovision of income tax expense in prior years	**(65)**	(363)	**–**	(335)
	(27)	(165)	**–**	(335)
Deferred tax (Note 16):				
Deferred tax relating to origination and reversal of temporary differences	**824**	337	**–**	–
Deferred tax recognised at different tax rates	**(62)**	–	**–**	–
Under/(over)provision of deferred tax in prior years	**50**	(54)	**–**	–
	812	283	**–**	–
Total income tax expense from continuing operations	**785**	118	**–**	(335)

Domestic current income tax is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

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

	2006	2005
	RM'000	RM'000
Group		
(Loss)/profit before taxation		
Continuing operation	**(55,130)**	(27,735)
Discontinuing operation (Note 13)	**2,424**	–
	(52,706)	(27,735)
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	**(14,759)**	(7,766)
Deferred tax recognised at different tax rates	**(71)**	–
Effect of expenses not deductible for tax purposes	**12,182**	8,470
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(52)**	(633)
Deferred tax assets not recognised during the year	**3,606**	464
Under/(over)provision of deferred tax in prior years	**174**	(54)
Overprovision of income tax expense in prior years	**(53)**	(363)
Tax expense for the year	**1,027**	118

	2006 RM'000	2005 RM'000
Company		
(Loss)/profit before taxation	**(19,608)**	59,219
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	**(5,490)**	16,581
Effect of income not subject to tax	**–**	(21,274)
Effect of expenses not deductible for tax purposes	**4,582**	4,398
Deferred tax assets not recognised during the year	**908**	295
Overprovision of tax expense in prior years	**–**	(335)
Tax expense for the year	**–**	(335)

27. (LOSS)/PROFIT PER ORDINARY SHARE

(a) Basic

The basic loss per ordinary share is calculated by dividing the net (loss)/profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2006 RM'000	2005 RM'000
Loss from continuing operations attributable to ordinary equity holders of the Company	**(55,915)**	(27,853)
Profit from discontinuing operations attributable to ordinary equity holders of the Company	**2,182**	–
Loss attributable to ordinary equity holders of the Company	**(53,733)**	(27,853)

	2006 '000	2005 '000
Weighted average number of ordinary shares in issue	**308,154**	302,305

	2006 Sen	2005 Sen
Basic (loss)/profit per share for:		
Loss from continuing operations	**(18.15)**	(9.21)
Profit from discontinuing operations	**0.71**	–
	(17.44)	(9.21)

(b) Diluted

For the current year as well as the previous financial year, the outstanding ICULS have been excluded from the computation of fully diluted loss per share as their conversion to ordinary shares would be anti-dilutive in nature. Accordingly, the basic and fully diluted loss per share are the same.

28. HIRE PURCHASE PAYABLES

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Minimum lease payments:				
Not later than 1 year	**604**	536	**235**	162
Later than 1 year and not later than 2 years	**295**	497	**223**	149
Later than 2 year and not later than 5 years	**170**	381	**130**	271
	1,069	1,414	**588**	582
Less: Future finance charges	**(141)**	(211)	**(78)**	(95)
Present value of hire purchase payables	**928**	1,203	**510**	487
Present value of finance lease liabilities:				
Not later than 1 year	**523**	459	**205**	136
Later than 1 year and not later than 2 years	**257**	423	**196**	126
Later than 2 year and not later than 5 years	**148**	321	**109**	225
	928	1,203	**510**	487
Analysed as:				
Due within 12 months included as current liabilities (Note 17)	**523**	459	**205**	136
Due after 12 months included as non-current liabilities (Note 17)	**405**	744	**305**	351
	928	1,203	**510**	487

The hire purchase payables bear interest at the balance sheet date of 6.0% to 13.0% (2005: 6.0% to 13.0%) per annum.

29. CONTINGENT LIABILITIES

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Secured:				
Bank facilities granted to a former subsidiary	–	1,166	–	751
Unsecured:				
Corporate guarantees issued in respect of banking/credit facilities granted to subsidiaries	–	–	**10,293**	23,535
Corporate guarantees issued in respect of banking facilities granted to third parties	**4,313**	3,600	**4,313**	3,600
Claims by third parties for the supply of goods and other charges	**1,166**	958	–	–
	5,479	5,724	**14,606**	27,886

The Company has agreed to provide continued financial support to certain subsidiaries for a period of twelve months from 1 January 2007 to enable them to meet their obligations as and when they fall due during this period.

