LIEN HOE CORPORATION BERHAD

(Company No. 8507-X)

ANNUAL REPORT | 2013

Contents

Corporate Information

DIRECTORS

Mr Yeoh Chong Keat
Chairman, Independent Non-executive Director

Dato' Yap Sing Hock
Managing Director

Mr Cheong Marn Seng, Allen
Executive Director

Dr Teoh Kim Loon
Independent Non-executive Director

Dato' Tea Choo Keng
Independent Non-executive Director

SECRETARY

Lee Sook Peng (MAICSA 0810465)

REGISTERED OFFICE

3rd Floor, Plaza Armada
Lot 6, Lorong Utara C
Section 52
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7955 8808 Fax: 03-7955 5808

AUDITORS

UHY
Chartered Accountants
Suite 11.05 Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2279 3088 Fax: 03-2279 3099

PRINCIPAL FINANCIAL INSTITUTIONS

CIMB Bank Berhad
Malayan Banking Berhad
OCBC Al-Amin Bank Berhad
Bangkok Bank Berhad
Bank Islam Malaysia Berhad

REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 3883 Fax: 03-2282 1886

STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia
Securities Berhad

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 44th Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at The Latitude, Level 1, Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya on Monday, 23 June 2014 at 11.00 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 2013 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note A)*

2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2013. *(Resolution 1)*

3. To re-elect the following Directors retiring pursuant to Article 84 of the Company's Articles of Association:-

   i. Dr Teoh Kim Loon *(Resolution 2)*
   ii. Dato' Tea Choo Keng *(Resolution 3)*

4. To re-appoint Messrs UHY as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to determine their remuneration. *(Resolution 4)*

AS SPECIAL BUSINESS

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

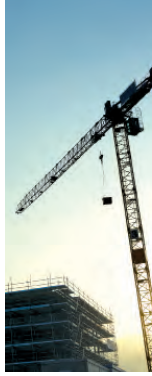
5. AUTHORITY FOR DIRECTORS TO ISSUE SHARES

"THAT subject to Section 132D of the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of any other relevant authorities, the Directors of the Company be and are hereby authorized 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 and paid up share 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 5)*

6. PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK

"THAT subject to the Companies Act, 1965, provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approvals of any other relevant authorities, the Directors of the Company be and are hereby authorized to make purchases of ordinary shares of RM1.00 each in the issued and paid up share capital of the Company through Bursa Malaysia Securities Berhad, provided that:-

(i) the maximum number of ordinary shares purchased and/or held by the Company shall not exceed 10% of the issued and paid up share capital of the Company;



(ii) the total maximum amount of funds to be utilized for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits and/or the share premium account of the Company based on its audited financial statements for the financial year ended 31 December 2013; and

(iii) upon completion of the purchase(s) of its shares by the Company, the shares shall be dealt with in the following manner:-

(a) to cancel the shares so purchased; or

(b) to retain the shares so purchased as treasury shares, which may be distributed as dividends to the shareholders, and/or resold on the stock market of Bursa Malaysia Securities Berhad; or

(c) to retain part of the shares so purchased as treasury shares and cancel the remainder.

AND THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:-

(a) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions;

(b) the expiry of the period within which the next annual general meeting is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever so occurs first, but not to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date, and in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities for the time being in force.

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 in the best interest of the Company and with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities to give effect to and to complete the aforesaid Proposed Share Buy-Back." *(Resolution 6)*

7. RETENTION OF MR YEOH CHONG KEAT AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT in accordance with the Malaysian Code on Corporate Governance 2012, Mr Yeoh Chong Keat be retained as Independent Non-executive Director of the Company." *(Resolution 7)*

8. RETENTION OF DR TEOH KIM LOON AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT in accordance with the Malaysian Code on Corporate Governance 2012 and subject to the passing of Resolution 2, Dr Teoh Kim Loon be retained as Independent Non-executive Director of the Company."*(Resolution 8)*

9. To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

LEE SOOK PENG
MAICSA 0810465
Secretary
Petaling Jaya
30 May 2014

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

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 of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

   An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The form of proxy must be deposited at the registered office of the Company at 3rd floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, not later than 48 hours before the time stipulated for holding of this meeting or any adjournment thereof.

5. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositor as at 16 June 2014 ("Record of Depositor") and only a depositor whose name appears on the Record of Depositor shall be entitled to attend this meeting.

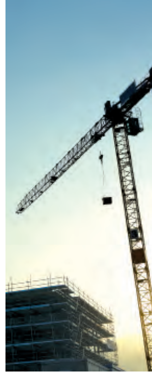
EXPLANATORY NOTE A

This agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. As such, this item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

RESOLUTION 5 - AUTHORITY FOR DIRECTORS TO ISSUE SHARES

This resolution is proposed for the purpose of granting a renewed general mandate and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue new shares in the Company up to an aggregate amount not exceeding 10% of the issued and paid up share capital of the



Company for such purpose as they consider would be in the interest of the Company. With this renewed general mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investments, working capital and/or acquisitions. This will avoid any delay and cost involved in convening a general meeting to approve such issue of shares. The general mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 26 June 2013 and which will lapse at the conclusion of the 44th Annual General Meeting.

RESOLUTION 6 - PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK

This proposed resolution, if passed, will empower the Company to purchase its own shares of a number which, when aggregated with the existing treasury shares, does not exceed 10% of its prevailing issued and paid up share capital. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the proposed share buy back, please refer to the statement to shareholders dated 30 May 2014 which is despatched together with the 2013 Annual Report.

RESOLUTION 7 - RETENTION OF MR YEOH CHONG KEAT AS INDEPENDENT NON-EXECUTIVE DIRECTOR

RESOLUTION 8 - RETENTION OF DR TEOH KIM LOON AS INDEPENDENT NON-EXECUTIVE DIRECTOR

These proposed resolutions, if passed, will enable Mr Yeoh Chong Keat and Dr Teoh Kim Loon to be retained as Independent Non-executive Directors of the Company. Both Mr Yeoh Chong Keat and Dr Teoh Kim Loon have each served the Company as Independent Non-executive Directors for cumulative terms of more than 9 years and the Board of Directors of the Company has recommended that they should be retained as Independent Non-executive Directors based on the following criteria:-

(i) They have confirmed and declared that they are independent directors as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(ii) They do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and

(iii) The Board is of the opinion that they are important independent directors of the Board in view of their many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and have provided invaluable contributions to the Board in their roles as independent directors during their tenure.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No individuals are standing for election as directors at the 44th Annual General Meeting of the Company.

2013 ANNUAL REPORT

The 2013 Annual Report is in the CD-ROM format. A copy of the Annual Report may also be downloaded from the Company's website at http://www.lienhoe.com.my. Printed copy of the Annual Report shall be provided to the members within 4 market days from the date of receipt of their verbal or written request. Members who wish to receive the printed copy of the Annual Report and who require assistant with viewing the CD-ROM, kindly contact Ms Lee Sook Peng or Ms Wong Ngoke Meng at Tel. No. 03-79558808, Fax No. 03-79555808 or e-mail to lienhoe@lienhoe.com.my.

Profile of Directors

Mr Yeoh Chong Keat
(55 years of age – Malaysian)
Chairman, Independent Non-executive Director

He was appointed a Director of the Company on 6 December 2001 and was appointed as Chairman of the Company on 16 September 2009. He also Chairs the Audit, 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 Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants.

He has been in professional practice upon his return from the United Kingdom in 1982 where he trained and qualified as a chartered accountant with the firm of Deloitte Haskins & Sells (now part of the PricewaterhouseCoopers network) and was also formerly the Executive Director of PFA Corporate Services Sdn Bhd for over 10 years.

Currently he is the external company secretary of a number of public companies listed on Bursa Malaysia Securities Bhd and is also an independent non-executive director of Cheetah Holdings Bhd, Tambun Indah Land Bhd and AbleGroup Bhd, all listed on the Main Market of Bursa Malaysia Securities Bhd.

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

He was appointed the Managing Director of the Company on 30 January 2002. He also serves as a member of the Board's Remuneration Committee.

He started his career as a building contractor before venturing into property development in the Klang Valley and Johor Baru. He has also been active in real estate investment in Hong Kong and Singapore.

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

He was appointed as an Executive Director of the Company since 2001.

He holds a Bachelor of Commerce degree in economics and finance from The University of Melbourne, Australia and is a Chartered Accountant of the Malaysian Institute of Accountants. He has wide experience and knowledge in the discipline of corporate finance, after working in the corporate finance department of an investment bank for 8 years in senior management position. Prior to his stint in the investment banking industry, he was attached to two international accounting firms for several years in the audit and financial services division.

He is also an independent non-executive director of AbleGroup Bhd, a company listed on the Main Market of Bursa Malaysia Securities Bhd.

Dr Teoh Kim Loon
(60 years of age – Malaysian)
Independent Non-executive Director

He was appointed a Director of the Company on 7 July 2004. He also serves as a member of the Board's Audit, Remuneration and Nomination Committees.

He graduated in medicine with a degree in 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 resigned from TDMC Hospital Sdn Bhd on 31 July 2011.

He is also a founder member of Korporatif Doctor Malaysia, a life member of Malaysian Medical Association and a member of the American Board of Independent Medical Examiner and is a director of Seloga Holdings Bhd, a public company.

Profile of Directors

Dato' Tea Choo Keng
(46 years of age – Malaysian)
Independent Non-executive Director

He was appointed a Director of the Company on 22 August 2011. He also serves as a member of the Board's Audit and Nomination Committees.

He graduated with a law degree (LL.B Hons) from the University of Hull (United Kingdom) in 1991. He was called to the bar and admitted as advocate and solicitor in 1993. He set up his own legal practice under the name of Messrs Tea & Company in year 1994. He is currently the managing partner of a legal firm, Messrs Tea, Kelvin Kang & Co.

He is an alternate director to the independent non-executive chairman of Power Root Bhd, a company listed on the Main Market of 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.

As at 2 May 2014, the interest of Directors in shares of the Company were as follows:-

Name	Direct Interest		Indirect Interest (i)	
	No.	% (ii)	No.	% (ii)
Mr Yeoh Chong Keat	-	-	-	-
Dato' Yap Sing Hock	106,658,117	31.10	3,821,500	1.11
Mr Cheong Marn Seng, Allen	624,500	0.18	-	-
Dr. Teoh Kim Loon	900,550	0.26	-	-
Dato' Tea Choo Keng	-	-	-	-

Notes:

(i) Deemed interest through direct shareholdings of spouse and children pursuant to Section 134(12)(c) of the Companies Act, 1965.

(ii) Excluding 18,796,100 ordinary shares bought back by the Company and retained as Treasury Shares.

Letter to Shareholders

Dear Shareholders

On behalf of the Board of Directors, we are pleased to present to you the Annual Report of our Company for the financial year ended 31 December 2013, and to recapitulate our performance in 2013 and outline our plans for 2014.

Financial highlights

For the year ended 31 December 2013, the Group posted net profit of RM2.18 million on revenue of RM146.96 million. Operating profit for the year was RM9.12 million and profit before taxation was RM4.86 million. The revenue and earnings were derived primarily from our core business of building construction and hotel operations.

We had, in our letter to the 2012 Annual Report, cautioned that the financial result for 2013 would not match the exceptional result of RM94.27 million profit made in 2012 due to the one-time non-recurring profit of RM96.10 million recognized in 2012 pertaining to the 5.43 acres of land in Tebrau, Johor Baru.

Operating performance

2013 was a very productive year for the Group as our business continued to grow from strength to strength with strong improvement in both revenue and operating profit. The revenue of the Group grew by 17.2% to RM146.96 million compared to RM125.43 million in prior year. Growth during the year was delivered by a buoyant performance from our building construction division, along with increased contributions from our hotel division, which together extending a 4-year unbroken trend of annual revenue growth for the Group.

Our building construction division has grown in terms of order book, revenue, operating profit and profit margin earned. This is the result of a combination of the underlying strength of the business, the effectiveness of our business strategies and the competency of our project management. In 2013, we achieved new record revenue of RM115.21 million, up RM23.20 million or 25.2% from previous year of RM92.01 million. The revenue was generated from seven jobs, four of which were carried forward from 2012 while three jobs were new-start projects for the year. These new contract works involve the construction of a 6-level carpark podium at Arcoris in Mont'Kiara, 86 terrace houses at Alam Impian in Shah Alam and 37 terrace houses at Alam Sari in Bangi, all are located in Klang Valley. The combined contract value of these three jobs is RM100.07 million, of which remaining works to be completed in 2014 amount to RM65.77 million. Operating profit of the division rose to RM9.60 million from RM6.55 million in prior year driven by higher profit margin on the back of better project pricing and increased work billings.

