LienHoe

LIEN HOE CORPORATION BERHAD

(Company No. 8507-X)

ANNUAL REPORT 2016

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

Ms. Yap Tse Yeeng Christine
Executive Director

Dr. Teoh Kim Loon
Independent Non-executive Director

Dato' Tea Choo Keng
Independent Non-executive Director

SECRETARY

Ms. 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
Firm Number: AF 1411
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
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
OCBC Al-Amin Bank Berhad
Bangkok Bank Berhad
Bank Islam Malaysia Berhad

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: 03-2783 9299 Fax: 03-2783 9222

STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia
Securities Berhad

NOTICE IS HEREBY GIVEN THAT the 47th Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at Iskandar 1, Level 3A, Block 1, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim on Thursday, 22 June 2017 at 11a.m. for the purpose of transacting the following business:-

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note A)*

2. To approve Directors' fees of RM162,000 in respect of the financial year ended 31 December 2016. *(Resolution 1)*

3. To approve Directors' fees and benefits of up to RM210,000 in respect of the period from 1 January 2017 until the conclusion of the next annual general meeting of the Company. *(Resolution 2)*

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

   i. Mr. Yeoh Chong Keat *(Resolution 3)*
   ii. Dato' Tea Choo Keng *(Resolution 4)*

5. 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 5)*

AS SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION 1**
   AUTHORITY FOR DIRECTORS TO ISSUE SHARES

   "THAT subject to Section 76 of the Companies Act 2016, 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 authorised 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 total number of issued shares of the Company for the time being and such authority shall continue in force until the next Annual General Meeting of the Company." *(Resolution 6)*

7. **ORDINARY RESOLUTION 2**
   PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK

   "THAT subject to the Companies Act 2016, 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 authorised to make purchases of ordinary shares 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 total number of issued shares 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 2016; 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; 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 authorised 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 7)*

8. ORDINARY RESOLUTION 3
RETENTION OF MR. YEOH CHONG KEAT AS INDEPENDENT NON-EXECUTIVE DIRECTOR

“THAT in accordance with the Malaysian Code on Corporate Governance 2012, and subject to the passing of Resolution 3, Mr. Yeoh Chong Keat be retained as Independent Non-executive Director of the Company.” *(Resolution 8)*

9. ORDINARY RESOLUTION 4
RETENTION OF DR. TEOH KIM LOON AS INDEPENDENT NON-EXECUTIVE DIRECTOR

“THAT in accordance with the Malaysian Code on Corporate Governance 2012, Dr. Teoh Kim Loon be retained as Independent Non-executive Director of the Company.” *(Resolution 9)*

10. 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
28 April 2017

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. 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. Where a member appoints more than one proxy, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

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

   An exempt authorised nominee refers to an authorised 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. Pursuant to paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice of annual general meeting will be conducted by poll.

5. 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.

6. 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 13 June 2017 ("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 provisions of Section 340 (1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. As such, this item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

RESOLUTION 6 - AUTHORITY FOR DIRECTORS TO ISSUE SHARES

Please refer to Statement Accompanying Notice of Annual General Meeting for the explanatory notes on Resolution 6.

RESOLUTION 7 - PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK

This resolution is proposed for the purpose of empowering the Company to purchase its own shares of a number which, when aggregated with the existing treasury shares, does not exceed 10% of its total number of issued shares. 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 28 April 2017 which is despatched together with the 2016 Annual Report.

RESOLUTION 8 - RETENTION OF MR. YEOH CHONG KEAT AS INDEPENDENT NON-EXECUTIVE DIRECTOR
RESOLUTION 9 - RETENTION OF DR. TEOH KIM LOON AS INDEPENDENT NON-EXECUTIVE DIRECTOR

These resolutions are proposed to 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 Director 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 consideration:-

(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 of Directors 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

Resolution 6 is a renewed general mandate for issue of shares and empowering the Directors of the Company to issue new shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares 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 17 June 2016 and which will lapse at the conclusion of the 47th Annual General Meeting.

2016 ANNUAL REPORT

The 2016 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 assistance 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.

Mr. Yeoh Chong Keat

Chairman, Independent Non-executive Director
(58 years of age – Male/Malaysian)

Yeoh Chong Keat was appointed to the Board of the Company on 6 December 2001 and Chairman of the Board on 16 September 2009. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a 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.

Yeoh Chong Keat trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, Birmingham, United Kingdom (now part of PwC network) and was formerly the head of a leading corporate services firm for over 10 years before founding Archer Corporate Services Sdn. Bhd. which provides corporate secretarial and advisory services to private and public listed companies. He is the President/CEO of Archer Corporate Services Sdn. Bhd.

He has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work with "Big Four" firms in the United Kingdom and Malaysia. He is also a director of Tambun Indah Land Berhad and AbleGroup Berhad, which are both listed on the Main Market of Bursa Malaysia Securities Berhad. He joined the Board of Axis REIT Managers Berhad (which manages Axis REIT, listed on the Main Market of Bursa Malaysia Securities Berhad) on 1 March 2017 and is also a director of Advancecon Holdings Berhad which is enroute to a listing on the Main Market of Bursa Malaysia Securities Berhad in the second quarter of 2017.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor has any public sanction or penalty imposed by regulatory bodies during the financial year.

Yeoh Chong Keat does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the Company.

Dato' Yap Sing Hock

Managing Director
(68 years of age – Male/Malaysian)

He was appointed the Managing Director of the Company on 30 January 2002. He also serves as a member of the 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.

He is not a director of any other public companies and other listed issuers.

He is the father of Ms. Yap Tse Yeeng Christine, an Executive Director of the Company.

He has no any conflict of interests with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr. Cheong Marn Seng, Allen

Executive Director

(52 years of age – Male/Malaysian)

He was appointed to the Board of the Company on 28 December 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 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 Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any Director and/or major shareholder of the Company.

He has no conflict of interests with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor has any public sanction or penalty by the relevant regulatory bodies during the financial year.

Ms. Yap Tse Yeeng Christine

Executive Director

(38 years of age – Female/Malaysian)

She was appointed a Non Independent Non-executive Director of the Company on 18 March 2016 and was subsequently re-designated as an Executive Director on 17 June 2016.

She graduated with a Bachelor of Laws degree from University of Exeter, United Kingdom and was called to the bar of England and Wales in 2010. She also holds a Master of Laws (specializing in banking and finance law) from the Queen Mary University of London, United Kingdom and a Master of Business Administration in general management from Edhec Business School, France.

She practiced as a barrister at Holborn Chambers in London for several years prior to moving to Hong Kong where she served as the Corporate Legal Advisor at the Lai Sun Group, which comprises 5 listed companies on the Hong Kong Stock Exchange.

She is not a director of any other public companies and other listed issuers.

She is the daughter of Dato' Yap Sing Hock, a Director and major shareholder of the Company.

She has no conflict of interests with the Company.

She has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dr. Teoh Kim Loon

Independent Non-executive Director

(63 years of age – Male/Malaysian)

He was appointed to the Board of the Company on 7 July 2004. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

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 Berhad, a company listed on the second board of Bursa Malaysia Securities Berhad. He resigned as a director from Pharmaniaga Berhad 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.

He is not a director of any other public companies and other listed issuers.

He has no family relationship with any Director and/or major shareholder of the Company.

He has no conflict of interests with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' Tea Choo Keng

Independent Non-executive Director

(49 years of age – Male/Malaysian)

He was appointed to the Board of the Company on 22 August 2011. He is also the Chairman of the Audit Committee and a member of the Nomination Committee.

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 Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any Director and/or major shareholder of the Company.

He has no conflict of interests with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

NUMBER OF BOARD MEETINGS ATTENDED BY THE DIRECTORS

The number of board meetings attended by the Directors in the financial year ended 31 December 2016 are set out in the Statement on Corporate Governance on page 22 of this Annual Report.

Profile of Key Senior Management

Mr. Lau Hing Kiet

Director/Chief Executive Officer, Macro Resources Sdn Bhd
(53 years of age – Male/Malaysian)

He was appointed a Director of Macro Resources Sdn Bhd, a wholly owned subsidiary company on 25 February 2016. He assumed the post of Chief Executive Officer of Macro Resources Sdn Bhd on 1 December 2016.

He holds a Bachelor of Engineering (Civil) from the University of Canterbury, Christchurch, New Zealand. He is a member of The Institution of Engineers, Malaysia, a member of FIABCI, International Real Estate Federation Malaysia and a committee member of Real Estate and Housing Developer's Association Malaysia (Subang Jaya).

He has over 28 years experience in the property development and construction industry.

Mr. Khow Eng Guan

Business Development Director, Macro Resources Sdn Bhd
(58 years of age – Male/Malaysian)

He was appointed a Director of Macro Resources Sdn Bhd, a wholly owned subsidiary company on 21 July 1999. He resigned on 31 December 2016 and assumed the post of Business Development Director of Macro Resources Sdn Bhd.

He holds a Bachelor of Economics from Monash University, Melbourne, Australia. He is a member of the Malaysian Institute of Accountants.

He has over 18 years experience in the construction industry and more than 15 years experience in the field of financial management, strategic planning and corporate finance.

Ms. Wong Ngoke Meng

Group Financial Controller
(57 years of age – Female/Malaysian)

She was appointed as the Group Financial Controller of Lien Hoe Corporation Berhad on 1 October 2007.

She is a Fellow of the Association of Chartered Certified Accountants.

She has more than 25 years working experience in the field of accounting and corporate finance.

OTHER DISCLOSURE BY THE KEY SENIOR MANAGEMENT

None of the key senior management has:-

(i) any directorship in public companies and listed issuers;

(ii) any family relationship with any of the director and/or major shareholder of the Company;

(iii) any conflict of interests with the Company;

(iv) any convictions for offences, other than traffic offences within the past 5 years; and

(v) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DEAR VALUED SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present to you once again the Annual Report of our Company for the financial year (FY) ended 31 December 2016.

Business environment

Malaysia's economic growth slowed down to 4.2% in 2016 compared to 5.0% achieved in 2015. The property market continued to be soft in 2016 due to weak market sentiment. Buyers remained cautious with negative outlook from high mortgage rejection, oversupply, rising inflation and lower purchasing power. Similarly, the hotel industry was facing lower demand in 2016 due to high supply coupled with slower economic activities and less government and corporate travel. In particular, the four and five star hotel segment in the Klang Valley saw a 10% decline in business for the year.

Financial results

Against this challenging economic backdrop, for the FY2016, our Company together with the subsidiary companies (the Group) reported a loss after tax of RM49.01 million on total revenue of RM123.77 million. The unexpected larger net loss is attributable to the provisioning of income tax expense of RM21.60 million in relation to the profit arising from a land transaction back in the financial year 2012. If this was to be excluded, the loss would be RM27.41 million as compared to a loss of RM17.72 million in previous year.

Financial position

During the year, an exercise was undertaken to revalue the land and buildings owned by the Group. The aim of this exercise is to reflect the current market value of the properties on the Company's balance sheet and thereby give a better perspective of the net asset value backing per share of the Company. Resulting from this exercise, RM0.96 was added to the net asset per share of the Company after an amount of RM330,888,000 arising from the exercise had been credited to the reserves account of the Company.

The Group's shareholders' funds stood at RM521.95 million at the end of FY2016, up from RM240.06 million in previous year after taking into account the revaluation surplus and the year's loss. Net asset per share stood at RM1.52, against RM0.70 twelve months ago.

Total borrowings of the Group reduced to RM66.57 million at the end of FY2016 from RM68.58 million as at the end of FY2015. As a result of the decrease in borrowings and the two-fold increase in shareholders' funds, the debt to equity ratio of the Group has improved markedly from previous year's 0.25 times to 0.11 times at the end of FY2016.

Acknowledgement

On behalf of the Board, I would like to take the opportunity to thank our shareholders, financiers, business partners, customers and associates for their continuous support and trust in us. I would also like to thank every one of our employees for their efforts during a challenging year, and trust all of them will continue to give their unwavering support and commitment.

Last but not least I would like to thank my fellow Board members for their counsel and support.

Thank you all.

YEOH CHONG KEAT
Chairman, Independent Non-executive Director
11 April 2017

Management Discussion and Analysis

Our revenue and sales fell by 16.1% to RM123.77 million in FY2016 on the back of very difficult operating and market conditions. Both our construction and hotel divisions produced lower revenue and sales, reflecting the sluggish state of the economy under which our businesses operated.

Resulting from the decline in revenue and sales, loss from operations widened by RM11.10 million to RM23.27 million. Our profit margin was hurt by a combination of negative factors including the rise in the cost of goods, higher payroll cost, slowdown in economy activities, lower domestic demand, and generally weak consumer confidence.