30. COMMITMENTS

	Group		Company	
	2006	2005	**2006**	2005
	RM'000	RM'000	**RM'000**	RM'000
Commitment under non-cancellable operating leases on property, plant and equipment is as follows:				
Amount payable within one year	**6**	14	**6**	14
Amount payable between one to five years	**–**	6	**–**	6
	6	20	**6**	20

31. LITIGATIONS

(a) The Company had on 20 March 1989, taken legal action against various parties to recover RM53,000,000 excluding interest and expenses of RM35,000,000 arising from certain transactions entered into by the Company and its subsidiaries. These transactions were:

(i) The aborted acquisition of 10,125,000 shares in Oriental Bank Berhad for a cash consideration of RM45,675,000 in 1983 and the full payment to the vendors notwithstanding that the conditions in the Sale and Purchase Agreement have not been fulfilled.

(ii) The acquisition of the entire share capital of Taman Templer Sdn. Bhd. and a piece of land situated in Likas Bay, Kota Kinabalu from Sapan Development Sdn. Bhd. in 1985 for a total consideration of RM16,000,000 and RM22,750,000 respectively by a Deed of Mutual Arrangement with the vendors of the Oriental Bank Berhad shares and the assumption of a loan due by a third party to a financial institution of RM6,000,000 and interest thereon. This loan was secured on the development land belonging to a subsidiary, Taman Templer Sdn. Bhd.

The above case is pending trial.

(b) On 19 November 2002, the Company was served with a writ of summons by two third parties claiming the refund of a sum of RM5,000,000 which was paid in relation to the sale and purchase agreement between them and the Company on 3 March 1997. The said sale and purchase agreement had since lapsed due to non-fulfilment of the terms therein by the third parties.

The Board of Directors of the Company is of the opinion that there is no valid basis for this claim and has filed a defence and counterclaim against these parties.

(c) On 26 May 2005 and 31 May 2005, the Company was served with writ of summons by two financial institutions for a sum of RM3,313,000 and RM2,621,000 respectively pursuant to corporate guarantees issued in respect of banking facilities granted to former subsidiaries.

These cases are pending trial.

32. SIGNIFICANT EVENTS

(a) On 13 April 2006, a wholly owned subsidiary, Russella Teguh Sdn. Bhd. had entered into a Joint Venture Development Agreement with Stellar View Development Sdn. Bhd. for the purpose of carrying out a joint venture commercial development on the land measuring approximately 50 acres forming part of the piece of land held under H.S.(D) 118696, PT 45265, in the Mukim and Daerah of Petaling, State of Selangor. The gross development value for the intended development is estimated at RM280 million.

(b) On 7 July 2006, the Company had entered into a conditional sale and purchase agreement with E-Globalfocus Sdn. Bhd. for the disposal of the entire issued and paid up capital of Lien Hoe Tower Sdn. Bhd., a wholly owned subsidiary for a consideration of RM1.00 and the obligation to pay the settlement sum of RM43 million for credit facilities which has a total outstanding amount estimated at RM53 million owing by the Company at the date of completion of the transaction.

The Company shall continue to occupy the 18th and 19th floor of Menara Lien Hoe for a period of not less than 5 years during which the Company shall be granted a preferential rental rate and naming rights to the building.

This transaction is pending completion as at the date of the financial statements.

33. SUBSEQUENT EVENTS

(a) On 9 January 2007, a wholly owned subsidiary, LH Commercials Pte. Ltd. had entered into a conditional sale and purchase agreement with Perduren (M) Berhad for the disposal of the entire issued and paid up capital of Advantage Equity Sdn. Bhd. for a cash consideration of RM94,709,627 ("Proposed Advantage Equity Disposal").

