LienHoe

LIEN HOE CORPORATION BERHAD

(Company No. 8507-X)

ANNUAL REPORT 2017

Contents

Corporate Information

DIRECTORS

Mr. Yeoh Chong Keat
Chairman, Independent Non-executive Director

Mr. Cheong Marn Seng, Allen
Executive Director

Dr. Teoh Kim Loon
Independent Non-executive Director

Dato' Yap Sing Hock
Managing Director

Ms. Yap Tse Yeeng Christine
Executive Director

Dato' Tea Choo Keng
Independent Non-executive Director

SECRETARIES

Tan Fong Shian @ Lim Fong Shian
(MAICSA 7023187)

Liew Chak Hooi
(MAICSA 7055965)

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 of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 48th 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 Monday, 11 June 2018 at 10.30 a.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 2017 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note A)*

2. To approve an additional Directors' fees and benefits of up to RM80,000 in respect of the period from 1 January 2017 until the conclusion of this 48th Annual General Meeting. *(Resolution 1)*

3. To approve Directors' fees and benefits of up to RM270,000 in respect of the period from 12 June 2018 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 Constitution:-

   (i) Dato' Yap Sing Hock *(Resolution 3)*
   (ii) Dr. Teoh Kim Loon *(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, to pass, with or without modification(s), the following resolutions:-

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

   "THAT subject to Sections 75 and 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 conclusion of 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 Constitution 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 ("Proposed Share Buy-Back"), 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 utilised for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits of the Company based on its audited financial statements for the financial year ended 31 December 2017; 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, 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, and subject to the passing of Resolution 4, 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

TAN FONG SHIAN @ LIM FONG SHIAN (MAICSA 7023187)
LIEW CHAK HOOI (MAICSA 7055965)
Secretaries

Petaling Jaya
27 April 2018

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 Depositors as at 4 June 2018 ("Record of Depositors") and only a depositor whose name appears on the Record of Depositors shall be entitled to attend this meeting.

7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us or our agents your personal data which may include your name, contact details and mailing address, you hereby consent, agree

and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and/or authorisation of all persons whose personal data you have disclosed and/or processed, in connection with the foregoing.

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 conclusion of 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 27 April 2018 which is despatched together with the 2017 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 22 June 2017 and which will lapse at the conclusion of the 48th Annual General Meeting.

2017 ANNUAL REPORT

The 2017 Annual Report is in the CD-ROM format. A copy of the Annual Report may also be downloaded from the Company's website at 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. Wong Ngoke Meng at Tel. No. 03-79558808, Fax No. 03-79555808 or e-mail to lienhoe@lienhoe.com.my.

Profile of Directors

Mr. Yeoh Chong Keat — ***Chairman, Independent Non-executive Director***
(60 years of age – Male/Malaysian)

Yeoh Chong Keat was appointed to the Board of the Company on 6 December 2001 and as Chairman of the Board on 16 September 2009. He is also the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee and the 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 a director of Advancecon Holdings Berhad and AbleGroup Berhad, which are both listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the Board of Axis REIT Managers Berhad (which manages Axis REIT, listed on the Main Market of Bursa Malaysia Securities Berhad).

He has had no convictions for any offences within the past 5 years (other than traffic offences), nor has there been 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***
(69 years of age – Male/Malaysian)

He was appointed the Managing Director of the Company on 30 January 2002.

He started his career as a building contractor before venturing into property development in the Klang Valley and Johor Bahru. 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 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
(53 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
(39 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 (specialising 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*** *(64 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 and Risk Management 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*** *(50 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 and Risk Management Committee and a member of the Remuneration Committee and 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 was also appointed as an independent non-executive director of Cheetah Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, on 19 May 2017.

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 2017 are set out in the Corporate Governance Overview Statement on page 28 of this Annual Report.

Profile of Key Senior Management

Mr. Lau Hing Kiet, Jerry — ***Director/Chief Executive Officer, Macro Resources Sdn Bhd***
(54 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. Hoon Tai Chee — ***General Manager, Hotel Armada (PJ) Sdn Bhd***
(56 years of age – Male/Malaysian)

He was appointed as General Manager of Hotel Armada (PJ) Sdn Bhd, a wholly owned subsidiary company, on 1 August 2007.

He holds a Diploma from the London Chamber of Commerce & Industry.

He has over 30 years experience in the hotel industry, having been involved in various aspects from hotel administration to operations.

Ms. Wong Ngoke Meng — ***Group Financial Controller***
(58 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.

Mr. Loh Giap Tik — ***Senior Finance and Administration Manager, Christine Resort Sdn Bhd***
(67 years of age – Male/Malaysian)

He was appointed as the Senior Finance and Administration Manager of Christine Resort Sdn Bhd, a wholly owned subsidiary company, on 1 July 2010.

He holds a Bachelor of Science (Honours) degree majoring in accounting from the University of Wales Institute of Science and Technology, United Kingdom.

He has over 10 years experience in the banking industry and more than 20 years working experience in the property industry.

Mr. Tan Boon Chong, Lester

Financial Controller, Hotel Armada (PJ) Sdn Bhd
(62 years of age – Male/Malaysian)

He was appointed the Financial Controller of Hotel Armada (PJ) Sdn Bhd, a wholly owned subsidiary company, on 3 January 2016.

He holds an Association of Chartered Certified Accountants Section 1 & 2 Modules and Higher Stage Certificate from London Chamber of Commerce.

He has more than 40 years working experience in the field of accounting in various hotels locally and overseas.

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.

Management Discussion and Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Principal Activities

The Company is principally involved in property and investment holding. Through its subsidiary companies, the Group is involved in investment holding, hotel operations and provision of service as a construction contractor.

Incorporated in Malaysia on 22 March 1969, the Company has been listed on the Main Market of Bursa Malaysia Securities Berhad (then known as the Kuala Lumpur Stock Exchange) since July 1970.

Key Markets
Hotel division

For the financial year under review, our guest segments consisted largely of the following:

- Independent: 60%
- Corporate: 21%
- Government: 7%
- Group: 10%
- Convention: 2%

Construction division

The Group's projects for its construction division are all located in the state of Selangor, Malaysia.

Strategies in Creating Value
Hotel division

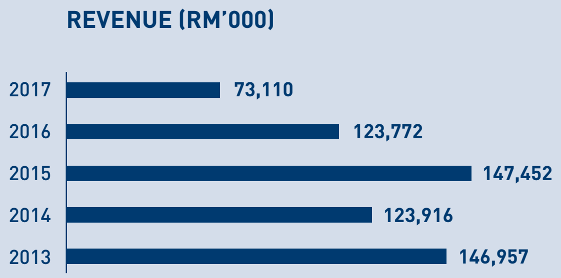
- Maintain the four-star rating of the hotel as a guarantee of quality of service;
- Improve brand awareness through regular outreach to potential customers; and
- Enhance brand perception through sustainable practices, innovation and service excellence.

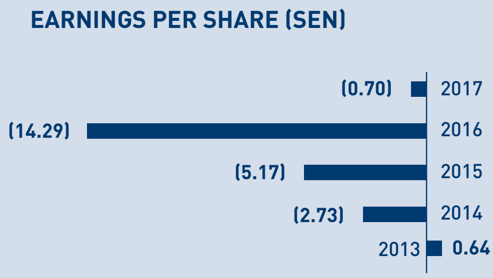
Construction division

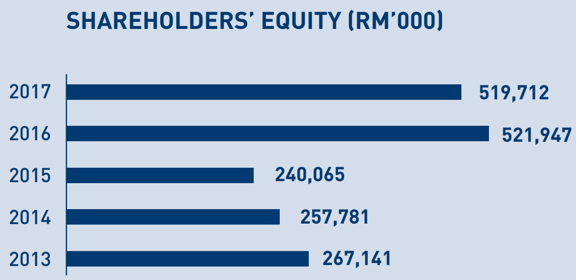
- Maintain brand reputation by keeping up a rigorous quality control procedure; and
- Develop competencies and skills that increase job efficiency and effectiveness, resulting in higher productivity on existing projects.

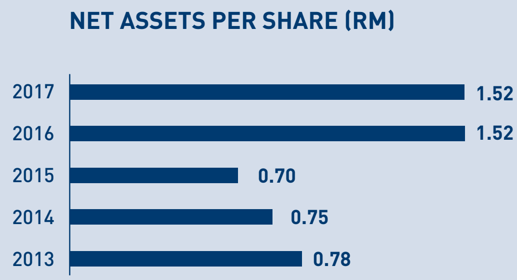
Five-year Financial Highlights

	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	73,110	123,772	147,452	123,916	146,957
Profit/(Loss) before interest and tax	5,298	(23,274)	(12,169)	(2,719)	9,117
Finance costs	5,052	5,165	5,087	5,445	4,258
Net (loss)/profit	(2,417)	(49,006)	(17,716)	(9,360)	2,182
Total assets	780,095	775,206	372,266	373,145	374,832
Net (cash)/borrowings	(11,005)	59,770	60,873	50,834	51,275
Total equity	519,712	521,947	240,065	257,781	267,141
(Loss)/Earnings per share (sen)	(0.70)	(14.29)	(5.17)	(2.73)	0.64
Net assets per share (RM)	1.52	1.52	0.70	0.75	0.78
Gearing ratio	N/A	0.11	0.25	0.20	0.19









REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Performance Overview

The overall operating results reflected a very testing and difficult market condition in the past year. Both the construction and hotel industry were saddled with challenges such as weak demand, slow collection, rising costs and shortage of labours.

For the financial year under review, Group revenue decreased by 40.93% to RM73.11 million from RM123.77 million reported for financial year ("FY") 2016. The decline was mainly due to lower contribution from both the hotel and construction divisions. The Group posted a much narrower net loss for FY2017 of RM2.42 million compared to the net loss of RM49.01 million in the previous financial year. The improvement in earnings was due to the recognition of a gain amounting to RM53.62 million in relation to the disposal of a piece of land measuring 36.40 acres in Bandar Seri Alam, Masai, Johor. The gain was however weighed down by the operating loss of RM32.81 million incurred in the construction division.

Revenue

The Group's hotel division comprises Hotel Armada located in Petaling Jaya, Selangor.

Revenue from the hotel division recorded a 6.93% decrease from RM24.38 million in FY2016 to RM22.69 million in the financial year under review. The decrease in revenue was primarily due to the downturn trend that affected the entire hotel industry over the last few years.

The revenue from the hotel division consists mainly of room sales and sales of food and beverage ("F&B"). Room sales totaled RM10.65 million in the current financial year, which is a decline of 7.39% compared to the previous financial year's RM11.50 million, amidst slowdown in guest arrivals from key markets and slumping demand from the government sector. Sales of F&B also dropped by 6.84%, from RM12.71 million to RM11.84 million, as spending at the bar and entertainment outlet were badly hit by the weaker purchasing power of our customers. Nonetheless, our banquet and other F&B outlets sustained their previous revenue levels, aided by continued strong demand of the hotel's facilities for festive events, corporate seminars and private banquets.

For the construction division, revenue in FY2017 was RM48.30 million, which is 50.01% lower than RM96.61 million reported in the previous financial year. The decline in revenue is due to the slower billings of works as existing projects neared completion and no new projects were secured. In light of circumstances further elaborated in the Risks and Prospects section below, in the later part of FY2017, management had decided to suspend all acceptances of new jobs for the construction division.

Key projects contributing to current revenue include the construction of 117 units of 3-storey houses at Tamansari and 155 units of 2-storey houses at Bandar Country Homes, both projects situated in Rawang, Selangor. As at the end of FY2017, unbilled works amounted to RM25.20 million.

Net Profit

The hotel division posted a dip in operating profit, generating RM4.58 million compared to RM5.41 million in the preceding year. The reduced operating profit was mainly due to lower revenue, as well as the squeeze on profit margin from rising food and labour costs.

In FY2017, the construction division returned higher operating loss of RM32.81 million compared to the operating loss of RM9.83 million in the year before. The loss was largely due to the following factors:

- impairment loss on receivables of RM8.21 million, after a developer customer, Milsonland Development Sdn Bhd ("Milsonland"), defaulted on payment of works completed amounting to RM10.45 million. The Group has taken legal action to recover the amount outstanding, which culminated in the winding up of Milsonland on 26 April 2017;

- liquidated ascertained damages of RM6.12 million for a housing project in Nilai on late completion due to labour issues, which caused serious interruption of works for many months; and

- losses of RM3.83 million from two housing projects in Semenyih on defect repair costs resulting from demand of superior workmanship by the developer.

Financial Position

In July 2017, we disposed of a piece of land in Bandar Seri Alam, Masai, Johor, which measures 36.40 acres, for RM100.54 million in cash, giving rise to a pre-tax gain of RM53.62 million. As of the end of the financial year, we have utilised part of the sale proceeds to repay a term loan and to purchase the Company's shares. As of the end of FY2017, the unutilised proceeds stood at RM73.39 million. The proceeds are currently invested in highly liquid money market instruments, with the intention of benefiting from the interest earned. We intend to use the remaining sale proceeds as funding for future property development projects and as working capital for our daily operations.

Our financial position remains healthy at the end of the current financial year, with total equity amounting to RM519.71 million or RM1.52 per share. The Group's borrowings were reduced from RM66.58 million at the end of 2016 to RM56.41 million at the end of 2017, following the full settlement of a term loan as mentioned above. Our assets include 189.47 acres of land, mainly in Johor Bahru, which are located at matured areas with potential for development. During the financial year, there was an increase of RM7.67 million to our Property, Plant and Equipment account, due largely to the capitalisation of the renovation cost of our hotel's guestrooms. The renovation cost was paid out of budgeted working capital of the hotel division supplemented by the drawdown of an existing loan facility.

REVIEW OF OPERATING ACTIVITIES

In FY2017, we introduced a membership program as part of our efforts to improve guest experience and boost revenue. The membership program, titled Armada Rewards, offers complimentary stays, meals and room upgrades to members. As at the end of FY2017, the program has secured 10,458 users. Peak usage of the program occurred in July, August and December, which correspond to the seasonal peak periods of travel observed historically. In time, we expect that implementation of the membership program will enable better data collection and allow us to better manage our resources in anticipation of room demands, along with reducing customer acquisition cost.