Construction division

It was tough and demanding for our construction division in FY2016 after having navigated through period of shortage in steel bars, tight labour market and longer collection cycle. Total billings for the year amounted to RM96.61 million from the undertaking of main-contracting works for nine housing development projects. These works were diligently executed to ensure we delivered our jobs on schedule and met the quality expectation. Details of these building contract works are provided in the table below:-

Description	Contract value (in million)	Percentage of completion
Construction of 31 units of 2-storey linked house at Bukit Hartamas in Cheras	RM10.82	100%
Construction of 76 units of 3 and 4-storey shop office at Setia Alam in Shah Alam	RM35.05	100%
Construction of 22 units of 2 and 3-storey shop office at Kota Seriemas in Nilai	RM13.48	100%
Construction of 86 units of 2-storey linked house at Eco Majestic in Semenyih	RM24.57	100%
Construction of 94 units of 2-storey linked house at Eco Majestic in Semenyih	RM25.62	99%
Construction of 121 units of 2-storey linked house at Serene Heights in Bangi	RM32.76	83%
Construction of 70 units of 2 and 3-storey linked house at Kota Seriemas in Nilai	RM25.60	85%
Construction of 117 units of 3-storey linked house at Tamansari in Rawang	RM58.06	48%
Construction of 155 units of 2-storey linked house at Bandar Country Homes in Rawang	RM43.16	51%

All the above projects, with the exception of the two projects in Semenyih, were profitable although yielded lower margins as much higher costs were needed to complete them. The losses incurred in the two Semenyih projects, which include a provision for liquidated ascertained damages, were due to the demand of superior workmanship from the developer. These losses, along with fluctuation in steel price, rising labour and machinery cost led to an operating loss of RM9.83 million for the division.

Hotel division

We saw another resilient performance from the hotel division in FY2016. Our Hotel Armada registered total sales of RM24.38 million in the face of increased competition presented by new hotels and lower demand. Room sales was comparable with the year before on higher occupancy level cancelled out by lower average room rate as we swiftly altered our sale mix to counter the weak business travel segment. However, we were not able to prevent an 11.5% drop in food and beverage sales in the wake of a significant corporate spending cut on business seminars and banquet events.

Meanwhile, the falling value of our currency last year has brought enormous pressure on the cost side of the hotel operations. Rising food cost, payroll and other marketing expenses including customer acquisition costs have resulted in margin compression, leading to a drop in the operating profit of our hotel division from RM6.41 million in the preceding year to RM5.41 million in FY2016.

Outlook and plans

The construction sector as a whole will remain subdued in 2017 particularly for private sector projects, reflecting the prevailing weak property market. Moving forward, we shall continue to take effective measures ensuring that all on-going construction jobs remain on track and new work orders are secured to maintain the flow of jobs. We have decided to place higher emphasis in our job selection process on developers that have a good reputation in the market and on development projects that are viable and have acceptable profit margin. As 2017 is expected to be another difficult year, we will step up effort on cost tracking and quality control to protect our profit margin in our commitment to return the division to profitability. We have also reviewed some areas of the operations including cost management, project supervision, job execution and human resource to improve our productivity and efficiency. The unbilled orders in hand brought forward from 2016 for execution in FY2017 stood at RM80 million.

The hotel sector is undergoing a testing time because of competition from other hospitality service providers as there are now more competition from home-share companies likes Airbnb as well as budget hotels and serviced residences. The challenge is further compounded by the entry of many new hotels and banquet facilities in the Klang Valley over the past one year and the coming months. In view of that, we have implemented various new marketing initiatives, notably the membership program to reward loyalties plus other digital and social media strategies. The membership program will also help us to reduce customer acquisition cost and hence improving our profit margin. We will also be regularly changing the menu offering in our food and beverage outlets to sustain the business. With the targeted completion in 2017 of the major refurbishment of our guestrooms which started in early 2016, we are optimistic that our hotel will maintain its competitive edge in the years ahead.

As for the plan for our vacant land, we are taking a cautious approach at this juncture in view of the uncertainty and bearish sentiment in the Johor Baru property market. But there is no sitting still, as we are constantly evaluating various possibilities and conducting feasibility assessment to ensure that we are ready with the right concept and products when the market pick up again.

DATO' YAP SING HOCK
Managing Director
11 April 2017

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 financial year ended 31 December 2016.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board presently consists of 6 members; comprising 3 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 provides an effective check and balance in the functioning of the Board and is reviewed from time to time to ensure its appropriateness.

At any one time, at least two or one-third 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 role of the Chairman and the Managing Director are distinct and separate to ensure there is balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Managing Director, assisted by the management team has the overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions and assumes, among others, the following responsibilities:-

i. Assist the Board in overseeing the day-to-day operations of the Group;

ii. Ensure the implementation of all approved policies and procedures and formulating plans to achieve the Group's corporate objectives;

iii. Select and appoint suitable candidates to the management team who will translate the Group's corporate objectives and policies into detailed business plans and implementation of those plans;

iv. Ensure the implementation and effectiveness of internal controls, to monitor and safeguard the Group's financial and other resources; and

v. Maintain a high level of employee effectiveness, ethics and morale.

The Board is overall and collectively responsible for the strategic direction and business performance of the Group and is responsible in promoting long term shareholder value, ensuring overall corporate governance, establishing goals for management, and monitoring the achievement of these goals and assume, among others, the following responsibilities:-

i. Review and monitor the implementation of the strategic business plans by the management;

ii. Align and approve the corporate objectives and policies of the Group;

iii. Appoint and approve the terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee;

iv. Review the Group's system of internal controls which include the establishment of an appropriate control environment framework;

v. Establish a process for identifying, evaluating and managing significant risks faced by the Group;

vi. Review and assess the Group's financial and operational performances of all operating units and subsidiaries through periodic feedback and reports from the Audit Committee and the management team;

vii. Review and approve the announcement of quarterly and annual financial statements to ensure that the financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view;

viii. Approve annual operating budget, major capital expenditures, material purchase and disposal of assets;

ix. Appoint external auditors as well as determine audit fees, taking into consideration advice from the Audit Committee;

x. Ensure succession planning is in place as part of business continuity and take cognizance that there should be a process of developing suitable programmes in place to ensure that operations at all levels are running smoothly; and

xi. Any other duties as may be appropriate.

The Independent Non-executive Directors will review and provide independent assessment and opinions on management proposals.

The Board meets regularly to review the Group's corporate strategies, business operations, financial results and also to decide on matters significant to the Group's businesses and finances including approval of annual operating budget, major capital expenditures, material acquisition and disposal 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 various Board Committees will report to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Code of Ethics and Conduct ("the Code") was formalised by the Board on 22 November 2012 and was last reviewed on 22 February 2017. It sets out the principles and standards of business ethics and conduct of the Group and is applicable to all Directors and employees of the Group. The Code contains provisions which encourage any employee who knows of, or suspects a violation of the Code to report their concerns to the Directors and that they will not be discriminated against or suffer any act of retaliation for reporting in good faith on violation or suspected violation of the Code. The Code is available for reference in the Company's website at www.lienhoe.com.my

The Board promotes good corporate governance in the application of sustainability practices by ensuring the Group is committed to the environment, community, workplace and ethical marketplace. The Board believes that this will translate into better corporate performance.

The Board had been supplied with complete and timely information to enable it to discharge its responsibilities. Board agenda together with discussion papers are compiled and distributed to all the Directors at least 5 days prior to the Board meeting date to ensure that the Directors have sufficient time to review the agenda before deliberations.

The Board 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 Board will invite management to attend Board or Board Committee meetings to report, update and provide an insight on areas of business within their responsibility to the Board. The Board may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Board is able to make independent and informed decisions.

The Board has access to advice and support services of the Company Secretary, who is a member of the Malaysian Institute of Chartered Secretaries and Administrators in ensuring that Board and Board Committee meetings procedures are followed and proceedings and deliberations at the Board and the Board Committee meetings are properly recorded, and applicable rules and regulations are complied with.

The Board Charter was formalised by the Board on 22 November 2012 and was last reviewed on 22 February 2017. It defines the composition, the responsibilities of the Chairman and Managing Director, ensures that the Board may establish committees to assist in carrying out its duties and responsibilities, the procedure for convening Board meetings, investor relations and shareholders communication, access to information and independent advice and to ensure that the Code is observed by all Directors and employees of the Group. The Board Charter is available for reference in the Company's website at www.lienhoe.com.my

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 members of the Audit Committee and summary of work carried out during the financial year, details of attendance of each member and the number of meetings held are set out on pages 26 to 28 of this Annual Report.

The terms of reference of the Audit Committee is available for reference in the Company's website at www.lienhoe.com.my

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

Composition

The Nomination Committee comprises exclusively 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:-

i. to recommend to the Board new candidate(s) for appointment and to recommend to the Board re-appointment/re-election of directors and to take steps to ensure that female candidates are sought as part of its recruitment exercise. In making a recommendation to the Board on the candidate(s) for directorship, the Nomination Committee should consider the skills, knowledge, expertise, experience, professionalism and integrity of the candidate(s). In the case of candidates for the position of independent non-executive directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities or functions as expected from independent non-executive directors;

ii. to annually review, or as required, the correct mix of skills, business and professional experiences that should be added to the Board;

iii. to appraise each individual Director in terms of his experience, knowledge, credibility and credential, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member;

iv. to examine the ability of each Director in contributing to the effective decision making process of the Board and ensure that the Board is functioning actively, efficiently and effectively in all its decision making;

v. to assess the effectiveness of the Board as a whole and the Committees of the Board;

vi. to annually review the term of office and performance of the Audit Committee;

vii. to review the Board's succession plans;

viii. to ensure orientation and educational programmes are provided for new members of the Board, and to review the directors' continuing education programmes; and

ix. to carry out such other functions or assignments as may be delegated by the Board from time to time within the scope of the Nomination Committee.

The nomination and election process of new Board member(s) are as follows:-

i. review annual Board assessment and evaluation;

ii. determine required mix of skills and experience of the current Board;

iii. source for candidate(s), if necessary;

iv. evaluate and match the criteria of the candidate(s); and

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

The terms of reference of the Nomination Committee is also available for reference in the Company's website at www.lienhoe.com.my

During the financial year ended 31 December 2016, the Nomination Committee:-

i. reviewed the Board's structure, size and composition, assessed and evaluated the effectiveness of each individual Director and the Board as a whole through Directors' self-evaluation forms and attendance records, assessed the effectiveness of the Audit Committee through Audit Committee evaluation forms, reviewed the re-election of Directors at forthcoming annual general meeting through the respective Director's self-evaluation form and attendance records, reviewed the independence of Independent Directors through Independent Directors' self-declaration of independence forms, noted the Board's succession plans and training attended by the Directors;

ii. recommended to the Board the appointment of Ms. Yap Tse Yeeng Christine as a non-independent non-executive Director of the Company, after reviewing her profile and after due consideration of the following criteria:-

    (a) her qualifications, skills, knowledge, expertise, and working experience;

    (b) her ability to discharge the responsibilities expected from a non-executive director; and

    (c) that she does not sit on the board of any public companies in Malaysia.

    The Nomination Committee subsequently recommended to the Board the re-designation of Ms. Yap Tse Yeeng Christine from non-independent non-executive director, to executive director of the Company;

iii. recommended an induction program to Ms Yap Tse Yeeng Christine following her appointment as Director of the Company;

iv. recommended to the Board for Dato' Tea Choo Keng to assume the chairmanship of the Audit Committee from Mr. Yeoh Chong Keat, who remained as a member of the Audit Committee;

v. recommended to the Board for Dr. Teoh Kim Loon to assume the chairmanship of the Remuneration Committee from Mr. Yeoh Chong Keat, who remained as a member of the Remuneration Committee; and

vi. recommended the Nomination Committee Report to the Board for its approval.

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.

The evaluation of the suitability of candidate is based on the candidate's skills, knowledge, expertise, experience and professionalism and are not driven by any gender, ethnicity or age. Ms. Yap Tse Yeeng Christine's appointment to the Board as Non-Independent Non-executive Director and her subsequent re-designation as Executive Director of the Company reinforced the Company's commitment to Recommendation 2.2 of Malaysian Code on Corporate Governance 2012 in relation to gender diversity.

2.3 Remuneration Committee

The Remuneration Committee comprises the following Directors:-

Dr. Teoh Kim Loon
Chairman, Independent Non-executive Director

Dato' Yap Sing Hock
Managing Director

Mr. Yeoh Chong Keat
Independent Non-executive Director

Dr. Teoh Kim Loon assumed the chairmanship of the Remuneration Committee from Mr. Yeoh Chong Keat, who remained as a member with effect from 24 May 2016.

Terms of Reference

Composition

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

Responsibilities of the Remuneration Committee

The Remuneration Committee assumes the following responsibilities:-

i. to review and recommend 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 executives in other similar sized listed companies in the same industry; and

ii. to carry out such other functions or assignments as may be delegated by the Board from time to time in the area of directors and/or senior executive remuneration.

The terms of reference of the Remuneration Committee is also available for reference in the Company's website at www.lienhoe.com.my

During the financial year ended 31 December 2016, the Remuneration Committee:-

i. reviewed and recommended 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; and

ii. recommended the Remuneration Committee Report to the Board for its approval.

The remuneration of the Directors is formal and transparent and is 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 during the financial year ended 31 December 2016 are on page 87 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 forthcoming Annual General Meeting.

The Board has conducted an assessment of the independence of both Mr. Yeoh Chong Keat and Dr. Teoh Kim Loon based on the following consideration:-

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

The positions of the Chairman and the Managing Director are held by different individuals. Their roles are distinct and separate so as to ensure balance of power and authority.

The Chairman is an independent non-executive member of the Board. The Board also took note that if the Chairman is not an independent director, then the Board should comprise a majority of independent directors to ensure balance of power and authority.