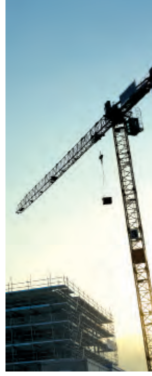
Throughout 2013, our hotel division operated in a market facing lower demand growth amid supply-side pressure from new players. Despite the difficult market, our Armada Petaling Jaya posted its fourth straight year of growth in 2013 with revenue of RM27.07 million, 3.5% higher than the RM26.15 million registered in previous year. Increased room sales driven by higher occupancy rate and better room rate was behind the growth in revenue last year. Higher room night bookings were recorded in the corporate individual and online segments from Malaysia, Singapore, Japan and India. The improved occupancy level together with successful food and event promotions helped spur the performance of the hotel's food and beverage sales. In particular, the banqueting operation reported surge in business on the back of a sharp rise in the number of seminars, corporate functions, social events and weddings. In addition, the restaurants and pub also did better, spurred by increase in average checks and higher covers. The hotel's food and beverage sales as a whole were unchanged from previous year due to the closure of one outlet.

Further step was taken last year by the hotel to expand its banquet and seminar capacity with the addition of 6,300 square feet of new space which can accommodate an extra 150 covers. The rise in revenue, coupled with tighter control over operating costs, pushed the operating profit of the hotel division from RM10.38 million in 2012 to RM11.48 million in 2013, an increase of 10.6%.

Group result and financial review

Reflecting the continued good performance of its operating units, the Group posted net operating profit of RM9.12 million for 2013. This is RM4.08 million higher than the preceding year after excluding the one-time non-recurring profit of RM96.10 million related to a land development transaction. After accounting for finance cost and taxation, the Group's overall result for 2013 was a net profit of RM2.18 million.

In 2013, we further strengthened our financial position and balance sheet, with net assets attributable to shareholders increasing to RM267.14 million at the end of the year, which represented a net asset value per share of RM0.78. Our debt-to-equity ratio remained at a very healthy level of 19.8% at the end



of the financial year. It should be noted that the Group's land-based assets comprising 227.89 acres of undeveloped land and a commercial building are all valued in the accounts at their cost of purchase less accumulated depreciation.

Dividend

After giving due consideration and having regard to the fact that the Company does not have surplus cash for distribution to shareholders, the Board decided not to propose any payment of dividend for the financial year 2013.

Outlook and prospects

The outlook for both our building construction and hotel divisions in 2014 appears to be challenging.

Our building construction division has an order book of RM274.04 million entering into 2014 and has an outstanding workload of RM117.97 million including new orders awarded subsequent to year-end. In view of our proven track record and quality of work, we shall continue to capitalize on the additional works emanating from our existing clients and be in a much stronger position than before to secure contract from new clients. Our capability of replenishing orders and securing repeat business will ensure sustainable contribution to the growth in revenue and operating profit of the Group.

We expect more difficult operating environment for our hotel division in the year ahead as the supply of rooms will likely outpace demand. Slowing demand trend in both the corporate and leisure travel markets has also been an added concern. Notwithstanding that, our hotel division should be able to expand its business further in 2014 through aggressive marketing and enhanced service standard to boost business volume.

On our land investment activity, after recognizing a hefty profit of RM96.10 million from our last land transaction in 2012, we have embarked on the planning of other parcel of our land for the past one year. As land planning is a lengthy process, no quick result can possibly be produced. However, we are glad to inform that significant progress has been made and this will surely yield results and value for our Company in the coming years.

On the whole we are aware that our businesses face rising cost of operations coming from higher wages and material costs. We remain vigilant that we need to adopt a conservative approach when taking on new works or increasing business volume given the inflationary trends in wages and materials, and increased industry competition. Our priority is to improve the profitability of the Group. We shall continue to reduce overhead costs where possible, improve operational efficiencies, and seek new opportunities.

Acknowledgement

On behalf of the Board, we wish to extend our utmost gratitude to our shareholders, bankers, business partners, customers and associates for their great and continued support and confidence in us. The Board would also like to express its appreciation to the management and employees of the Group for their hard work and dedication.

YEOH CHONG KEAT
Chairman, independent non-executive director

DATO' YAP SING HOCK
Managing director

2 May 2014

Statement on Corporate Governance

The Board of Directors ("the Board") of Lien Hoe Corporation Berhad continues to endeavour compliance with all the corporate governance principles and recommendations as proposed in the Malaysian Code on Corporate Governance 2012 (" the Code"). The following statement outlines the extent to which the principles and recommendations were complied with throughout the year ended 31 December 2013.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board presently consists of 5 members; comprising 2 Executive Directors and 3 Independent Non-executive Directors. 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 composition of the Board is such that it facilitates the decision making of the Group and is reviewed from time to time to ensure its appropriateness. The profile of each of the members of the Board can be found on pages 8 to 10 of this Annual Report.

At any one time, at least 2 or 1/3 whichever is higher, of the Board members are independent directors. There is balance in the Board represented by the presence of 3 independent non-executive directors who will review and discuss the strategies proposed by the Management to ensure that the long term interests of minority shareholders are taken into consideration.

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.

The Board delegates authority and vests accountability for the Group's day to day operations with the Management team led by the Managing Director whilst the Board is overall and collectively responsible for the strategic direction and business performance of the Group and assume, amongst others, the following responsibilities:-

(i) to focus on issues relating to strategic planning for the Group by reviewing and monitoring the implementation of the strategic business plans by the Management;

(ii) to focus on the conduct of the Group's business by reviewing and monitoring the performance of all operating units and subsidiaries;

(iii) to identify risks and ensure the implementation of appropriate internal controls and mitigation measures;

(iv) to review and prescribe policies in relation to the day to day operations of the Group; and

(v) to approve annual operating budget, major capital expenditures, material acquisitions and disposals of assets.

The Board is aware of the importance of succession planning to ensure business continuity and took cognizance that there should be process of developing suitable programmes in place to ensure that operations at all levels are running smoothly.

The Board has on 22 November 2012 formalised the Code of Ethics and Conducts which sets out the principles and standards of business ethics and conduct of the Group and also formalised the Board Charter which sets out the composition, responsibilities, operations and processes of the Board. Both the Code of Ethics and Conducts and Board Charter were reviewed periodically by the Board and are available for reference in the Company's website at www.lienhoe.com.my

The Board meets regularly to review the Group's corporate strategy, business operation, financial results and also to decide on matters significant to the Group's business and finances including approval of annual operating budget, major capital expenditures, material acquisitions and disposals of assets.

The Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective terms of reference. The chairman of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Board had been supplied with complete and timely information to enable it to discharge its responsibilities and has access to advice and support services of the Company Secretary in ensuring that Board meeting procedures are followed and deliberations at the Board and the Board Committee meetings are minuted, and applicable rules and regulations are complied with. All notices of meetings together with the agenda and discussion papers were served on the Directors in advance of the meeting dates.

The Directors may seek advice from the Management on issues under their purview and may interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concern from them.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

2. STRENGTHEN COMPOSITION

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

2.1 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 22 to 25 of this Annual Report.

2.2 Nomination Committee

The Nomination Committee comprises the following Directors:-

Mr Yeoh Chong Keat
Chairman, Independent Non-executive Director

Dr Teoh Kim Loon
Independent Non-executive Director

Dato' Tea Choo Keng
Independent Non-executive Director

Terms of Reference

The Nomination Committee comprises exclusively of non-executive directors, a majority of whom must be independent. The chair of the Nomination Committee should be the senior independent director identified by the Board.

Responsibilities of the Nomination Committee

The Nomination Committee assumes the following responsibilities:-

(a) to recommend to the Board new candidate(s) for appointment and the re-appointment/re-election of directors and to take steps to ensure that women candidates are sought as part of its recruitment exercise;

(b) to review the required mix of skills and experience of the Board as a whole for it to function effectively;

(c) to review the effectiveness of each individual director to ensure they have the ability to contribute to the effective decision making of the Board;

(d) to assess and recommend to the Board the appointment of directors to the Board's Committees;

(e) to review the Board's succession plans; and

(f) to ensure orientation and education programmes are provided for new members of the Board, and to review the directors' continuing education programmes;

The nomination and election process of new Board members are as follows:-

(a) review annual Board assessment and evaluation;

(b) determine required mix of skills and experience of the current Board;

(c) source for candidate(s), if necessary;

(d) evaluate and match the criteria of the candidate(s); and

(e) recommend the candidate(s) to the Board for appointment.

During the financial year ended 31 December 2013, the Nomination Committee recommended to the Board the re-election of Directors and assessed and evaluated the effectiveness of each individual Director and the Board as a whole through Directors' self-evaluation forms and also recommended a suitable seminar for the Board.

The Nomination Committee has also developed the criteria with which the Board uses to assess the independence of the Company's independent directors and to assess their suitability to continue to serve on the Board as independent directors upon attainment of their cumulative 9 year tenure, where applicable.

The Board does not have a specific policy on setting targets for women candidates. The Board's evaluation of suitability of candidates is based on the candidates' competency, time commitment, skills and experience in meeting the needs of the Company. The Board will nevertheless appoint director(s) of the female gender where suitable.

2.3 Remuneration Committee

The Remuneration Committee comprises the following Directors:-

Mr Yeoh Chong Keat
Chairman, Independent Non-executive Director

Dato' Yap Sing Hock
Managing Director

Dr Teoh Kim Loon
Independent Non-executive Director

Terms of Reference

The Remuneration Committee should consists exclusively or a majority of, non-executive directors, drawing from outside advice as necessary. The Directors do not participate in decisions on their own remuneration.

Responsibilities of the Remuneration Committee

The Remuneration Committee reviews and recommends to the Board the remuneration of the Executive Directors of the Company based on their duties, responsibilities and performances and also based on comparison with remuneration packages of other listed companies.

The remuneration of the Directors are formal and transparent and are disclosed by band and between executive and non-executive directors. While the Remuneration Committee reviews and recommends to the Board the remuneration of the Executive Directors of the Company, the remuneration packages of Non-executive Directors is a matter for the Board as a whole.

Analysis of the Directors' remuneration are set out on pages 80 to 81 of this Annual Report.

3. REINFORCE INDEPENDENCE

The Board undertakes an annual assessment of the independence of its independent directors based on the criteria developed by the Nomination Committee.

The tenure of an independent director is capped at 9 years, which can either be consecutive service or a cumulative service of 9 years with intervals. An independent director who has served the Company for 9 years may, in the interest of the Company, continue to serve the Company but in the capacity of a non-independent director. The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than 9 years.

Mr Yeoh Chong Keat and Dr Teoh Kim Loon, who have served the Board for more than 9 years as Independent Non-executive Directors, will continue to serve the Board until the conclusion of the Annual General Meeting on 23 June 2014. The Board has conducted an assessment of the independence of both Mr Yeoh Chong Keat and Dr Teoh Kim Loon based on the following criteria:-

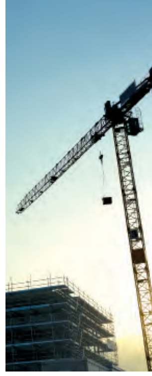
(i) Mr Yeoh Chong Keat and Dr Teoh Kim Loon have confirmed and declared that they are independent directors as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Bhd;

(ii) They do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and

(iii) The Board is of the opinion that Mr Yeoh Chong Keat and Dr Teoh Kim Loon are important independent directors of the Board in view of their many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and have provided invaluable contributions to the Board in their roles as independent directors during their tenure,

and has recommended to the shareholders for their approval that they should be retained as Independent Non-executive Directors of the Company.

The roles of the Chairman and the Managing Director are distinct and separate so as to ensure balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Managing Director has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Chairman is a non-executive member of the Board.