(b) On 7 March 2007, a wholly owned subsidiary, Atria Properties Sdn. Bhd. had entered into a conditional sale and purchase agreement with OSK Property Holdings Berhad for the disposal of 5 contiguous lots of freehold land measuring a total of 22,161 square meters held under H.S.(D) 1036 for lot no. PT 9089, H.S.(D) 1037 for lot no. PT 9090, H.S.(D) 2102 for lot no. PT 10166, H.S.(D) 2016 for lot no. PT 10197 and H.S.(D) 2133 for lot no. PT 10198 all in the Mukim of Sungai Buloh, District of Petaling, State of Selangor with a commercial building erected thereon known as "The Atria Shopping Centre" for a cash consideration of RM75,000,000 ("Proposed Atria Disposal").

As set out in the circular to shareholders dated 27 March 2007, upon completion of the Proposed Advantage Equity Disposal and the Proposed Atria Disposal, a gain of approximately RM15,156,000 and a loss of approximately RM15,900,000 will be recognized respectively in the financial year ending 31 December 2007. No impairment in the carrying value of "The Atria Shopping Centre", which is the subject of the Proposed Atria Disposal, has been provided in the financial statements. The directors after having considered the combined financial impact of the Proposed Advantage Equity Disposal and the Proposed Atria Disposal, are of the view that the financial position of the Group will not be truly reflected had a provision for impairment in value been made for "The Atria Shopping Centre" in the financial statements.

The two transactions are pending completion as at the date of the financial statements.

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, foreign exchange and credit risks. The Group operates within guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit Risk

Credit risks are managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At balance sheet date, there were no significant concentrations of credit risk other than as disclose in Note 11 to the financial statements. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(e) Foreign Exchange Risk

The foreign exchange exposure of the Group is minimal as the international operations of the Group have been scaled down to an insignificant level.

(f) Fair Values

The aggregate net fair value of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are represented as follows:

	Note	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Financial Liabilities					
At 31 December 2006:					
Hire purchase and payables	28	**928**	**956**	**510**	**521**
At 31 December 2005:					
Hire purchase and payables	28	1,203	1,205	487	481

It is not practicable to determine the fair value of:

– the amounts due from/to subsidiaries due principally to a lack of fixed repayment terms between the parties involved and without incurring excessive costs. However, the Company do not anticipate the carrying amount recorded at balance sheet date to be significantly different from the values that would eventually be settled.

– the ICULS due to the uncertainties of timing on the conversion of ICULS into ordinary shares of the Company.

The nominal/notional amounts and net fair values of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are:

	Note	Group Nominal/ notional amount RM'000	Group Net fair value RM'000	Company Nominal/ notional amount RM'000	Company Net fair value RM'000
At 31 December 2006:					
Contingent liabilities	29	**5,479**	**	**14,606**	**
At 31 December 2005:					
Contingent liabilities	29	5,724	**	27,886	**

** It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

The fair value of hire purchase payables is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

35. SEGMENTAL REPORTING

(a) Business Segment

2006	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Elimination RM'000	Total RM'000	Discontinuing operations RM'000	Total operations RM'000
REVENUE									
Revenue	13,925	7,392	55,064	23,302	512	(480)	99,715	14,450	114,165
Less: Inter-segment revenue	(240)	–	–	–	(240)	480	–	–	–
External revenue	13,685	7,392	55,064	23,302	272	–	99,715	14,450	114,165
RESULT									
Segment result	(10,475)	(7,932)	478	6,075	175	(480)	(12,159)	2,434	(9,725)
Interest expense							(43,108)	(10)	(43,118)
Interest income							137	–	137
(Loss)/profit before taxation							(55,130)	2,424	(52,706)
Taxation							(785)	(242)	(1,027)
(Loss)/profit after taxation							(55,915)	2,182	(53,733)
OTHER INFORMATION									
Segment assets	85,338	187,148	14,662	73,408	1,782		362,338	238,610	600,948
Tax recoverable	1,329	70	–	–	108		1,507	–	1,507
Consolidated total assets	86,667	187,218	14,662	73,408	1,890		363,845	238,610	602,455