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 records of the Directors at the Board meetings held in the financial year ended 31 December 2016:-

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
Ms. Yap Tse Yeeng Christine (Appointed on 18 March 2016)	3/4

An annual meeting calendar, with scheduled dates for meetings of the Board, Board Committees and annual general meeting is circulated to the Board members during the beginning of each year to facilitate the Directors' time planning.

All Board members shall notify the Chairman of the Board before accepting any new directorship in other companies. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

The training sessions/programmes attended by the Directors during the financial year ended 31 December 2016 included:-

i. Directors' training on "New Audit Report – Key Audit Matters" on 27 January 2016.

ii. National Tax Conference 2016 on 9 and 10 August 2016;and

iii. 2017 Budget Seminar on 3 November 2016.

All the Directors have attended the mandatory accreditation programme.

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 financial statements annually and quarterly results announcements as required under 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.

In addition, the Company's internal auditors undertook independent assessment on the internal control system of the Group and would report to the Audit Committee any material issue which would pose a high risk to the overall internal control system under review.

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

The Audit Committee met with the external auditors three times during the financial year ended 31 December 2016 and also met thrice with the external auditors without the presence of any executive directors.

The external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

The Audit Committee had obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement. The Audit Committee's annual assessment to review the suitability of the external auditors for re-appointment is guided by the prescribed criteria in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The non-audit fees paid or payable to the external auditors were in respect of their review of the Statement on Risk Management and Internal Control and did not compromise the external auditors independence.

Further details on the Audit Committee's dealing with the external auditors are set out in the Audit Committee Report on page 27 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 on pages 29 to 32 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 financial performance and operations.

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.

Pursuant to paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll.

The rights of shareholders of the Company are made available for reference at the Company's website at www.lienhoe.com.my.

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. Feedbacks received from its shareholders will be considered by the Company when making business decisions. 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 promotes good corporate governance in the application of sustainability practices by ensuring the Group is committed to the environment, community, workplace and ethical marketplace. The Board believes that this will translate into better corporate performance.

Environment

The Group endeavours to identify and minimise the negative environmental impact on its business activities. Reducing, reusing and recycling papers, switching off non-essential lights and air-conditioners are some of the conservation measures taken by the Group.

Community

The Group continues its social roles to support the community by contributing to charitable organisations.

During the financial year ended 31 December 2016, the staff of Hotel Armada Petaling Jaya, a unit of the Company, contributed goods to Pertubuhan Rumah Amal Cahaya Tengku Ampuan Rahimah, a registered non-profit organisation for homeless girls in Malaysia, Sekolah Kebangsaan Taman Megah, a national type primary school in Petaling Jaya and The Malaysian Association of Hotels for their fund raising events.

Workplace

The Group recognizes the value of a diverse and skilled workforce and is committed to creating and maintaining a conducive and collaborative working environment that will provide sustainability for the Group into the future.

The Group is committed to upholding the human rights of its employees and treating them with dignity and respect and ensures their health, safety and welfare are taken care of. Every employee is granted medical benefits, including provision of a comprehensive insurance coverage.

Employees are also encouraged to improve their knowledge through attendance at seminars relevant to their field of work and activities such as lunches and dinners are organised to foster relationship between employees.

The Group is also committed to workplace diversity in terms of gender, ethnicity and age and that the workplace is fair, accessible and free from all kinds of discrimination.

Ethical marketplace

The Group embraces high standards of transparency and morality in its dealings with its financiers, suppliers and customers.

The Group engages in ethical procurement practices in vendor selection and procurement processes. This ensures that the supplies meet the Group's requirements and expectations. The Group also leverages on its good track record and reputation in the market to achieve the best value for its business and dealings.

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 11 April 2017.

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 functions.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following Directors:-

Dato' Tea Choo Keng
Chairman, Independent Non-executive Director

Mr. Yeoh Chong Keat
Independent Non-executive Director

Dr. Teoh Kim Loon
Independent Non-executive Director

On 24 May 2016, Dato' Tea Choo Keng assumed the Chairmanship of the Audit Committee from Mr. Yeoh Chong Keat, who remained as member of the Audit Committee.

The Terms of Reference of the Audit Committee is available for reference in the Company's website at www.lienhoe.com.my

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The Audit Committee met five times during the financial year ended 31 December 2016 [and in four of the meetings, met with the Internal Auditors]. The Audit Committee also met three times with the External Auditors.

The attendance of each member of the Audit Committee are as follows:-

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

During the financial year ended 31 December 2016, the work undertaken by the Audit Committee included:-

Financial Reporting

1. Reviewed the audited financial statements for the financial year ended 31 December 2015 ("AFS 2015") at the Audit Committee meeting held on 15 April 2016 before recommending for approval by the Board, focusing particularly on compliance with accounting standards and regulatory requirements and noted that the audited financial statements have been prepared in accordance with the Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 and that the adoption of the FRS does not have any significant impact on the financial statements of the Group and the Company.

All audit findings and management response in relation to the AFS 2015 were reported by the External Auditors to the Audit Committee at the said meeting.

2. Reviewed the quarterly results at the Audit Committee meetings held on 26 February 2016, 24 May 2016, 24 August 2016 and 23 November 2016 before recommending for approval by the Board, focusing on compliance with accounting standards and regulatory requirements and noted that the quarterly results have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   The Audit Committee also compared the quarter's results with immediate preceding quarter, compared the quarter's result with same quarter last year and year-to-date comparison at the above Audit Committee meetings.

External Auditors

1. The Audit Committee had met with the External Auditors and the following were discussed:-

   i. Audit Committee meeting held on 26 February 2016 - Reviewed the disposition of issues, audit findings and management responses thereto and other outstanding confirmations. The Audit Committee also recommended for approval by the Board, the re-appointment of UHY as external auditors of the Company for financial year 2016 after having evaluated their suitability for re-appointment;

   ii. Audit Committee meeting held on 15 April 2016 – Reviewed the AFS 2015 together with the Directors' and Auditors' Report thereon and also reviewed the 2015 Annual Report before recommending for approval by the Board. The Audit Committee noted that there are no variance between the 4th quarter 2015 results and the AFS 2015 and that the Auditors' Report is an unqualified report; and

   iii. Audit Committee meeting held on 23 November 2016 – Reviewed the audit planning memorandum for the financial year ending 31 December 2016. The audit planning memorandum outlined among others, the audit approach, areas of audit emphasis, financial reporting standards adopted and proposed fees for the statutory audit and proposed fee for the review of the statement on risk management and internal control. At the same meeting the Audit Committee also noted the declaration of independence by the External Auditors.

2. The Audit Committee held three meetings with the External Auditors without the presence of the management on 26 February 2016, 15 April 2016 and 23 November 2016. The External Auditors informed the Audit Committee that they have received full cooperation from the management during their audit and no significant problems were encountered.

   The Audit Committee also informed the management of any pertinent issues raised by the External Auditors for their further action.

Internal Auditors

The Audit Committee had met with the Internal Auditors and the following were discussed:-

1. Reviewed the methodology, approach, scope and frequency of the internal audit plan for financial year ending 31 December 2016 as proposed by the Internal Auditors;

2. Reviewed the results of the audit work carried out by the Internal Auditors as well as the recommendations suggested by the Internal Auditors and the actions and timeliness of those actions taken by the management on such recommendations;

3. Met with the management on some of the points highlighted by the Internal Auditors; and

4. Reviewed the Registry of Risks, Risk Management Handbook and Limits of Authority as presented by the Internal Auditors.

Further details on the work of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 30 to 31 of this Annual Report.

Others

1. Reviewed on a quarterly basis any related party transactions and conflict of interest situations that may arise;

2. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending the same for approval by the Board;

3. Reviewed the letter of representation at the Group and Company level in relation to the AFS 2015 and the letter of representation in relation to the Statement on Risk Management and Internal Control before recommending the same for approval by the Board;

4. Reviewed the enhancement to the role of the Audit Committee as prescribed by Bursa Malaysia Securities Berhad during the financial year; and

5. Invited the management to brief the Audit Committee on actions taken to recover certain receivables.

INTRODUCTION

The Board of Directors ("the Board") of Lien Hoe Corporation Berhad ("the Company") is pleased to present the Statement on Risk Management and Internal Control of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2016. This Statement has been prepared in accordance to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

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. In view of the limitations that are inherent in any system of internal control, the system is designed to manage, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board had obtained assurance from the Executive Directors that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

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. Risk factors identified are reported to the Executive Directors, construction subsidiary's Managing Director and Chief Executive Officer for further evaluation and strategic decision making. Also, 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 operations and monthly management meetings.

As part of the risk management process, a detailed Registry of Risks and Risk Management Handbook were adopted. The Registry of Risks is maintained to identify principal business risks 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 concepts. The respective Risk Management Working Group of the hotel division and construction division are entrusted to identify risk and to ensure that adequate control systems are implemented to mitigate significant risks faced by the Group. The Board reviews the existing risk management framework for appropriateness and continues to remain relevant to the Group's business and operation requirements.

The key elements of the Group's risk management framework include:

- Risk Management Working Group is established at the subsidiary level to support and advise the Group and Audit Committee on the implementation and monitoring of the Group Risk Management Policy and Strategy.

- For the hotel division, the working group comprised of the management team including the General Manager, Financial Controller and key personnel/representative from the respective departments.

- For the construction division, the working group comprised of the management team including the Managing Director, Chief Executive Officer, Finance Manager and key personnel/representative from the respective departments.

- For the corporate division, the Executive Directors and Group Financial Controller review the annual risk profile.

- The duties of the Risk Management Working Groups include:-

  - Assess and monitor all risks associated with the operations of the respective divisions;

  - Develop and implement internal compliance and control systems and procedures to manage risk;

  - Assess and monitor the effectiveness of controls instituted;

  - Review and make recommendations in relation to risk management; and

  - Review and update any material changes to the risk profile of the respective divisions.

- The Risk Management Working Groups discuss, update and report any new significant risks of the respective division's risk profile once a year. The Internal Auditors are invited to attend the discussion and give their comments. The Internal Auditors are also invited to review the updated risk profile. The final risk profile together with the proposed internal audit plan are presented to the Audit Committee by the Internal Auditors.

INTERNAL AUDIT FUNCTIONS

In accordance with the MCCG 2012, the Group in its efforts to provide adequate and effective internal control system had appointed Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), an independent consulting firm, to review the adequacy and integrity of the system of internal control. Sterling acts as the internal auditor reporting directly to the Audit Committee.

The internal auditor reviewed and addressed critical 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 internal control processes. This is to provide reasonable assurance that such systems 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 report on follow up actions were tabled to the Audit Committee during its meetings. For the financial year ended 31 December 2016, the total costs incurred for the outsourced internal audit function is RM44,000.

For the financial year ended 31 December 2016, the following subsidiaries were audited by Sterling:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
January – March 2016	May 2016	Lien Hoe Corporation Berhad and its subsidiaries Hotel Armada (PJ) Sdn Bhd	Review of the Risk Register, Risk Matrix, Risk Management Framework and Risk Management Manual. Finance and accounting functions.
April – June 2016	August 2016	Hotel Armada (PJ) Sdn Bhd	Review of GST implementation.
July – September 2016	November 2016	Macro Resources Sdn Bhd	Review of GST implementation and project management functions.

During the financial year under review, Sterling presented their status reports on the follow-up actions with respect to previously reported audited findings for the following subsidiaries of the Group:-

Date of follow-up status report	Name of Entities audited by Sterling
24 August 2016	Hotel Armada (PJ) Sdn Bhd on finance and accounting functions for the audit reported in May 2016.
23 November 2016	Hotel Armada (PJ) Sdn Bhd on review of GST implementation for the audit reported in August 2016. Hotel Armada (PJ) Sdn Bhd on finance and accounting functions for the audit reported in May 2016.
22 February 2017	Macro Resources Sdn Bhd on review of GST implementation and project management functions for the audit reported in November 2016. Hotel Armada (PJ) Sdn Bhd on review of GST implementation for the audit reported in August 2016.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

1. Control Environment and Control Activities

- The Group maintains a clear organization structure, hierarchical reporting with defined lines of responsibility and accountability, appropriate segregation of duties and levels of delegated authority.
- 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 authorisation 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 as the key framework for good internal control practices. These policy manuals are the subject of reviews to meet new operational and statutory requirements.

2. Monitoring and Communication

- Regular board and management meetings to assess performance and controls.

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

- Regular review of business processes is conducted by the independent internal audit unit to assess the effectiveness of internal controls. Reports on findings of the internal audit and status report on follow-up actions are presented to the Audit Committee for consideration.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed the 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 processes adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

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 as far as practicable, 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 of the Board dated 11 April 2017.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors by the Company and the Group for the financial year ended 31 December 2016 are set out below:-

	Group RM	Company RM
Statutory audit fee	187,000	70,000
Non-audit fee	5,000	5,000

The non-audit fee paid or payable is in respect of the external auditors' review of the statement of risk management and internal control.