With regards to our digital and social media strategies, Hotel Armada is represented on popular social media, including Facebook and Instagram. In consideration of the social media savvy generation, we actively managed our reputation online, with the aim to provide quick response to negative reviews and compensate guests who were unsatisfied with our services. We also worked with social media influencers, with the view of engaging the younger audience who may be enticed by a description of first-hand experience of our facilities. Our services are easily searchable online, being listed on various related websites, such as Venuescape and KL PJ Wedding website for our banqueting and wedding packages, as well as Openrice for our F&B promotions. Furthermore, we actively promoted our F&B business by partnering with e-commerce merchants, such as Food Panda and Eatigo, to expand our reach to potential customers. Our efforts have paid off and we are happy to report that on average, Hotel Armada scores four stars out of five in almost all the major hotel booking websites.

A complete makeover and renovation of our guestrooms was also completed in FY2017, an activity that involved 208 rooms, which makes up 80% of the total room inventory of Hotel Armada. The renovation updated the rooms with a fresh new look featuring tasteful décor, brighter ambient, subtle colour accents and comfortable furniture. Feedback from guests who have since enjoyed our new rooms have shown higher satisfaction.

RISKS AND PROSPECTS

Looking ahead, in the financial year 2018, the Group's gross revenue will comprise mainly contribution from the hotel division in light of the gradual downsizing of the construction business. After reviewing all aspects of the losses incurred in the last two years along with the increasing difficult conditions in the construction industry, it was clear that the prospect of a return to profit does not justify the risks to which the Group is being exposed by staying in this business. Our strategic plan is now to channel our resources and capital on developing our own land, the whole process of which is estimated to take one to two years to produce results. In the meantime, we expect income from our hotel to be our core earnings until income from property development comes through.

Hotel division

Business sentiment in Malaysia hit a new high in the first quarter of 2018, with Dun & Bradstreet (D&B) Malaysia's Business Optimism Index (BOI) study showing overall BOI jumping from 5.52 percentage points in Q4 2017 to 7.25 percentage points in Q1 2018. According to the Economic Report 2017/2018 issued by the Ministry of Finance, the private sector is expected to be the primary growth driver in 2018. Private investment and consumption are likely to grow 8.9% and 6.8%, respectively. These factors may lead to higher corporate spending on events and business travel, which may contribute to higher revenue for our hotel division.

Positive economic outlook notwithstanding, we face stiff competition from other hospitality service providers, including home-sharing companies like Airbnb, serviced residences and budget hotels. With regards to our banqueting and events sub-division, our competitors are the numerous other hotels and banquet service providers in Klang Valley. The compulsory tourism tax at a flat rate of RM10 per night per room levied on foreigners will continue to dampen the revenue of the hotel industry.

To stand out amidst rising competition and higher customer expectations, we shall encourage loyalty from existing customers by maintaining and improving our standard of service. F&B offerings and event packages shall regularly be updated to meet the everchanging demands of the market, as well as to stay fresh and interesting for recurring guests. We shall also levy the power of the internet, and keep up visibility of our amenities, taking care to display a welcoming and responsive image, online as in face-to-face interactions with our guests and customers. With the completion of the renovation of our guestrooms, we are optimistic that our hotel will maintain its competitive edge in the years ahead.

DATO' YAP SING HOCK
Managing Director
16 April 2018

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Lien Hoe Corporation Berhad continues to endeavour compliance with all the corporate governance principles and practices as proposed in the Malaysian Code on Corporate Governance 2017 ("the Code"). The following statement outlines the extent to which the principles and practices were applied throughout the financial year ended ("FYE") 31 December 2017.

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 Constitution, 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. Eligibility for director re-election is subject to satisfactory findings from the assessment by the Nomination Committee and the Board, upon which such directors may be offered for re-election by the shareholders at the subsequent annual general meeting ("AGM").

The Board acknowledges that Section 205 of the Companies Act 2016 provides that the directors with the longest tenure since their most recent appointment shall retire and wishes to note its compliance by way of the retirement of Dato' Yap Sing Hock and Dr. Teoh Kim Loon for re-election at the forthcoming AGM.

The role of the Chairman and the Managing Director are distinct and separate to ensure there is balance of power and authority. The roles of the Chairman and Managing Director are held by Mr. Yeoh Chong Keat and Dato' Yap Sing Hock respectively. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. He leads board meetings, encouraging and facilitating the discussion and integration of views from all members. The Chairman is also responsible to ensure that communication channels between the Board and stakeholders remain open, so that feedback from the internal and external environment (including performance reports from management) can be incorporated for Board consideration and discussion. The Chairman, as leader of the Board, should spearhead the establishment and implementation of ethical, prudent and professional behaviour within the Group, in line with good corporate governance practices.

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 Managing Director, Executive Directors and management are accountable to the Board, and are expected to fulfil their responsibilities through the provision of reports, briefings and presentations on a regular basis throughout the year.

Separation of the positions of the Chairman and the Managing Director is defined in the Board Charter.

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 and Risk Management Committee, Remuneration Committee and Nomination Committee;

(iv) Decide on the acceptable level of risk exposure for the Group;

(v) Review the Group's system of internal controls which include the establishment of an appropriate control environment framework 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 and Risk Management 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 and Risk Management Committee;

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

(xi) Ensure the availability of communication channels for effective feedback and dialogue with stakeholders of the Group; and

(xii) 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 and Risk Management 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 Group has established a Code of Ethics and Conduct ("Internal Code") that is applicable to all its Directors and employees. The Internal Code was formalised by the Board on 22 November 2012 and was last reviewed on 21 February 2018. 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 Internal Code contains provisions which encourage any employee who knows of or suspects a violation of the Internal 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 Internal Code. Violation of the Internal Code can result in disciplinary action, which may include termination of employment. The Internal Code is available for reference in the Company's website at www.lienhoe.com.my.

A Whistle-Blowing Policy has also been established by the Board on 21 February 2018. The policy was established to provide an avenue for the employees of the Group and members of the public to raise genuine concerns of any wrongdoing or improper conduct involving the Group and its directors or employees, without fear of retaliation and to offer protection for the reporter who reports such allegations. The channel of reporting is through the Company's website at www.lienhoe.com.my. The report will be directly emailed to the Chairman of the Audit and Risk Management Committee and copied to the Managing Director of the Company.

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. All Board members are responsible to ensure the minutes of meetings accurately reflects the deliberations and decisions of the Board. Upon conclusion of the meeting, the minutes are circulated in a timely manner for review.

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 Group'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 qualified and competent Company Secretaries who advise the Board on its roles and responsibilities; facilitating the orientation of new Directors and Board communications; assisting in Directors' training and development; monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations as well as serving as a focal point for stakeholders' communication and engagement on corporate governance issues.

Matters pertaining to statutory and regulatory compliance that affect the Group such as advising the Board on corporate disclosures and compliance with company and securities regulations and Main Market Listing Requirement ("Main LR") will be advised by the Company Secretaries. The Company Secretary(ies) also manages and attends all Board and Board Committee meetings, as well as annual general meetings ("AGM"), and ensures that meetings are convened according to necessary procedures, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The Board has developed and adopted a formal Board Charter to provide clear guidance on the roles, responsibilities, processes and operations of the Board. The document is provided as compulsory reading material for the induction of new Board members and senior management. The Board Charter is further supplemented by the terms of reference of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee which specify the composition, rights, key functions, roles and responsibilities of the respective committees.

The Board Charter was formalised by the Board on 22 November 2012 and was last revised on 21 February 2018. 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

The Board Charter and the terms of reference of its committees are reviewed regularly to ensure they remain consistent with the Board's objectives, current law and best practices.

The following key responsibilities are not delegated by the Board, and are reserved solely for the Board's decision:

(a) appointment of directors, Managing Director and other members of senior management;

(b) formulating and reviewing the Group's strategic plans, operating budgets, significant investments and capital expenditures in support of long-term value creation and sustainability;

(c) designing corporate policies with inherent risk management and internal control systems to ensure continuous risk evaluation process;

(d) appraising the internal and external environment of the Group to determine acceptable risk levels and ensuring that management team stays within the acceptable risk appetite in the Group's day-to-day operations; and

(e) reviewing and approving the Company's announcements to the public, including publishing of annual reports and financial results.

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 and Risk Management Committee ("ARMC")

On 21 February 2018, the Board approved the formation of a Risk Management Committee, which was merged with the existing Audit Committee and named as the ARMC. The ARMC consists exclusively of Independent and Non-executive Directors, and is made up of the following members:-

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

2) Mr. Yeoh Chong Keat
Independent Non-executive Director

3) Dr. Teoh Kim Loon
Independent Non-executive Director

The Chairman of the ARMC and Chairman of the Board shall not be the same person due to their distinctive role where Chairman of the ARMC is responsible for ensuring the overall effectiveness and independence of the ARMC.

The Chairman of the ARMC together with other members of the ARMC should ensure among others that:-

(i) the ARMC is fully informed about significant matters related to the company's audit and its financial statements and addresses these matters;

(ii) the ARMC appropriately communicates its insights, views and concerns about relevant transactions and events to the internal and external auditors;

(iii) the ARMC appropriately communicates its concerns on matters that may have an effect on the financial or audit of the company to the external auditors; and

(iv) there is co-ordination between internal and external auditors.

All ARMC members have the essential skills and expertise to perform their duties and responsibilities.

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

2.2 Nomination Committee ("NC")

The NC comprises the following Directors:-

1) Mr. Yeoh Chong Keat
Chairman, Independent Non-executive Director

2) Dr. Teoh Kim Loon
Independent Non-executive Director

3) Dato' Tea Choo Keng
Independent Non-executive Director

The NC 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 NC 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 NC 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 and Board Committees are 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 ARMC;

(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 NC.

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

(i) reviews 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) recommends the candidate(s) to the Board for appointment.

The NC acknowledges the principle outlined in Practice 4.6 of the Code, and in the event that vacancies become available on the Board in future, it will broaden its recruitment efforts for new directors to include a wider range of sources, such as the Malaysian Alliance of Corporate Directors, independent recruitment agencies and job advertisements open to the public.

The terms of reference of the NC is also available for reference on the Company's website at www.lienhoe.com.my

The NC has in place a formal evaluation process to assess the effectiveness of the Board as a whole, the Board Committees and the performance of each individual director on an annual basis.

During the FYE 31 December 2017, the NC:

(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 and reviewed the term of office of the Audit Committee through Audit Committee evaluation forms, assessed and evaluated the effectiveness of the Nomination Committee and Remuneration Committee through the Nomination and Remuneration Committees evaluation forms, reviewed the re-election of Directors at forthcoming annual general meeting through respectively 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; and

(ii) recommended the Nomination Committee Report to the Board for its approval.

With regards to the assessment during FYE 31 December 2017, the Board was satisfied upon completing its assessments that the Board had discharged its duties and responsibilities effectively. The Board also concluded that the Board composition in terms of size, mix of skills and balance between Executive, Non-executive and Independent Directors were satisfactory.

During the FYE 31 December 2017, the NC convened 1 meeting. Attendance of the meeting is set out below:-

NC Member	No. of meetings attended	Percentage
Mr. Yeoh Chong Keat	1/1	100%
Dr. Teoh Kim Loon	1/1	100%
Dato' Tea Choo Keng	1/1	100%

The Board recognises that diversity in Board composition is beneficial for effective discussion and weighing of management issues. The Board and NC strives, in the appointment and re-appointment of Board members, to maintain an optimal balance in terms of members' background, knowledge and expertise, as well as in terms of demographic indicators such as age, gender and ethnicity. Currently, there is 1 female member sitting on the Board, standing at 16.67% of the overall Board composition.

Selection of female candidates will be, in part, dependent on the pool of women candidates with the necessary skills, knowledge and experience. The ultimate decision to appoint female candidates will be based on merit and contribution that the chosen candidates will bring to the Board. Where suitable candidates are found in future, the Board may seek to increase representation from female members.

The Gender Diversity Policy of the Company is published on its website, www.lienhoe.com.my.

2.3 Remuneration Committee ("RC")

The RC comprises the following Directors:-

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

2) Mr. Yeoh Chong Keat
Independent Non-executive Director

3) Dato' Tea Choo Keng
Independent Non-executive Director

The RC consists exclusively of non-executive directors, drawing from outside advice as necessary. The Directors do not participate in the decisions on their own remuneration.

The RC assumes the following responsibilities:-

(i) to review and recommend to the Board the remuneration of the Directors of the Company as guided by the Remuneration Policy of the Company; 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 Group's remuneration policy strives to maintain a strong linkage between performance and reward, at the same time to offer remuneration packages attractive enough to recruit and retain talent. The remuneration policy is available on the Company's website at www.lienhoe.com.my. The terms of reference of the RC is also available on the Company's website at www.lienhoe.com.my.

During the FYE 31 December 2017, the RC:-

(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 RC Report to the Board for its approval.

The remuneration of the Directors is formal and transparent and is disclosed individually and between executive and non-executive directors. While the RC reviews and recommends to the Board the remuneration of the Executive Directors of the Company, the remuneration packages of Non-executive Directors are a matter for the Board as a whole. Individual Directors are to abstain from deliberation and decision-making on their own remuneration package. Individual Directors who are shareholders are made to abstain from voting at general meetings to approve their own fees.

During the FYE 31 December 2017 , the RC met 1 time. Attendance of the meeting is set out below:

RC Member	No. of meetings attended	Percentage
Dr. Teoh Kim Loon	1/1	100%
Dato' Yap Sing Hock	1/1	100%
Mr. Yeoh Chong Keat	1/1	100%

Dato' Tea Choo Keng was appointed as member of the RC on 21 February 2018, in place of Dato' Yap Sing Hock.