2006	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Elimination RM'000	Total RM'000	Discontinuing operations RM'000	Total Operations RM'000
Segment liabilities	25,651	6,402	9,908	2,644	487		45,092	21,637	66,729
Tax payable	1,447	–	22	16	–		1,485	196	1,681
Deferred taxation	6,517	32,299	59	8	–		38,883	4,065	42,948
Borrowings	45,234	33,040	3,662	47,868	443		130,247	173,643	303,890
Consolidated total liabilities	78,849	71,741	13,651	50,536	930		215,707	199,541	415,248
Capital expenditure	369	–	11	143	–		523	2,620	3,143
Depreciation of property, plant and equipment	1,476	268	139	1,504	56		3,443	76	3,519
Depreciation of investment properties	–	–	–	–	–		–	3,823	3,823
Amortisation of prepaid land lease payment	294	–	–	–	–		294	327	621
Impairment losses of goodwill	–	144	–	721	–		865	–	865
Significant non-cash expenses other than depreciation and amortisation									
– Loss on disposal of property, plant and equipment	795	613	3	10	–		1,421	–	1,421
– Write-down of inventories	2,568	–	–	–	–		2,568	–	2,568
– Bad debts written off	102	–	–	3	–		105	4	109
– Allowance for doubtful debts	110	–	–	22	–		132	66	198
– Impairment loss of investment property	–	–	–	–	–		–	2,162	2,162
– Property, plant and equipment written off	336	4	5	50	–		395	–	395

2005	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE							
Revenue	31,658	–	48,962	23,135	318	(2,098)	101,975
Less: Inter–segment revenue	(2,053)	–	–	–	(45)	2,098	–
External revenue	29,605	–	48,962	23,135	273	–	101,975
RESULT							
Segment result	2,119	(1,493)	574	6,811	(10)	(2,098)	5,903
Interest expense							(33,741)
Interest income							103
Loss before taxation							(27,735)
Taxation							(118)
Loss after taxation							(27,853)
OTHER INFORMATION							
Segment assets	336,405	213,708	29,708	73,466	450		653,737
Tax recoverable	1,329	70	–	–	108		1,507
Consolidated total assets	337,734	213,778	29,708	73,466	558		655,244
Segment liabilities	40,129	5,268	20,866	2,541	86		68,890
Tax payable	1,707	–	–	–	12		1,719
Deferred taxation	9,644	32,299	42	–	–		41,985
Borrowings	196,560	78,081	7,244	49,104	–		330,989
Consolidated total liabilities	248,040	115,648	28,152	51,645	98		443,583
Capital expenditure	5,341	5	14	799	–		6,159
Depreciation of property, plant and equipment	2,024	293	199	1,518	56		4,090
Depreciation of investment properties	3,123	–	–	–	–		3,123
Amortisation of prepaid land lease payment	621	–	–	–	–		621
Amortisation of goodwill	310	61	1	42	–		414
Significant non–cash expenses other than depreciation and amortisation – Allowance for doubtful debts: other receivables	1,359	–	–	–	–		1,359
Property, plant and equipment written off	114	663	3	20	–		800

(b) Geographical Segments

No information is prepared on the geographical segments as the Group principally operates within Malaysia.