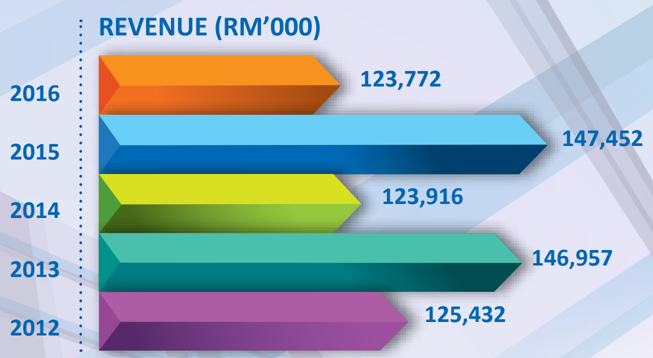
MATERIAL CONTRACTS

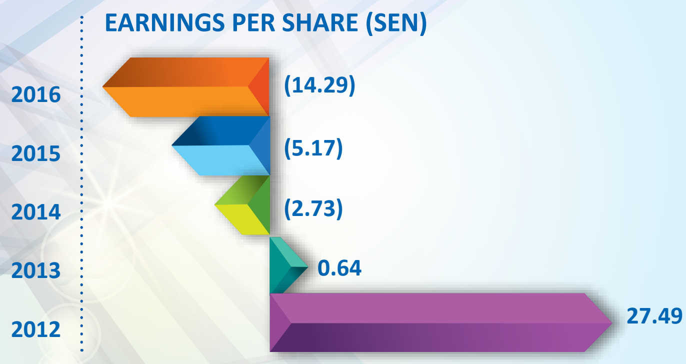
There were no material contracts entered into by the Company and its subsidiaries, involving the interests of the directors or major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

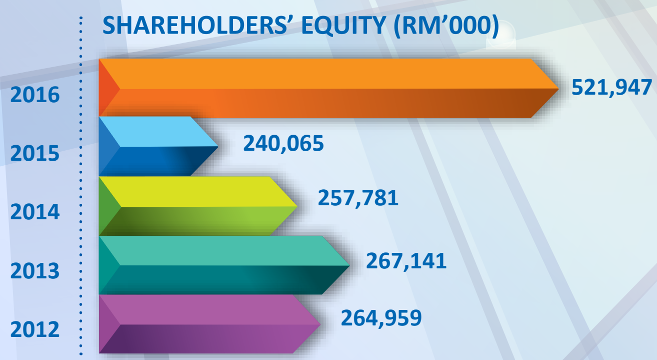
UTILISATION OF PROCEEDS

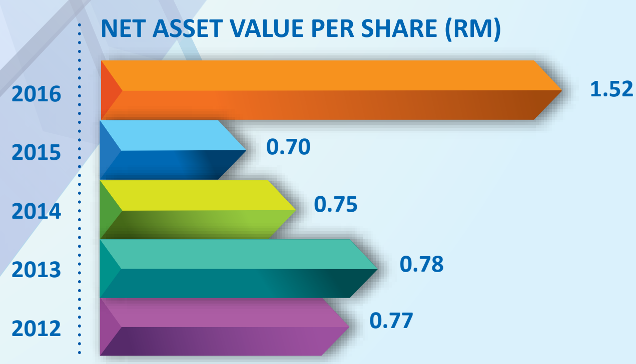
The Company did not undertake any fund raising exercise during the financial year ended 31 December 2016.

Five Years Financial Highlights









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 2016.

PRINCIPAL ACTIVITIES

The Company is a property and investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 5 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
Loss net of tax, attributable to owners of the parent	(49,006)	(26,675)

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

DIVIDEND

There were no dividends proposed, declared or paid by the Company 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 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
Yap Tse Yeeng Christine
Dr. Teoh Kim Loon
Dato' Tea Choo Keng

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit 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 the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			
	1 January 2016	**Acquired**	**Sold**	**31 December 2016**
The Company				
Par value of ordinary shares #	**RM1.00**	**RM1.00/ RM0.25**	**RM1.00/ RM0.25**	**RM0.25**
Direct Interest				
Dato' Yap Sing Hock	108,545,167	-	-	108,545,167
Cheong Marn Seng	720,500	-	-	720,500
Dr. Teoh Kim Loon	900,550	300,000	-	1,200,550
Indirect Interest				
Yap Tse Yeeng Christine*	108,545,167	-	-	108,545,167

The par value of ordinary shares of the Company was reduced from RM1.00 to RM0.25 as disclosed in Note 15(b) to the financial statements.

* Deemed interest by virtue of the shareholding of her father, Dato' Yap Sing Hock in the Company.

Dato' Yap Sing Hock and Yap Tse Yeeng Christine, by virtue of their interests in shares in the Company, are also deemed to be interested in shares in all the Company's subsidiary companies to the extent in which the Company has an interest.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had undertaken the following:

(a) changes in authorised share capital from RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.25 each; and

(b) reduction in issued and fully paid-up share capital from RM361,742,241 comprising 361,742,241 ordinary shares of RM1.00 each to RM90,435,560 comprising 361,742,241 ordinary shares of RM0.25 each via the cancellation of RM0.75 from the par value of each existing ordinary share pursuant to Section 64 of the Companies Act, 1965. The resulting credit of RM271,306,681 arising from the par value reduction was used to set off against accumulated losses of the Company and the remaining balance was credited to retained earnings of the Company.

There were no issue of shares or debentures during the financial year.

TREASURY SHARES

As at 31 December 2016, 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 profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that 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 adequate allowance had been made for doubtful debts and there were no bad debts to be written off; 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:

  (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

  (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

  (iv) 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.

(c) 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 liability 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.

(d) In the opinion of the directors:

  (i) no contingent liability 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 and of the Company to meet their obligations when they fall due;

(ii) the results of the operations of the Group and of the Company during the current financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

SIGNIFICANT EVENT

The significant event is disclosed in Note 35 to the financial statements.

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 11 April 2017.

DATO' YAP SING HOCK **CHEONG MARN SENG**

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 financial statements set out on pages 45 to 100 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 37 to the financial statements on page 101 have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by 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 11 April 2017.

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 to the best of my knowledge and belief, the financial statements set out on pages 45 to 101 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 11 April 2017 **CHEONG MARN SENG**

Before me,
Mohan A.S. Maniam
No. W 710
Pesuruhjaya Sumpah

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lien Hoe Corporation Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 45 to 100.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
<u>Goodwill impairment review</u> Under FRS 136 *Impairment of Assets*, the Group is required to annually test goodwill for impairment. This assessment requires management to make estimates concerning the estimated future cash flows and associated discount rates and growth rates based on management's view of future business prospects. In view of the inherent uncertainty involved in forecasting and discounting future cash flows, our audit concentrated on this key judgemental area.	In respect of the assessment of cash generating units ("CGUs"): We challenged the directors' assessment of CGUs with reference to accounting standards and considered the operating and management structure changes with reference to our understanding of the business. We have tested management's sensitivity analysis in relation to the key inputs to the goodwill impairment test model, as well as performing our own sensitivity analysis which included changes to volume, margin and the discount rate applied. We have reviewed the appropriateness of the disclosures made in accordance with FRS 136 *Impairment of Assets*.
<u>Revenue recognition for construction contracts</u> Construction revenue for the financial year ended 31 December 2016 amounted to RM96.61 million. Construction revenue is accounted for under FRS 111 *Construction Contracts*, and this revenue stream involves judgement. Key management judgements include: • estimating the budgeted costs to complete each project; • the future profitability of each project; and • the percentage of completion at the end of the reporting period. Changes in these judgements could lead to a material change in the value of revenue recognised.	We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and potential contract losses. In relation to contract revenue, we, amongst others and where applicable, agreed this to original signed contracts, letter of awards and approved variation orders. We evaluated the project progress and recovery of cost to supporting evidences include but not limited to verifying third party surveyors' certificates, progress report and interviews with project team. In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to suppliers' contracts for materials and sub-contractors' contracts. We verified the construction costs incurred to date to suppliers' invoices and sub-contractors' progress claims and recalculating the percentage of completion at the reporting date. We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with FRS 111 *Construction Contracts.*

Key audit matters	How our audit addressed the key audit matters
Valuation of land and buildings The Group's land and buildings categorised under property, plant and equipment were revalued in the current financial year by independent professional valuers, Messrs. Henry Butcher Malaysia Sdn Bhd, Henry Butcher Malaysia (Johor) Sdn Bhd and Allied Group Property Consultant (Selangor) Sdn Bhd.	We assessed appropriateness of the methodologies used and the reasonableness of the key assumptions based on our knowledge of the property industry. We assessed the valuers' qualifications and expertise and read their terms of engagement with the Group and determined whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered other engagements which might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of any valuer in their performance of the valuations was compromised.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with 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 is necessary to enable the preparation of the financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies 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' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the accounts of the subsidiary companies 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 financial statements of the subsidiary companies 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 in Note 37 on page 101 is 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 Malaysia Securities Berhad 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

CHONG HOU NIAN
Approved Number: 03105/11/2018 J
Chartered Accountant

KUALA LUMPUR
11 April 2017

AS AT 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**560,302**	173,962	**1,494**	1,832
Subsidiary companies	5	**-**	-	**81,046**	81,046
Investment in an associate	6	**-**	-	**-**	-
Other investment	7	**1,000**	1,000	**-**	-
Goodwill	8	**8,979**	8,979	**-**	-
Development expenditure	9	**32,626**	28,658	**-**	-
Trade and other receivables	10	**51,396**	54,242	**39,297**	43,567
		654,303	266,841	**121,837**	126,445
Current assets					
Subsidiary companies	5	**-**	-	**119,919**	113,491
Inventories	11	**10,335**	10,483	**-**	-
Trade and other receivables	10	**64,496**	65,001	**13,161**	21,828
Amount due from customers for contract works	12	**19,206**	19,860	**-**	-
Income tax recoverable		**3,281**	2,372	**-**	-
Cash and bank balances	13	**6,805**	7,709	**146**	122
		104,123	105,425	**133,226**	135,441
Assets held for sale	14	**16,780**	-	**-**	-
		120,903	105,425	**133,226**	135,441
TOTAL ASSETS		**775,206**	372,266	**255,063**	261,886

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	**90,435**	361,742	**90,435**	361,742
Share premium	15	**51,056**	51,056	**51,056**	51,056
Treasury shares	15	**(5,568)**	(5,568)	**(5,568)**	(5,568)
Reserves	16	**351,012**	21,455	**19,337**	19,337
Retained earnings/ (Accumulated losses)		**35,012**	(188,620)	**50,067**	(194,565)
Total equity		**521,947**	240,065	**205,327**	232,002
Non-current liabilities					
Deferred tax liabilities	17	**81,281**	9,392	**-**	-
Borrowings (secured)	18	**41,310**	42,934	**388**	616
Trade and other payables	19	**3,220**	4,153	**-**	-
Income tax payable		**15,597**	-	**15,597**	-
		141,408	56,479	**15,985**	616
Current liabilities					
Borrowings (secured)	18	**19,022**	17,249	**228**	228
Bank overdrafts	20	**6,243**	8,399	**-**	-
Subsidiary companies	5	**-**	-	**25,365**	26,903
Trade and other payables	19	**72,772**	47,880	**2,659**	2,137
Amount due to customers for contract works	12	**7,306**	1,185	**-**	-
Income tax payable		**6,508**	1,009	**5,499**	-
		111,851	75,722	**33,751**	29,268
Total liabilities		**253,259**	132,201	**49,736**	29,884
TOTAL EQUITY AND LIABILITIES		**775,206**	372,266	**255,063**	261,886

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

Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	**2016**	2015
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	21	**123,772**	147,452	**2,760**	2,760
Cost of sales	22	**(106,506)**	(117,019)	**-**	-
Gross profit		**17,266**	30,433	**2,760**	2,760
Other income	23(a)	**1,285**	1,953	**1,475**	5,442
Operating and administration expenses		**(41,500)**	(43,840)	**(8,470)**	(9,667)
Other expenses	23(b)	**(325)**	(715)	**(814)**	(4,153)
Loss from operations	23	**(23,274)**	(12,169)	**(5,049)**	(5,618)
Finance costs	25	**(5,165)**	(5,087)	**(30)**	(35)
Loss before tax		**(28,439)**	(17,256)	**(5,079)**	(5,653)
Income tax expense	26	**(20,567)**	(460)	**(21,596)**	-
Loss net of tax		**(49,006)**	(17,716)	**(26,675)**	(5,653)
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss					
Revaluation of land and buildings (net of tax)		**330,888**	-	**-**	-
Total comprehensive income for the financial year		**281,882**	(17,716)	**(26,675)**	(5,653)
Loss attributable to owners of the parent		**(49,006)**	(17,716)	**(26,675)**	(5,653)
Total comprehensive income attributable to owners of the parent		**281,882**	(17,716)	**(26,675)**	(5,653)
Loss per share attributable to owners of the parent (sen)					
Basic and diluted	27	**(14.29)**	(5.17)		