4. FOSTER COMMITMENT

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. This is evidenced by the attendance record of the Directors at the Board meetings held in the financial year ended 31 December 2013:-

Board of Directors	Meeting Attendance
Mr Yeoh Chong Keat	5/5
Dato' Yap Sing Hock	5/5
Mr Cheong Marn Seng, Allen	5/5
Dr Teoh Kim Loon	5/5
Dato' Tea Choo Keng	5/5

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

All Board members shall notify the Chairman of the Board before accepting any new directorship in other companies and shall include an indication of the time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

The Directors of the Company had attended the following training sessions during the financial year ended 31 December 2013:-

Directors	Trainings Attended
Mr Yeoh Chong Keat	National Tax Conference 2013 on 24th and 25th June 2013.
	MLCC-Shifting Sands: Is the Law Reshaping Our Legal and Corporate Sectors? on 3rd and 4th July 2013.
	Seminar Percukaian Kebangsaan 2013 on 31 October 2013.
	Risk Management & Internal Control Workshops for Audit Committee by Bursa Malaysia Bhd on 2 December 2013.
Dr Teoh Kim Loon	Advocacy Sessions on Corporate Disclosure for Directors by Bursa Malaysia Bhd on 20 June 2013.

Dato' Yap Sing Hock, Mr Cheong Marn Seng, Allen and Dato' Tea Choo Keng were unable to attend any training during the financial year ended 31 December 2013 due to work commitment and they have gathered sufficient experience from their daily business activities and dealings to assist them in the discharge of their duties.

All the Directors have attended the mandatory accreditation programme and the Directors will continue to undergo other relevant training programmes and seminars to keep abreast with developments in the capital markets, relevant changes in rules and regulations and the business environment from time to time.

5. UPHOLD INTEGRITY IN 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 Group publishes full financial statements annually and quarterly results announcements as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee assists the Board by reviewing the disclosure information to ensure accuracy and adequacy and to ensure the financial statements comply with applicable financial reporting standards as this is integral to the reliability of the financial statements.

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.

Further details on the Audit Committee's dealing with the external auditors are set out in the Audit Committee Report on pages 22 to 25 of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

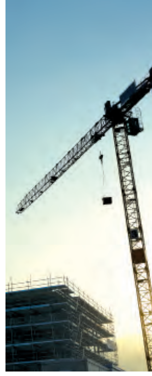
Details of the Company's internal controls and regulatory compliance are set out in the Statement on Risk Management and Internal Control as set out on pages 26 to 27 of this Annual Report. It provides an overview of the Company's approach in maintaining a sound framework of reporting on internal controls and regulatory compliance to safeguard shareholders' investment and the Group's assets.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. Annual Reports, announcements and release of quarterly financial results are made electronically to the public via Bursa Malaysia's website at www.bursamalaysia.com as well as the Company's website at www.lienhoe.com.my. It provides the shareholders and the investing public with the necessary information about the Group's performance and operations. The Company's Board Charter, Code of Ethics and Conduct and Rights of Shareholders are made available for reference at the Company's website.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The annual general meeting is the principal forum for dialogue with individual shareholders and investors. The Board has taken steps to encourage shareholder participation at general meetings by serving notices for meetings earlier than the minimum prescribed notice period. The Board also encourages poll voting and the Chairman will inform the shareholders of their right to demand a poll vote at the commencement of a general meeting of the Company.



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 and other matters affecting shareholders' interests. The Board, Management and External Auditors are in attendance to respond to shareholders' queries.

The Board has identified Mr Yeoh Chong Keat as the Senior Independent Non-executive Director to whom concerns of the shareholders may be conveyed.

9. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Board is aware of the importance of business sustainability and is committed to the continuous development of its corporate social responsibility programmes.

During the financial year ended 31 December 2013, the staff of Armada Petaling Jaya, a unit of the Company, visited the Beacon Hospital Cancer Specialist Centre as part of its contribution to the community. Patients of Beacon Hospital Cancer Specialist Centre were treated to a scrumptious breakfast buffet prepared by the Hotel's team of culinary experts. In conjunction with the Holy Month of Ramadhan, Armada Petaling Jaya treated two social homes namely, Pertubuhan Rumah Amal Cahaya Tengku Ampang Rahimah and Pertubuhan Baitul Fiqh and also took part in a charity event named "Food for Hunger Charity".

10. 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.

COMPLIANCE STATEMENT

The Board believes that it has substantially complied with the principles and recommendations as set out in the Code and will continue to enhance compliance.

This Statement on Corporate Governance is made in accordance with the resolution of the Board dated 2 May 2014.

Audit Committee Report

The Board of Directors ("the Board") of Lien Hoe Corporation Berhad is pleased to present the Audit Committee Report to provide insight on the discharge of the Audit Committee's function.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following Directors:-

Mr Yeoh Chong Keat
Chairman, Independent Non-executive Director

Dr Teoh Kim Loon
Independent Non-executive Director

Dato' Tea Choo Keng
Independent Non-executive Director

TERMS OF REFERENCE

COMPOSITION

The Committee shall be appointed by the Board from amongst its Directors who fulfils the following requirements: -

(a) it must be composed of no fewer than 3 members;

(b) a majority of its members must be independent directors and all its members must be non-executive directors;

(c) at least one of its 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: -

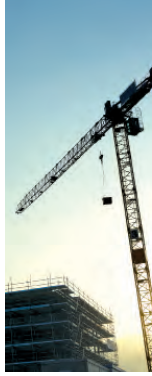
      (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

      (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 or approved by Bursa Malaysia Securities Berhad.

(d) no alternate director is appointed as its member.

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 its 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, legal or other advice; and

(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of executive directors and employees of the Company, 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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

KEY FUNCTIONS, ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The key functions, roles and responsibilities of the Audit Committee are as follows: -

(a) To review

- (i) with the external auditors, the audit plan;
- (ii) with the external auditors and internal auditors, the evaluation of the system of internal controls;
- (iii) with the external auditors, the audit report;
- (iv) the assistance given by the Company's officers to the auditors;

(v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work and the adequacy of the competency of the internal audit functions;

(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 auditors;

(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;

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

(xi) the adequacy of the risk management framework, policy, process and procedures undertaken and whether or not appropriate risk management control action is taken on to safeguard the interests of the respective stakeholders.

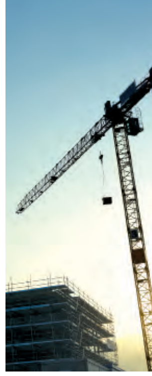
(b) To consider the nomination of a person or persons as external auditors together with such other functions as may be agreed to by the Audit Committee and the Board.

MEETINGS OF THE AUDIT COMMITTEE

Meetings of the Audit Committee 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. A representative of the external auditors shall normally attend meetings.

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.



The Audit Committee met 5 times during the financial year ended 31 December 2013 and the attendance of each member of the Audit Committee are as follows:-

Composition of the Audit Committee	Meeting Attendance
Mr Yeoh Chong Keat	5/5
Dr Teoh Kim Loon	5/5
Dato' Tea Choo Keng	5/5

During the financial year ended 31 December 2013, the Audit Committee met 2 times with the external auditors without the presence of executive directors.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee had discharged its duties as set out in its Terms of Reference.

During the financial year ended 31 December 2013, the activities undertaken by the Audit Committee included the following:-

1. Reviewed the quarterly and annual financial results before recommending for approval by the Board, with the reviews 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 standards, reviewed the auditors' report on control weaknesses to the Audit Committee and management's response thereto;

3. Reviewed the scope of internal audit plan and the results of the audit work carried out by the internal auditors as well as the recommendations suggested by the internal audit function and the actions and timeliness of those actions taken by the management on such recommendations;

4. Reviewed the assistance provided by Management to the external auditors during the course of their audit;

5. Reviewed any related party transactions that may arise; and

6. Reviewed the risk registry and risk management handbook as presented by the internal auditors.

Statement on Risk Management and Internal Control

The Board of Directors ("the Board") of Lien Hoe Corporation Bhd recognises the importance of good practice of corporate governance and is committed to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets and is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2013.

1. BOARD'S RESPONSIBILITIES

The Board affirms its overall responsibility for maintaining the Group's system of internal control, risk management and reviewing the adequacy and integrity of these systems. The system of internal control can only provide reasonable and not absolute assurance against material misstatement or loss as it is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and strategies.

2. RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, evaluating, managing and responding to risks to achieve the objectives of the Group for the financial year under review. The Board reviews the process annually as well as when new emerging risks are identified as risk management forms an integral part of the Group's business operations. Risks factors identified are regularly reported to the Executive Director and Divisional Heads for further analysis and strategic decision making. Besides, the process of identifying, evaluating, monitoring and managing significant risks is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at the regular operations and monthly management meetings.

As part of the Risk Management process, a detailed Registry of Risk and the Risk Management Handbook were adopted. The Registry of Risk is maintained to identify principal business risk for on-going changes in the risk profile. The Risk Management Handbook summarizes risk management methodology, approach and processes, roles and responsibilities, and various risk management concept. The Risk Management Working Group is entrusted to identify risk and to ensure that adequate control systems are implemented to mitigate significant risks faced by the Group. The Board will review the existing risk management framework to ensure that it is appropriate and continues to remain relevant to the Group's business and operational requirements.

3. KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

3.1 Control Environment and Control Activities

- The group maintains a clear organization structure and clear hierarchical reporting with defined lines of responsibility and accountability.
- Experienced and competent staffs are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control.
- Clearly defined authorization limits at appropriate levels are set out for controlling and approving capital expenditure and expenses.

- Clearly defined Internal Policies, Standard Operating Procedures and Personnel Manual are established and documented as the key framework for good internal control practices. These policies manuals are the subjects of regular reviews to meet new business requirements.

3.2 Monitoring and Communication

- Regular Board and Management meetings are held to assess performance and controls.

- Regular visits to operating units by members of the Board and senior management are conducted whenever appropriate.

- Regular review of business processes are performed to assess the effectiveness of internal controls by the internal audit unit. Reports on findings of the internal audit are presented to the Audit Committee of the Board for consideration.

4. INTERNAL AUDIT FUNCTION

In accordance with the Malaysian Code on Corporate Governance, the Group in its efforts to provide adequate and effective internal control system had appointed a consulting firm to review the adequacy and integrity of its system of internal control. The consulting firm acts as the internal auditor and reports directly to the Audit Committee.

During the financial year, the internal auditors reviewed key business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such system continue to operate satisfactorily and effectively within the Group.

Follow-up visits were also carried out to ensure weaknesses identified have been or are being addressed. Periodic audit reports and status reports on follow up actions were tabled to the Audit Committee and Board during its quarterly meetings. For the financial year ended 31 December 2013, the total costs incurred for the outsourced internal audit function is RM43,109.

5. REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

6. CONCLUSION

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary. This statement is made in accordance with the resolution passed by the Board dated 2 May 2014.

Other Information

SHARE BUY-BACK

The Company did not buy any of its own shares in the financial year ended 31 December 2013.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

In the financial year ended 31 December 2013, the Company did not issue any options, warrants or convertible securities.

DEPOSITORY RECEIPT PROGRAMME ('DRP')

The Company did not sponsor any DRP in the financial year ended 31 December 2013.

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

The amount of non-audit fees incurred for services rendered by the external auditors and its affiliated firms in the financial year ended 31 December 2013 was RM5,000 (2012 : RM5,000).

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2013 and the unaudited results previously announced by the Company.

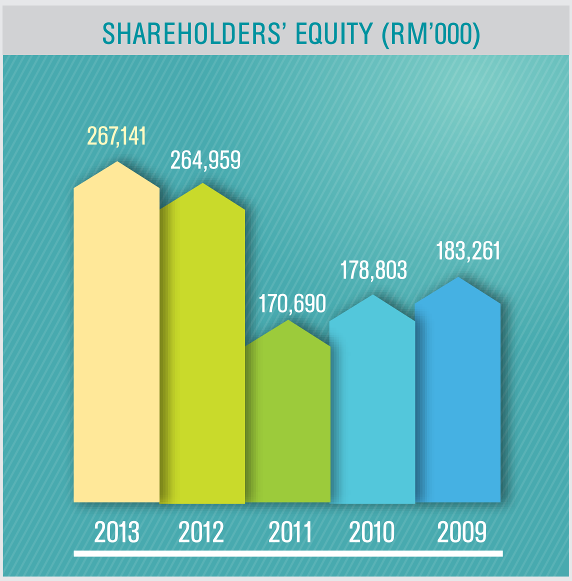
PROFIT GUARANTEE

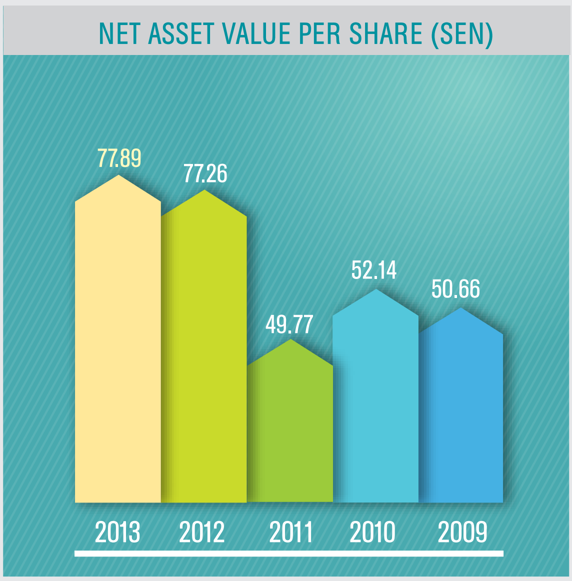
There were no profit guarantee given by the Company for the financial year ended 31 December 2013.