The remuneration of the Directors for FYE 31 December 2017 are as follows:-

Group

Directors	Fees	Salaries & Emoluments	Defined Contribution Plan	Benefits in Kind	Total
	RM	RM	RM	RM	RM
Executive:					
Dato' Yap Sing Hock	-	3,300,000	18,000	15,000	3,333,000
Mr. Cheong Marn Seng, Allen	-	511,500	61,380	-	572,880
Ms. Yap Tse Yeeng Christine	-	360,000	-	-	360,000
	-	4,171,500	79,380	15,000	4,265,880
Non-executive:					
Mr. Yeoh Chong Keat	62,000	-	-	-	62,000
Dr. Teoh Kim Loon	50,000	-	-	-	50,000
Dato' Tea Choo Keng	50,000	-	-	-	50,000
	162,000	-	-	-	162,000

Company

Directors	Fees	Salaries & Emoluments	Defined Contribution Plan	Benefits in Kind	Total
	RM	RM	RM	RM	RM
Executive:					
Dato' Yap Sing Hock	-	300,000	18,000	15,000	333,000
Mr. Cheong Marn Seng, Allen	-	-	-	-	-
Ms. Yap Tse Yeeng Christine	-	360,000	-	-	360,000
	-	660,000	18,000	15,000	693,000
Non-executive:					
Mr. Yeoh Chong Keat	62,000	-	-	-	62,000
Dr. Teoh Kim Loon	50,000	-	-	-	50,000
Dato' Tea Choo Keng	50,000	-	-	-	50,000
	162,000	-	-	-	162,000

The remuneration of the top five senior management for FYE 31 December 2017 in bands of RM50,000 are as follows:-

Name of senior management	Range of remuneration RM
Mr. Lau Hing Keat, Jerry	300,001 – 350,000
Mr. Hoon Tai Chee	250,001 – 300,000
Ms. Wong Ngoke Meng	200,001 – 250,000
Mr. Loh Giap Tik	150,001 – 200,000
Mr. Tan Boon Chong, Lester	100,001 – 150,000

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.

The Directors who have served the Board as Independent Non-executive Directors for more than 12 years and 9 years are Mr. Yeoh Chong Keat and Dr. Teoh Kim Loon respectively. Their retention as Independent Non-executive Directors will be subject to shareholders' approval at the forthcoming annual general meeting.

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

(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 ("Bursa Malaysia");

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

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

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 takes 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 expects members to commit to fulfil their responsibilities, which includes both attending board meetings and Continuing Education Program ("CEP").

Incoming candidates are clearly informed of time commitments and restrictions on accepting or holding other directorships by the NC prior to being nominated for Board consideration.

A total of 5 board meetings were conducted during the FYE 31 December 2017. 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 FYE 31 December 2017:-

Directors	No. of meetings attended	Percentage
Mr. Yeoh Chong Keat	5/5	100%
Dato' Yap Sing Hock	5/5	100%
Mr. Cheong Marn Seng, Allen	5/5	100%
Ms. Yap Tse Yeeng Christine	5/5	100%
Dr. Teoh Kim Loon	5/5	100%
Dato' Tea Choo Keng	5/5	100%

In addition, as disclosed in the Profile of Director, none of the Directors hold more than 5 directorships in other public-listed companies.

An annual meeting calendar, with scheduled dates for meetings of the Board, Board Committees and AGM 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 and NC before accepting any new directorship in other companies, bearing in mind the maximum number of directorships allowed under the Main LR. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

The Board recognises that its members are expected to complete the CEP annually. The NC assesses the performance and existing knowledge of the Directors and recommends training programs that best complement their capabilities, so that the overall Board composition is able to keep abreast on trends and matters related to the business and compliance matters of the Group.

Training programs attended by the Directors during the FYE 31 December 2017 are set out below:-

Director	Date	Title of training program
Mr. Yeoh Chong Keat	7 & 8 June 2017	Audit Quality Enhancement Programme for SMPs 2017
	25 & 26 July 2017	National Tax Conference 2017
	5 September 2017	In-house Training on the New Malaysian Code on Corporate Governance – Unpacking it for Practical
	2 November 2017	Seminar Percukaian Kebangsaan 2017
Dato' Tea Choo Keng	16 June 2017	GST on Importation and Exportation

The Company also provided internal briefings to the Directors on key corporate governance developments and changes to the listing requirements, other laws and regulations. The External Auditors also briefed the Board members on any changes to the accounting standards that may affect the Group's financial statements from time to time during the ARMC and Board meetings.

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 LR.

The ARMC assists the Board by reviewing the disclosure information to ensure accuracy and adequacy and to ensure the financial statements comply with applicable accounting standards as this is integral to the reliability of the financial statements.

The members of the ARMC understand that it is their responsibility to ensure that the financial reports provide a true and fair view of the Company's financial position and performance, and as such they adopt a critical view to ensure accuracy, completeness, timeliness and relevance of the processes, transactions and assertions included in the financial reports. A full statement of the Board acknowledging its responsibility in the preparation of the Group financial statements is provided on page 46 of this Annual Report. Activities carried out by the ARMC are set out in the ARMC Report below.

In addition, the Company's internal auditors undertook independent assessment on the internal control system of the Group and would report to the ARMC 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 effectiveness, performance and independence of the external auditors is reviewed annually by the ARMC. The lead audit partner is required to rotate after a maximum of five years. If it becomes necessary to replace the external auditors for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditors has been delegated to the ARMC by the Board pursuant to the terms of reference of the ARMC.

During the FYE 31 December 2017, the ARMC has reviewed and verified the suitability and independence of the external auditors, and as such had on 22 February 2017 recommended the re-appointment of the current external auditors for the financial year ending 31 December 2017.

The ARMC has considered the provision of non-audit services by the external auditors during the financial year under review and concluded that the provision of these services did not compromise their independence and objectivity as the amount of the fees paid for these services were not significant when compared to the total audit fees paid of RM187,000 (2016: RM187,000). The non-audit fees incurred for services rendered to the Group by the external auditors and its affiliates for the FYE 31 December 2017 amounted to RM5,000 (2016: RM5,000).

The external auditors are invited to attend the AGM 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 ARMC had obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement. The ARMC'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 LR. 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 ARMC's dealing with the external auditors are set out in the ARMC Report on page 38 to 40 of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

The risk management framework of the Group is overseen by the Risk Management Working Groups which ensure that an annual risk management process is carried out to identify, evaluate and manage significant risks of the business. A separate Risk Management Working Group has been established for the hotel and construction divisions of the Group respectively. Each Working Group consists of key members of the management team and various departments within the division.

Findings from the process is compiled and tabled to the Board for review and evaluation. Items highlighted to the Board are disclosed in terms of severity, probability of risk occurring, effect of the risk should it occur, and actions currently being taken to mitigate or minimise the risk to acceptable level.

Details of the Company's internal controls and regulatory compliance are set out in the Statement on Risk Management and Internal Control on pages 41 to 44 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.

The internal audit function has been outsourced to an independent professional consulting firm, Sterling Business Alignment Consulting Sdn. Bhd. to provide independent assurance to the ARMC. Details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 41 to 44 of this Annual Report.

The internal audit adopts a risk-based audit methodology as a basis to develop its audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.

On a quarterly basis, the internal auditors report to the ARMC on areas for possible improvement, and Management's response to such recommendations. Follow-up audits are also carried out and the outcome reported to the ARMC to ensure weaknesses identified have been or are being addressed.

During the FYE 31 December 2017, the internal audit reviewed the adequacy and the integrity of the Group's internal control system of the key functions including system for compliance with applicable laws, regulations, rules, directives and guidelines.

The ARMC is responsible to ensure that the internal audit function is effective and able to function independently. The appointed internal audit firm and personnel are free from any relationships or conflicts of interest that could impair their objectivity and independence. The appointment and removal, role of internal auditor, scope of the internal audit function, performance evaluation and budget of internal audit are decided by the ARMC and is set out in the ARMC Report on pages 38 to 40 of this Annual Report.

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 STAKEHOLDERS

The Board is cognisant that effective and timely communication is essential in maintaining good relationship with stakeholder and cultivate trust and understanding between the Group and stakeholders. Other than investor relations function, engagement forums and briefings, the Group leverage on information technology to create ease of access and convenience in all communications for stakeholder.

Announcements and other corporate disclosures issued by the Group can be accessed via Bursa Malaysia's website (www.bursamalaysia.com) and also on the Company's website (www.lienhoe.com.my). Quarterly and annual reports are announced to Bursa Malaysia within 2 months after the end of each quarter of a financial year and 4 months from the close of the financial year respectively, to give shareholders the most updated view of the Group's financial performance. Where corporate exercises are proposed for shareholders' approval, key documents including the Company's Constitution, recent audited financial statements, adviser reports, material contracts and cause papers in respect of material litigation, where applicable, are made available for inspection.

In addition, the address and phone number of the Group is clearly disclosed in the annual report, so that concerned shareholders may easily contact the office of the Company.

9. CONDUCT OF GENERAL MEETINGS

General meetings are the main venue for dialogue between shareholders and management of the Company.

The Company dispatches notices of general meetings at least 21 days prior to the day of the event, informing shareholders of the meeting agenda, shareholders' entitlement to appoint proxies and the procedures of doing so. The prior notice shall include details of the resolutions proposed along with any background information and reports or recommendations that are relevant.

At the general meeting, the Board and top management shall attend. The Managing Director, Chair of Board Committees, Executive Directors and management, as well as the external auditors and professional advisers, where applicable, are available to answer queries. Shareholders are encouraged to raise questions before matters on the agenda are put to a vote.

10. COMPLIANCE STATEMENT

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

This Corporate Governance Overview Statement is approved by the Board on 16 April 2018.

The Corporate Governance Report is available on the Company's website at www.lienhoe.com.my.

Sustainability Statement

This is the Company's first Sustainability Statement covering the financial year ended 31 December 2017.

This report provides disclosures in line with the requirements of the Bursa Malaysia Securities Berhad Sustainability Reporting Guide ("Bursa Sustainability Guide") and the Malaysian Code on Corporate Governance of Securities Commission Malaysia.

1. ECONOMIC

Supply chain management is an integral part of all businesses and key to optimum performance. Accordingly, we place great emphasis on our supply chain to maximise speed, efficiency and quality.

Where possible, we procure our supplies locally and contribute to the development of the community in which we operate. For instance, our hotel's vegetables, fruits and seafood are sourced mainly from local producers and operators. We ensure that our suppliers are guaranteed halal certified.

2. ENVIRONMENTAL

2.1 Waste and effluent

Waste Management Environmental sustainability is closely linked to effective waste management. Where possible, we strive to reduce waste generation and increase waste recycling. Various initiatives have been implemented in our hotel operations towards this objective, such as:

- As an environmental policy, we ask guests to request for newspapers at check-in if they want it delivered to their rooms;
- Housekeeping turns old linen and stained towels or robes into cleaning cloths;
- While refurbishing the hotel during the financial year ended 31 December 2017, instead of generating huge amount of bulky waste the hotel sought the services of an experienced furniture refinishing company to reupholster and repurpose the hotel's furniture;
- The kitchen team practices the safe disposal of cooking oil by accumulating used cooking oil to be sold and collected monthly by a vendor who processes the waste into reusable components. The resulting components are vegetable oil which is used for the production of soap;
- Housekeeping accumulates all recyclable paper, newspapers, magazines, and water bottles to be retrieved weekly by a paper waste management vendor;
- For printing of internal documents and office paperwork, we encourage reusing paper that has only been printed on one side; and
- We encourage the use of digital copies instead of hardcopies whenever possible.

2.2 Water

Having a stable water supply is crucial to our business operations. More than that, water is a scarce natural resource which is vital in supporting life. To lessen water and energy usage, we encourage room guests at our hotel to reuse towels and bed linen, and we have adopted a low temperature laundry programme.

Since July 2017, we placed little signs in all our hotel rooms to encourage and give guests the option of reusing their towels and bed sheets (please refer to Figure 1). Guests can choose not to have their rooms serviced each day which reduces the amount of water, energy, and chemicals used by the hotel.

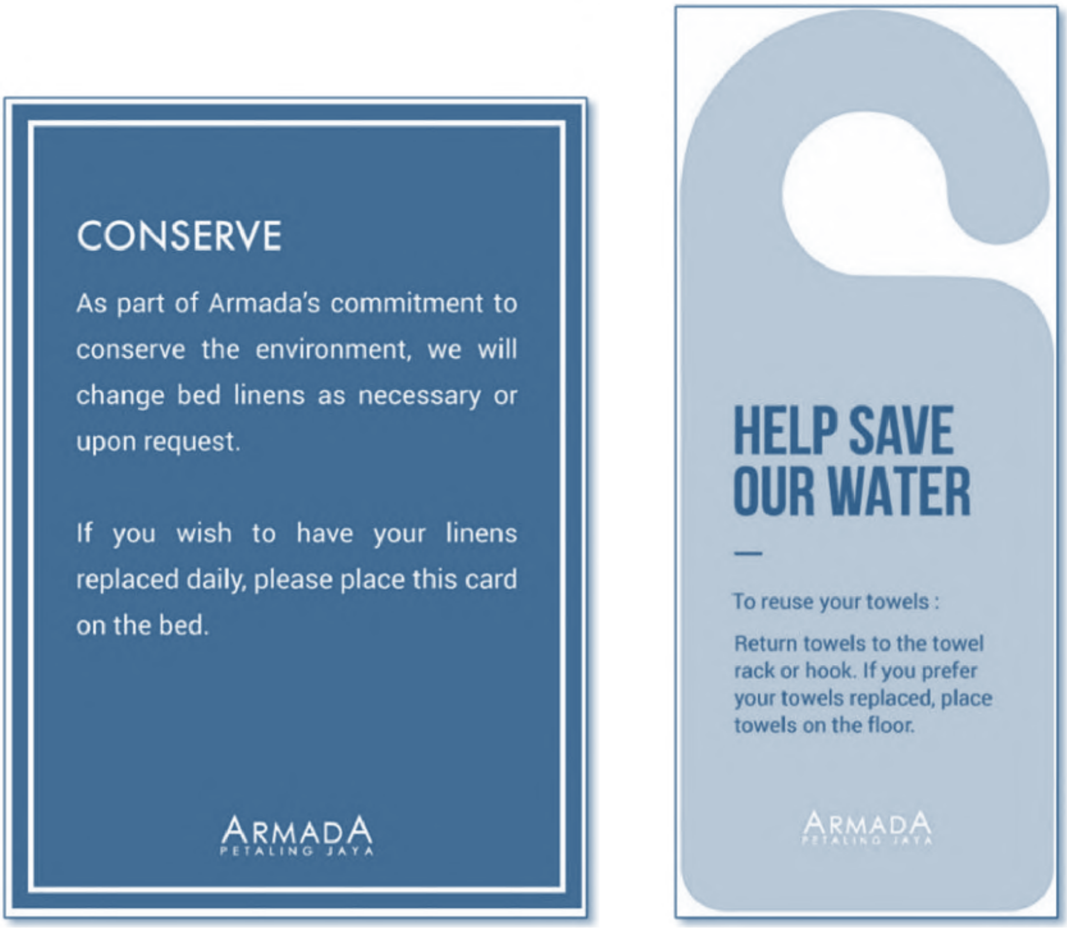


Figure 1: Sample signages

Several other measures have also been introduced to reduce water usage, such as the installation of water saving flush systems and other water saving devices in the guestroom bathrooms as well as the public area washrooms. Sub-meters have been installed throughout the hotel to monitor and measure energy and water consumption and to enable the setting of targets for improvement.