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the parent						
	Non-distributable				Distributable		
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Asset revaluation reserve RM'000	Capital reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
Group							
At 1 January 2015	361,742	51,056	(5,568)	-	21,455	(170,904)	257,781
Loss net of tax for the financial year, representing total comprehensive income for the financial year	-	-	-	-	-	(17,716)	(17,716)
At 31 December 2015	361,742	51,056	(5,568)	-	21,455	(188,620)	240,065
Loss net of tax for the financial year	**-**	**-**	**-**	**-**	**-**	**(49,006)**	**(49,006)**
Other comprehensive income for the financial year	**-**	**-**	**-**	**330,888**	**-**	**-**	**330,888**
Total comprehensive income for the financial year	**-**	**-**	**-**	**330,888**	**-**	**(49,006)**	**281,882**
Realisation of asset revaluation reserve	**-**	**-**	**-**	**(1,331)**	**-**	**1,331**	**-**
Transaction with owners:							
Share par value reduction (Note 15)	**(271,307)**	**-**	**-**	**-**	**-**	**271,307**	**-**
At 31 December 2016	**90,435**	**51,056**	**(5,568)**	**329,557**	**21,455**	**35,012**	**521,947**

	Non-distributable				Distributable	
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
Company						
At 1 January 2015	361,742	51,056	(5,568)	19,337	(188,912)	237,655
Loss net of tax for the financial year, representing total comprehensive income for the financial year	-	-	-	-	(5,653)	(5,653)
At 31 December 2015	361,742	51,056	(5,568)	19,337	(194,565)	232,002
Loss net of tax for the financial year, representing total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**(26,675)**	**(26,675)**
Transaction with owners:						
Share par value reduction (Note 15)	**(271,307)**	**-**	**-**	**-**	**271,307**	**-**
At 31 December 2016	**90,435**	**51,056**	**(5,568)**	**19,337**	**50,067**	**205,327**

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Operating activities				
Loss before tax	**(28,439)**	(17,256)	**(5,079)**	(5,653)
Adjustments for:				
Depreciation of property, plant and equipment	**10,580**	9,170	**488**	487
Fair value adjustment on:				
- other receivables (cash collaterals)	**-**	215	**-**	-
- trade receivables (retention sum on contracts)	**39**	465	**-**	-
Finance costs	**5,165**	5,087	**30**	35
Finance expense on trade receivables (retention sum on contracts)	**286**	-	**-**	-
Finance income on:				
- other receivables (cash collaterals)	**(31)**	(53)	**-**	-
- other receivables (third parties)	**(480)**	(1,189)	**(480)**	(1,189)
- trade receivables (retention sum on contracts)	**-**	(311)	**-**	-
Gain from disposal of property, plant and equipment	**(203)**	(20)	**(129)**	(110)
Impairment loss on:				
- amount owing by subsidiary companies	**-**	-	**814**	4,153
- other receivables (third parties)	**-**	35	**-**	-
- trade receivables (third parties)	**-**	2,240	**-**	-
Interest income	**(186)**	(132)	**-**	-
Reversal of impairment loss on:				
- other receivables (third parties)	**(24)**	**-**	-	**-**
- property, plant and equipment	**(152)**	-	**(152)**	-
Unrealised foreign exchange gain	-	-	**(711)**	(4,136)
Operating cash before changes in working capital	**(13,445)**	(1,749)	**(5,219)**	(6,413)
Development expenditure	**(3,968)**	(3,031)	**-**	-
Inventories	**148**	(62)	**-**	-
Receivables	**4,215**	(9,849)	**13,417**	11,469
Payables	**30,240**	14,114	**522**	617
Subsidiary companies	**-**	-	**(8,069)**	(6,599)
Cash from/(used in) operations	**17,190**	(577)	**651**	(926)
Income taxes paid	**(1,251)**	(982)	**(500)**	-
Net cash from/(used in) operating activities	**15,939**	(1,559)	**151**	(926)

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Investing activities				
Interest received	**186**	132	**-**	-
Net proceeds from disposal of property, plant and equipment	**206**	205	**131**	110
Purchase of property, plant and equipment [Note 4(b)]	**(8,903)**	(3,688)	**-**	(10)
Net cash (used in)/from investing activities	**(8,511)**	(3,351)	**131**	100
Financing activities				
Fixed deposits pledged for banking facilities	**(81)**	(71)	**-**	-
Interest paid	**(5,324)**	(5,038)	**(30)**	(35)
Drawdown of:				
- bankers' acceptances	**676**	2,456	**-**	-
- term loans	**5,110**	3,452	**-**	-
Repayment of:				
- finance lease payables	**(855)**	(931)	**(228)**	(258)
- term loans	**(5,783)**	(7,564)	**-**	-
Net cash used in financing activities	**(6,257)**	(7,696)	**(258)**	(293)
Net increase/(decrease) in cash and cash equivalents	**1,171**	(12,606)	**24**	(1,119)
Cash and cash equivalents at 1 January	**(3,188)**	9,418	**122**	1,241
Cash and cash equivalents at 31 December (Note 13)	**(2,017)**	(3,188)	**146**	122

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 subsidiary companies and associate are disclosed in Notes 5 and 6 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 11 April 2017.

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 requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand (RM'000) except when otherwise stated.

Adoption of new and amended Standards

During the current financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for the current financial year:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012 - 2014 Cycle	

Adoption of the abovementioned FRSs did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014 - 2016 Cycle:		
(i) Amendments to FRS 12		1 January 2017
(ii) Amendments to FRS 1		1 January 2018
(iii) Amendments to FRS 128		1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
Amendments to FRS 4	Applying FRS 9 *Financial Instruments* with FRS 4 *Insurance Contracts*	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

* Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of FRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The Group and the Company intend to adopt the above FRSs when they become effective.

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

FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

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.

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("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").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed their assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2016 could be different if prepared under the MFRS Framework.

2.2 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. 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.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, 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. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 2.6 on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

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.

(iv) Goodwill on consolidation

The excess of the aggregate 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 identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value 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. Refer accounting policy Note 2.6 on impairment of non-financial assets.

2.3 Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies FRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 2.6 on impairment of non-financial assets.

2.4 Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies 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 retranslated 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 not retranslated. Non-monetary items denominated in foreign currencies measured at fair value are retranslated 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 other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(b) 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 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. The policy recognition and measurement of impairment losses is in accordance with Note 2.6. 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.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluation is recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to the same asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

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 amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period, 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 profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset (except for inventories, amount due from customers for contract works and deferred tax assets) 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 of disposal 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 or CGU 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 or CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU 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.

2.7 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.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2.8 Impairment of financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

(a) Available-for-sale financial assets

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. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

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 in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. 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.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the Group's share of net assets or the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) 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 categories 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 assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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 in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

2.9 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.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the end of the reporting period. 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 works. When progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for contract works.

2.10 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 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 profit or loss is classified as progress billings within trade payables.

2.11 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.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, at banks, deposits at call (excluding deposits pledged for banking faciities 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.

2.13 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 are recognised on 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.

The Group and the Company classify their financial liabilities at initial recognition, into financial liabilities measured at amortised cost.

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 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when the obligation specified in the contract is discharged or cancelled or expired. 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.

2.14 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.15 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period 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 profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (“EPF”).

2.16 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.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

2.17 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.

2.18 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

<u>As lessee</u>

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between 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 recognised as finance costs in profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be measured reliably. 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 2.9.

(b) Dividend income

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

(c) Management fee

Management fee is recognised when services are rendered.

(d) Rental income

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

(e) Revenue from hotel operations

Revenue from rental of hotel rooms and other related income are recognised on an accrual basis. Revenue from sale of food and beverage is recognised when significant risks and rewards of ownership of the goods have been transferred to the customers.

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 subsidiary companies and associates, 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 subsidiary companies and associates, 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 differences 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

(i) Ordinary shares

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 nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued shares of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statement of changes in equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

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

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

2.23 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.

2.24 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset.

Property, plant and equipment is not depreciated once classified as held for sale.

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.

Judgements

There is no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

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 8.

(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 Notes 5 and 10.

(c) Depreciation of property, plant and equipment

The cost/value 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% (2015: 1%) difference in the current year depreciation charge would result in approximately 0.2% (2015: 0.5%) variance in profit or loss for the financial year of the Group.

(d) Construction contracts

The Group recognises contract revenue and contract costs in 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 total 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 12.

(e) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies in the ordinary course of business. Details of contingent liabilities are disclosed in Note 29.

(f) 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 tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

4. PROPERTY, PLANT AND EQUIPMENT

	← At valuation			→	← At cost	→	
	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Group							
At 31 December 2016							
Cost/Valuation							
At 1 January 2016	24,200	71,139	21,119	110,101	10,290	33,815	270,664
Additions	-	-	-	-	1,229	8,674	9,903
Disposals	-	-	-	-	(1,179)	-	(1,179)
Revaluation surplus	295,225	299	21,051	87,073	-	-	403,648
Elimination of accumulated depreciation on revaluation	-	(7)	(5,586)	(34,212)	-	-	(39,805)
Reclassification	13,976	(13,976)	-	-	-	-	-
Transfer to assets held for sale	(28,796)	-	-	(308)	-	-	(29,104)
At 31 December 2016	304,605	57,455	36,584	162,654	10,340	42,489	614,127

	At valuation				At cost		
	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold 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 2016	6,644	27,362	5,432	33,335	6,871	17,058	96,702
Charge for the financial year	-	**1,461**	**440**	**3,493**	**1,008**	**4,178**	**10,580**
Disposals	-	-	-	-	**(1,176)**	-	**(1,176)**
Elimination of accumulated depreciation on revaluation	-	**(7)**	**(5,586)**	**(34,212)**	-	-	**(39,805)**
Reclassification	**5,402**	**(5,402)**	-	-	-	-	-
Transfer to assets held for sale	**(12,046)**	-	-	**(278)**	-	-	**(12,324)**
Reversal of impairment loss	-	**(152)**	-	-	-	-	**(152)**
At 31 December 2016	-	**23,262**	**286**	**2,338**	**6,703**	**21,236**	**53,825**
Analysed as:							
Accumulated depreciation	-	**22,843**	**286**	**2,338**	**6,703**	**21,236**	**53,406**
Accumulated impairment losses	-	**419**	-	-	-	-	**419**
	-	**23,262**	**286**	**2,338**	**6,703**	**21,236**	**53,825**
Net carrying amount							
At 31 December 2016	**304,605**	**34,193**	**36,298**	**160,316**	**3,637**	**21,253**	**560,302**
At 31 December 2015							
Cost							
At 1 January 2015	24,200	71,139	21,119	110,101	11,439	30,139	268,137
Additions	-	-	-	-	103	3,676	3,779
Disposals	-	-	-	-	(1,252)	-	(1,252)
At 31 December 2015	24,200	71,139	21,119	110,101	10,290	33,815	270,664
Accumulated depreciation and impairment losses							
At 1 January 2015	6,644	25,904	5,126	31,042	6,834	13,049	88,599
Charge for the financial year	-	1,458	306	2,293	1,104	4,009	9,170
Disposals	-	-	-	-	(1,067)	-	(1,067)
At 31 December 2015	6,644	27,362	5,432	33,335	6,871	17,058	96,702
Analysed as:							
Accumulated depreciation	-	26,791	5,432	33,335	6,871	17,058	89,487
Accumulated impairment losses	6,644	571	-	-	-	-	7,215
	6,644	27,362	5,432	33,335	6,871	17,058	96,702
Net carrying amount							
At 31 December 2015	17,556	43,777	15,687	76,766	3,419	16,757	173,962

	At valuation	At cost		
	Freehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Company				
At 31 December 2016				
Cost/Valuation				
At 1 January 2016	1,180	3,242	1,437	5,859
Disposals	**-**	**(688)**	**-**	**(688)**
At 31 December 2016	**1,180**	**2,554**	**1,437**	**5,171**
Accumulated depreciation and impairment loss				
At 1 January 2016	1,043	2,376	608	4,027
Charge for the financial year	**59**	**286**	**143**	**488**
Reversal of impairment loss	**(152)**	**-**	**-**	**(152)**
Disposals	**-**	**(686)**	**-**	**(686)**
At 31 December 2016	**950**	**1,976**	**751**	**3,677**
Analysed as:				
Accumulated depreciation	**531**	**1,976**	**751**	**3,258**
Accumulated impairment loss	**419**	**-**	**-**	**419**
	950	**1,976**	**751**	**3,677**
Net carrying amount				
At 31 December 2016	**230**	**578**	**686**	**1,494**
At 31 December 2015				
Cost				
At 1 January 2015	1,180	4,204	1,432	6,816
Additions	-	5	5	10
Disposals	-	(967)	-	(967)
At 31 December 2015	1,180	3,242	1,437	5,859
Accumulated depreciation and impairment loss				
At 1 January 2015	984	3,057	466	4,507
Charge for the financial year	59	286	142	487
Disposals	-	(967)	-	(967)
At 31 December 2015	1,043	2,376	608	4,027
Analysed as:				
Accumulated depreciation	472	2,376	608	3,456
Accumulated impairment loss	571	-	-	571
	1,043	2,376	608	4,027
Net carrying amount				
At 31 December 2015	137	866	829	1,832

(a) During the current financial year, the land and buildings of the Group were revalued by independent professional valuers, Messrs. Henry Butcher Malaysia Sdn Bhd, Henry Butcher Malaysia (Johor) Sdn Bhd and Allied Group Property Consultant (Selangor) Sdn Bhd.

The fair value of land and buildings is within Level 2 of the fair value hierarchy as stated in Note 31. The fair value is based on the market comparable approach that reflects recent transacted price for similar properties.