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 or substantial shareholders of the Company.

Five Years Financial Highlights





Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is a property and investment holding company.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) net of tax, attributable to owners of the parent	2,182	(4,172)

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

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

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current 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:

Yeoh Chong Keat
Dato' Yap Sing Hock
Cheong Marn Seng
Dr. Teoh Kim Loon
Dato' Tea Choo Keng

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the 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 or the fixed salary of a full-time employee of the Company as shown in Note 24(a) to the financial statements) 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 current financial year in shares in the Company during the current financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1 January 2013	Acquired	Sold	31 December 2013
The Company				
Direct Interest				
Dato' Yap Sing Hock	108,131,117	-	1,473,000	106,658,117
Cheong Marn Seng	526,500	98,000	-	624,500
Dr. Teoh Kim Loon	900,550	-	-	900,550
Indirect Interest				
Dato' Yap Sing Hock*	3,821,250	-	-	3,821,250

* Deemed interest through direct shareholdings of spouse and children pursuant to Section 134(12)(c) of the Companies Act, 1965.

Dato' Yap Sing Hock by virtue of his interest in shares in the Company is also deemed to be interested in shares in all the Company's subsidiaries to the extent in which the Company has an interest.

Yeoh Chong Keat and Dato' Tea Choo Keng who held office at the end of the current financial year do not have any interest in shares in the Company or its related corporations during the current financial year.

TREASURY SHARES

As at 31 December 2013, the Company held as treasury shares a total of 18,796,100 of its 361,742,241 issued ordinary shares. Such treasury shares are held at a carrying amount of RM5,568,000 and further relevant details are disclosed in Note 15 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income 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 there were no known bad debts and no allowance for doubtful debts was required; 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) it neccesary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; 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) 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 current 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 current 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 current 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 current financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 18 April 2014.

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 36 to 92 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended.

The supplementary information set out on page 93 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 18 April 2014.

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 36 to 93 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 18 April 2014 **Cheong Marn Seng**

Before me,
Mohan A.S. Maniam
No. W521
Pesuruhjaya Sumpah

Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIEN HOE CORPORATION BERHAD
(Company No. 8507-X)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Lien Hoe Corporation Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 36 to 92.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(b) We have considered the accounts and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 93 is solely disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

Ng Wee Teik
Approved Number: 1817/12/14 (J)
Chartered Accountant
Kuala Lumpur
18 April 2014

Statements of Financial Position

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		Group		Company	
		2013	2012	**2013**	2012
	Note	**RM'000**	RM'000	**RM'000**	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**179,098**	182,982	**1,542**	2,233
Subsidiaries	6	**-**	-	**81,046**	81,046
Investment in an associate	7	**-**	-	**-**	-
Other investment	8	**1,000**	1,000	**-**	-
Goodwill on consolidation	9	**8,979**	8,979	**-**	-
Development expenditure	10	**19,290**	8,536	**-**	-
Trade and other receivables	11	**51,863**	80,288	**41,091**	69,724
		260,230	281,785	**123,679**	153,003
Current assets					
Subsidiaries	6	**-**	-	**72,193**	62,463
Inventories	12	**10,340**	10,367	**-**	-
Trade and other receivables	11	**76,938**	61,695	**50,041**	33,424
Amount due from customers for contract works	13	**14,941**	3,614	**-**	-
Income tax recoverable		**1,491**	1,213	**59**	809
Cash and bank balances	14	**10,892**	10,407	**232**	1,650
		114,602	87,296	**122,525**	98,346
TOTAL ASSETS		**374,832**	369,081	**246,204**	251,349

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	**361,742**	361,742	**361,742**	361,742
Share premium	15	**51,056**	51,056	**51,056**	51,056
Treasury shares	15	**(5,568)**	(5,568)	**(5,568)**	(5,568)
Other reserves	16	**21,455**	21,455	**19,337**	19,337
Accumulated losses		**(161,544)**	(163,726)	**(182,191)**	(178,019)
Total equity		**267,141**	264,959	**244,376**	248,548
Non-current liabilities					
Deferred tax liabilities	17	**10,449**	10,846	**-**	-
Borrowings (secured)	18	**29,161**	48,218	**47**	152
		39,610	59,064	**47**	152
Current liabilities					
Borrowings (secured)	18	**32,442**	6,865	**105**	240
Bank overdraft	19	**564**	859	**-**	-
Trade and other payables	20	**31,298**	26,978	**1,676**	2,409
Amount due to customers for contract works	13	**2,768**	9,347	**-**	-
Income tax payable		**1,009**	1,009	**-**	-
		68,081	45,058	**1,781**	2,649
Total liabilities		**107,691**	104,122	**1,828**	2,801
TOTAL EQUITY AND LIABILITIES		**374,832**	369,081	**246,204**	251,349

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

Statements of Comprehensive Income

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
		2013	2012	**2013**	2012
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	21	**146,957**	125,432	**2,760**	2,040
Cost of sales	22	**(106,434)**	(87,872)	**-**	-
Gross profit		**40,523**	37,560	**2,760**	2,040
Other income	23(a)	**4,451**	113,468	**2,548**	112,296
Operating and administration expenses		**(35,857)**	(38,875)	**(9,444)**	(8,796)
Other expenses	23(b)	**-**	(11,011)	**-**	(9,828)
Profit/(loss) from operations	23	**9,117**	101,142	**(4,136)**	95,712
Finance costs	25	**(4,258)**	(4,724)	**(36)**	(293)
Share of result of an associate		**-**	-	**-**	-
Profit/(loss) before tax		**4,859**	96,418	**(4,172)**	95,419
Income tax expense	26	**(2,677)**	(2,147)	**-**	20
Profit/(loss) net of tax		**2,182**	94,271	**(4,172)**	95,439
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income for the year		**-**	(2)	**-**	-
Total comprehensive income for the financial year		**2,182**	94,269	**(4,172)**	95,439
Profit/(loss) attributable to owners of the parent		**2,182**	94,271	**(4,172)**	95,439
Total comprehensive income attributable to owners of the parent		**2,182**	94,269	**(4,172)**	95,439
Earnings per share attributable to owners of the parent (sen)					
Basic and diluted	27	**0.64**	27.49		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to owners of the parent						
	Non-distributable				Distributable		
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange reserve RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Group							
At 1 January 2012	361,742	51,056	(5,568)	2	21,455	(257,997)	170,690
Total comprehensive income for the financial year	-	-	-	(2)	-	94,271	94,269
At 31 December 2012	361,742	51,056	(5,568)	-	21,455	(163,726)	264,959
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**-**	**2,182**	**2,182**
At 31 December 2013	**361,742**	**51,056**	**(5,568)**	**-**	**21,455**	**(161,544)**	**267,141**

	Non-distributable			Distributable		
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company						
At 1 January 2012	361,742	51,056	(5,568)	19,337	(273,458)	153,109
Total comprehensive income for the financial year	-	-	-	-	95,439	95,439
At 31 December 2012	361,742	51,056	(5,568)	19,337	(178,019)	248,548
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**(4,172)**	**(4,172)**
At 31 December 2013	**361,742**	**51,056**	**(5,568)**	**19,337**	**(182,191)**	**244,376**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Operating activities				
Profit/(loss) before tax	**4,859**	96,418	**(4,172)**	95,419
Adjustments for:				
Depreciation of property, plant and equipment	**8,395**	7,807	**707**	722
Fair value adjustment on:				
- other receivables (cash collaterals and performance bond)	**-**	(237)	**-**	-
- other receivables (third parties)	**(1,476)**	7,878	**(1,476)**	7,878
- trade receivables (retention sum on contracts)	**(252)**	102	**-**	-
Forfeiture of performance security fund	**-**	(1,183)	**-**	-
Gain from disposals of:				
- other investment	**-**	(2,850)	**-**	(2,850)
- property, plant and equipment	**(82)**	(105,757)	**(66)**	(105,727)
Impairment loss on amount owing by subsidiaries	**-**	-	**-**	1,821
Interest expense	**4,258**	4,724	**36**	293
Interest income	**(216)**	(107)	**-**	(10)
Property, plant and equipment written off	**-**	3,031	**-**	129
Reversal of impairment loss on:				
- other receivables (third parties)	**(40)**	(87)	**(40)**	(87)
- trade receivables	**-**	(249)	**-**	-
Unrealised foreign exchange gain	**-**	-	**(964)**	(695)
Waiver of debt	**(2,179)**	(2,886)	**-**	(2,886)
Operating cash before changes in working capital	**13,267**	6,604	**(5,975)**	(5,993)
Development expenditure	**(10,754)**	(8,536)	**-**	-
Inventories	**27**	4,102	**-**	-
Receivables	**3,623**	(10,545)	**13,532**	1,911
Payables	**(1,109)**	(1,334)	**(733)**	(4,990)
Subsidiaries	**-**	-	**(8,766)**	(2,377)
Cash from/(used in) operations	**5,054**	(9,709)	**(1,942)**	(11,449)
Income taxes refund	**750**	-	**750**	-
Income taxes paid	**(4,102)**	(2,563)	**-**	-
Net cash from/(used in) operating activities	**1,702**	(12,272)	**(1,192)**	(11,449)

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Investing activities				
Interest received	**216**	107	**-**	10
Net proceeds from disposals of:				
- other investment	**-**	11,290	**-**	11,290
- property, plant and equipment	**442**	7,044	**66**	7,005
Purchase of property, plant and equipment (Note 4(a))	**(4,179)**	(8,096)	**(16)**	(1,371)
Refund of performance security fund	**-**	(2,904)	**-**	-
Net cash (used in)/from investing activities	**(3,521)**	7,441	**50**	16,934
Financing activities				
Fixed deposits pledged for banking facilities	**(1,134)**	-	**-**	-
Interest paid	**(5,408)**	(5,266)	**(36)**	(910)
Net drawdown/(repayment) of:				
- bankers' acceptances	**3,468**	2,616	**-**	-
- hire purchase payables	**(696)**	(551)	**(240)**	(240)
- term loans	**5,235**	12,197	**-**	(3,000)
Net cash from/(used in) financing activities	**1,465**	8,996	**(276)**	(4,150)
Net (decrease)/increase in cash and cash equivalents	**(354)**	4,165	**(1,418)**	1,335
Cash and cash equivalents at 1 January	**9,048**	4,883	**1,650**	315
Cash and cash equivalents at 31 December (Note 14)	**8,694**	9,048	**232**	1,650

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at 3rd Floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is property and investment holding. The principal activities of the subsidiaries and associate are disclosed in Notes 6 and 7 respectively. There have been no significant changes in the nature of these activities in the current financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

2.2 Significant accounting policies

In the current financial year, the Group and the Company have adopted the following applicable new Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and Amendments to FRSs which are effective and mandatory for the current financial year:

Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entities: Transition Guidance
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosures of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119 (2012)	Employee Benefits
FRS 127 (2012)	Separate Financial Statements
FRS 128 (2012)	Investments in Associates and Joint Ventures

FRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)
FRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRSs contained in the document entitled "Annual Improvements 2009 - 2012 Cycle"

Adoption of the above FRSs, IC Interpretations and Amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company, except as discussed below:

Amendments to FRS 101 Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time have to be presented separately from items that will not be reclassified. The amendments affect presentation only and have no impact on the Group's financial position or performance.

FRS 10 Consolidated Financial Statements

Under FRS 10, an investor controls an investee when the investor has:

(i) The power by investor over an investee;
(ii) Exposure, or rights, to variable returns from investor's involvement with the investee; and
(iii) Ability to affect those returns through its power over investee.