2.3 Energy

We have made a significant investment in initiatives to improve efficiency in the use of resources including energy and water throughout the Group. Our hotel continues to roll out energy-saving measures such as modernizing our equipment by replacing older equipment with energy-efficient alternatives, utilising LED lighting, and reducing the usage of chemicals within their operations.

Since 2014, we have replaced most of the standard bulbs with LED bulbs to reduce energy consumption. For the guestrooms, staircase areas, restaurants and public area, we have changed energy saving bulbs and PLC bulbs to LED bulbs. Additionally, 400 units of fluorescent tubes (40W) were replaced with 400 units of T5 LED tube (28W) in the basement area and public area which resulted total savings of 42,048KW per year:

Fluorescent tube
400 tube x 40W x24 hrs = 384,000W =
Usage of 384KW per day
384KW x 365 days
= Usage of 140,160KW per year

T5 LED tube
400 tube x 28W x 24 hrs = 268,800W =
Usage of 268.8KW per day
268.8KW x 365 days
= Usage of 98,112KW per year

Total savings in KW per year = 140,160KW - 98,112KW = 42,048KW

We had also replaced our air conditioning chillers from York (600-ton single compressor) to Dunham-Bush (multi stage 200-ton x 3 units compressor), to provide the most energy efficient air conditioning system. Dunham-Bush has successfully registered its energy efficiency products in Malaysia under "My HIJAU" Green Product Certification. My HIJAU is Malaysia's official green labelling scheme endorsed by the Government of Malaysia (Ministry of Energy, Green Technology and Water), bringing together certified green products and services that meet local and international environmental standards under one single mark.

	York (Single Compressor) 600 ton	Dunham-Bush (Multi Stage Compressor) 200 ton (3 units)
Daily ton hour	10,820.00	10,820.00
Daily KWhr used	12,834.64	9,839.04
Daily maximum demand (KW)	657.09	490.59

Savings per day (KW12,834.64 - 9,839.04KW) =2,995.60KW
Total savings per year 2,995.60KW x 365 days = 1,093,394KW

We are constantly thinking of new and better ways to achieve energy efficiency. Some examples of green initiatives which we have incorporated include:

- Use of hotel key cards as power switch in our hotel rooms, thus ensuring that all electrical power is shut as customers leave their rooms;
- Installation of motion sensor system at hotel stairwells and corridors to optimise energy consumption for lighting;
- Dimming of light at certain areas of the hotel, such as lobby and bar, to resemble the atmosphere of an evening and reduce energy consumption simultaneously; and
- Automatic turning off of computer monitors after 10 minutes of inactivity.

2.4 Supply Chain (Environmental)

To be truly sustainable, we have to assess the impacts of our products and services throughout their life cycle. In light of this, we uphold sustainability not only in our operations, but also in our supply chain. At a minimum, we require all our suppliers to:

- Adhere to all applicable environmental regulations in relations to their operations, as well as the goods or services that they supply;
- Be aware of their environmental impacts; and
- Establish an initiative or program to reduce their environmental impacts and improve their sustainability credentials.

3. SOCIAL

In our Group, community is of importance and it is material to us. We have a moral obligation to create an equitable and harmonious relationship between our businesses and the surrounding communities. The following are some of the initiatives taken by us to enrich the communities in the past one year:

(a) Our hotel has recently embarked on providing a free platform in the form of a Sunday Bazaar for social enterprises to highlight their products and causes. The event, titled the 'Easy Like Sunday Morning Market', was organised solely for the benefit of non-governmental organisations ("NGOs") and social enterprises. The bazaar featured stalls and entrepreneurs showcasing their products as well as hotel sponsored kids' activities such as face painting, balloon sculpting, a clown and free ice-cream for all who attended the market. The hotel's aim was to provide these organizations and businesses with a rental free space and platform to highlight their works, their mission, their objectives and their vision. Over 20 NGOs and social enterprises participated in the market to create awareness on the environment, endangered sea animals, plight of various communities such as the Penan community, refugees from Pakistan, Afghanistan, Syria, and Iraq. The market saw many stalls manned by entrepreneurs, volunteers and refugees selling handmade crafts and food items cooked by themselves. Collectively, the Sunday Bazaar saw a total sales of RM44,434 achieved by the vendors.

(b) In an effort to encourage and promote literacy amongst the young, the hotel donated to the Lighthouse Children's Home a mix of 200 children books which were educational as well as reading for pleasure. Additionally, the hotel also assisted with supplying the home with Fernleaf milk powder, shampoos, body wash and cereals.

(c) The hotel's team visited Pusat Jagaan Kanak-Kanak Down Syndrome Dan Hyper Active Bandar Bukit Tinggi, Klang and presented them with a RM2,000 cheque to assist with their daily operating costs as well as 50 activity books for the children to enjoy.

(d) Our hotel also took part in the funds raising for the Paediatric Intensive Care Unit (PICU) of University Malaya Medical Centre, Food Aid Foundation and Malaysian Red Crescent Society of Selangor, the Malaysian Association of Hotels Selangor Chapter and Modesto's, organised by the Malaysian Association Hotels 18th Charity Jam Session 2017, an entertainment packed charity event which aims to raise funds for the less fortunate through performances by local actors and delicious food. The initiative offers a platform to showcase the talent of local performers while food and drinks are provided by MAH member hotels. As a member, the hotel supported the charity event and donated 150 packets of fried rice with fried chicken which was sold at RM15 per packet. As a result, a total of RM126,567 was raised from the event.

(e) Our hotel donated 125 cartons of mineral water (3,000 bottles) to SK Taman Megah to be sold during their Family Day Carnival which managed to raise RM175,000 to fund the building costs of a multipurpose hall for the school. The hall has been successfully built and the school required hardware such as HLVS fans, lights, retractable benches, air condition, stage curtains, projector, projector screen and epoxy flooring for the hall. To raise funds for these items, our hotel in partnership with Super Asia, donated 200 cartons of mineral water (4,800 bottles) to the school to be sold during their carnival to help raise funds.

Audit and Risk Management Committee Report

The Audit and Risk Management Committee ("ARMC") is appointed by the Board of Directors to ensure a high standard of corporate responsibility, integrity and accountability to shareholders, in line with the corporate governance and disclosure standard expected from that of a public company.

MEMBERS OF THE ARMC

The ARMC 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

All ARMC members have the essential skills and expertise to perform their duties and responsibilities.

The terms of reference of the ARMC is available for reference on the Company's website at www.lienhoe.com.my

SUMMARY OF WORK OF THE ARMC

The ARMC met five times during the FYE 31 December 2017. The details of attendance at the meetings are as follows:-

Composition of the ARMC	No. of meetings attended	Percentage
Dato' Tea Choo Keng	5/5	100%
Mr. Yeoh Chong Keat	5/5	100%
Dr. Teoh Kim Loon	5/5	100%

The Group's external auditors, internal auditors and some members of the senior management also attended all or part of the ARMC meetings at the invitation of the Chairman of the ARMC. The ARMC meets with the external auditors on separate sessions, without the presence of management, whenever deemed necessary and at least twice a year.

During the FYE 31 December 2017, the work undertaken by the ARMC included:-

Financial Reporting

- Reviewed the audited financial statements ("AFS") for the FYE 31 December 2016 before recommending for approval by the Board, focusing particularly on compliance with accounting standards and regulatory requirements and noted that the AFS have been prepared in accordance with 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 were reported by the External Auditors to the ARMC at the said meeting; and

- Reviewed the current year quarterly results before recommending for approval by the Board, focusing on compliance with accounting standards and regulatory requirements.

  The ARMC also compared quarterly results with the immediate preceding quarter, the corresponding quarter the year before, and year-to-date results.

External Audit

- Recommended for approval by the Board, the re-appointment of UHY as external auditors of the Company for the financial year 2017 after having evaluated their suitability for re-appointment;

- Reviewed the audit findings and management responses thereto and discussed outstanding issues with the External Auditors;

- Reviewed the AFS 2016 together with the Directors' and Auditors' Report thereon and also reviewed the 2016 Annual Report before recommending for approval by the Board;

- Reviewed the audit planning memorandum for the financial year 2017. 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 ARMC also noted the declaration of independence by the External Auditors;

- Received confirmation from the External Auditors that they had received full cooperation from the management during their audit and no significant problems were encountered; and

- Meetings with the External Auditors without the presence of management. The ARMC also informed the management of any pertinent issues raised by the External Auditors for their further action.

Internal Audit

- Reviewed the methodology, approach, scope and frequency of the internal audit plan for the financial year 2017 as proposed by the Internal Auditors;

- 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;

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

- Reviewed the Registry of Risks and Risk Management Handbook as presented by the Internal Auditors.

The internal audit function of the Group is outsourced to an independent professional consulting firm, Sterling Business Alignment Consulting Sdn Bhd. The Internal Auditors report directly to the ARMC, and are responsible to undertake independent, regular and systematic reviews of the financial and operational controls implemented within the Group and the Company, so as to provide reasonable assurance that such controls continue to operate satisfactorily and effectively.

During the FYE 31 December 2017, the works performed by the internal audit function include:

- Conducting regular reviews of business processes in accordance with the internal audit plan approved by the ARMC;
- Reporting the results of the internal audit reviews and making recommendations for improvement to the ARMC on a periodic basis; and
- Following-up on the implementation of internal audit recommendations and action plans agreed upon by management.

The internal audits conducted did not detect any material weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

The total cost incurred for maintaining the internal audit function for the year under review was RM45,875 comprising mainly professional fees and reimbursements.

Further details on the work of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 41 to 44 of this Annual Report.

Others

- Reviewed on a quarterly basis any related party transactions and conflict of interest situations that may arise;
- Reviewed the ARMC Report and Statement on Risk Management and Internal Control before recommending the same for approval by the Board; and
- Reviewed the letter of representation of the Group and the Company in relation to the audited financial statements for the FYE 31 December 2016 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.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2017. This Statement on Risk Management and Internal Control by the Board is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements, Malaysian Code on Corporate Governance 2017 ("the Code") and in accordance with the principles and practices relating to risk management and internal controls provided in the Code and as guided by 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 on-going 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 company's internal control and risk management framework 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 and Chief Executive Officer of the subsidiary (as the case maybe) for further evaluation and strategic decision making. In addition, 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 teams. 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 the framework's continuity 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 and Risk Management Committee ("ARMC") on the implementation and monitoring of the Group Risk Management Policy and Strategy.
- For the hotel division, the working group comprised 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 the management team including the 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:-

  - oversee the risk management matters, which include identifying, managing, monitoring, treating and mitigating significant risks;

  - assist the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure;

  - oversee the compliance and business continuity functions;

  - review and recommend for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks; and

  - monitor and assess the risk appetite and risk tolerance, so as to safeguard the shareholders' investments and the Group's assets.

- 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 also invited to review the updated risk profile. The final risk profile together with the proposed internal audit plan are presented to the ARMC by the Internal Auditors.

INTERNAL AUDIT FUNCTIONS

In accordance with the Code, 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 auditors reporting directly to the ARMC.

The internal auditors 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 ARMC during its meetings.

For the financial year ended 31 December 2017, the Internal Audit Reviews and Follow-up Status Reports that had been presented to the ARMC were as follows: -

Reporting Month	Name of Entity Audited	Audited Areas
May 2017	Lien Hoe Corporation Bhd Hotel Armada (PJ) Sdn Bhd Macro Resources Sdn Bhd	• Review of the Risk Profile (Risk Registry and Risk Matrix) identified by the management • Management Information System internal audit review and follow-up status review

Reporting Month	Name of Entity Audited	Audited Areas
May 2017	Lien Hoe Corporation Bhd Hotel Armada (PJ) Sdn Bhd Macro Resources Sdn Bhd	Audited Functions • Management Information System
	Hotel Armada (PJ) Sdn Bhd	Follow-up for August 2016 Reporting • GST Compliance
	Macro Resources Sdn Bhd	Follow-up for November 2016 Reporting • GST Compliance • Project Revenue and Project Costing
August 2017	Hotel Armada (PJ) Sdn Bhd	Audited Functions • Food Costing
	Macro Resources Sdn Bhd	Follow-up for November 2016 Reporting • GST Compliance • Project Revenue and Project Costing
	Lien Hoe Corporation Berhad Hotel Armada (PJ) Sdn Bhd Macro Resources Sdn Bhd	Follow-up for May 2017 Reporting • Management Information System
November 2017	Macro Resources Sdn Bhd	Audited Functions • Project Budget • Contract Management • Project Costing
	Hotel Armada (PJ) Sdn Bhd	Follow-up for May 2017 Reporting • Management Information System
	Hotel Armada (PJ) Sdn Bhd	Follow-up for August 2017 Reporting • Food Costing
February 2018	Hotel Armada (PJ) Sdn Bhd	Audited Functions • Sales and Marketing • Billing and Collection
	Hotel Armada (PJ) Sdn Bhd	Follow-up for May 2017 Reporting • Management Information System
	Hotel Armada (PJ) Sdn Bhd	Follow-up for August 2017 Reporting • Food Costing
	Macro Resources Sdn Bhd	Follow-up for November 2017 Reporting • Project Management and Contract Management

During the financial year under review, Sterling presented 4 reports. The internal audit reports are reviewed by the ARMC and forwarded to the Management so that recommended corrective actions could be implemented. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are made within the required time frame.

A total of RM45,875 was spent on internal audit activities in FYE 2017.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

1. Control Environment and Control Activities

- The Group maintains a clear organisation structure and adopts a hierarchical reporting system 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 Code of Conduct, Standard Operating Procedures and Staff Handbook act as the key framework for good internal control practices. These policy manuals are the subject of reviews to meet new operational and statutory requirements.

- Board and Board Committees operate based on the Board Charter and Terms of Reference. External and internal auditors conduct their assessment based on an agreed scope of work and are assessed annually for effectiveness and level of service.

- A structured recruitment process is used to ensure that good employees join the Group. A performance appraisal system and a wide variety of training and development programs are in place to maintain staff competency.