Schedule of Major Properties

Held by the Company and its Subsidiary Companies as at 31 December 2006

Location of Properties	Description	Date of Acquisition (Date of Revaluation)	Expiration of lease	Land Area (Acres)	Lettable Area (Sq. Ft.)	Approximate Age of Building (Years)	Net Book Value (RM'000)
Lot 11592, Mukim of Plentong, Johor Bahru, Johor	9 separate blocks of 5 storey and 6 storey commercial buildings Known as *Kompleks Lien Hoe*	May 1990	Freehold	7.73	705,479	23	80,495
Lot TLO 432A, Jalan Tampoi, Johor Bahru, Johor	Single storey factory buildings	(June 1998)	24 October 2020	6.69	103,355	31	668
Lot 1845, Mukim of Tebrau, Johor	Vacant development land	April 2003	Freehold	5.43	N/A	N/A	8,278
Lot 9234, Jalan Tampoi, Johor Bahru, Johor	Single storey factory buildings	(June 1998)	9 January 2031	2.59	33,486	31	399
Lots PTB 19176 to 19178, Johor Bahru, Johor	Single storey factory buildings	January 1997	30 March 2021	4.66	24,877	31	4,115
Lots 2911 and 2912, Johor Bahru, Johor	Vacant development land	May 1992	Freehold	1.37	N/A	N/A	3,059
Lots 1589 and 1592, Mukim of Tebrau, Johor	Double storey office building	May 1994	Freehold	4.14	9,935	30	5,149
Lot 6367, Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor	Development land	January 1992	Freehold	64.95	N/A	N/A	12,034
Lot 290, Mukim of Tebrau, Johor	Vacant development land	June 1996	Freehold	5.96	N/A	N/A	7,788
Lots PTD 5358 to 5379, Township and District of Johor Bahru, Johor	41 units apartments Known as *Pelita Indah Condominium Apartments*	May 1995	Freehold	Strata title	70,642	12	8,200
Lot 51, Section 27, Town of Petaling Jaya, Selangor	4 storey podium with a basement car park and 23 storey hotel with 242 rooms Known as *Plaza Armada and Hotel Armada*	June 1993	6 February 2071	2.44	69,244	10	111,779
PT 31339, Mukim of Sungai Buloh, Selangor	20 storey office building with a 5-level car park. Known as *Menara Lien Hoe*	June 1996	25 October 2090	1.93	207,966	9	58,024
PT 9089, 9090, 10166, 10197 and 10198, Mukim of Sungai Buloh, Selangor	4 storey shopping complex with 2 blocks of car park building Known as *The Atria Shopping Centre*	April 2001	Freehold	5.48	208,317	25	91,666
Lot PT 4161, Mukim of Setapak, Wilayah Persekutuan	Vacant development land	June 1999	15 May 2090	1.22	N/A	N/A	1,100
Lot PT 45264, Mukim of Petaling, District of Petaling, Selangor	Vacant development land	July 2002	27 May 2097	64.01	N/A	N/A	82,605
Lot PT 45265, Mukim of Petaling, District of Petaling, Selangor	Vacant development land	July 2002	27 May 2097	64.51	N/A	N/A	82,213

Statistics of Shareholdings

(as at 4 May 2007)

SHARE CAPITAL

Authorised share capital	RM 1,000,000,000
Issued and fully paid share capital	RM 351,322,241
Class of shares	Ordinary share of RM 1 each
Voting rights	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shares	% of Issued Capital	No. of Shareholders	% of Shareholders
1 - 99	22,101	0.01	474	2.41
100 - 1,000	3,485,500	0.99	4,903	24.89
1,001 - 10,000	46,322,484	13.19	11,188	56.80
10,001 - 100,000	87,749,953	24.98	2,869	14.57
100,001 - 17,566,111	124,137,727	35.33	261	1.33
17,566,112 & above	89,604,476	25.50	1	–
Total	351,322,241	100.00	19,696	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 4 MAY 2007
(as shown in the Register of Substantial Shareholders)

Name	No. of Shares (Direct)	No. of Shares (Indirect)	% of Issued Capital
1. DATO' YAP SING HOCK	94,839,026	821,250	27.23

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 4 MAY 2007
(as per Register of Members and Record of Depositors)

	Name	No. of Shares	% of Issued Capital
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock	89,604,476	25.50%
2.	PERDANA NOMINEES (TEMPATAN) SDN. BHD. ITA Services Sendirian Berhad	14,300,000	4.07%
3.	TA NOMINEES (TEMPATAN) SDN. BHD Pledged Securities Account for Chan Wah Long	9,872,000	2.81%
4.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Wong Chin Hee	6,300,000	1.79%
5.	LIM SENG CHEE	5,483,700	1.56%
6.	CIMSEC NOMINEES (ASING) SDN. BHD. Exempt An for CIMB-GK Securities Pte. Ltd. (Retail Clients)	3,530,799	1.01%
7.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kek Lian Lye	3,330,000	0.95%
8.	ONN KOK PUAY (WENG GUOPEI)	2,540,800	0.72%
9.	TASEC NOMINEES (TEMPATAN) SDN. BHD. TA First Credit Sdn. Bhd. for Chan Wah Long	2,536,500	0.72%
10.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Beta Holdings Sdn. Bhd. (JSS)	2,231,000	0.64%
11.	HLG NOMINEE (ASING) SDN. BHD. Exempt An for UOB Kay Hian Pte. Ltd. (A/C Clients)	2,173,612	0.62%
12.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD Pledged Securities Account for Wong Chin Hee	2,087,500	0.60%
13.	HSBC NOMINEES (TEMPATAN) SDN. BHD. Coutts BK Von Ernst HK for Ong Yoong Nyock	2,057,500	0.59%
14.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (MKL)	1,518,500	0.43%
15.	DINA & TAQWA RESOURCES SDN. BHD.	1,490,000	0.43%
16.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chua Kim Boon	1,400,000	0.40%
17.	YAP SING HOCK	1,200,000	0.34%
18.	LEOW BOON SENG	1,085,100	0.31%