This new control model differs from how previously companies were assessed to be a subsidiary. Under FRS 127, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

Upon adoption of the two new FRSs, the Group has reviewed the relationships with its investments in other entities to assess whether the conclusion to consolidate is different under FRS 10 than under FRS 127, and noted no material differences were found for any of the investments.

The adoption of FRS 10 will not result in a change in accounting policy. This FRS does not have any impact on the financial statements of the Group and of the Company.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

The adoption of FRS 12 will not result in a change in accounting policy. This FRS does not have any impact on the financial statements of the Group and of the Company.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

FRS 119 Employee Benefits (as amended by IASB in June 2011)

The adoption of the revised FRS 119 has affected the accounting treatment of certain items such as the timing of the recognition of actuarial gains and losses arising from defined benefit plans and the presentation of changes in defined benefit liability or asset. The key changes include:

- Actuarial gains and losses (renamed as 'remeasurements') are recognised immediately in other comprehensive income, and are not subsequently recycled to statement of profit or loss. The corridor approach for accounting for unrecognised actuarial gains in prior years is discontinued.

- Past service costs, whether unvested or already vested, are recognised immediately in the statement of profit or loss as incurred and the annual defined benefit costs in the statement of profit or loss will include net interest expense/income on the defined benefit asset/liability.

The adoption of FRS 119 will not result in a change in accounting policy. This FRS does not have any impact on the financial statements of the Group and of the Company.

FRS 127 Separate Financial Statements (as amended by IASB in May 2011)

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, joint controlled entities and associates in separate financial statements. This standard affects disclosures only and has no impact on the Group's financial position or performance.

The adoption of FRS 127 will not result in a change in accounting policy. This FRS does not have any impact on the financial statements of the Group and of the Company.

FRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates. This standard affects disclosures only and has no impact on the Group's financial position or performance.

The adoption of FRS 128 will not result in a change in accounting policy. This FRS does not have any impact on the financial statements of the Group and of the Company.

The Group and the Company have not applied the following FRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective date for financial periods beginning on or after
Amendment to FRS 10	Investment Entity	1 January 2014
Amendment to FRS 12	Investment Entities	1 January 2014
Amendment to FRS 127	Investment Entities	1 January 2014
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedging	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to FRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Amendments to FRSs contained in the document entitled "Annual Improvements 2010 - 2012 Cycle"		1 July 2014
Amendments to FRSs contained in the document entitled "Annual Improvements 2011 - 2013 Cycle"		1 July 2014
Amendment to FRS 7	Mandatory Date of FRS 9 and Transition Disclosures	To be announced
FRS 9 (IFRS 9 (2009))	Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9 (IFRS 9 (2010))	Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced

The Group and the Company intends to adopt the above FRSs, IC Interpretation and Amendments to FRSs when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

FRS 9 Financial Instruments

FRS 9 (IFRS 9 (2009)) replaces the guidance in FRS 139 Financial Instruments: Recognition and Measurement on classification and measurement of financial asset. FRS 9 requires financial asset to be measured at fair value or amortised cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

FRS 9 (IFRS 9 (2010)) includes the requirements for the classification and measurement of financial liabilities and for derecognition. Measurement for financial liability designated as at fair value through profit or loss, requires the amount of change in the fair value of the financial liability, that is attributable to the change of credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit of loss.

Under FRS 139, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

Malaysian Financial Reporting Standards ('MFRS')

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') issued a new MASB approved accounting framework, the MFRS Framework. The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate, including its parent, significant investor and venturer (hereinafter called 'Transitioning Entities').

On 30 June 2012, the MASB announced that the mandatory effective date for adoption of the new MFRS Framework by the Transitioning Entities is deferred from 1 January 2013 to 1 January 2014.

On 7 August 2013, the MASB has decided to allow agriculture and real estate companies, including their parents, significant investors and venturers ('Transitioning Entities') to defer the adoption of the MFRS Framework for an additional year. This deferment takes into account the latest status of the IASB's work plan on the two transitional issues that have yet to be resolved. Transitioning Entities continue to have the option to either apply the MFRS Framework or the FRS Framework for annual period beginning on or after 1 January 2014.

The Group is subject to the application of IC Interpretation 15 Agreements for the Construction of Real Estate and hence fall within the scope of 'Transitioning Entities' and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting the Group's and the Company's first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company are currently assessing the implications and financial impact of transition to the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2013 could be different if prepared under the MFRS Framework.

2.3 Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(ii) Consolidation

The acquisition method of accounting is used to account for business combination. The consideration transferred for acquisition of a subsidiary company is the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition related costs are expensed off in the profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition.

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid is recognised directly in equity.

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(iii) Goodwill on consolidation

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired, in accordance with Note 9.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(iv) Non-controlling interests

Non-controlling interest is the equity in a subsidiary company not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary company are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

(v) Associates

Associates are entities in which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in associates is initially at cost, and recognising the Group's share of its associates' post-acquisition results and its share of post-acquisition net results and other changes to comprehensive income against the carrying amount of the investments. When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate company.

When the Group ceases to have significant influence over an associate company, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retaining investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate reduces but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate company, unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss

2.4 Foreign currency

(a) Functional and presentation of 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

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

2.5 Property, plant and equipment

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the period of the respective leases which ranges from 75 years to 90 years. Depreciation for other property, plant and equipment is computed on the straight line basis 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 carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.6 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.

Investment properties of the Group comprise freehold land. 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. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.5 up to the date of change in use.

2.7 Impairment of non-financial assets

The Group assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ('CGU')).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGU 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent period.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, at banks, deposits at call (excluding deposits pledged for banking facilities granted to the Group and the Company) that are readily convertible to known amount of cash and which have an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.9 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When the financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include available-for-sale financial assets and loans and receivables.

(a) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within twelve months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than twelve months after the end of the reporting period which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.10 Impairment of financial assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

- Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss. When a decline of fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investment that is carried at cost are not reversed in profit or loss in the subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss, if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

- Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain catergories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. 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.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total 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.

2.12 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 profit or loss 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.

When 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.

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 profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

2.13 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. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Provisions

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

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

2.15 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities can either be classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Group and Company classifies all its financial liability as other financial liabilities.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.17 Employee benefits

(a) 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. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ('EPF').

2.18 Leases - as lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the lease asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. 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. Contingent rentals are charged to profit or loss in the periods in which they are incurred.

2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.11.

(b) Dividend income

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

(c) Golf revenue

Income from green fees and golf related income are recognised as income upon delivery of services.

(d) Management fee

Management fee is recognised when services are rendered.

(e) Rental income

Rental income is recognised on a straight line basis over the term of the lease.

(f) 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.

(g) Sale of goods

Revenue is recognised net of sales taxes upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.20 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

(b) Deferred tax

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

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Share capital and share issuance expenses

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

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

2.23 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

Details of contingencies are disclosed in Note 29.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating unit ('CGU') to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 9.

(b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 11.

(c) 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. Details of deferred tax liabilities and income taxes are disclosed in Notes 17 and 26 respectively.

(d) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful life. Management estimates of the useful lives of property, plant and equipment are as disclosed in Note 2.5. Any changes in the residual value could impact the future depreciation charges. A 1% (2012: 1%) difference in the current year depreciation charge would result in approximately 3.8% (2012: 0.1%) variance in the profit for the year of the Group.

(e) Impairment on investment in subsidiaries

The carrying values of investment in subsidiaries and the related goodwill are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the subsidiaries at the end of the reporting period is disclosed in Note 6.

(f) Construction contracts

The Group recognises contract revenue and contract costs in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract cost incurred for work performed to date as a percentage of the estimated contract costs. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's amount due from/(to) customers for contract works at the end of the reporting period is disclosed in Note 13.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Group							
At 31 December 2013							
Cost							
At 1 January 2013	24,200	71,306	21,119	110,101	7,895	22,277	256,898
Additions	-	50	-	-	1,307	3,514	4,871
Disposals	-	-	-	-	(614)	(479)	(1,093)
Write off	-	-	-	-	-	(987)	(987)
At 31 December 2013	24,200	71,356	21,119	110,101	8,588	24,325	259,689
Accumulated depreciation and impairment losses							
At 1 January 2013	6,644	22,988	4,514	26,458	5,593	7,719	73,916
Charge for the year	-	1,462	306	2,292	1,293	3,042	8,395
Disposals	-	-	-	-	(549)	(184)	(733)
Write off	-	-	-	-	-	(987)	(987)
At 31 December 2013	6,644	24,450	4,820	28,750	6,337	9,590	80,591
Analysed as:							
Accumulated depreciation	-	23,879	4,820	28,750	6,337	9,590	73,376
Accumulated impairment losses	6,644	571	-	-	-	-	7,215
	6,644	24,450	4,820	28,750	6,337	9,590	80,591
Net carrying amount							
At 31 December 2013	17,556	46,906	16,299	81,351	2,251	14,735	179,098

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold building RM'000	Short leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Group								
At 31 December 2012								
Cost								
At 1 January 2012	20,940	72,828	21,119	109,793	308	8,202	17,366	250,556
Reclassified from investment property	13,240	-	-	-	-	-	-	13,240
Reclassified from inventories	-	78	-	-	-	-	-	78
Transfer	-	-	-	308	(308)	-	-	-
Additions	-	439	-	-	-	261	7,633	8,333
Disposals	(9,980)	-	-	-	-	(165)	-	(10,145)
Write off	-	(2,039)	-	-	-	(403)	(2,722)	(5,164)
At 31 December 2012	24,200	71,306	21,119	110,101	-	7,895	22,277	256,898
Accumulated depreciation and impairment losses								
At 1 January 2012	1,702	21,818	4,207	23,967	199	4,955	6,608	63,456
Reclassified from investment property	6,644	-	-	-	-	-	-	6,644
Charge for the year	-	1,459	307	2,276	16	1,154	2,595	7,807
Transfer	-	-	-	215	(215)	-	-	-
Disposals	(1,702)	-	-	-	-	(156)	-	(1,858)
Write off	-	(289)	-	-	-	(360)	(1,484)	(2,133)
At 31 December 2012	6,644	22,988	4,514	26,458	-	5,593	7,719	73,916
Analysed as:								
Accumulated depreciation	-	22,417	4,514	26,458	-	5,593	7,719	66,701
Accumulated impairment losses	6,644	571	-	-	-	-	-	7,215
	6,644	22,988	4,514	26,458	-	5,593	7,719	73,916
Net carrying amount								
At 31 December 2012	17,556	48,318	16,605	83,643	-	2,302	14,558	182,982

Company	Freehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
At 31 December 2013				
Cost				
At 1 January 2013	1,180	3,742	1,430	6,352
Additions	-	14	2	16
Disposals	-	(344)	-	(344)
At 31 December 2013	1,180	3,412	1,432	6,024
Accumulated depreciation and impairment losses				
At 1 January 2013	866	3,076	177	4,119
Charge for the year	59	503	145	707
Disposals	-	(344)	-	(344)
At 31 December 2013	925	3,235	322	4,482
Analysed as:				
Accumulated depreciation	354	3,235	322	3,911
Accumulated impairment losses	571	-	-	571
	925	3,235	322	4,482
Net carrying amount				
At 31 December 2013	255	177	1,110	1,542

Company	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
At 31 December 2012					
Cost					
At 1 January 2012	9,980	1,180	3,769	286	15,215
Additions	-	-	7	1,364	1,371
Disposals	(9,980)	-	(34)	-	(10,014)
Write off	-	-	-	(220)	(220)
At 31 December 2012	-	1,180	3,742	1,430	6,352

	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Accumulated depreciation and impairment losses					
At 1 January 2012	1,702	807	2,610	105	5,224
Charge for the year	-	59	500	163	722
Disposals	(1,702)	-	(34)	-	(1,736)
Write off	-	-	-	(91)	(91)
At 31 December 2012	-	866	3,076	177	4,119
Analysed as:					
Accumulated depreciation	-	295	3,076	177	3,548
Accumulated impairment losses	-	571	-	-	571
	-	866	3,076	177	4,119
Net carrying amount					
At 31 December 2012	-	314	666	1,253	2,233

(a) In the current financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM4,871,000 (2012: RM8,333,000) and RM16,000 (2012: RM1,371,000) respectively, of which RM692,000 (2012: RM237,000) of the Group were financed under hire purchase arrangements.

(b) Included in property, plant and equipment of the Group and of the Company are assets under hire purchase arrangements with net carrying amount of RM1,418,000 (2012: RM1,581,000) and RM135,000 (2012: RM597,000) respectively.