2. Monitoring and Communication

- Regular board and management meetings are held to assess Group performance and internal controls.

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

- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.

- 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 ARMC 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 on Risk Management and Internal Control is approved by the Board on 16 April 2018.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors by the Group and the Company respectively for the financial year ended 31 December 2017 are set out below:-

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

The non-audit fee paid or payable was in respect of the external auditors' review of the statement on 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

On 8 December 2017, the Group completed the disposal of a parcel of vacant land located within Bandar Seri Alam, Masai, Johor, held under title bearing particulars no. H.S.(D) 573289, Lot No. PTD 229495, Mukim of Plentong, District of Johor Bahru, State of Johor, measuring 147,305.5 square meters or 36.4 acres, for a cash consideration of RM100.54 million.

The utilisation of proceeds from the disposal as of the end of the financial year ended 31 December 2017 are as set out below:

	Intended utilisation	Actual utilisation	Remaining unutilised proceeds
	RM'000	RM'000	RM'000
Working capital/ business expansion/ new investment	85,538	26,713	58,825
Estimated expenses related to the disposal	10,000	438	9,562
Estimated income tax expense	5,000	-	5,000
	100,538	27,151	73,387

Out of the RM27.15 million utilised, RM5.74 million was deployed to retire a term loan, RM2.88 million was used to repurchase the Company's shares and RM13.62 million was used for payables.

Directors' Responsibility Statement

The Board of Directors of the Company ("Board") is required by the Companies Act, 2016 ("Act") to prepare financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards in Malaysia, and that these financial statements give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year then ended.

The Board is to ensure that appropriate accounting policies have been used and applied consistently and in accordance with applicable approved accounting standards in Malaysia, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements.

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

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

This Directors' Responsibility Statement is approved by the Board on 16 April 2018.

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 2017.

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 during the current financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit net of tax, attributable to owners of the parent	(2,417)	13,848

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the current financial year other than as disclosed in the financial statements.

DIVIDEND

There were no dividend 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.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

During the current financial year, the Company:

(a) repurchased 8,200,300 of its issued ordinary shares from the open market at an average price of RM0.35 per share. The total consideration paid for the repurchased shares (including transaction costs) was RM2,878,000. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act, 2016 in Malaysia; and

(b) sold 7,975,900 of its issued ordinary shares held as treasury shares in the open market at an average price of RM0.39 per share for a total net consideration of RM3,060,000.

As at 31 December 2017, the Company held 19,020,500 treasury shares out of the total 361,742,241 issued ordinary shares. Further relevant details are disclosed in Note 17 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the current financial year.

DIRECTORS

The directors of the Company in office during the current financial year until 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

The directors in office in the subsidiary companies (excluding directors who are also directors of the Company) during the current financial year up to the date of this report are:

Lau Hing Kiet
Hoon Tai Chee
D. Charanjit Singh a/l Jagir Singh

DIRECTORS' INTEREST IN SHARES

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 2017	Acquired	Sold	31 December 2017
The Company				
Direct Interests				
Dato' Yap Sing Hock	108,545,167	-	-	108,545,167
Cheong Marn Seng	720,500	-	-	720,500
Dr. Teoh Kim Loon	1,200,550	-	400,000	800,550

By virtue of his interest in the shares of the Company, Dato' Yap Sing Hock is also deemed to be interested in the shares of all the subsidiary companies to the extent the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

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

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 26(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, other than professional fees paid or payable to companies in which certain directors of the Company have substantial financial interest as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the current 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.

INDEMNITY AND INSURANCE COSTS

There were no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the current financial year.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets 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 the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; 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 and of the Company which has arisen since the end of the current financial year which secures the liabilities of any other person; or

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

(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 in 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.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 25 to the financial statements.

SIGNIFICANT EVENT

The significant event is disclosed in Note 38 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 16 April 2018.

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

Statement by Directors and Statutory Declaration

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

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 57 to 120 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 16 April 2018.

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

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Cheong Marn Seng (MIA Membership No: 7592), 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 57 to 120 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 16 April 2018 **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 AUDIT OF 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 2017 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 57 to 120.

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 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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
Goodwill impairment review 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.*
Revenue recognition for construction contracts Construction revenue for the financial year ended 31 December 2017 amounted to RM48.30 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*.

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, 2016 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, 2016 in Malaysia, we report that the subsidiary company of which we have not been acted as auditors are disclosed in Note 5 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

LIM BEE PENG
Approved Number: 03307/06/2019 J
Chartered Accountant

KUALA LUMPUR
16 April 2018

AS AT 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Non-current assets					
Property, plant and equipment	4	**555,681**	560,302	**1,013**	1,494
Subsidiary companies	5	**-**	-	**94,630**	81,046
Investment in an associate	6	**-**	-	**-**	-
Other investment	7	**1,000**	1,000	**-**	-
Goodwill	8	**8,927**	8,979	**-**	-
Development expenditure	9	**19,410**	32,626	**-**	-
Trade and other receivables	10	**14,713**	51,396	**4,450**	39,297
		599,731	654,303	**100,093**	121,837
Current assets					
Subsidiary companies	5	**-**	-	**117,943**	119,919
Inventories	11	**10,231**	10,335	**-**	-
Trade and other receivables	10	**89,640**	64,496	**39,797**	13,161
Amount due from customers for contract works	12	**1,724**	19,206	**-**	-
Income tax recoverable		**4,759**	3,281	**-**	-
Cash and bank balances	13	**67,414**	6,805	**1,783**	146
		173,768	104,123	**159,523**	133,226
Assets held for sale	14	**6,596**	16,780	**-**	-
		180,364	120,903	**159,523**	133,226
Total assets		**780,095**	775,206	**259,616**	255,063

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	15	**142,188**	90,435	**142,188**	90,435
Share premium	16	**-**	51,056	**-**	51,056
Treasury shares	17	**(6,083)**	(5,568)	**(6,083)**	(5,568)
Reserves	18	**348,350**	351,012	**19,337**	19,337
Retained earnings		**35,257**	35,012	**63,915**	50,067
Total equity		**519,712**	521,947	**219,357**	205,327
Non-current liabilities					
Deferred tax liabilities	19	**80,694**	81,281	**-**	-
Borrowings (secured)	20	**36,653**	41,310	**160**	388
Trade and other payables	21	**4,620**	3,220	**-**	-
Income tax payable		**14,397**	15,597	**14,397**	15,597
		136,364	141,408	**14,557**	15,985
Current liabilities					
Borrowings (secured)	20	**15,826**	19,022	**228**	228
Bank overdraft	22	**3,930**	6,243	**-**	-
Subsidiary companies	5	**-**	-	**22,915**	25,365
Trade and other payables	21	**93,753**	72,772	**1,359**	2,659
Amount due to customers for contract works	12	**3,701**	7,306	**-**	-
Income tax payable		**6,809**	6,508	**1,200**	5,499
		124,019	111,851	**25,702**	33,751
Total liabilities		**260,383**	253,259	**40,259**	49,736
Total equity and liabilities		**780,095**	775,206	**259,616**	255,063

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 2017

		Group		Company	
		2017	2016	**2017**	2016
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	23	**73,110**	123,772	**2,760**	2,760
Cost of sales	24	**(67,528)**	(106,506)	**-**	-
Gross profit		**5,582**	17,266	**2,760**	2,760
Other income	25(a)	**57,944**	1,285	**16,240**	1,475
Operating and administration expenses		**(40,944)**	(40,520)	**(4,118)**	(8,470)
Other expenses	25(b)	**(17,284)**	(1,305)	**(1,004)**	(814)
Profit/(Loss) from operations	25	**5,298**	(23,274)	**13,878**	(5,049)
Finance costs	27	**(5,052)**	(5,165)	**(30)**	(30)
Profit/(Loss) before tax		**246**	(28,439)	**13,848**	(5,079)
Income tax expense	28	**(2,663)**	(20,567)	**-**	(21,596)
(Loss)/Profit net of tax		**(2,417)**	(49,006)	**13,848**	(26,675)
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		**(2,417)**	281,882	**13,848**	(26,675)
(Loss)/Profit attributable to owners of the parent		**(2,417)**	(49,006)	**13,848**	(26,675)
Total comprehensive income attributable to owners of the parent		**(2,417)**	281,882	**13,848**	(26,675)
Loss per share attributable to owners of the parent (sen)					
Basic and diluted	29	**(0.70)**	(14.29)		

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the parent						
		Non-distributable				Distributable		
	Note	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 2016		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	15	(271,307)	-	-	-	-	271,307	-
At 31 December 2016		90,435	51,056	(5,568)	329,557	21,455	35,012	521,947
Loss net of tax for the financial year, representing total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**-**	**(2,417)**	**(2,417)**
Realisation of asset revaluation reserve		**-**	**-**	**-**	**(2,662)**	**-**	**2,662**	**-**
Adjustment for effect of the Companies Act, 2016	15,16	**51,056**	**(51,056)**	**-**	**-**	**-**	**-**	**-**
Transaction with owners:								
Sale of treasury shares	15,17	**697**	**-**	**2,363**	**-**	**-**	**-**	**3,060**
Purchase of treasury shares	17	**-**	**-**	**(2,878)**	**-**	**-**	**-**	**(2,878)**
At 31 December 2017		**142,188**	**-**	**(6,083)**	**326,895**	**21,455**	**35,257**	**519,712**

	Note	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
		← Attributable to owners of the parent →					
		← Non-distributable →				← Distributable →	
Company							
At 1 January 2016		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	15	(271,307)	-	-	-	271,307	-
At 31 December 2016		90,435	51,056	(5,568)	19,337	50,067	205,327
Profit net of tax for the financial year, representing total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**13,848**	**13,848**
Adjustment for effect of the Companies Act, 2016	15,16	**51,056**	**(51,056)**	**-**	**-**	**-**	**-**
Transaction with owners:							
Sale of treasury shares	15,17	**697**	**-**	**2,363**	**-**	**-**	**3,060**
Purchase of treasury shares	17	**-**	**-**	**(2,878)**	**-**	**-**	**(2,878)**
At 31 December 2017		**142,188**	**-**	**(6,083)**	**19,337**	**63,915**	**219,357**

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Operating activities				
Profit/(Loss) before tax	**246**	(28,439)	**13,848**	(5,079)
Adjustments for:				
Bad debts written off	**59**	-	**30**	-
Depreciation of property, plant and equipment	**12,253**	10,580	**481**	488
Development expenditure written off	**1,865**	-	**-**	-
Fair value adjustment on trade receivables (retention sum on contracts)	**4**	39	**-**	-
Finance costs	**5,052**	5,165	**30**	30
Finance expense on trade receivables (retention sum on contracts)	**-**	286	**-**	-
Finance income on:				
- other receivables (cash collaterals)	**(162)**	(31)	**-**	-
- other receivables (third parties)	**(2,653)**	(480)	**(2,653)**	(480)
- trade receivables (retention sum on contracts)	**(527)**	-	**-**	-
Gain from disposal of assets held for sale	**(53,991)**	-	**-**	-
Gain from disposal of property, plant and equipment	**(4)**	(203)	**-**	(129)
Goodwill written off	**52**	-	**-**	-
Impairment loss on:				
- amount due from subsidiary companies	**-**	-	**195**	814
- trade receivables (third parties)	**8,209**	-	**-**	-
Interest income	**(582)**	(186)	**-**	-
Property, plant and equipment written off	**37**	-	**-**	-
Reversal of impairment loss on:				
- investment in subsidiary companies	**-**	-	**(13,584)**	-
- other receivables (third parties)	**(6)**	(24)	**-**	-
- property, plant and equipment	**-**	(152)	**-**	(152)
Unrealised foreign exchange loss/(gain)	**-**	-	**809**	(711)
Operating loss before changes in working capital	**(30,148)**	(13,445)	**(844)**	(5,219)
Development expenditure	**(25,411)**	(3,968)	**-**	-
Inventories	**104**	148	**-**	-
Receivables	**24,097**	4,215	**10,834**	13,417
Payables	**18,762**	30,240	**(1,300)**	522
Subsidiary companies	**-**	-	**(1,478)**	(8,069)
Cash (used in)/generated from operations	**(12,596)**	17,190	**7,212**	651
Income taxes paid	**(5,627)**	(1,251)	**(5,499)**	(500)
Net cash (used in)/from operating activities	**(18,223)**	15,939	**1,713**	151

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Investing activities				
Interest received	**582**	186	**-**	-
Proceeds from disposal of assets held for sale	**100,937**	-	**-**	-
Proceeds from disposal of property, plant and equipment	**4**	206	**-**	131
Purchase of property, plant and equipment [Note 4(b)]	**(7,541)**	(8,903)	**-**	-
Net cash from/(used in) investing activities	**93,982**	(8,511)	**-**	131
Financing activities				
Fixed deposits pledged for banking facilities	**(547)**	(81)	**-**	-
Interest paid	**(5,038)**	(5,324)	**(30)**	(30)
Drawdown of:				
- bankers' acceptances	**-**	676	**-**	-
- term loans	**6,082**	5,110	**-**	-
Net changes in bankers' acceptances	**(792)**	-	**-**	-
Repayment of:				
- finance lease payables	**(981)**	(855)	**(228)**	(228)
- term loans	**(12,290)**	(5,783)	**-**	-
Purchase of treasury shares	**(2,878)**	-	**(2,878)**	-
Sale of treasury shares	**3,060**	-	**3,060**	-
Net cash used in financing activities	**(13,384)**	(6,257)	**(76)**	(258)
Net increase in cash and cash equivalents	**62,375**	1,171	**1,637**	24
Cash and cash equivalents at 1 January	**(2,017)**	(3,188)	**146**	122
Cash and cash equivalents at 31 December (Note 13)	**60,358**	(2,017)	**1,783**	146

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 are disclosed in Note 5. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during 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 16 April 2018.

2. BASIS OF PREPARATION

(a) Statement of compliance

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, 2016 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.

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:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2014 - 2016 Cycle	Amendments to FRS 12

Adoption of the above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company, except for the adoption of Amendments to FRS 107 that requires additional disclosure of changes in liabilities arising from financing activities as disclosed in Note 37.

Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs, new Interpretations 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
FRS 9	Financial Instruments (IFRS 9 issued by the IASB in July 2014)	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4	Applying FRS 9 *Financial Instruments* with FRS 4 *Insurance Contracts*	1 January 2018
Annual Improvements to FRSs 2014 - 2016 Cycle:		
(i) Amendments to FRS 1		1 January 2018
(ii) Amendments to FRS 128		1 January 2018
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
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

The Group's and the Company's financial statements for annual period beginning 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards issued by the MASB. As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

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 consider that they are achieving their schedule milestone and expect to be in the position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Certain subsidiary companies and associate of the Group which do not fall within the scope of Transitioning Entities have adopted the MFRS Framework. Accordingly, reconciliations have been performed for the different financial reporting frameworks. However, the difference did not have significant impact to these consolidated financial statements.

The Directors expect the adoption of the MFRS Framework will have no material impact on the financial statements of the Group and of the Company except as mentioned below:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by the IASB in July 2014) (effective for annual period beginning on or after 1 January 2018)

MFRS 9 (IFRS 9 issued by the IASB in July 2014) replaces earlier versions of MFRS 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. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement.*

MFRS 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 MFRS 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. MFRS 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 MFRS 139.

The expected impact from implementation of MFRS 9 and the determination of expected credit loss will have relatively insignificant impact on trade receivables and profit or loss before tax as the current policy on impairment on trade receivables are considered reasonably consistent with MFRS 9.

The Group will apply the new rules restrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparative for 2017 will not be restated.

(ii) MFRS 15 *Revenue from Contracts with Customers* (effective for annual period beginning on or after 1 January 2018)

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

Revenue relating to sales of goods will be recognised when control of the products has transferred, being the point when the products are delivered to the customer. As the transfer of risks and rewards generally coincides with the transfer of control at a point in time, the timing and amount of revenue recognised for the sale of goods under MFRS 15 is unlikely to be materially different from its current practice.

Presentation of contract assets and contract liabilities in the statements of financial position - MFRS 15 requires separate presentation of contract assets and contract liabilities in the statements of financial position. This will result in some reclassifications as of 1 January 2018 in relation to contract assets and contract liabilities.

(iii) MFRS 16 *Leases* (effective for annual period beginning on or after 1 January 2019)

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group and the Company do not expect the application of MFRS 16 to have a significant impact on the financial statements.

(b) Functional and presentation currency

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.

(c) Significant accounting judgements, estimates and assumptions

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 reporting period are set out below:

(i) 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.

(ii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable 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.

(iii) 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 3(d). Any changes in the residual value could impact the future depreciation charges. A 1% (2016: 1%) difference in the current year depreciation charge would result in approximately 5.1% (2016: 0.2%) variance in profit or loss for the financial year of the Group.

(iv) 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 construction cost incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction 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.

(v) 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. As at 31 December 2017, the Group and the Company have tax recoverable and tax payable of RM4,759,000 and RMNil (2016: RM3,281,000 and RMNil) and RM21,206,000 and RM15,597,000 (2016: RM22,105,000 and RM21,096,000) respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) 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 in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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 3(m)(i) 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 the 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 3(m)(i) on impairment of non-financial assets.

(b) 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 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 3(m)(i) on impairment of non-financial assets.

(c) Foreign currency translation

(i) Foreign currency transactions and balances

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.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM 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.

(d) 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 asset 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 3(m)(i). 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.

(e) 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.

As lessee

(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 and the Company 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.

(f) 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.

(i) 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.

(ii) 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.

(g) 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 the following categories:

(i) 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.

(ii) 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.

(h) 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.

(i) 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.

(j) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function.

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 of the contract activity at the end of the reporting period. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear 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 and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, 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) exceed progress billings, the balance is presented as amount due from customers for contract works. When progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is presented as amount due to customers for contract works.

(k) 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.

(l) 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.

(m) Impairment of assets

(i) 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.

(ii) Financial assets

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.

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies and associates, 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.

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.

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.

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.

(n) 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 proceeds received, net of directly attributable incremental transaction costs. 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 as treasury shares until the shares are cancelled, reissued or disposed of. 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 deducted against the retained earnings of the Company.

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.

(o) 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 expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(p) Employee benefits

(i) 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.

(ii) 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").

(q) Revenue

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

(i) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as disclosed in Note 3(j).

(ii) Dividend income

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

(iii) Management fee

Management fee is recognised when services are rendered.

(iv) Rental income

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

(v) 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.

(r) 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.

(s) Income taxes

(i) 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.

(ii) 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 liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(t) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivable from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

(u) 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

(v) 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 31.

(w) 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.

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 2017							
Cost/Valuation							
At 1 January 2017	304,605	57,455	36,584	162,654	10,340	42,489	614,127
Additions	-	-	-	-	177	7,492	7,669
Disposals	-	-	-	-	(88)	-	(88)
Write-off	-	-	-	-	(451)	(3,818)	(4,269)
At 31 December 2017	304,605	57,455	36,584	162,654	9,978	46,163	617,439

	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							
At 1 January 2017	-	22,843	286	2,338	6,703	21,236	53,406
Charge for the financial year	**-**	**1,185**	**574**	**4,678**	**1,096**	**4,720**	**12,253**
Disposals	**-**	**-**	**-**	**-**	**(88)**	**-**	**(88)**
Write-off	**-**	**-**	**-**	**-**	**(446)**	**(3,786)**	**(4,232)**
At 31 December 2017	**-**	**24,028**	**860**	**7,016**	**7,265**	**22,170**	**61,339**
Accumulated impairment losses							
At 1 January 2017/31 December 2017	**-**	**419**	**-**	**-**	**-**	**-**	**419**
Net carrying amount							
At 31 December 2017	**304,605**	**33,008**	**35,724**	**155,638**	**2,713**	**23,993**	**555,681**
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
Accumulated depreciation							
At 1 January 2016	-	26,791	5,432	33,335	6,871	17,058	89,487
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	(5,402)	-	-	(278)	-	-	(5,680)
At 31 December 2016	-	22,843	286	2,338	6,703	21,236	53,406
Accumulated impairment losses							
At 1 January 2016	6,644	571	-	-	-	-	7,215
Reversal of impairment loss	-	(152)	-	-	-	-	(152)
Transfer to assets held for sale	(6,644)	-	-	-	-	-	(6,644)
At 31 December 2016	-	419	-	-	-	-	419
Net carrying amount							
At 31 December 2016	304,605	34,193	36,298	160,316	3,637	21,253	560,302

	← 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 2017				
Cost/Valuation				
At 1 January 2017/ 31 December 2017	**1,180**	**2,554**	**1,437**	**5,171**
Accumulated depreciation				
At 1 January 2017	531	1,976	751	3,258
Charge for the financial year	**59**	**284**	**138**	**481**
At 31 December 2017	**590**	**2,260**	**889**	**3,739**
Accumulated impairment losses				
At 1 January 2017/ 31 December 2017	**419**	**-**	**-**	**419**
Net carrying amount				
At 31 December 2017	**171**	**294**	**548**	**1,013**
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				
At 1 January 2016	472	2,376	608	3,456
Charge for the financial year	59	286	143	488
Disposals	-	(686)	-	(686)
At 31 December 2016	531	1,976	751	3,258
Accumulated impairment losses				
At 1 January 2016	571	-	-	571
Reversal of impairment losses	(152)	-	-	(152)
At 31 December 2016	419	-	-	419
Net carrying amount				
At 31 December 2016	230	578	686	1,494

(a) In the previous 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.

Had the land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would be as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Freehold land				
Cost and net carrying amount	**9,380**	9,380	**-**	-
Freehold buildings				
Cost	**57,163**	57,163	**1,180**	1,180
Less: Accumulated depreciation and impairment losses	**(24,597)**	(23,418)	**(1,161)**	(1,102)
Net carrying amount	**32,566**	33,745	**19**	78
Long leasehold land				
Cost	**21,119**	21,119	**-**	-
Less: Accumulated depreciation	**(6,045)**	(5,739)	**-**	-
Net carrying amount	**15,074**	15,380	**-**	-
Long leasehold buildings				
Cost	**109,793**	109,793	**-**	-
Less: Accumulated depreciation	**(37,627)**	(35,351)	**-**	-
Net carrying amount	**72,166**	74,442	**-**	-
Total	**129,186**	132,947	**19**	78

(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	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Aggregate costs	**7,669**	9,903	**-**	-
Less: Finance lease financing	**(128)**	(1,000)	**-**	-
Cash payments	**7,541**	8,903	**-**	-

(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 RM2,691,000 (2016: RM3,535,000) and RM291,000 (2016: RM572,000) respectively.

(d) The net carrying amount of assets charged to licensed banks for banking facilities granted to the Group as disclosed in Notes 20 and 22 are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Freehold land and building	**-**	316,601
Long leasehold land and building	**186,749**	191,943
	186,749	508,544

During the current financial year, the freehold land and building of the Group with net carrying amount of RM315,483,000 are in the process of being discharged due to full settlement of the banking facility.

(e) The title deed for an office lot with net carrying amount of RM359,000 (2016: RM367,000) is in the process of being transferred to the Group.

(f) The remaining lease term of long leasehold land of the Group range from 54 to 80 years (2016: 55 to 81 years).

5. SUBSIDIARY COMPANIES

	Company	
	2017	2016
	RM'000	RM'000
Unquoted shares, at cost		
At 1 January/31 December	**254,607**	254,607
Accumulated impairment losses		
At 1 January	**173,561**	173,561
Reversal of impairment loss	**(13,584)**	-
At 31 December	**159,977**	173,561
Investment in subsidiary companies, net of accumulated impairment losses	**94,630**	81,046
Amount due from subsidiary companies		
At 1 January	**171,461**	164,219
Net (repayment)/advance	**(1,781)**	7,242
At 31 December	**169,680**	171,461
Accumulated impairment losses		
At 1 January	**51,542**	50,728
Charge for the financial year	**195**	814
At 31 December	**51,737**	51,542
Amount due from subsidiary companies, net of accumulated impairment losses	**117,943**	119,919
Amount due to subsidiary companies	**(22,915)**	(25,365)

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

The amount due 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 2017 %	2016 %
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 Development Sdn Bhd	Malaysia	Property development	**100**	100
LH Commercials Pte Ltd^	Singapore	Investment holding	**100**	100
LH Indah Apartments Sdn Bhd	Malaysia	Property investment	**100**	100
LH Indah Apartments (First) Sdn Bhd	Malaysia	Inactive	**100**	100
LH Indah Apartments (Second) Sdn Bhd	Malaysia	Inactive	**100**	100
Lien Hoe Property Management Sdn Bhd	Malaysia	Inactive	**100**	100

Name of company	Country of incorporation	Principal activities	Effective interest 2017 %	2016 %
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	
	2017 RM'000	2016 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 2017 %	2016 %
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:

	2017 RM'000	2016 RM'000
Assets and liabilities		
Current assets, representing total assets	**5,318**	3,381
Current liabilities, representing total liabilities	**7,377**	5,284

	2017 RM'000	2016 RM'000
Results		
Revenue	**7,350**	9,658
Loss net of tax, representing total comprehensive income for the financial year	**(154)**	(171)

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

	2017 RM'000	2016 RM'000
At 1 January	**(600)**	(549)
Current year share of loss	**(46)**	(51)
At 31 December	**(646)**	(600)

7. OTHER INVESTMENT

	Group	
	2017 RM'000	2016 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	
	2017 RM'000	2016 RM'000
At 1 January	**8,979**	8,979
Write-off	**(52)**	-
At 31 December	**8,927**	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 2017	**-**	**4,651**	**4,276**	**8,927**
At 31 December 2016	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 3.8% (2016: 3.8%) and a growth rate of 5.0% (2016: 5.0%). The following describes each key assumptions on which management has based its cash flow projections for the purposes of impairment testing of goodwill:

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

(b) growth rate used is based on historical trend of each segment taking into account industry outlook for that segment.

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

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

During the current financial year, as a result of unfavourable performance of Macro Resources Sdn Bhd ("MRSB") in the construction segment, the Company carried out a review of the recoverable amount of MRSB. The review resulted in the write-off of goodwill from the construction segment amounting to RM52,000 (2016: RMNil), which was recognised as other expenses in the statements of profit or loss and other comprehensive income.

9. DEVELOPMENT EXPENDITURE

	Group	
	2017	2016
	RM'000	RM'000
At 1 January	**32,626**	28,658
Addition	**25,411**	3,968
Disposal	**(36,762)**	-
Write-off	**(1,865)**	-
At 31 December	**19,410**	32,626

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

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Trade receivables				
Retention sums on contracts (Note 12)	**9,061**	9,840	**-**	-
Other receivables				
Cash collaterals	**1,202**	2,259	**-**	-
Third parties	**4,450**	39,297	**4,450**	39,297
	5,652	41,556	**4,450**	39,297
	14,713	51,396	**4,450**	39,297
Current				
Trade receivables				
Third parties	**24,366**	38,691	**-**	-
Retention sums on contracts (Note 12)	**5,421**	10,892	**-**	-
Less: Accumulated impairment losses				
- Third parties	**(10,454)**	(2,747)	**-**	-
	19,333	46,836	**-**	-
Other receivables				
Prepayments	**333**	467	**-**	-
Cash collaterals	**1,214**	592	**-**	-
Third parties	**68,765**	17,275	**39,797**	13,824
Less: Accumulated impairment losses				
- Third parties	**(5)**	(674)	**-**	(663)
	70,307	17,660	**39,797**	13,161
	89,640	64,496	**39,797**	13,161
Total trade and other receivables	**104,353**	115,892	**44,247**	52,458
Add: Amount due from subsidiary companies (Note 5)	**-**	-	**117,943**	119,919
Cash and bank balances (Note 13)	**67,414**	6,805	**1,783**	146
Less: Prepayments	**(333)**	(467)	**-**	-
Total loans and receivables	**171,434**	122,230	**163,973**	172,523

Other receivables

Included in other receivables of the Group and of the Company is an outstanding balance of RM43,450,000 (2016: RM52,297,000) 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. The final instalment for full settlement of the guaranteed sum is eight months from the issuance of the certificate of completion and compliance for the development project or August 2019, whichever is the earlier.