	Name	No. of Shares	% of Issued Capital
19.	LEONG SOCK MOOI	1,037,000	0.30%
20.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Eng Han Chong @ Ng Han Chong	1,020,000	0.29%
21.	WONG CHIN HEE	1,000,000	0.29%
22.	GAN SEONG LIAM	989,800	0.28%
23.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (SBJM2)	950,000	0.27%
24.	UNITED KOTAK BERHAD	928,000	0.26%
25.	LEW MEEI LING	852,500	0.24%
26.	A.A.ANTHONY NOMINEES (TEMPATAN) SDN. BHD. Fraser Securities Pte. Ltd. for Yap Sing Hock (27616)	851,750	0.24%
27.	ONN PING LAN	820,150	0.23%
28.	ONG BEE LIAN	786,800	0.22%
29.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (SBJM)	714,300	0.20%
30.	LEE WAI YUEN	700,000	0.20%
	Total	**163,391,787**	**46.51%**

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")

The Company has on 3 May 2007 announced that it intends to seek its shareholder approval to amend its Articles of Association to be in line with the Listing Requirements of Bursa Malaysia Securities Bhd. Set out below are the details of the proposed amendments.

Article No	Existing Article	Proposed New Article
2	"Approved Market Place" means a stock exchange which is specified to be an approved market place in the Securities Industry(Central Depositories) (Exemption) (No 2) Order 1998.	**Deleted**
	"Central Depository" means Malaysian Central Depository Sdn. Bhd.	**"Depository" means Bursa Malaysia Depository Sdn Bhd.**
	"Depositor" means a holder of a Central Depository Securities Account.	"Depositor" means a holder of a **securities account established by the Depository.**
	"Deposited Security" means the securities in the Company standing to the credit of a securities account of a Depositor and includes such securities in a securities account that is in suspense.	"Deposited Security" **shall have the meaning given in Section 2 of the Securities Industry (Central Depositories) Act 1991**
	"Exchange" means Kuala Lumpur Stock Exchange.	"Exchange" means **Bursa Malaysia Securities Berhad.**
	"Member" means every natural person or corporation who is a registered shareholder of the Company in compliance with these Articles including Depositors whose names appear on the Record of Depositors but shall exclude the Central Depository or its nominees company in whose name the Deposited Securities are registered.	"Member" means **includes a depositor who shall be treated as if he were a member pursuant to Section 35 of the Securities Industry (Central Depositories) Act 1991 but excludes the Depository in its capacity as a bare trustee.**
	"Record of Depositors" means a record provided by the Central Depository to the Company or its registrar or its issuing house pursuant to an application under Chapter 24 of the Rules.	"Record of Depositors" means record provided by the **Depository** to the Company or its registrar or its issuing house pursuant to an application under Chapter 24 of the Rules of **the Depository**.
	"Rules" means The Rules of the Central Depository	"Rules" means The Rules of the Depository
	"Securities" means shares of the Company for the time being and wherever applicable, includes any debt securities as defined under the Central Depositories Act issued by the Company.	"Securities" **shall have the meaning given in Section 2 of the Securities Commission Act 1993.**

Article No	Existing Article	Proposed New Article
2	"Securities Account" means an account established by the <u>Central Depository</u> for a depositor for the recording of deposit or withdrawal of securities and for dealing in such securities by the depositor.	"Securities Account" an account established by the **Depository** for a depositor for the recording of deposit or withdrawal of securities and for dealing in such securities by the depositor.
4	Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed <u>but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time</u> and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets including audited accounts and attending general meetings of the Company. <u>Preference shareholders shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.</u> Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or on a proposal to wind up the Company or during the winding up of the Company or sanctioning a sale of the undertaking or where the proposition to be submitted to the meeting directly affect their rights and privileges, or where the dividend on the preference shares is in arrears for more than six months or on a proposal for the disposal of the whole of the Company's property, business and undertaking.	Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets including audited accounts and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or on a proposal to wind up the Company or during the winding up of the Company or sanctioning a sale of the undertaking or where the proposition to be submitted to the meeting directly affect their rights and privileges, or where the dividend on the preference shares is in arrears for more than six months or on a proposal for the disposal of the whole of the Company's property, business and undertaking.