(c) The freehold and long leasehold land and buildings of the Group with net carrying amount of RM152,049,000 (2012: RM155,984,000) is charged to financial institutions for facilities granted to the Group as disclosed in Note 18.

(d) The title deed for a office lot with net carrying amount of RM75,000 (2012: RM77,000) is in the process of being transferred to the Group.

(e) The remaining lease term of long leasehold land of the Group range from 58 to 84 years (2012: 59 to 85 years).

5. INVESTMENT PROPERTY

	Group 2013 RM'000	Group 2012 RM'000
Freehold land		
Cost	-	13,240
Accumulated impairment losses	-	(6,644)
	-	6,596
Reclassified to property, plant and equipment	-	(6,596)
	-	-

6. SUBSIDIARIES

	Company 2013 RM'000	Company 2012 RM'000
Unquoted shares, at cost		
At 1 January/31 December	254,607	254,607
Accumulated impairment losses		
At 1 January/31 December	(173,561)	(173,561)
Investment in subsidiaries, net of impairment	81,046	81,046
Amount owing by subsidiaries		
At 1 January	119,910	108,611
Advance	15,712	11,299
At 31 December	135,622	119,910
Amount owing to subsidiaries	(18,660)	(12,678)
Allowance for impairment		
At 1 January	(44,769)	(42,948)
Charge for the year	-	(1,821)
At 31 December	(44,769)	(44,769)
Amount owing by subsidiaries, net of impairment	72,193	62,463

The amount owing by subsidiaries were unsecured, non-interest bearing and repayable on demand.

The amount owing to subsidiaries were unsecured, non-interest bearing and repayable on demand.

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective interest 2013 %	Effective interest 2012 %
Armada Resorts Sdn Bhd	Malaysia	Investment holding	**100**	100
Beta Management Services Sdn Bhd	Malaysia	Inactive	**100**	100
Bondmark Construction Services Sdn Bhd	Malaysia	Inactive	**100**	100
Christine Resort Sdn Bhd^	Malaysia	Operation of golf resort	**100**	100
Dominion Bay Sdn Bhd	Malaysia	Inactive	**100**	100
Hasil Andalas Sdn Bhd	Malaysia	Inactive	**100**	100
Hotel Armada Group Sdn Bhd	Malaysia	Investment holding	**100**	100
Hotel Armada (PJ) Sdn Bhd	Malaysia	Property investment and operation of hotel	**100**	100
Irama Serangkai Sdn Bhd	Malaysia	Property investment	**100**	100
LH Bintang Development Sdn Bhd	Malaysia	Property 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	Inactive	**100**	100
LH Indah Apartments (Second) Sdn Bhd	Malaysia	Inactive	**100**	100
Lien Hoe Property Management Sdn Bhd	Malaysia	Inactive	**100**	100
Lien Hoe Square Sdn Bhd	Malaysia	Property investment	**100**	100

Name of company	Country of incorporation	Principal activities	Effective interest 2013 %	2012 %
Macro Resources Sdn Bhd	Malaysia	Building contractors	**100**	100
Macro Technology Sdn Bhd	Malaysia	Inactive	**100**	100
Menara Lien Hoe Sdn Bhd	Malaysia	Inactive	**100**	100
Pro-Meridian Sdn Bhd	Malaysia	Inactive	**100**	100
Taman Templer Sdn Bhd	Malaysia	Inactive	**100**	100

^ Audited by a firm of chartered accountants other than UHY

Acquisition of a subsidiary

On 6 January 2014, Hotel Armada Group Sdn Bhd, a wholly owned subsidiary of the Company acquired 100% equity interest in Exquisite Beams Sdn Bhd for a cash consideration of RM2.

7. INVESTMENT IN AN ASSOCIATE

	Group 2013 RM'000	2012 RM'000
Unquoted shares, at cost	**251**	251
Share of post-acquisition results	**(232)**	(232)
	19	19
Less : Accumulated impairment losses	**(19)**	(19)
	-	-

Details of the associate are as follows:

Name of company	Country of incorporation	Principal activities	Effective interest 2013 %	2012 %
PMR Builders Sdn Bhd	Malaysia	Building contractors	**30**	30

The summarised financial information of the associate, not adjusted for the percentage of ownership held by the Group is as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets, representing total assets	**1,776**	2,190
Current liabilities, representing total liabilities	**3,831**	3,062
Results		
Revenue	**31,013**	22,740
Net loss for the financial year	**(1,183)**	(221)

8. OTHER INVESTMENT

	Group	
	2013 RM'000	2012 RM'000
Non-current		
Available-for-sale		
At cost		
Unquoted preference shares in Malaysia		
1,000,000 2.5% redeemable preference shares of RM1 each		
At 1 January	**1,000**	-
Addition	**-**	1,000
At 31 December	**1,000**	1,000

9. GOODWILL

	Group	
	2013 RM'000	2012 RM'000
At 1 January/31 December	**8,979**	8,979

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

	Construction RM'000	Property RM'000	Hotel and leisure RM'000	Total RM'000
At 31 December 2013/2012	**52**	**4,276**	**4,651**	**8,979**

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 CGUs 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 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 2.5% (2012: 6.6%) and a growth rate of 5.0% (2012: 1.0% - 3.0%). 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 used is 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.

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

10. DEVELOPMENT EXPENDITURE

	Group	
	2013	2012
	RM'000	RM'000
At 1 January	**8,536**	-
Addition	**10,754**	8,536
At 31 December	**19,290**	8,536

This represents expenditure incurred for the proposed development projects to be undertaken by subsidiaries.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Trade receivables				
Retention sums on contracts (Note 13)	**10,772**	10,564	**-**	-
Other receivables				
Third parties	**41,161**	69,834	**41,161**	69,834
Less: Allowance for impairment				
- Third parties	**(70)**	(110)	**(70)**	(110)
	41,091	69,724	**41,091**	69,724
	51,863	80,288	**41,091**	69,724
Current				
Trade receivables				
Third parties	**17,265**	23,345	**-**	-
Retention sums on contracts (Note 13)	**4,598**	688	**-**	-
Less: Allowance for impairment				
- Third parties	**(4)**	(18)	**-**	-
	21,859	24,015	**-**	-
Other receivables				
Prepayments	**1,423**	561	**-**	-
Cash collaterals	**1,610**	1,305	**-**	-
Third parties	**52,046**	35,814	**50,041**	33,424
	55,079	37,680	**50,041**	33,424
	76,938	61,695	**50,041**	33,424
Total trade and other receivables	**128,801**	141,983	**91,132**	103,148
Add: Cash and bank balances (Note 14)	**10,892**	10,407	**232**	1,650
Less: Prepayments	**(1,423)**	(561)	**-**	-
Total loans and receivables	**138,270**	151,829	**91,364**	104,798

Other receivables

Included in other receivables are the following:

(a) RM2,584,000 (2012: RM2,358,000) paid for the proposed acquisition of a subsidiary, which is pending completion at the end of the reporting period.

(b) outstanding balance of RM87,598,000 (2012: RM99,122,000) (net of fair value adjustment of RM6,402,000 (2012: RM7,878,000)) from the minimum guaranteed sum of RM117,000,000 pursuant to a development agreement entered in 2011 for the disposal of Lot 1845 in Mukim of Tebrau, Johor. This amount is receivable over six years based on the terms of the agreement.

Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 days (2012: 7 to 30 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables (including retention sums on contracts) is as follows:

	2013 RM'000	2012 RM'000
Neither past due nor impaired	**16,161**	24,045
1 to 30 days past due not impaired	**7,473**	8,299
31 to 60 days past due not impaired	**6,132**	209
61 to 90 days past due not impaired	**1,048**	1,219
91 to 120 days past due not impaired	**373**	120
More than 120 days past due not impaired	**1,444**	672
	16,470	10,519
Impaired	**4**	33
	32,635	34,597

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM16,470,000 (2012: RM10,519,000) that are past due at the end of the reporting period but not impaired, and are unsecured in nature. The management is confident that these receivables are recoverable as these accounts are still active.

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2013	2012
	RM'000	RM'000
Trade receivables - gross	**4**	33
Less: Allowance for impairment	**(4)**	(18)
	-	15

Movement in the allowance accounts:

	2013	2012
	RM'000	RM'000
At 1 January	**18**	351
Charge for the year	**-**	15
Write off	**(14)**	(84)
Reversal of impairment losses	**-**	(264)
At 31 December	**4**	18

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

12. INVENTORIES

	Group	
	2013	2012
	RM'000	RM'000
At cost:		
Consumables	**576**	603
At net realisable value:		
Land, completed apartments and office lot	**9,764**	9,842
	10,340	10,445
Reclassified to property, plant and equipment	**-**	(78)
	10,340	10,367

13. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	2013	2012
	RM'000	RM'000
Construction costs incurred to date	**218,418**	116,844
Attributable profit	**24,769**	11,644
	243,187	128,488
Progress billings	**(231,014)**	(134,221)
	12,173	(5,733)
Amount due from customers for contract works	**14,941**	3,614
Amount due to customers for contract works	**(2,768)**	(9,347)
	12,173	(5,733)
Retention sums on contracts, included within trade receivables (Note 11)		
Current	**4,598**	688
Non-current	**10,772**	10,564
	15,370	11,252
Contract revenue recognised as an income (Note 21)	**115,212**	92,014
Construction costs recognised as an expense (Note 22)	**102,131**	82,170

14. CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Cash on hand and at banks	**5,802**	6,499	**151**	1,571
Short term deposits with:				
- Licensed banks	**5,009**	3,829	**-**	-
- Other financial institution	**81**	79	**81**	79
Cash and bank balances	**10,892**	10,407	**232**	1,650
Less: Fixed deposit pledged	**(1,634)**	(500)	**-**	-
Bank overdraft	**(564)**	(859)	**-**	-
Cash and cash equivalents	**8,694**	9,048	**232**	1,650

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods depending on the immediate cash requirements of the Group and of the Company, and earn interests at respective short-term deposit rates. The deposits earn interest of 2.7% to 3.1% (2012: 2.7% to 3.1%) per annum and have average maturities of 3 months (2012: 3 months).

Included in the deposits is a sum of RM1,634,000 (2012: RM500,000) pledged to financial institutions for banking facilities granted to the Group.

15. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group/Company			
	Number of ordinary shares of RM1 each		Amount	
	2013	2012	**2013**	2012
	'000	'000	**RM'000**	RM'000
Authorised				
At 1 January/31 December	**1,000,000**	1,000,000	**1,000,000**	1,000,000

	Number of ordinary shares of RM1 each		Amount			
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
At 31 December 2012/ 31 December 2013	**361,742**	**(18,796)**	**361,742**	**51,056**	**412,798**	**(5,568)**

Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

There were no shares repurchased in the current financial year.

16. OTHER RESERVES

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Distributable				
Capital reserve	**21,455**	21,455	**19,337**	19,337

The capital reserve relates to the asset revaluation reserve portion for land and buildings which have been disposed.

17. DEFERRED TAX LIABILITIES

	Group	
	2013	2012
	RM'000	RM'000
At 1 January	**10,846**	11,265
Recognised in profit or loss (Note 26)	**(397)**	(419)
At 31 December	**10,449**	10,846

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

	At 1 January 2012 RM'000	Recognised in profit or loss RM'000	At 31 December 2012 RM'000	**Recognised in profit or loss RM'000**	**At 31 December 2013 RM'000**
Deferred tax liabilities					
Accelerated capital allowances	5,883	(766)	5,117	**(300)**	**4,817**
Fair value adjustment arising from business combination	5,809	(80)	5,729	**(97)**	**5,632**
	11,692	(846)	10,846	**(397)**	**10,449**
Deferred tax assets					
Unused tax losses and unabsorbed capital allowances	(427)	427	-	**-**	**-**
	11,265	(419)	10,846	**(397)**	**10,449**

18. BORROWINGS (SECURED)

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Term loans	**28,579**	47,615	**-**	-
Hire purchase payables (Note 28)	**582**	603	**47**	152
	29,161	48,218	**47**	152
Current				
Bankers' acceptances	**6,084**	4,795	**-**	-
Term loans	**25,771**	1,500	**-**	-
Hire purchase payables (Note 28)	**587**	570	**105**	240
	32,442	6,865	**105**	240
Total borrowings				
Bankers' acceptances	**6,084**	4,795	**-**	-
Term loans	**54,350**	49,115	**-**	-
Hire purchase payables (Note 28)	**1,169**	1,173	**152**	392
	61,603	55,083	**152**	392
Maturity of borrowings (excluding hire purchase payables):				
Within 1 year	**31,855**	6,295	**-**	-
More than 1 year and less than 2 years	**6,000**	25,885	**-**	-
More than 2 years and less than 5 years	**16,500**	18,000	**-**	-
More than 5 years	**6,079**	3,730	**-**	-
	60,434	53,910	**-**	-

The interest rates at the end of the reporting period for borrowings, excluding hire purchase payables, are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	%	%	%	%
Bankers' acceptances	**4.7**	4.7	**-**	-
Term loans	**10.0**	10.0	**-**	-

The borrowings, other than hire purchase payables, are secured by the following:

(a) Freehold and long leasehold land and buildings of the Group as disclosed in Note 4; and

(b) Corporate guarantee of the Company.