Had the land and buildings been measured using the cost model, the carrying amounts would be as follows:

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Freehold land				
Cost	**9,380**	24,200	**-**	-
Less: Accumulated impairment losses	**-**	(6,644)	**-**	-
Net carrying amount	**9,380**	17,556	**-**	-
Freehold buildings				
Cost	**57,163**	71,139	**1,180**	1,180
Less: Accumulated depreciation and impairment losses	**(23,418)**	(27,362)	**(1,102)**	(1,043)
Net carrying amount	**33,745**	43,777	**78**	137
Long leasehold land				
Cost	**21,119**	21,119	**-**	-
Less: Accumulated depreciation	**(5,739)**	(5,432)	**-**	-
Net carrying amount	**15,380**	15,687	**-**	-
Long leasehold buildings				
Cost	**109,793**	110,101	**-**	-
Less: Accumulated depreciation	**(35,351)**	(33,335)	**-**	-
Net carrying amount	**74,442**	76,766	**-**	-
Total	**132,947**	153,786	**78**	137

(b) During the financial year, the aggregate costs for property, plant and equipment of the Group and of the Company acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Aggregate costs	**9,903**	3,779	**-**	10
Less: Finance lease financing	**(1,000)**	(91)	**-**	-
Cash payments	**8,903**	3,688	**-**	10

(c) Included in property, plant and equipment of the Group and of the Company are assets under finance lease arrangements with net carrying amount of RM3,535,000 (2015: RM3,153,000) and RM572,000 (2015: RM854,000) respectively.

(d) The freehold and long leasehold land and buildings of the Group with net carrying amount of RM508,544,000 (2015: RM143,875,000) are charged to financial institutions for facilities granted to the Group as disclosed in Notes 18 and 20.

(e) The title deed for an office lot with net carrying amount of RM367,000 (2015: RM72,000) is in the process of being transferred to the Group.

(f) The remaining lease term of long leasehold land of the Group range from 55 to 81 years (2015: 56 to 82 years).

5. SUBSIDIARY COMPANIES

	Company	
	2016	2015
	RM'000	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 subsidiary companies, net of impairment	**81,046**	81,046
Amount owing by subsidiary companies		
At 1 January	**164,219**	154,676
Advance	**7,242**	9,543
At 31 December	**171,461**	164,219
Accumulated impairment losses		
At 1 January	**(50,728)**	(46,575)
Charge for the financial year	**(814)**	(4,153)
At 31 December	**(51,542)**	(50,728)
Amount owing by subsidiary companies, net of impairment	**119,919**	113,491
Amount owing to subsidiary companies	**(25,365)**	(26,903)

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

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

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Principal activities	Effective interest 2016 %	2015 %
Armada Resorts Sdn Bhd	Malaysia	Investment holding	**100**	100
Beta Management Services Sdn Bhd	Malaysia	Inactive	**100**	100
Bondmark Construction Services Co. Sdn Bhd	Malaysia	Inactive	**100**	100
Christine Resort Sdn Bhd	Malaysia	Investment holding	**100**	100
Dominion Bay Sdn Bhd	Malaysia	Inactive	**100**	100
Exquisite Beams Sdn Bhd	Malaysia	Leasing of small and virtual offices	**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 Developement 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
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 member firm of UHY International Limited

6. INVESTMENT IN AN ASSOCIATE

	Group 2016 RM'000	Group 2015 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 2016 %	Effective interest 2015 %
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:

	2016 RM'000	2015 RM'000
Assets and liabilities		
Current assets, representing total assets	3,381	1,241
Current liabilities, representing total liabilities	5,284	2,974
Results		
Revenue	9,658	9,407
(Loss)/Profit net of tax, representing total comprehensive income for the financial year	(171)	33

The Group has not recognised the following losses since it has no obligation in respect of these losses:

	2016 RM'000	2015 RM'000
At 1 January	(549)	(559)
Current year share of (loss)/profit	(51)	10
At 31 December	(600)	(549)

7. OTHER INVESTMENT

	Group 2016 RM'000	Group 2015 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/31 December	**1,000**	1,000

8. GOODWILL

	Group 2016 RM'000	Group 2015 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 RM'000	Total RM'000
At 31 December 2016/2015	**52**	**4,651**	**4,276**	**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 pre-tax discount rate of 4% (2015: 5%) and a growth rate of 5% (2015: 5%). 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 amounts of the CGUs to materially exceed their recoverable amounts.

9. DEVELOPMENT EXPENDITURE

	Group	
	2016	2015
	RM'000	RM'000
At 1 January	**28,658**	25,627
Addition	**3,968**	3,031
At 31 December	**32,626**	28,658

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

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Trade receivables				
Retention sums on contracts (Note 12)	**9,840**	8,377	**-**	-
Other receivables				
Cash collaterals	**2,259**	2,298	**-**	-
Third parties	**39,297**	43,567	**39,297**	43,567
	41,556	45,865	**39,297**	43,567
	51,396	54,242	**39,297**	43,567
Current				
Trade receivables				
Third parties	**38,691**	33,708	**-**	-
Retention sums on contracts (Note 12)	**10,892**	8,923	**-**	-
Less: Accumulated impairment losses				
- Third parties	**(2,747)**	(2,747)	**-**	-
	46,836	39,884	**-**	-
Other receivables				
Prepayments	**467**	759	**-**	-
Cash collaterals	**592**	32	**-**	-
Third parties	**17,275**	25,024	**13,824**	22,491
Less: Accumulated impairment losses				
- Third parties	**(674)**	(698)	**(663)**	(663)
	17,660	25,117	**13,161**	21,828
	64,496	65,001	**13,161**	21,828
Total trade and other receivables	**115,892**	119,243	**52,458**	65,395
Add: Amount owing by subsidiary companies (Note 5)	**-**	-	**119,919**	113,491
Cash and bank balances (Note 13)	**6,805**	7,709	**146**	122
Less: Prepayments	**(467)**	(759)	**-**	-
Total loans and receivables	**122,230**	126,193	**172,523**	179,008

Other receivables

Included in other receivables is an outstanding balance of RM52,297,000 (2015: RM61,367,000) 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.

Movement in the allowance accounts of other receivables are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
At 1 January	**698**	663	**663**	663
Charge for the financial year	**-**	35	**-**	-
Reversal of impairment loss	**(24)**	-	**-**	-
At 31 December	**674**	698	**663**	663

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that have defaulted on payments.

Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 days (2015: 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) at the end of the reporting period is as follows:

	2016	2015
	RM'000	RM'000
Neither past due nor impaired	**32,744**	36,326
Past due but not impaired		
1 to 30 days	**7,219**	2,562
31 to 60 days	**2,202**	651
61 to 90 days	**851**	29
91 to 120 days	**121**	1,278
More than 120 days	**13,539**	7,415
	23,932	11,935
	56,676	48,261
Impaired	**2,747**	2,747
	59,423	51,008

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM23,932,000 (2015: RM11,935,000) 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 trade receivables are recoverable as these accounts are still active.

Trade 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	
	2016	2015
	RM'000	RM'000
Trade receivables - gross	**2,747**	2,747
Less: Accumulated impairment losses	**(2,747)**	(2,747)
	-	-

Movement in the allowance accounts of trade receivables are as follows:

	2016	2015
	RM'000	RM'000
At 1 January	**2,747**	507
Charge for the financial year	**-**	2,240
At 31 December	**2,747**	2,747

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that have defaulted on payments.

11. INVENTORIES

	Group	
	2016	2015
	RM'000	RM'000
Cost		
Consumables	**668**	816
Net realisable value		
Land and completed apartment	**9,667**	9,667
	10,335	10,483

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

	Group	
	2016	2015
	RM'000	RM'000
Construction costs incurred to date	**261,840**	193,612
Attributable profit	**13,118**	19,720
	274,958	213,332
Progress billings	**(263,058)**	(194,657)
	11,900	18,675
Presented as:		
Amount due from customers for contract works	**19,206**	19,860
Amount due to customers for contract works	**(7,306)**	(1,185)
	11,900	18,675

	Group	
	2016	2015
	RM'000	RM'000
Retention sums on contracts, included within trade receivables (Note 10)		
Non-current	**9,840**	8,377
Current	**10,892**	8,923
	20,732	17,300
Construction revenue recognised as an income (Note 21)	**96,610**	118,101
Construction costs recognised as an expense (Note 22)	**101,800**	111,666

13. CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Cash on hand and at banks	**4,068**	5,058	**56**	35
Short term deposits with:				
- Licensed banks	**2,647**	2,564	**-**	-
- Other financial institution	**90**	87	**90**	87
Cash and bank balances	**6,805**	7,709	**146**	122
Less: Fixed deposit pledged	**(2,579)**	(2,498)	**-**	-
Bank overdrafts (Note 20)	**(6,243)**	(8,399)	**-**	-
Cash and cash equivalents	**(2,017)**	(3,188)	**146**	122

Cash at banks earn 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 interest at respective short-term deposit rates. The deposits earn interest of 2.9% to 3.4% (2015: 2.9% to 3.4%) per annum and have average maturities of 3 months (2015: 3 months).

Included in the deposits is a sum of RM2,579,000 (2015: RM2,498,000) pledged to licensed banks for banking facilities granted to the Group.

14. ASSETS HELD FOR SALE

	Group
	2016
	RM'000
Contracted:	
Freehold land (a)	**6,596**
Long leasehold building (b)	**30**
	6,626
Not contracted:	
Freehold land	**10,154**
	16,780

(a) On 11 May 2016, Lien Hoe Square Sdn Bhd, a wholly owned subsidiary company of the Company, entered into a Sale and Purchase Agreement to dispose the freehold land.

(b) On 13 September 2016, Beta Management Services Sdn Bhd, a wholly owned subsidiary company of the Company, entered into a Sale and Purchase Agreement to dispose the leasehold building.

The above transactions are pending completion at the end of the reporting period.

15. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group/Company			
	Number of ordinary shares		Amount	
	2016	2015	**2016**	2015
	'000	'000	**RM'000**	RM'000
Authorised:				
At 1 January, shares of RM1.00 each	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Par value reduction of RM0.75 per share	**3,000,000**	-	**-**	-
At 31 December, shares of RM0.25 (2015: RM1.00) each	**4,000,000**	1,000,000	**1,000,000**	1,000,000

	Number of ordinary shares		Amount			
	Share capital	Treasury shares	Share capital	Share premium	Total share capital and share premium	Treasury shares
	'000	'000	RM'000	RM'000	RM'000	RM'000
Issued and fully paid:						
At 1 January 2015/31 December 2015, shares of RM1.00 each	361,742	(18,796)	361,742	51,056	412,798	(5,568)
Par value reduction of RM0.75 per share	**-**	**-**	**(271,307)**	**-**	**(271,307)**	**-**
At 31 December 2016, shares of RM0.25 each	**361,742**	**(18,796)**	**90,435**	**51,056**	**141,491**	**(5,568)**

During the current financial year, the Company had undertaken the following:

(a) changes in authorised share capital from RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.25 each; and

(b) reduction in issued and fully paid-up share capital from RM361,742,241 comprising 361,742,241 ordinary shares of RM1.00 each to RM90,435,560 comprising 361,742,241 ordinary shares of RM0.25 each via the cancellation of RM0.75 from the par value of each existing ordinary share pursuant to Section 64 of the Companies Act, 1965. The resulting credit of RM271,306,681 arising from the par value reduction was used to set off against accumulated losses of the Company and the remaining balance was credited to retained earnings of the Company.

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. RESERVES

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable:				
Asset revaluation reserve (a)	**329,557**	-	**-**	-
Distributable:				
Capital reserve (b)	**21,455**	21,455	**19,337**	19,337
	351,012	21,455	**19,337**	19,337

(a) The asset revaluation reserve represents increases in the fair value of land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

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

17. DEFERRED TAX LIABILITIES

	Group	
	2016	2015
	RM'000	RM'000
At 1 January	**9,392**	9,949
Recognised in profit or loss (Note 26)	**(871)**	(557)
Recognised in other comprehensive income	**72,760**	-
At 31 December	**81,281**	9,392

The components and movements of deferred tax liabilities are as follows:

	Accelerated capital allowances RM'000	Fair value adjustment arising from business combination RM'000	Revaluation of land and buildings RM'000	Total RM'000
At 1 January 2015	4,415	5,534	-	9,949
Recognised in profit or loss	(459)	(98)	-	(557)
At 31 December 2015	3,956	5,436	-	9,392
Recognised in profit or loss	**(585)**	**(192)**	**(94)**	**(871)**
Recognised in other comprehensive income	**-**	**(3,439)**	**76,199**	**72,760**
At 31 December 2016	**3,371**	**1,805**	**76,105**	**81,281**

18. BORROWINGS (SECURED)

	Group		Company	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
Non-current				
Term loans	**39,626**	41,236	**-**	-
Finance lease payables (Note 28)	**1,684**	1,698	**388**	616
	41,310	42,934	**388**	616
Current				
Bankers' acceptances	**792**	9,999	**-**	-
Term loans	**17,245**	6,424	**-**	-
Finance lease payables (Note 28)	**985**	826	**228**	228
	19,022	17,249	**228**	228
Total borrowings				
Bankers' acceptances	**792**	9,999	**-**	-
Term loans	**56,871**	47,660	**-**	-
Finance lease payables (Note 28)	**2,669**	2,524	**616**	844
	60,332	60,183	**616**	844
Maturity of borrowings (excluding finance lease payables):				
Within 1 year	**18,037**	16,423	**-**	-
More than 1 year and less than 2 years	**9,521**	6,709	**-**	-
More than 2 years and less than 5 years	**16,621**	17,888	**-**	-
More than 5 years	**13,484**	16,639	**-**	-
	57,663	57,659	**-**	-

The interest rates per annum at the end of the reporting period for borrowings, excluding finance lease payables, are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	%	%	**%**	%
Bankers' acceptances	**7.8**	5.3	**-**	-
Term loans	**7.8 - 8.6**	8.0 - 8.6	**-**	-

The borrowings, other than finance lease payables, are secured by the following:

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

(b) Corporate guarantee by the Company.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Trade payables	**3,220**	4,153	**-**	-
Current				
Trade payables	**51,149**	32,426	**-**	**-**
Other payables:				
- Accruals	**4,054**	3,094	**777**	328
- Others	**17,569**	12,360	**1,882**	1,809
	72,772	47,880	**2,659**	2,137
Total trade and other payables	**75,992**	52,033	**2,659**	2,137
Amount owing to subsidiary companies (Note 5)	**-**	-	**25,365**	26,903
Borrowings (Note 18)	**60,332**	60,183	**616**	844
Bank overdrafts	**6,243**	8,399	**-**	-
Total financial liabilities carried at amortised cost	**142,567**	120,615	**28,640**	29,884

Trade and other payables are non-interest bearing and are normally settled on an average term of 60 days (2015: 60 days).