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

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
At 1 January	**674**	698	**663**	663
Write-off	**(663)**	-	**(663)**	-
Reversal of impairment loss	**(6)**	(24)	**-**	-
At 31 December	**5**	674	**-**	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 (2016: 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:

	Group	
	2017	2016
	RM'000	RM'000
Neither past due nor impaired	**18,987**	32,744
Past due but not impaired		
1 to 30 days	**1,603**	7,219
31 to 60 days	**114**	2,202
61 to 90 days	**262**	851
91 to 120 days	**495**	121
More than 120 days	**6,933**	13,539
	9,407	23,932
	28,394	56,676
Impaired	**10,454**	2,747
	38,848	59,423

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 RM9,407,000 (2016: RM23,932,000) 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 in the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2017	2016
	RM'000	RM'000
Trade receivables - gross	**10,454**	2,747
Less: Accumulated impairment losses	**(10,454)**	(2,747)
	-	-

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

	2017	2016
	RM'000	RM'000
At 1 January	**2,747**	2,747
Charge for the financial year	**8,209**	-
Write-off	**(502)**	-
At 31 December	**10,454**	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	
	2017	2016
	RM'000	RM'000
Cost		
Consumables	**564**	668
Net realisable value		
Land and completed apartment	**9,667**	9,667
	10,231	10,335
Recognised in profit or loss		
Inventories recognised as cost of sales	**4,436**	4,706

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

	Group	
	2017	2016
	RM'000	RM'000
Construction costs incurred to date	**287,930**	261,840
Attributable (loss)/profit	**(50)**	13,118
	287,880	274,958
Progress billings	**(289,857)**	(263,058)
	(1,977)	11,900
Presented as:		
Amount due from customers for contract works	**1,724**	19,206
Amount due to customers for contract works	**(3,701)**	(7,306)
	(1,977)	11,900
Retention sums on contracts, included within trade receivables (Note 10)		
Non-current	**9,061**	9,840
Current	**5,421**	10,892
	14,482	20,732
Construction revenue recognised as an income (Note 23)	**48,300**	96,610
Construction costs recognised as an expense (Note 24)	**63,092**	101,800

13. CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Cash on hand and at banks	**6,122**	4,068	**1,690**	56
Short term deposits with:				
- Licensed banks	**61,199**	2,647	**-**	-
- Other financial institution	**93**	90	**93**	90
Cash and bank balances	**67,414**	6,805	**1,783**	146
Less: Fixed deposit pledged	**(3,126)**	(2,579)	**-**	-
Bank overdraft (Note 22)	**(3,930)**	(6,243)	**-**	-
Cash and cash equivalents	**60,358**	(2,017)	**1,783**	146

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 interests at respective short-term deposit rates. The deposits earn interest of 2.8% to 4.0% (2016: 2.9% to 3.4%) per annum and have average maturities of 3 months (2016: 3 months).

Included in the deposits is a sum of RM3,126,000 (2016: RM2,579,000) pledged to licensed banks for banking facilities granted to the Group.

14. ASSETS HELD FOR SALE

	Group	
	2017	2016
	RM'000	RM'000
Freehold land (a)	**6,596**	6,596
Leasehold building (b)	**-**	30
Freehold land (c)	**-**	10,154
	6,596	16,780

(a) On 11 May 2016, Lien Hoe Square Sdn Bhd, a wholly owned subsidiary company, entered into a Sale and Purchase Agreement to dispose the freehold land. This transaction is pending completion at the end of the reporting period.

(b) On 13 September 2016, Beta Management Services Sdn Bhd, a wholly owned subsidiary company, entered into a Sale and Purchase Agreement to dispose the leasehold building. This transaction was completed during the current financial year.

(c) On 14 July 2017, Christine Resort Sdn Bhd, a wholly owned subsidiary company, entered into a Sale and Purchase Agreement to dispose the freehold land. This transaction was completed during the current financial year.

15. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2017	2016	**2017**	2016
	'000	'000	**RM'000**	RM'000
Authorised:				
At 1 January				
(2016: shares of RM1.00 each)	**4,000,000**	1,000,000	**1,000,000**	1,000,000
Par value reduction of RM0.75 per share	**N/A**	3,000,000	**N/A**	-
At 31 December				
(2016: shares of RM0.25 each)	**N/A**	4,000,000	**N/A**	1,000,000
Issued and fully paid:				
At 1 January				
(2016: shares of RM1.00 each)	**361,742**	361,742	**90,435**	361,742
Par value reduction of RM0.75 per share	**-**	-	**-**	(271,307)
Transfer from share premium pursuant				
to the Companies Act, 2016	**-**	-	**51,056**	-
Gain from sale of treasury shares	**-**	-	**697**	-
At 31 December				
(2016: shares of RM0.25 each)	**361,742**	361,742	**142,188**	90,435

The Companies Act, 2016 in Malaysia ("Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within twenty-four months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are re-issued.

16. SHARE PREMIUM

	Group/Company	
	2017	2016
	RM'000	RM'000
At 1 January	**51,056**	51,056
Transfer to share capital pursuant to the Companies Act, 2016	**(51,056)**	-
At 31 December	**-**	51,056

17. TREASURY SHARES

	Group/Company			
	Number of ordinary shares		Amount	
	2017	2016	**2017**	2016
	'000	'000	**RM'000**	RM'000
Issued and fully paid:				
At 1 January	**18,796**	18,796	**5,568**	5,568
Sale of treasury shares	**(7,976)**	-	**(2,363)**	-
Purchase of treasury shares	**8,200**	-	**2,878**	-
At 31 December	**19,020**	18,796	**6,083**	5,568

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 shareholders of the Company, by an ordinary resolution passed at the last Annual General Meeting held on 22 June 2017, renewed the approval for the Company's plan to repurchase its own shares. 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.

During the current financial year, the Company:

(a) repurchased 8,200,300 of its issued ordinary shares from the open market at an average price of RM0.35 per share. The total consideration paid for the repurchased shares (including transaction costs) was RM2,878,000. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act, 2016; and

(b) sold 7,975,900 of its issued ordinary shares held as treasury shares in the open market at an average price of RM0.39 per share for a total net consideration of RM3,060,000.

18. RESERVES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable				
Asset revaluation reserve (a)	**326,895**	329,557	**-**	-
Distributable				
Capital reserve (b)	**21,455**	21,455	**19,337**	19,337
	348,350	351,012	**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.

19. DEFERRED TAX LIABILITIES

	Group	
	2017	2016
	RM'000	RM'000
At 1 January	**81,281**	9,392
Recognised in profit or loss (Note 28)	**(587)**	(871)
Recognised in other comprehensive income	**-**	72,760
At 31 December	**80,694**	81,281

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 2016	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
Recognised in profit or loss	**(398)**	**-**	**(189)**	**(587)**
At 31 December 2017	**2,973**	**1,805**	**75,916**	**80,694**

20. BORROWINGS (SECURED)

	Group		Company	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Non-current				
Term loans	**35,772**	39,626	**-**	-
Finance lease payables (Note 30)	**881**	1,684	**160**	388
	36,653	41,310	**160**	388
Current				
Bankers' acceptances	**-**	792	**-**	-
Term loans	**14,891**	17,245	**-**	-
Finance lease payables (Note 30)	**935**	985	**228**	228
	15,826	19,022	**228**	228
Total borrowings				
Bankers' acceptances	**-**	792	**-**	-
Term loans	**50,663**	56,871	**-**	-
Finance lease payables (Note 30)	**1,816**	2,669	**388**	616
	52,479	60,332	**388**	616
Maturity of borrowings (excluding finance lease payables):				
Within 1 year	**14,891**	18,037	**-**	-
More than 1 year and less than 2 years	**5,917**	9,521	**-**	-
More than 2 years and less than 5 years	**20,833**	16,621	**-**	-
More than 5 years	**9,022**	13,484	**-**	-
	50,663	57,663	**-**	-

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

	Group	
	2017	2016
	%	%
Bankers' acceptances	**-**	7.8
Term loans	**7.8 - 7.9**	7.8 - 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);
(b) Fixed deposits of the Group as disclosed in Note 13; and
(c) Corporate guarantee by the Company.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Trade payables	**4,620**	3,220	**-**	-
Current				
Trade payables	**46,751**	51,149	**-**	-
Other payables:				
- Accruals	**13,959**	3,725	**434**	740
- GST payables	**5,061**	329	**28**	37
- Others	**27,982**	17,569	**897**	1,882
	93,753	72,772	**1,359**	2,659
Total trade and other payables	**98,373**	75,992	**1,359**	2,659
Less: GST payables	**(5,061)**	(329)	**(28)**	(37)
	93,312	75,663	**1,331**	2,622
Amount due to subsidiary companies (Note 5)	**-**	-	**22,915**	25,365
Borrowings (Note 20)	**52,479**	60,332	**388**	616
Bank overdraft (Note 22)	**3,930**	6,243	**-**	-
Total financial liabilities carried at amortised cost	**149,721**	142,238	**24,634**	28,603

Trade and other payables are non-interest bearing and are normally settled on an average term of 60 days (2016: 60 days).

22. BANK OVERDRAFT

The interest rate at the end of the reporting period for bank overdraft is 8.0% (2016: 7.8% - 8.6%) per annum, and is secured by the following:

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

(b) Corporate guarantee by the Company.

23. REVENUE

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Construction revenue	**48,300**	96,610	**-**	-
Management fees from subsidiary companies	**-**	-	**2,760**	2,760
Rental income	**2,116**	2,779	**-**	-
Revenue from hotel	**22,694**	24,383	**-**	-
	73,110	123,772	**2,760**	2,760

24. COST OF SALES

	Group	
	2017	2016
	RM'000	RM'000
Cost of inventories	**4,436**	4,706
Construction cost	**63,092**	101,800
	67,528	106,506

25. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Profit/(Loss) from operations is stated after charging/(crediting):				
Auditors' remuneration:				
- statutory audit	**187**	174	**70**	70
- other services	**5**	5	**5**	5
Bad debts written off	**59**	-	**30**	-
Depreciation of property, plant and equipment (Note 4)	**12,253**	10,580	**481**	488
Directors' remuneration [Note 26(a)]	**4,750**	5,909	**840**	4,398
Other income [Note 25(a)]	**(57,944)**	(1,285)	**(16,240)**	(1,475)
Other expenses [Note 25(b)]	**17,284**	1,305	**1,004**	814
Rental of premises	**68**	47	**-**	-
Staff costs [Note 25(c)]	**11,840**	12,780	**2,009**	2,064

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
(a) Other income				
Finance income on:				
- other receivables (cash collaterals)	**(162)**	(31)	**-**	-
- other receivables (third parties)	**(2,653)**	(480)	**(2,653)**	(480)
- trade receivables (retention sum on contracts)	**(527)**	-	**-**	-
Gain from disposal of assets held for sale	**(53,991)**	-	**-**	-
Gain from disposal of property, plant and equipment	**(4)**	(203)	**-**	(129)
Interest income	**(582)**	(186)	**-**	-
Miscellaneous income	**(19)**	(209)	**(3)**	(3)
Reversal of impairment loss on:				
- investment in subsidiary companies	**-**	-	**(13,584)**	-
- other receivables (third parties)	**(6)**	(24)	**-**	-
- property, plant and equipment	**-**	(152)	**-**	(152)
Unrealised foreign exchange gain	**-**	-	**-**	(711)
	(57,944)	(1,285)	**(16,240)**	(1,475)
(b) Other expenses				
Development expenditure written off	**1,865**	-	**-**	-
Fair value adjustment on trade receivables (retention sum on contracts)	**4**	39	**-**	-
Finance expense on trade receivables (retention sum on contracts)	**-**	286	**-**	-
Goodwill written off	**52**	-	**-**	-
Impairment loss on:				
- amount due from subsidiary companies	**-**	-	**195**	814
- trade receivables (third parties)	**8,209**	-	**-**	-
Unrealised foreign exchange loss	**-**	-	**809**	-
Property, plant and equipment written off	**37**	-	**-**	-
Provision for liquidated ascertained damages	**7,117**	980	**-**	-
	17,284	1,305	**1,004**	814

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
(c) Staff costs				
Wages and salaries	**10,608**	11,505	**1,870**	1,883
Social security costs	**101**	95	**16**	15
Defined contribution plans	**903**	931	**123**	166
Other staff related expenses	**228**	249	**-**	-
	11,840	12,780	**2,009**	2,064

26. KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Directors

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	**4,172**	4,711	**660**	4,200
Defined contribution plans	**79**	98	**18**	36
Benefits-in-kind	**15**	15	**15**	15
	4,266	4,824	**693**	4,251
Non-executive:				
Fees	**162**	162	**162**	162
Directors of subsidiary companies				
Executive:				
Salaries and other emoluments	**300**	860	**-**	-
Defined contribution plans	**37**	78	**-**	-
	337	938	**-**	-
Total	**4,765**	5,924	**855**	4,413
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	**4,588**	5,747	**678**	4,236
Total non-executive directors' remuneration	**162**	162	**162**	162
Total directors' remuneration	**4,750**	5,909	**840**	4,398

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
(b) Other key management personnel				
Wages and salaries	**1,059**	1,522	**281**	332
Social security costs	**3**	5	**1**	1
Defined contribution plans	**127**	188	**34**	40
	1,189	1,715	**316**	373

27. FINANCE COSTS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Interest expenses on:				
Finance lease	**132**	133	**30**	30
Bank overdrafts and bankers' acceptances	**473**	1,077	**-**	-
Term loans	**4,447**	3,955	**-**	-
	5,052	5,165	**30**	30

28. INCOME TAX EXPENSE

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Malaysian income tax:				
Current year	**4,600**	-	**-**	-
(Over)/Under provision in prior years	**(1,350)**	21,438	**-**	21,596
	3,250	21,438	**-**	21,596
Deferred tax (Note 19):				
Deferred tax relating to reversal of temporary differences	**(398)**	(623)	**-**	-
Deferred tax relating to net surplus on revaluation of land and buildings	**(189)**	(94)	**-**	-
Effect of changes in tax rate	**-**	(154)	**-**	-
	(587)	(871)	**-**	-
Income tax expense recognised in profit or loss	**2,663**	20,567	**-**	21,596

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year.