19. BANK OVERDRAFT

The bank overdraft bears interest at a rate of 7.9% (2012: 7.9%) per annum and is secured by corporate guarantee of the Company.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade payables	**21,510**	16,019	**-**	-
Other payables:				
- Accruals	**3,758**	4,386	**300**	279
- Others	**6,030**	6,573	**1,376**	2,130
	31,298	26,978	**1,676**	2,409
Total trade and other payables	**31,298**	26,978	**1,676**	2,409
Borrowings	**61,603**	55,083	**152**	392
Bank overdraft	**564**	859	**-**	-
Total financial liabilities carried at amortised cost	**93,465**	82,920	**1,828**	2,801

Trade and other payables are non-interest bearing and are normally settled on an average term of 60 days (2012: 60 days).

21. REVENUE

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Construction revenue	**115,212**	92,014	**-**	-
Management fees from subsidiaries	**-**	-	**2,760**	2,040
Rental income	**4,415**	3,277	**-**	-
Revenue from golf resort	**258**	3,996	**-**	-
Revenue from hotel	**27,072**	26,145	**-**	-
	146,957	125,432	**2,760**	2,040


22. COST OF SALES

	Group 2013 RM'000	Group 2012 RM'000
Cost of inventories	**4,303**	5,702
Construction cost	**102,131**	82,170
	106,434	87,872

23. PROFIT/(LOSS) FROM OPERATIONS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit/(loss) from operations is stated after charging/(crediting):				
Auditors' remuneration:				
- statutory audits	**174**	185	**65**	65
- other services	**5**	5	**5**	5
Depreciation of property, plant and equipment (Note 4)	**8,395**	7,807	**707**	722
Directors' emoluments (Note 24(a))	**5,911**	4,615	**4,368**	3,368
Net reversal of impairment loss on trade receivables	**-**	(249)	**-**	-
Other income (Note 23(a))	**(4,451)**	(113,468)	**(2,548)**	(112,296)
Other expenses (Note 23(b))	**-**	11,011	**-**	9,828
Rental of premises	**91**	108	**-**	-
Staff costs (Note 23(c))	**10,508**	11,876	**2,185**	2,083

(a) Other income

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Gain from disposals of:				
- other investment	**-**	(2,850)	**-**	(2,850)
- property, plant and equipment	**(82)**	(105,757)	**(66)**	(105,727)
Fair value adjustment on:				
- other receivables (cash collaterals and performance bond)	**-**	(237)	**-**	-
- other receivables (third parties)	**(1,476)**	-	**(1,476)**	-
- trade receivables (retention sum on contracts)	**(252)**	-	**-**	-

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Forfeiture of performance security fund	**-**	(1,183)	**-**	-
Interest income	**(216)**	(107)	**-**	(10)
Miscellaneous income	**(206)**	(361)	**(2)**	(41)
Reversal of impairment loss on other receivables (third parties)	**(40)**	(87)	**(40)**	(87)
Unrealised foreign exchange gain	**-**	-	**(964)**	(695)
Waiver of debt	**(2,179)**	(2,886)	**-**	(2,886)
	(4,451)	(113,468)	**(2,548)**	(112,296)

(b) Other expenses

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Impairment loss on amount owing by subsidiaries	**-**	-	**-**	1,821
Fair value adjustment on:				
- other receivables (third parties)	**-**	7,878	**-**	7,878
- trade receivables (retention sum on contracts)	**-**	102	**-**	-
Property, plant and equipment written off	**-**	3,031	**-**	129
	-	11,011	**-**	9,828

(c) Staff costs

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Wages and salaries	**9,281**	10,408	**2,016**	1,918
Social security costs	**111**	126	**16**	16
Defined contribution plans	**912**	900	**153**	149
Other staff related expenses	**204**	442	**-**	-
	10,508	11,876	**2,185**	2,083

24. KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Directors

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	**4,755**	3,622	**4,236**	3,236
Benefits-in-kind	**15**	15	**15**	15
	4,770	3,637	**4,251**	3,251
Non-executive:				
Fees	**132**	132	**132**	132

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	**1,024**	861	**-**	-
Total	**5,926**	4,630	**4,383**	3,383
Analysis excluding benefits-in-kind				
Total executive directors' remuneration	**5,779**	4,483	**4,236**	3,236
Total non-executive directors' remuneration	**132**	132	**132**	132
Total directors' remuneration	**5,911**	4,615	**4,368**	3,368

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

	Number of Directors	
	2013	2012
	RM'000	RM'000
Executive directors:		
RM350,001 to RM400,000	**-**	1
RM500,001 to RM550,000	**1**	-
RM3,200,001 to RM3,250,000	**-**	1
RM4,200,001 to RM4,250,000	**1**	-
Non-executive directors:		
Below RM50,000	**2**	2
RM50,001 to RM100,000	**1**	1

(b) Other key management personnel

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**1,416**	1,515	**300**	247
Social security costs	**4**	4	**1**	1
Defined contribution plans	**160**	174	**35**	30
	1,580	1,693	**336**	278

25. FINANCE COSTS

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Hire purchase	**93**	80	**36**	37
Bank overdraft and bankers' acceptances	**287**	228	**-**	-
Term loans	**3,878**	4,416	**-**	256
	4,258	4,724	**36**	293

26. INCOME TAX EXPENSE

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Malaysian income tax:				
Current year	**3,820**	2,808	**-**	-
Overprovision in prior years	**(746)**	(242)	**-**	(20)
	3,074	2,566	**-**	(20)
Deferred tax (Note 17):				
Deferred tax relating to origination and reversal of temporary differences	**(397)**	(419)	**-**	-
Income tax expense recognised in profit or loss	**2,677**	2,147	**-**	(20)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the financial year.

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

	2013	2012
	RM'000	RM'000
Group		
Profit before tax	**4,859**	96,418
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**1,215**	24,105
Effect of expenses not deductible for tax purposes	**3,246**	5,158
Income not subject to tax	**(977)**	(27,866)
Deferred tax assets not recognised during the year	**721**	1,492
Over provision of income tax expense in prior years	**(746)**	(242)
Utilisation of group relief	**(782)**	(500)
Income tax expense recognised in profit or loss	**2,677**	2,147

	2013	2012
	RM'000	RM'000
Company		
(Loss)/Profit before tax	**(4,172)**	95,419
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**(1,043)**	23,855
Effect of expenses not deductible for tax purposes	**1,329**	3,733
Income not subject to tax	**(610)**	(28,040)
Deferred tax assets not recognised during the year	**324**	452
Over provision of income tax expense in prior years	**-**	(20)
Income tax expense recognised in profit or loss	**-**	(20)

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

	Group		**Company**	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Unused tax losses	**39,962**	37,591	**9,574**	8,290
Unabsorbed capital allowances	**3,005**	2,490	**625**	613
	42,967	40,081	**10,199**	8,903

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the respective entities within the Group, subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authorities. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which they can be utilised based on the current plan of the respective companies.

27. EARNINGS PER SHARE

The basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The computation of diluted earnings per share is not affected by any other factors.

The followings reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2013	2012
	RM'000	RM'000
Group		
Profit net of tax, attributable to owners of the parent used in the computation of basic and diluted earnings per share	**2,182**	94,271

	2013 '000	2012 '000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**342,946**	342,946

	2013 Sen	2012 Sen
Basic and diluted earnings per share	**0.64**	27.49

28. HIRE PURCHASE PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Minimum lease payments				
Within 1 year	**661**	650	**121**	276
More than 1 year and less than 2 years	**341**	453	**55**	121
More than 2 years and less than 5 years	**305**	231	**-**	55
	1,307	1,334	**176**	452
Less: Future finance charges	**(138)**	(161)	**(24)**	(60)
Present value of hire purchase payables	**1,169**	1,173	**152**	392
Present value of finance lease liabilities				
Within 1 year	**587**	570	**105**	240
More than 1 year and less than 2 years	**306**	399	**47**	105
More than 2 years and less than 5 years	**276**	204	**-**	47
	1,169	1,173	**152**	392
Analysed as				
Due within 12 months included as current liabilities (Note 18)	**587**	570	**105**	240
Due after 12 months included as non-current liabilities (Note 18)	**582**	603	**47**	152
	1,169	1,173	**152**	392

The hire purchase payables bear interest at the end of the reporting period of 2.3% to 6.8% (2012: 2.6% to 6.8%) per annum.

29. CONTINGENCIES

There are no contingent liabilities to be disclosed for the Group and for the Company.

30. RELATED PARTY TRANSACTIONS

	Company	
	2013	2012
	RM'000	RM'000
Management fees charged to subsidiaries	**2,760**	2,040

Information regarding outstanding balances arising from related party transactions are disclosed in Note 6.

The remuneration of key management personnel is disclosed in Note 24.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced liquidation or sale.

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The carrying amounts of the financial assets and liabilities of the Group and the Company at the end of the reporting period reasonably approximate their fair value except as follows:

	2013		2012	
	Carrying amount RM'000	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Group				
Financial asset				
Other investment	**1,000**	*****	1,000	*
Financial liabilities				
Term loans	**28,579**	**21,769**	47,615	39,412
Hire purchase payables	**582**	**594**	603	630

	2013		2012	
	Carrying amount RM'000	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Company				
Financial liability				
Hire purchase payables	**47**	**35**	152	165

The following summarises the methods used in determining the fair value of financial instruments in the above table:

(i) Other investment

* It is not practicable to estimate the fair value of the unquoted investment due to lack of quoted market prices and without incurring excessive costs.

(ii) Term loans and hire purchase payables

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the finanicial year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from receivables. For other financial assets (including other investment and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the status of major receivables are reported to the Board of Directors with the result that the Group's exposure to bad debts is not significant.

The Group's receivables relate to a large number of diversified customers and does not have any significant exposure to any individual customer or counterparty nor does it have any significant concentration of credit risk except as disclosed in Note 11.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Information regarding receivables that are neither past due nor impaired is disclosed in Note 11. Deposits with banks and other financial institutions and other investment are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding receivables that are either past due or impaired is disclosed in Note 11.

Financial guarantee

The Company provides unsecured financial guarantees to banks and other institutions in respect of facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

A nominal amount of RM8,878,000 (2012: RM8,602,000) relates to corporate guarantees provided by the Company to the banks and other institutions in respect of facilities of its subsidiaries.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from its payables, borrowings and bank overdraft.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and 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. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term fundings so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
At 31 December 2013					
Group					
Trade and other payables	**31,298**	**-**	**-**	**-**	**31,298**
Borrowings	**36,687**	**8,924**	**20,966**	**6,181**	**72,758**
Bank overdraft	**564**	**-**	**-**	**-**	**564**
	68,549	**8,924**	**20,966**	**6,181**	**104,620**
Company					
Trade and other payables	**1,676**	**-**	**-**	**-**	**1,676**
Borrowings	**121**	**55**	**-**	**-**	**176**
	1,797	**55**	**-**	**-**	**1,852**
At 31 December 2012					
Group					
Trade and other payables	26,978	-	-	-	26,978
Borrowings	11,843	29,830	22,125	3,866	67,664
Bank overdraft	859	-	-	-	859
	39,680	29,830	22,125	3,866	95,501
Company					
Trade and other payables	2,409	-	-	-	2,409
Borrowings	276	121	55	-	452
	2,685	121	55	-	2,861

(c) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. 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 and interest rates of financial liabilities are disclosed in their respective notes.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if interest rates had been 20 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been higher/lower by RM13,000 as a result of lower/higher interest expense on floating rates borrowings.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The foreign currency exposure of the Group is minimal as the Group has an insignificant level of international operations.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than interest or exchange rates).

The Group and the Company does not have any significant exposure from the risk of changes in prices.