20. BANK OVERDRAFTS

The bank overdrafts bear interest at a rate of 7.8% - 8.6% (2015: 8.1% - 8.6%) per annum and are secured by the following:

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

(b) Corporate guarantee by the Company.

21. REVENUE

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Construction revenue	**96,610**	118,101	**-**	-
Management fees from subsidiary companies	**-**	-	**2,760**	2,760
Rental income	**2,779**	3,274	**-**	-
Revenue from hotel	**24,383**	26,077	**-**	-
	123,772	147,452	**2,760**	2,760

22. COST OF SALES

	Group 2016 RM'000	Group 2015 RM'000
Cost of inventories	**4,706**	5,353
Construction cost	**101,800**	111,666
	106,506	117,019

23. LOSS FROM OPERATIONS

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Loss from operations is stated after charging/(crediting):				
Auditors' remuneration:				
- statutory audits	**187**	174	**70**	65
- other services	**5**	5	**5**	5
Depreciation of property, plant and equipment (Note 4)	**10,580**	9,170	**488**	487
Directors' remuneration (Note 24(a))	**5,909**	5,918	**4,398**	4,398
Impairment loss on trade receivables (third parties)	**-**	2,240	**-**	-
Other income (Note 23(a))	**(1,285)**	(1,953)	**(1,475)**	(5,442)
Other expenses (Note 23(b))	**325**	715	**814**	4,153
Provision for liquidated ascertained damages	**980**	-	**-**	-
Rental of premises	**47**	53	**-**	-
Staff costs (Note 23(c))	**12,780**	13,363	**2,064**	2,158

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
(a) Other income				
Gain from disposal of property, plant and equipment	**(203)**	(20)	**(129)**	(110)
Finance income on:				
- other receivables (cash collaterals)	**(31)**	(53)	**-**	-
- other receivables (third parties)	**(480)**	(1,189)	**(480)**	(1,189)
- trade receivables (retention sum on contracts)	**-**	(311)	**-**	-
Interest income	**(186)**	(132)	**-**	-
Miscellaneous income	**(209)**	(248)	**(3)**	(7)
Reversal of impairment loss on:				
- other receivables (third parties)	**(24)**	-	**-**	-
- property, plant and equipment	**(152)**	-	**(152)**	-
Unrealised foreign exchange gain	**-**	-	**(711)**	(4,136)
	(1,285)	(1,953)	**(1,475)**	(5,442)
(b) Other expenses				
Fair value adjustment on:				
- other receivables (cash collaterals)	**-**	215	**-**	-
- trade receivables (retention sum on contracts)	**39**	465	**-**	-
Finance expense on trade receivables (retention sum on contracts)	**286**	-	**-**	-
Impairment loss on:				
- amount owing by subsidiary companies	**-**	-	**814**	4,153
- other receivables (third parties)	**-**	35	**-**	-
	325	715	**814**	4,153
(c) Staff costs				
Wages and salaries	**11,505**	11,944	**1,883**	1,979
Social security costs	**95**	103	**15**	16
Defined contribution plans	**931**	1,001	**166**	163
Other staff related expenses	**249**	315	**-**	-
	12,780	13,363	**2,064**	2,158

24. KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Directors

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	**4,711**	4,666	**4,200**	4,200
Defined contribution plans	**98**	92	**36**	36
Benefits-in-kind	**15**	15	**15**	15
	4,824	4,773	**4,251**	4,251
Non-executive:				
Fees	**162**	162	**162**	162
Directors of subsidiary companies				
Executive:				
Salaries and other emoluments	**860**	923	**-**	-
Defined contribution plans	**78**	75	**-**	-
	938	998	**-**	-
Total	**5,924**	5,933	**4,413**	4,413
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	**5,747**	5,756	**4,236**	4,236
Total non-executive directors' remuneration	**162**	162	**162**	162
Total directors' remuneration	**5,909**	5,918	**4,398**	4,398

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	
	2016	2015
Executive directors:		
RM500,001 to RM550,000	**-**	1
RM550,001 to RM600,000	**1**	-
RM4,200,001 to RM4,250,000	**1**	1
Non-executive directors:		
RM1 to RM50,000	**2**	2
RM50,001 to RM100,000	**1**	1

One of the executive directors did not receive any remuneration in the current financial year.

(b) Other key management personnel

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**1,522**	1,470	**332**	339
Social security costs	**5**	4	**1**	1
Defined contribution plans	**188**	175	**40**	40
	1,715	1,649	**373**	380

25. FINANCE COSTS

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Interest expenses on:				
Finance lease	**133**	169	**30**	35
Bank overdrafts and bankers' acceptances	**1,077**	776	**-**	-
Term loans	**3,955**	4,142	**-**	-
	5,165	5,087	**30**	35

26. INCOME TAX EXPENSE

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Malaysian income tax:				
Current year	**-**	160	**-**	-
Under provision in prior years	**21,438**	857	**21,596**	-
	21,438	1,017	**21,596**	-
Deferred tax (Note 17):				
Deferred tax relating to reversal of temporary differences	**(623)**	(557)	**-**	-
Deferred tax relating to net surplus on revaluation of land and buildings	**(94)**	-	**-**	-
Effect of changes in tax rate	**(154)**	-	**-**	-
	(871)	(557)	**-**	-
Income tax expense recognised in profit or loss	**20,567**	460	**21,596**	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to 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:

	2016 RM'000	2015 RM'000
Group		
Loss before tax	**(28,439)**	(17,256)
At Malaysian statutory tax rate of 24% (2015: 25%)	**(6,825)**	(4,314)
Expenses not deductible for tax purposes	**7,215**	4,068
Income not subject to tax	**(166)**	(390)
Under provision of income tax expense in prior years	**21,438**	857
Deferred tax assets not recognised	**-**	864
Effect of changes in tax rate	**(154)**	-
Utilisation of group relief	**(279)**	(625)
Utilisation of previously unrecognised deferred tax assets	**(662)**	-
Income tax expense recognised in profit or loss	**20,567**	460
Company		
Loss before tax	**(5,079)**	(5,653)
At Malaysian statutory tax rate of 24% (2015: 25%)	**(1,219)**	(1,413)
Expenses not deductible for tax purposes	**3,786**	2,313
Income not subject to tax	**(323)**	(1,333)
Under provision of income tax expense in prior year	**21,596**	-
Deferred tax assets not recognised	**-**	433
Utilisation of previously unrecognised deferred tax assets	**(2,244)**	-
Income tax expense recognised in profit or loss	**21,596**	-

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unused tax losses	**42,472**	45,032	**3,922**	12,636
Unabsorbed capital allowances	**4,098**	4,295	**176**	813
	46,570	49,327	**4,098**	13,449

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. LOSS PER SHARE

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

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

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

	2016	2015
	RM'000	RM'000
Group		
Loss net of tax, attributable to owners of the parent used in the computation of basic and diluted loss per share	(49,006)	(17,716)

	2016	2015
	'000	'000
Weighted average number of ordinary shares for basic and diluted loss per share computation	342,946	342,946

	2016	2015
	sen	sen
Basic and diluted loss per share	(14.29)	(5.17)

28. FINANCE LEASE PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments				
Within 1 year	1,104	928	258	258
More than 1 year and less than 2 years	1,001	875	258	258
More than 2 years and less than 5 years	881	1,018	181	438
	2,986	2,821	697	954
Less: Future finance charges	(317)	(297)	(81)	(110)
Present value of finance lease payables	2,669	2,524	616	844
Present value of finance lease payables				
Within 1 year	985	826	228	228
More than 1 year and less than 2 years	900	783	228	228
More than 2 years and less than 5 years	784	915	160	388
	2,669	2,524	616	844

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Analysed as				
Due within 12 months included as current liabilities (Note 18)	**985**	826	**228**	228
Due after 12 months included as non-current liabilities (Note 18)	**1,684**	1,698	**388**	616
	2,669	2,524	**616**	844

The finance lease payables bear interest at the end of the reporting period of 2.3% to 6.8% (2015: 2.3% to 6.8%) per annum.

29. CONTINGENCIES

One of the construction projects undertaken by a subsidiary company may result in liquidated damages being claimed by the developer. The subsidiary company is currently engaging with the developer to resolve this issue and the chances of liquidated damages, if any, is unlikely as at the end of the reporting period. In view of that, no provision has been made in the current financial year.

30. RELATED PARTY TRANSACTIONS

	Company	
	2016	2015
	RM'000	RM'000
Management fees charged to subsidiary companies	**2,760**	2,760

Information regarding outstanding balances arising from related party transactions are disclosed in Note 5.

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.

The fair value measurement hierarchy used to measure financial instruments at fair value in the statements of financial position are as follows:

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. prices) or indirectly (ie. derived from prices); and

(iii) Level 3: Inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the current and previous financial years.

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

The carrying amounts of 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/or insignificant impact of discounting.

The carrying amounts of long term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

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:

	2016		2015	
	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 liability				
Finance lease payables (Level 2)	**1,684**	**1,640**	1,698	1,672
Company				
Financial liability				
Finance lease payables (Level 2)	**388**	**383**	616	611

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) Finance lease 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 financial 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 on-going 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 10.

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 statements of financial position.

Information regarding receivables that are neither past due nor impaired is disclosed in Note 10. 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 10.

<u>Financial guarantee</u>

The Company provides unsecured financial guarantees to banks and other institutions in respect of facilities and supply of goods granted to subsidiary companies. The Company monitors on an on-going basis the results of the subsidiary companies and repayments made by the subsidiary companies.

A nominal amount of RM26,143,000 (2015: RM25,605,000) relates to corporate guarantees provided by the Company to the banks and other institutions in respect of facilities and for supply of goods to its subsidiary companies.

As at the end of the reporting period, there was no indication that any subsidiary company 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 overdrafts.

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 2016					
Group					
Trade and other payables	75,992	-	-	-	75,992
Borrowings	22,642	13,293	22,658	14,788	73,381
Bank overdrafts	6,243	-	-	-	6,243
	104,877	13,293	22,658	14,788	155,616
Company					
Trade and other payables	2,659	-	-	-	2,659
Borrowings	258	258	181	-	697
	2,917	258	181	-	3,356

	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 2015					
Group					
Trade and other payables	52,033	-	-	-	52,033
Borrowings	20,996	10,687	24,777	18,779	75,239
Bank overdrafts	8,399	-	-	-	8,399
	81,428	10,687	24,777	18,779	135,671
Company					
Trade and other payables	2,137	-	-	-	2,137
Borrowings	258	258	438	-	954
	2,395	258	438	-	3,091

(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.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
Fixed rate instruments				
Financial assets	**2,737**	2,651	**90**	87
Financial liabilities	**2,669**	2,524	**616**	844

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Floating rate instruments				
Financial liabilities	**63,906**	66,058	**-**	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

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 loss net of tax would have been lower/higher by RM128,000 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 bank balances and borrowings.

The gearing ratios are as follows:

	2016 RM'000	2015 RM'000
Borrowings (Note 18)	**60,332**	60,183
Bank overdrafts (Note 20)	**6,243**	8,399
Total borrowings	**66,575**	68,582
Less: Cash and bank balances (Note 13)	**(6,805)**	(7,709)
Net debt	**59,770**	60,873
Total equity	**521,947**	240,065
Debt-to-equity ratio	**0.11**	0.25

No changes were made in the objectives, policies or processes in the financial years ended 31 December 2016 and 31 December 2015.

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 - operation of hotel.

(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 and is measured consistently with profit or loss in the consolidated financial statements.

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

Revenue from major customers amounted to RM61,484,000 (2015: RM67,283,000), pertaining to revenue of the construction segment.