Article No	Existing Article	Proposed New Article
6	The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit, provided that the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.	The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit.
36A	Defination:- Transmission of securites from Foreign Register (1) Where:- (a) the securities of the Company are listed on an Approved Market Place; and (b) the Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be under the Rules in respect of such securities, the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as the "Malaysian Register") provided that there shall be no change in the ownership of such securities.	Defination:- Transmission of securities 1) Where:- (a) the securities of the Company are listed on **another stock exchange**;- and (b) No change the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the **other stock exchange**, to the register of holders maintained by the registrar of the company in Malaysia **and vice versa** provided that there shall be no change in the ownership of such securities.

Article No	Existing Article	Proposed New Article
36A	(2) <u>The Company shall not allow any transmission of securities from the Malaysia Register into the Foreign Register, even if the requirement set out in Article 36A(1) are fulfilled.</u>	(2) **Deleted**
59	The notices convening meeting shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in <u>the daily press and in writing to the Kuala Lumpur Stock Exchange.</u> PROVIDED THAT in respect of Deposited Securities, the following provisions shall apply:- (a) the Company shall by written request made in duplicate in the prescribed form, request the <u>Central</u> Depository at least three (3) market days prior to and not including the date of the notice of the general meeting to prepare a Record of Depositor to whom notices of general meeting shall be given by the Company;	The notices convening meeting shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in **at least 1 nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the company is listed**. PROVIDED THAT in respect of Deposited Securities, the following provisions shall apply:- (a) the Company shall by written request made in duplicate in the prescribed form, request the Depository at least 3 market days prior to and not including the date of the notice of the general meeting to prepare a Record of Depositor to whom notices of general meeting shall be given by the Company;

Article No	Existing Article	Proposed New Article
59	(b) the Company shall inform the <u>Central</u> Depository of the dates of general meetings and shall in written request made in duplicate in the prescribed form, request the <u>Central</u> Depository at least three (3) market days prior to and not including the date of the general meeting, to prepare the Record of Depositor which shall be the final record of all Depositor who shall be deemed to be the registered holder of ordinary shares of the Company eligible to be present and vote at such meetings; and (c) the Company shall request the <u>Central</u> Depository in accordance with the Rules to issue the Record of Depositors as at <u>a date</u> not less than three (3) market days before the general meeting. Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision of the Act, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in <u>such Record of Depositors issued by the Central Depository.”</u>	(b) the Company shall inform the Depository of the dates of general meetings and shall in written request made in duplicate in the prescribed form, request the Depository at least 3 market days prior to and not including the date of the general meeting, to prepare the Record of Depositor which shall be the final record of all Depositor who shall be deemed to be the registered holder of ordinary shares of the Company eligible to be present and vote at such meetings; and (c) the Company shall request the Depository in accordance with the **Rules of the Depository**, to issue the Record of Depositors, as at **the latest date which is reasonably practicable which shall in any event be** not less than 3 market days before the general meeting. Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision of the Act, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in **the General Meeting Record of Depositors.**

Article No	Existing Article	Proposed New Article
71	Defination:- <u>Appointment of more than one proxy</u> Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members each Member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a Member or representative or proxy of a Member shall have one (1) vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorized representative shall have one (1) vote for each share he holds.	Defination:- **Appointment of at least one proxy** Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members each Member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a Member or representative or proxy of a Member shall have one (1) vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorized representative shall have one (1) vote for each share he holds. **On a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present and entitled to vote shall be entitled to one vote.**
83	<u>All the Directors of the Company shall be natural persons and</u> until otherwise determined by general meeting the number of Directors (disregarding alternate directors) shall not be less than two (2) nor more than fifteen (15). The first directors of the Company shall be Tee Hup Pee @ Tee Hup Pheck, Tee Su Kee @ Tee Su Ku, Mak Quai You @ Mak Kway Yuan, Rahmat Bin Haji Idris and Chua Peng Len.	Until otherwise determined by general meeting the number of Directors (disregarding alternate directors) shall not be less than two (2) nor more than fifteen (15). The first directors of the Company shall be Tee Hup Pee @ Tee Hup Pheck, Tee Su Kee @ Tee Su Ku, Mak Quai You @ Mak Kway Yuan, Rahmat Bin Haji Idris and Chua Peng Len.
95	Defination:- <u>When offices of Directors deemed vacant</u> (i) The office of Directors shall become vacant ipso facto if the Director:- (a) becomes bankrupt <u>or has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally;</u> (b) being prohibited or ceases to be a Director by virtue of the Act;	Defination:- **Vacation of office of Director** (i) The office of Directors shall become vacant ipso facto if the Director:- (a) becomes bankrupt **during his term of office;** (b) No change