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' values.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

Total capital managed at Group level comprises shareholders' equity, cash and cash equivalent and borrowings.

The gearing ratios are as follows:

	2013 RM'000	2012 RM'000
Total borrowings	**61,603**	55,083
Less : Cash and cash equivalents	**(8,694)**	(9,048)
Net debt	**52,909**	46,035
Total equity	**267,141**	264,959
Debt-to-equity ratio (%)	**20**	17

No changes were made in the objectives, policies or processes in the financial years ended 31 December 2013 and 31 December 2012.

34. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) Property - land and property investment.

(b) Construction - building contractors for residential and commercial properties.

(c) Hotel and leisure - operation of hotel and golf resort.

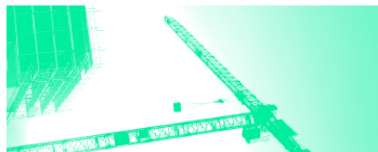
(d) Corporate - group-level corporate services and treasury functions.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Analysis by geographical segments are not presented as the Group principally operates in Malaysia.

Revenue from major customers amounted to RM59,013,000 (2012: RM43,996,000), arising from revenue of the construction segment.

	Property		Construction		Hotel and leisure		Corporate		Adjustments and eliminations			Per consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	Note	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue													
External customers	**4,415**	3,277	**115,212**	92,014	**27,330**	30,141	**-**	-	**-**	-		**146,957**	125,432
Inter-segment	**-**	-	**-**	-	**-**	-	**2,760**	2,040	**(2,760)**	(2,040)	(i)	**-**	-
Total revenue	**4,415**	3,277	**115,212**	92,014	**27,330**	30,141	**2,760**	2,040	**(2,760)**	(2,040)		**146,957**	125,432
Results													
Depreciation of property, plant and equipment	**(1,246)**	(1,161)	**(466)**	(323)	**(5,959)**	(5,584)	**(724)**	(739)	**-**	-		**(8,395)**	(7,807)
Other material non-cash (expense)/income	**-**	(1,980)	**2,440**	139	**7**	273	**1,542**	103,719	**-**	-	(ii)	**3,989**	102,151
Segment profit/(loss)	**1,272**	(3,234)	**11,564**	6,367	**4,014**	3,014	**(5,189)**	96,928	**(6,802)**	(6,657)	(iii)	**4,859**	96,418
Assets													
Additions to property, plant and equipment	**-**	-	**1,187**	168	**3,668**	6,793	**16**	1,372	**-**	-		**4,871**	8,333
Segment assets	**72,332**	71,143	**51,002**	41,464	**136,803**	139,110	**156,803**	148,171	**(42,108)**	(30,807)		**374,832**	369,081
Segment liabilities	**38,071**	36,295	**31,245**	31,200	**113,701**	103,462	**11,551**	8,741	**(86,877)**	(75,576)		**107,691**	104,122



Notes

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

(i) Inter-segment revenue are eliminated on consolidation.

(ii) Other material non-cash (expense)/income consist of the following items as presented in the respective notes to the financial statements:

	2013 RM'000	2012 RM'000
Forfeiture of performance security fund	-	1,183
Gain from disposal of:		
- other investment	-	2,850
- property, plant and equipment	82	105,757
Fair value adjustment on:		
- other receivables (cash collaterals and performance bond)	-	237
- other receivables (third parties)	1,476	(7,878)
- trade receivables (retention sum on contracts)	252	(102)
Net reversal of impairment loss on trade receivables	-	249
Property, plant and equipment written off	-	(3,031)
Waiver of debt	2,179	2,886
	3,989	102,151

(iii) The following items are added to/(deducted from) segment profit/(loss) to arrive at "Profit/(loss) before tax" presented in the consolidated statement of comprehensive income:

	2013 RM'000	2012 RM'000
Interest expenses	(4,258)	(4,724)
Interest income	216	107
Inter-segment management fee	(2,760)	(2,040)
	(6,802)	(6,657)

35. SUPPLEMENTARY INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS

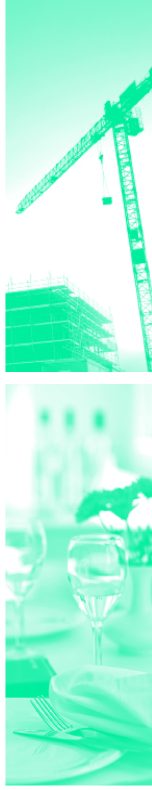
The breakdown and components of accumulated losses are identified and disclosed in accordance with the listing requirements of Bursa Malaysia Securities Berhad as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Total accumulated losses				
- Realised	**(376,827)**	(379,818)	**(185,613)**	(180,477)
- Unrealised	**(4,816)**	(5,116)	**3,422**	2,458
	(381,643)	(384,934)	**(182,191)**	(178,019)
Total share of results from associates - realised	**(233)**	(233)	**-**	-
	(381,876)	(385,167)	**(182,191)**	(178,019)
Less: Consolidation adjustments	**220,332**	221,441	**-**	-
Accumulated losses as per financial statements	**(161,544)**	(163,726)	**(182,191)**	(178,019)

Schedule of Properties

Held by the Company and its Subsidiaries as at 31 December 2013

Location of Properties	Description	Date of Acquisition	Expiration of Lease	Land Area (Acres)	Lettable Area (Sq. Ft.)	Approximate Age of Building (Years)	Net Book Value (RM'000)
Lot 51, Section 27, Town of Petaling Jaya, Selangor	25 storey hotel with 257 rooms and 4 storey podium with basement car park *known as Armada Petaling Jaya*	June 1993	6 February 2071	2.44	104,430	17	96,562
Lot PTD 90038, Mukim of Plentong, Bandar Seri Alam, Johor	Vacant land	April 2010	Freehold	182.00	N/A	N/A	54,477
Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor	Vacant land	January 1992	Freehold	34.54	N/A	N/A	9,563
Lot 290, Mukim of Tebrau, Johor	Vacant land	June 1996	Freehold	4.84	N/A	N/A	6,596
Lots 1589 and 1592, Mukim of Tebrau, Johor	Vacant land	May 1994	Freehold	4.14	N/A	N/A	3,059
3-9-A and 7-2-B No. 2 Jalan Pelita, Wadihana, 80300 Johor Bahru, Johor	2 units apartments *known as Pelita Indah Condominium*	May 1995	Freehold	Strata title	3,370	19	201
Lots PT 78700 and 78701, Mukim of Petaling, District of Petaling, Selangor	Vacant land	July 2002	27 May 2097	2.37	N/A	N/A	1,010
073-2, 073-3, 074-1 and 074-2, Block G, Persiaran Palm Spring Resort, 71250 Pasir Panjang, Port Dickson, Negeri Sembilan	4 units apartments *known as Palm Springs Apartments*	December 1994	Freehold	Strata title	6,372	12	255
B13-1 Block B No. 1 Lorong Utara B off Jalan Utara 46200 Petaling Jaya	1 unit apartment *known as The Istara Condominium*	August 1996	9 March 2076	Strata title	1,313	16	78
Lot B2F-19a, Megan Phoenix, Jalan 2/142A km10 off Jalan Cheras 56000 Kuala Lumpur	1 unit office lot	July 1997	Freehold	Strata title	1,479	14	75



Statistics of Shareholdings
As at 2 May 2014

SHARE CAPITAL

Authorised share capital	RM1,000,000,000
Issued and fully paid-up share capital	RM361,742,241
Adjusted issued and fully paid-up share capital	RM342,946,141*
Class of shares	Ordinary share of RM1 each
Voting rights	1 vote per share

* after deducting 18,796,100 treasury shares pursuant to section 67A of the Companies Act, 1965

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	764	6.00	33,798	0.01
100 - 1,000	3,695	29.00	2,588,493	0.75
1,001 - 10,000	6,527	51.22	24,421,854	7.12
10,001 - 100,000	1,542	12.10	49,098,824	14.32
100,001 - 17,147,306 (*)	212	1.66	129,693,055	37.82
17,147,307 & above (**)	2	0.02	137,110,117	39.98
Total	12,742	100.00	342,946,141	100.00

* Less than 5% of Issued Shares
** 5% and above of Issued Shares

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 2 MAY 2014
(as shown in the Register of Substantial Shareholders)

Name	No. of Shares (Direct)	No. of Shares (Indirect)	%
1. DATO' YAP SING HOCK	106,658,117	3,821,250	32.21
2. LIM WAN SING	31,936,400	-	9.31

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 2 MAY 2014

	Name	No. of Shares	%
1.	HDM NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (M09)	105,173,717	30.67
2.	HDM NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Lim Wan Sing (M09)	31,936,400	9.31
3.	OBJECTIVE ACHIEVEMENT SDN. BHD.	12,000,000	3.50
4.	BELASTRA SDN. BHD.	11,070,900	3.23
5.	LIANG TEH HAI	7,280,000	2.12
6.	ONN KOK PUAY (WENG GUOPEI)	4,605,500	1.34
7.	HSBC NOMINEES (ASING) SDN. BHD. Exempt An for BSI SA (BSI BK SG-NR)	4,500,000	1.31
8.	LIANG TEH HAI	3,811,100	1.11
9.	AFFIN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Felix Tan Soon Kim	3,025,600	0.88
10.	POLYWELL ENTERPRISE SENDIRIAN BERHAD	2,665,400	0.78
11.	LOW AH LIN	2,500,000	0.73
12.	CITIGROUP NOMINEES (ASING) SDN. BHD. Exempt An for OCBC Securities Private Limited (Client A/C-NR)	2,340,587	0.68
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Ong Yoong Nyock (8039533)	2,000,900	0.58
14.	HSBC NOMINEES (TEMPATAN) SDN. BHD. BSI SA for Ong Yoong Nyock	2,000,000	0.58
15.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yong Kwee Lian	2,000,000	0.58
16.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for TNTT Realty Sdn. Bhd.	1,821,300	0.53

	Name	No. of Shares	%
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Ong Yoong Nyock (100583)	1,508,900	0.44
18.	YAP TSE YEENG CHRISTINE	1,500,000	0.44
19.	CIMSEC NOMINEES (ASING) SDN. BHD. Exempt An for CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	1,494,137	0.44
20.	YAP SING HOCK	1,484,400	0.43
21.	AGNES YAP TSE EE	1,321,250	0.39
22.	CHUA BOON CHIEN	1,300,000	0.38
23.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account - Ambank (M) Berhad for Dataprint Computer Supplies Sdn. Bhd.	1,274,000	0.37
24.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. Exempt An for UOB Kay Hian Pte. Ltd. (A/C Clients)	1,219,487	0.36
25.	G-INSTITUTE OF REAL ESTATE SDN. BHD.	1,200,000	0.35
26.	CHIAT MOH SDN. BHD.	1,046,500	0.31
27.	M. CHAREON SAE TANG @ TAN WHYE AUN	1,000,000	0.29
28.	YAP TSE LEE, ELIZABETH	1,000,000	0.29
29.	YONG LOY HUAT	1,000,000	0.29
30.	ONG BEE LIAN	965,500	0.28
	Total	**216,045,578**	**62.99**

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 *the Chairman of the meeting,
or ....
of ....
or failing him/her, ...
of ....
as my/our Proxy to vote for me/us/ on my/our behalf at the 44th Annual General Meeting of the Company to be held at The Latitude, Level 1, Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya on Monday, 23 June 2014 at 11.00 a.m.

My / our proxy is to vote as indicated below :

RESOLUTION NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2013.		
2.	To re-elect Dr Teoh Kim Loon as Director of the Company.		
3.	To re-elect Dato' Tea Choo Keng as Director of the Company.		
4.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to determine their remuneration.		
5.	To approve authority for Directors to issue shares.		
6.	To approve proposed renewal of shareholders' approval for share buy-back.		
7.	To approve the retention of Mr Yeoh Chong Keat as Independent Non-executive Director of the Company.		
8.	To approve the retention of Dr Teoh Kim Loon as Independent Non-executive Director of the Company.		

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.

Dated:-

____
Signature /Common Seal of Shareholder(s)

*** STRIKE OUT IF INAPPLICABLE**

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

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 of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

   An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The form of proxy must be deposited at the registered office of the Company at 3rd floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, not later than 48 hours before the time stipulated for holding of the meeting or any adjournment thereof.

5. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositor as at 16 June 2014 ("Record of Depositor") and only a depositor whose name appears on the Record of Depositor shall be entitled to attend this meeting.