	Property		Construction		Hotel		Corporate		Adjustments and eliminations			Per consolidated financial statements	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	Note	2016 RM'000	2015 RM'000
Revenue													
External customers	**2,779**	3,274	**96,610**	118,101	**24,383**	26,077	**-**	-	**-**	-		**123,772**	147,452
Inter-segment	**-**	-	**-**	-	**-**	-	**2,760**	2,760	**(2,760)**	(2,760)	(i)	**-**	-
Total revenue	**2,779**	3,274	**96,610**	118,101	**24,383**	26,077	**2,760**	2,760	**(2,760)**	(2,760)		**123,772**	147,452
Results													
Depreciation of property, plant and equipment	**(3,833)**	(3,715)	**(342)**	(466)	**(5,898)**	(4,485)	**(507)**	(504)	**-**	-		**(10,580)**	(9,170)
Other non-cash income/(expense)	**98**	(35)	**(1,274)**	(2,646)	**-**	-	**761**	1,299	**-**	-	(ii)	**(415)**	(1,382)
Segment (loss)/profit	**(4,718)**	(4,869)	**(10,466)**	(914)	**(488)**	1,923	**(5,028)**	(5,681)	**(7,739)**	(7,715)	(iii)	**(28,439)**	(17,256)
Assets													
Additions to property, plant and equipment	**1,093**	497	**159**	113	**8,651**	3,159	**-**	10	**-**	-		**9,903**	3,779
Segment assets	**452,800**	124,540	**82,368**	73,573	**151,638**	75,822	**88,400**	98,331	**-**	-		**775,206**	372,266
Segment liabilities	**107,636**	38,953	**74,750**	52,695	**38,217**	28,572	**32,656**	11,981	**-**	-		**253,259**	132,201

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

	2016	2015
	RM'000	RM'000
Gain from disposal of property, plant and equipment	**203**	20
Fair value adjustment on:		
- other receivables (cash collaterals)	**-**	(215)
- trade receivables (retention sum on contracts)	**(39)**	(465)
Finance expense on trade receivables (retention sum on contracts)	**(286)**	-
Finance income on:		
- other receivables (cash collaterals)	**31**	53
- other receivables (third parties)	**480**	1,189
- trade receivables (retention sum on contracts)	**-**	311
Impairment loss on:		
- other receivables (third parties)	**-**	(35)
- trade receivables (third parties)	**-**	(2,240)
Provision for liquidated ascertained damages	**(980)**	-
Reversal of impairment loss on:		
- other receivables (third parties)	**24**	-
- property, plant and equipment	**152**	-
	(415)	(1,382)

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

	2016	2015
	RM'000	RM'000
Finance costs	**(5,165)**	(5,087)
Interest income	**186**	132
Inter-segment management fee	**(2,760)**	(2,760)
	(7,739)	(7,715)

35. SIGNIFICANT EVENT

On 21 March 2016, the Board of Directors of the Company announced that the Company is proposing to undertake the following:

(i) a reduction of its existing issued and paid-up share capital from RM361,742,241 comprising 361,742,241 ordinary shares of RM1.00 each to RM90,435,560 comprising 361,742,241 ordinary shares of RM0.25 each via the cancellation of RM0.75 from the par value of each existing ordinary share pursuant to Section 64 of the Companies Act, 1965 ("Proposed Share Par Value Reduction"); and

(ii) an amendment to the Memorandum of Association to facilitate the Proposed Share Par Value Reduction ("Proposed Amendment").

(Collectively, the Proposed Share Par Value Reduction and Proposed Amendment are referred to as the "Proposals").

The Proposals were completed on 20 October 2016.

36. COMPARATIVE FIGURES

The following comparative figures have been reclassified to be consistent with current year's presentation:

	As previously stated RM'000	Reclassified RM'000	As restated RM'000
Group			
Statements of financial position			
Non-current liabilities			
Trade and other payables	-	4,153	4,153
Current liabilities			
Trade and other payables	52,033	(4,153)	47,880
Segment information			
Property			
Depreciation of property, plant and equipment	(1,531)	(2,184)	(3,715)
Other non-cash income/(expense)	-	(35)	(35)
Segment (loss)/profit	(476)	(4,393)	(4,869)
Segment assets	66,398	58,142	124,540
Segment liabilities	20,740	18,213	38,953
Hotel			
Depreciation of property, plant and equipment	(6,669)	2,184	(4,485)
Other non-cash income/(expense)	(35)	35	-
Segment (loss)/profit	(2,470)	4,393	1,923
Segment assets	133,964	(58,142)	75,822
Segment liabilities	46,785	(18,213)	28,572

37. SUPPLEMENTARY INFORMATION ON THE DISCLOSURES OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings/(accumulated losses) of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidary companies				
- Realised	**(178,307)**	(402,757)	**41,279**	(202,642)
- Unrealised	**(3,371)**	(3,955)	**8,788**	8,077
	(181,678)	(406,712)	**50,067**	(194,565)
Total share of results from associates - realised	**(233)**	(233)	**-**	-
	(181,911)	(406,945)	**50,067**	(194,565)
Less: Consolidation adjustments	**216,923**	218,325	**-**	-
Retained earnings/(Accumulated losses) as per financial statements	**35,012**	(188,620)	**50,067**	(194,565)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

Schedule of Properties
Held by the Company and its Subsidiary Companies as at 31 December 2016

Location of Properties	Description	Date of Revaluation/ Acquisition*	Expiration of Lease	Land Area (Acres)	Lettable Area (Sq. Ft.)	Approximate Age of Building (Years)	Net Carrying Amount (RM'000)
Lot 51, Section 27, Town of Petaling Jaya, Selangor	21 storey hotel tower with 257 rooms on top of a 4 storey podium with basement car park *known as Hotel Armada Petaling Jaya*	April 2016	6 February 2071	2.44	104,781	20	180,514
Lot PTD 229494, Mukim of Plentong, Johor	Vacant land	May 2016	Freehold	145.60	N/A	N/A	316,601
Lot PTD 229495, Mukim of Plentong, Johor	Vacant land	April 2010*	Freehold	36.40	N/A	N/A	10,154
Lots 3824 to 3827, Mukim of Senai-Kulai, Johor	Vacant land	January 1992*	Freehold	33.38	N/A	N/A	9,563
Lot 290, Mukim of Tebrau, Johor	Vacant land	June 1996*	Freehold	3.98	N/A	N/A	6,596
Lots 1589 and 1592, Mukim of Tebrau, Johor	Vacant land	May 2016	Freehold	4.14	N/A	N/A	21,600
Lot PT 78700, Mukim of Petaling, District of Petaling, Selangor	Vacant land	March 2016	27 May 2097	0.72	N/A	N/A	4,671
Lot PT 78701, Mukim of Petaling, District of Petaling, Selangor	Vacant land	March 2016	27 May 2097	1.65	N/A	N/A	11,429
Unit 3-9-A No. 2 Jalan Pelita, Wadihana, 80300 Johor Bahru, Johor	1 unit apartment *known as Pelita Indah Condominium*	May 1995*	Freehold	Strata title	1,685	22	104
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*	June 2016	Freehold	Strata title	6,372	15	230
B13-1 Block B No. 1 Lorong Utara B off Jalan Utara 46200 Petaling Jaya, Selangor	1 unit apartment *known as The Istara Condominium*	August 1996*	9 March 2076	Strata title	1,313	19	30
Lot B2F-19a, Megan Phoenix, Jalan 2/142A km10 off Jalan Cheras 56000 Kuala Lumpur	1 unit office lot	June 2016	Freehold	Strata title	1,479	17	367

Statistics of Shareholdings
As at 28 March 2017

SHARE CAPITAL

Total number of issued shares	361,742,241
Adjusted total number of issued shares	342,946,141*
Class of shares	Ordinary share
Voting rights	1 vote per share

* Excluding 18,796,100 ordinary shares repurchased by the Company and retained as treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	790	7.13	34,820	0.01
100 - 1,000	3,341	30.14	2,334,722	0.68
1,001 - 10,000	5,494	49.56	19,990,469	5.83
10,001 - 100,000	1,257	11.34	40,563,785	11.83
100,001 - 17,147,306 (*)	201	1.81	172,961,578	50.43
17,147,307 & above (**)	2	0.02	107,060,767	31.22
Total	11,085	100.00	342,946,141	100.00

* Less than 5% of the total number of issued shares
** 5% and above of the total number of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2017
(as shown in the Register of Substantial Shareholders)

Name	No. of Shares (Direct)	No. of Shares (Indirect)	%
1. DATO' YAP SING HOCK	108,545,167	-	31.65
2. BELASTRA SDN BHD	35,547,690	-	10.37

DIRECTORS' SHAREHOLDINGS AS AT 28 MARCH 2017
(as shown in the Register of Directors' Shareholdings)

Name	Direct Interest		Indirect Interest	
	No.	% (ii)	No.	% (ii)
YEOH CHONG KEAT	-	-	-	-
DATO' YAP SING HOCK	108,545,167	31.65	-	-
CHEONG MARN SENG	720,500	0.21	-	-
DR. TEOH KIM LOON	800,550	0.23	-	-
DATO' TEA CHOO KENG	-	-	-	-
YAP TSE YEENG CHRISTINE	-	-	108,545,167(i)	31.65

(i) Deemed interest by virtue of the shareholding of her father, Dato' Yap Sing Hock in the Company.

(ii) Excluding 18,796,100 ordinary shares repurchased by the Company and retained as treasury shares.

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 28 MARCH 2017

	Name	No. of Shares	%
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (M09)	77,060,767	22.47
2.	BENECAP SDN. BHD. Pledged Securities Account for Yap Sing Hock	30,000,000	8.75
3.	RHB NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Belastra Sdn. Bhd.	16,450,400	4.80
4.	LEE YEW CHEN	15,101,000	4.40
5.	BENECAP SDN. BHD. Pledged Securities Account for Belastra Sdn. Bhd.	13,720,900	4.00
6.	OBJECTIVE ACHIEVEMENT SDN. BHD.	11,980,000	3.50
7.	LIANG TEH HAI	8,290,000	2.42
8.	CHIN KHEE KONG & SONS SDN. BHD.	5,408,600	1.58
9.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account - AmBank (M) Berhad for Belastra Sdn. Bhd. (SMART)	5,376,300	1.57
10.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB Bank for Lim Yew Keng (MY2143)	5,025,400	1.46
11.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. Exempt An for UOB Kay Hian Pte. Ltd. (A/C Clients)	3,345,730	0.98
12.	POLYWELL ENTERPRISE SENDIRIAN BERHAD	3,000,000	0.87
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yong Loy Huat (7000875)	2,500,000	0.73
14.	LOW AH LIN	2,500,000	0.73
15.	ONG BEE LIAN	2,360,500	0.69
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Carol Vun On Nei (8078831)	2,000,000	0.58
17.	GAN TECHIONG	1,960,000	0.57

	Name	No. of Shares	%
18.	HLIB NOMINEES (TEMPATAN) SDN. BHD. Hong Leong Bank Bhd for Tan Foh Hua	1,853,500	0.54
19.	RHB NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Lim Yew Keng	1,760,100	0.51
20.	CITIGROUP NOMINEES (ASING) SDN. BHD. Exempt An for OCBC Securities Private Limited (Clients A/C-NR)	1,738,187	0.51
21.	CHIN KIAN FONG	1,690,400	0.49
22.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. Maybank Private Wealth Management for Ong Seng Chye (PW-M00210) (526647)	1,541,200	0.45
23.	YAP SING HOCK	1,484,400	0.43
24.	YU LIAN HAI	1,400,000	0.41
25.	YONG SOW LAN	1,266,800	0.37
26.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chin Kiam Hsung	1,246,800	0.36
27.	CIMSEC NOMINEES (ASING) SDN. BHD. Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,229,637	0.36
28.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kesvaran s/o TP Murugasu (Margin)	1,220,000	0.35
29.	SOU CHIN ENG	1,200,000	0.35
30.	AMY LIM	1,000,000	0.29
	Total	**224,710,621**	**65.52**

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 47th Annual General Meeting of the Company to be held at Iskandar 1, Level 3A, Block 1, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim on Thursday, 22 June 2017 at 11a.m.

My / our proxy is to vote as indicated below :

RESOLUTION NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve Directors' fees of RM162,000 in respect of the financial year ended 31 December 2016.		
2.	To approve Directors' fees and benefits of up to RM210,000 in respect of the period from 1 January 2017 until the conclusion of the next annual general meeting of the Company.		
3.	To re-elect Mr. Yeoh Chong Keat as Director of the Company.		
4.	To re-elect Dato' Tea Choo Keng as Director of the Company.		
5.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to determine their remuneration.		
6.	To approve authority for Directors to issue shares.		
7.	To approve proposed renewal of shareholders' approval for share buy-back.		
8.	To approve the retention of Mr. Yeoh Chong Keat as Independent Non-executive Director of the Company subject to the passing of Resolution 3.		
9.	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. 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. Where a member appoints more than one proxy, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

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

   An exempt authorised nominee refers to an authorised 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. Pursuant to paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice of annual general meeting will be conducted by poll.

5. 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.

6. 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 13 June 2017 ("Record of Depositor") and only a depositor whose name appears on the Record of Depositor shall be entitled to attend this meeting.

Lien Hoe Corporation Berhad
(Company No. 8507-X)
3rd Floor, Plaza Armada
Lot 6, Lorong Utara C
Section 52, 46200 Petaling Jaya
Selangor Darul Ehsan

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