Article No	Existing Article	Proposed New Article
95	(c) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder and the Directors resolve that his office be vacated; (d) (not being an executive Director whose contract precludes resignation) resigns his office by notice in writing under his hand left at the registered address for the time being of the Company; (e) is removed from his office of Directory by resolution of the Company in general meeting of which special notice has been given; (f) is absent from more than 50% of the total board of Directors' meetings held during the financial year.	(c) becomes of unsound mind **during his terms of office;** (d) resigns his office by notice in writing under his hand left at the registered address for the time being of the Company **(not being an executive director whose contract precludes resignation); and** (e) No change (f) **Deleted**
172	(1) Notwithstanding anything contained in these Articles, if the Listing Requirements prohibit an act being done, the act shall not be done. (2) Nothing contained in these Articles prevents an act being done that the Listing Requirements require to be done. (3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). (4) If the Listing Requirements require these Articles to contain a provision and they do not contain such a provision, these Articles are deemed to contain that provision.	(1) No change (2) No change (3) No change (4) No change

Article No	Existing Article	Proposed New Article
172	(5) If the Listing Requirements require these Articles not to contain a provision and they contain such a provision, these Articles are deemed not to contain that provision.	(5) No change
	(6) If any provision of these Articles is or becomes inconsistent with the Listing Requirements, these Articles are deemed not to contain that provision to the extent of the inconsistency.	(6) No change
	New provision	(7) **For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad including any amendment to the Listing Requirements that may be made from time to time.**

LIEN HOE CORPORATION BERHAD

(Company No: 8507-X)
(Incorporated in Malaysia under the Companies Act, 1965)

No. of shares held	
CDS Account No.	

FORM OF PROXY

I/We..
of...
being a member(s) of LIEN HOE CORPORATION BERHAD hereby appoint..
of...
or failing him/her...
of...
as my/our Proxy to vote for me/us/ on my/our behalf at the 37th Annual General Meeting of the Company to be held at 4th Floor, Menara Lien Hoe, 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya on Tuesday, 26 June 2007 at 10.30 a.m.

My / our proxy is to vote as indicated below :

No.	RESOLUTIONS	FOR	AGAINST
1.	To lay the Audited Financial Statements for the year ended 31 December 2006 together with the Directors' and Auditors' Reports thereon.		
2.	To approve the payment of Directors' fees.		
3.	To re-elect Dato' Yap Sing Hock as Director of the Company.		
4.	To re-elect Mr Chan Wah Long as Director of the Company.		
5.	To re-appoint Tun Dato' Seri Abdul Hamid bin Omar pursuant to Section 129 (6) of the Companies Act, 1965.		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.		
7.	To approve Special Resolution pursuant to the Proposed Amendments to the Articles of Association of the Company.		
8.	To approve Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965.		
9.	To approve Ordinary Resolution pursuant to the Proposed Disposal of the entire issued and paid up capital of Billiontex Industries Sdn Bhd, a wholly-owned subsidiary, to Perfect Eagle Development Sdn Bhd for a cash consideration of RM65,000,000.		

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Signed this ____________________________day of____________________ 2007

____
Signature / Common Seal of Shareholder(s)

Notes:-

1. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *In the case of a corporate member, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account the authorised nominee holds with ordinary shares of the Company standing to the credit of the securities account.*
4. *The form of proxy must be deposited at the registered office of the Company at 18th Floor, Menara Lien Hoe, 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.*

18th Floor, Menara Lien Hoe,
No.8 Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor, Malaysia
Tel: 603 7805 1331
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