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

	2017 RM'000	2016 RM'000
Group		
Profit/(Loss) before tax	**246**	(28,439)
At Malaysian statutory tax rate of 24% (2016: 24%)	**59**	(6,825)
Expenses not deductible for tax purposes	**5,202**	6,936
Income not subject to tax	**(890)**	(166)
(Over)/Under provision of income tax expense in prior years	**(1,350)**	21,438
Effect of changes in tax rate	**-**	(154)
Utilisation of previously unrecognised deferred tax assets	**(358)**	(662)
Income tax expense recognised in profit or loss	**2,663**	20,567
Company		
Profit/(Loss) before tax	**13,848**	(5,079)
At Malaysian statutory tax rate of 24% (2016: 24%)	**3,324**	(1,219)
Expenses not deductible for tax purposes	**352**	3,786
Income not subject to tax	**(3,896)**	(323)
Under provision of income tax expense in prior year	**-**	21,596
Deferred tax assets not recognised	**220**	-
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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unused tax losses	**57,362**	58,993	**8,744**	7,892
Unabsorbed capital allowances	**4,626**	4,488	**317**	250
	61,988	63,481	**9,061**	8,142

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.

29. 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 following reflect the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	2017	2016
	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	**(2,417)**	(49,006)
	2017	2016
	'000	'000
Weighted average number of ordinary shares for basic and diluted loss per share computation		
At 1 January	**342,946**	342,946
Effect of movement in treasury shares	**1,868**	-
At 31 December	**344,814**	342,946
	2017	2016
	sen	sen
Basic and diluted loss per share	**(0.70)**	(14.29)

The Group and the Company have no dilution in their loss per share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the reporting period and before the authorisation of these financial statements.

30. FINANCE LEASE PAYABLES

	Group		**Company**	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Minimum lease payments				
Within 1 year	**1,030**	1,104	**258**	258
More than 1 year and less than 2 years	**413**	1,001	**151**	258
More than 2 years and less than 5 years	**573**	881	**30**	181
	2,016	2,986	**439**	697
Less: Future finance charges	**(200)**	(317)	**(51)**	(81)
Present value of finance lease payables	**1,816**	2,669	**388**	616

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Present value of minimum lease payments				
Within 1 year	**935**	985	**228**	228
More than 1 year and less than 2 years	**361**	900	**133**	228
More than 2 years and less than 5 years	**520**	784	**27**	160
	1,816	2,669	**388**	616
Analysed as				
Due within 12 months included as current liabilities (Note 20)	**935**	985	**228**	228
Due after 12 months included as non-current liabilities (Note 20)	**881**	1,684	**160**	388
	1,816	2,669	**388**	616

The finance lease payables bear interest at the end of the reporting period of 2.3% to 3.7% (2016: 2.3% to 6.8%) per annum.

31. CONTINGENCIES

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

32. RELATED PARTY TRANSACTIONS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Management fees charged to subsidiary companies	**-**	-	**2,760**	2,760
Professional fees paid or payable to companies in which certain directors of the Company have substantial financial interest	**590**	-	**21**	-

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

The remuneration of key management personnel is disclosed in Note 26.

33. 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 of the Company at the end of the reporting period reasonably approximate their fair value except as follows:

	2017		2016	
	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)	**881**	**843**	1,684	1,640

	2017		2016	
	Carrying amount RM'000	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Company				
Financial liability				
Finance lease payables (Level 2)	**160**	**159**	388	383

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.

34. 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.

Financial guarantee

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 RM16,224,000 (2016: RM26,143,000) 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 2017					
Group					
Trade and other payables	**93,753**	**4,620**	**-**	**-**	**98,373**
Borrowings	**18,995**	**8,954**	**26,120**	**9,564**	**63,633**
Bank overdrafts	**3,930**	**-**	**-**	**-**	**3,930**
	116,678	**13,574**	**26,120**	**9,564**	**165,936**
Company					
Trade and other payables	**1,359**	**-**	**-**	**-**	**1,359**
Borrowings	**258**	**151**	**30**	**-**	**439**
	1,617	**151**	**30**	**-**	**1,798**
At 31 December 2016					
Group					
Trade and other payables	72,772	3,220	-	-	75,992
Borrowings	22,642	13,293	22,658	14,788	73,381
Bank overdrafts	6,243	-	-	-	6,243
	101,657	16,513	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

(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	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Fixed rate instruments				
Financial assets	**61,292**	2,737	**93**	90
Financial liabilities	**1,816**	2,669	**388**	616
Floating rate instruments				
Financial liabilities	**54,593**	63,906	**-**	-

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 RM109,000 (2016: 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 do not have any significant exposure from the risk of changes in prices.

35. 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:

	Group	
	2017	2016
	RM'000	RM'000
Borrowings (Note 20)	**52,479**	60,332
Bank overdrafts (Note 22)	**3,930**	6,243
Total borrowings	**56,409**	66,575
Less : Cash and bank balances (Note 13)	**(67,414)**	(6,805)
Net (cash)/borrowings	**(11,005)**	59,770
Total equity	**519,712**	521,947
Gearing ratio	**N/A**	0.11

N/A -The gearing ratio is not applicable as the cash and bank balances is sufficient to cover the entire borrowings obligation.

No changes were made in the objectives, policies or processes in the financial years ended 31 December 2017 and 31 December 2016.

36. 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 RM42,533,000 (2016: RM61,484,000), pertaining to revenue of the construction segment.

	Property		Construction		Hotel		Corporate		Adjustments and eliminations			Per consolidated financial statements	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**Note**	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000		**RM'000**	RM'000
Revenue													
External customers	**2,116**	2,779	**48,300**	96,610	**22,694**	24,383	**-**	-	**-**	-		**73,110**	123,772
Inter-segment	**-**	-	**-**	-	**-**	-	**2,760**	2,760	**(2,760)**	(2,760)	(i)	**-**	-
Total revenue	**2,116**	2,779	**48,300**	96,610	**22,694**	24,383	**2,760**	2,760	**(2,760)**	(2,760)		**73,110**	123,772
Results													
Depreciation of property, plant and equipment	**(3,690)**	(3,833)	**(311)**	(342)	**(7,762)**	(5,898)	**(490)**	(507)	**-**	-		**(12,253)**	(10,580)
Other non-cash income/(expense)	**51,697**	98	**(14,689)**	(1,274)	**-**	-	**2,992**	761	**-**	-	(ii)	**40,000**	(415)
Segment profit/(loss)	**41,567**	(4,718)	**(32,493)**	(10,466)	**(3,178)**	(488)	**1,580**	(5,028)	**(7,230)**	(7,739)	(iii)	**246**	(28,439)
Assets													
Additions to property, plant and equipment	**265**	1,093	**7**	159	**7,397**	8,651	**-**	-	**-**	-		**7,669**	9,903
Segment assets	**533,209**	452,800	**39,671**	82,368	**148,626**	151,638	**58,589**	88,400	**-**	-		**780,095**	775,206
Segment liabilities	**127,399**	107,636	**66,787**	74,750	**41,456**	38,217	**24,741**	32,656	**-**	-		**260,383**	253,259

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:

	2017 RM'000	2016 RM'000
Bad debts written off	**(59)**	-
Development expenditure written off	**(1,865)**	-
Gain from disposal of assets held for sale	**53,991**	-
Gain from disposal of property, plant and equipment	**4**	203
Fair value adjustment on trade receivables (retention sum on contracts)	**(4)**	(39)
Finance expense on trade receivables (retention sum on contracts)	**-**	(286)
Finance income on:		
- other receivables (cash collaterals)	**162**	31
- other receivables (third parties)	**2,653**	480
- trade receivables (retention sum on contracts)	**527**	-
Goodwill written off	**(52)**	-
Impairment loss on trade receivables (third parties)	**(8,209)**	-
Property, plant and equipment written off	**(37)**	-
Provision for liquidated ascertained damages	**(7,117)**	(980)
Reversal of impairment loss on		
- other receivables (third parties)	**6**	24
- property, plant and equipment	**-**	152
	40,000	(415)

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

	2017 RM'000	2016 RM'000
Finance costs	**(5,052)**	(5,165)
Interest income	**582**	186
Inter-segment management fee	**(2,760)**	(2,760)
	(7,230)	(7,739)

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including cash and non-cash changes:

	At 1 January 2017 RM'000	* Net financing cash flows RM'000	[Note 4(b)] New finance lease RM'000	At 31 December 2017 RM'000
Borrowings (excluding finance lease payables)(Note 20)	57,663	(7,000)	-	50,663
Bank overdraft (Note 22)	6,243	(2,313)	-	3,930
Finance lease payables (Note 30)	2,669	(981)	128	1,816
	66,575	(10,294)	128	56,409

* The cash flows from borrowings make up of net amounts of proceeds from or repayment of borrowings in the statements of cash flows.

38. SIGNIFICANT EVENT

On 14 July 2017, Christine Resort Sdn Bhd, a wholly owned subsidiary company entered into a sale and purchase agreement for the disposal of a parcel of vacant land located at Bandar Seri Alam, Masai, Johor for a consideration of RM100,537,740.

The disposal was completed during the current financial year.

39. 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 profit or loss and other comprehensive income			
Operating and administration expenses	(41,500)	980	(40,520)
Other expenses	(325)	(980)	(1,305)

Schedule of Properties
Held by the Company and its Subsidiary Companies
As at 31 December 2017

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	21	175,462
Lot PTD 229494, Mukim of Plentong, Johor	Vacant land	May 2016	Freehold	145.60	N/A	N/A	315,483
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	4,613
Lot PT 78701, Mukim of Petaling, District of Petaling, Selangor	Vacant land	March 2016	27 May 2097	1.65	N/A	N/A	11,287
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	23	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	16	171
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	18	359

Statistics of Shareholdings
As at 27 March 2018

SHARE CAPITAL

Total number of issued shares	361,742,241
Adjusted total number of issued shares	341,955,741*
Class of shares	Ordinary share
Voting rights	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	812	7.79	35,752	0.01
100 - 1,000	3,217	30.86	2,244,215	0.66
1,001 - 10,000	5,135	49.26	18,565,305	5.43
10,001 - 100,000	1,106	10.61	35,012,797	10.24
100,001 - 17,097,786 (i)	152	1.46	158,256,005	46.28
17,097,787 and above (ii)	2	0.02	127,841,667	37.38
Total	10,424	100.00	341,955,741	100.00

(i) Less than 5% of the total number of issued shares
(ii) 5% and above of the total number of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 27 MARCH 2018
(as shown in the Register of Substantial Shareholders)

		Direct Interest		Indirect Interest	
	Name	No. of Shares	%*	No. of Shares	%*
1.	DATO' YAP SING HOCK	108,545,167	31.74	-	-
2.	BELASTRA SDN BHD	21,826,790	6.38	-	-
3.	LEE YEW CHEN	19,296,500	5.64	-	-

DIRECTORS' SHAREHOLDINGS AS AT 27 MARCH 2018
(as shown in the Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name	No. of Shares	%*	No. of Shares	%*
YEOH CHONG KEAT	-	-	-	-
DATO' YAP SING HOCK	108,545,167	31.74	-	-
CHEONG MARN SENG	720,500	0.21	-	-
YAP TSE YEENG CHRISTINE	-	-	-	-
DR. TEOH KIM LOON	800,550	0.23	-	-
DATO' TEA CHOO KENG	-	-	-	-

* Excluding 19,786,500 ordinary shares repurchased by the Company and retained as treasury shares.

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 27 MARCH 2018

	Name	No. of Shares	%
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Yap Sing Hock	108,545,167	31.74
2.	LEE YEW CHEN	19,296,500	5.64
3.	RHB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Belastra Sdn Bhd	16,450,400	4.81
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for How Say Swee (6000382)	13,720,900	4.01
5.	OBJECTIVE ACHIEVEMENT SDN BHD	11,980,000	3.50
6.	LIANG TEH HAI	8,988,200	2.63
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB Bank for Lim Yew Keng (MY2143)	7,208,300	2.11
8.	LIM PEI TIAM @ LIAM AHAT KIAT	5,485,700	1.60
9.	CHIN KHEE KONG & SONS SENDIRIAN BERHAD	5,458,600	1.60
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account – Ambank (M) Berhad for Belastra Sdn Bhd (SMART)	5,376,300	1.57
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for T Comp Solutions Sdn Bhd	4,427,300	1.30
12.	IMRAN HO BIN ABDULLAH	4,251,100	1.24
13.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Imran Ho bin Abdullah	4,150,000	1.21
14.	POLYWELL ENTERPRISE SENDIRIAN BERHAD	3,000,000	0.88
15.	UOB KAY HIAN NOMINEES (ASING) SDN BHD Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	2,783,543	0.81
16.	LOW AH LIN	2,500,000	0.73
17.	ONG BEE LIAN	2,360,500	0.69

	Name	No. of Shares	%
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	2,200,700	0.64
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Yong Loy Huat (7000875)	2,110,100	0.62
20.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Carol Vun On Nei (8078831)	2,000,000	0.59
21.	LIM PAY KAON	2,000,000	0.59
22.	GAN TECHIONG	1,960,000	0.57
23.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Suharti binti Md Sapidi	1,700,000	0.50
24.	CITIGROUP NOMINEES (ASING) SDN BHD Exempt An for OCBC Securities Private Limited (Client A/C- NR)	1,686,687	0.49
25.	CHIN KIAN FONG	1,590,400	0.47
26.	LIM YEW KENG	1,501,000	0.44
27.	TSEN KENG YAM	1,300,000	0.38
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Chin Kiam Hsung	1,076,800	0.32
29.	YU LIAN HAI	1,050,000	0.31
30.	LEE YOW YEEN	1,000,000	0.29
	Total	**247,158,197**	**72.28**

LIEN HOE CORPORATION BERHAD
(Company No: 8507-X)
(Incorporated in Malaysia)

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 48th 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 Monday, 11 June 2018 at 10.30 a.m.

My/our proxy is to vote as indicated below :

RESOLUTION NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve an additional Directors' fees and benefits of up to RM80,000 in respect of the period from 1 January 2017 until the conclusion of this 48th Annual General Meeting.		
2.	To approve Directors' fees and benefits of up to RM270,000 in respect of the period from 12 June 2018 until the conclusion of the next Annual General Meeting of the Company.		
3.	To re-elect Dato' Yap Sing Hock as Director of the Company.		
4.	To re-elect Dr. Teoh Kim Loon 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.		
9.	To approve the retention of Dr. Teoh Kim Loon as Independent Non- executive Director of the Company subject to the passing of Resolution 4.		

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 Depositors as at 4 June 2018 ("Record of Depositors") and only a depositor whose name appears on the Record of Depositors shall be entitled to attend this meeting.

7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us or our agents your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and/or authorisation of all persons whose personal data you have disclosed and/or processed, in connection with the foregoing.

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.

Tel: 03-7955 8808

Fax: 03-7955 5808

www.lienhoe.com.my