LienHoe

LIEN HOE CORPORATION BERHAD

(Company No. 8507-X)

ANNUAL REPORT 2018

Contents

Corporate Information

DIRECTORS

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

Dato' Yap Sing Hock
Managing Director

Ms. Yap Tse Yeeng Christine
Executive Director and Chief Executive Officer

Mr. Cheong Marn Seng, Allen
Executive Director

Dr. Teoh Kim Loon
Independent Non-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 49th Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at Iskandar II, Level 3A, Block 1, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim on Tuesday, 18 June 2019 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 2018 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note A)*

2. To approve Directors' fees and benefits of up to RM303,000 in respect of the period from 19 June 2019 until the conclusion of the next Annual General Meeting of the Company. *(Resolution 1)*

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

   (i) Yap Tse Yeeng Christine *(Resolution 2)*
   (ii) Cheong Marn Seng *(Resolution 3)*

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification(s), the following resolutions:-

5. 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 5)*

6. 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 2018; 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 6)*

7. 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 7)*

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

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

9. **SPECIAL RESOLUTION 1**
PROPOSED ADOPTION OF NEW CONSTITUTION

"THAT the Company's existing Constitution (Memorandum and Articles of Association) be deleted in its entirety AND THAT the new Constitution as set out in Part B of the Statement/Circular to Shareholders dated 29 April 2019 be and is hereby approved and adopted as the new Constitution of the Company ("Proposed Adoption").

THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things that are necessary and/or expedient to give full effect to the Proposed Adoption with full power to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities." *(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
29 April 2019

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 11 June 2019 ("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 5 - AUTHORITY FOR DIRECTORS TO ISSUE SHARES

Please refer to Statement Accompanying Notice of Annual General Meeting for the explanatory notes on Resolution 5.

RESOLUTION 6 - 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 Part A of the Statement/Circular to Shareholders dated 29 April 2019 which is despatched together with the 2018 Annual Report.

RESOLUTION 7 - RETENTION OF MR. YEOH CHONG KEAT AS INDEPENDENT NON-EXECUTIVE DIRECTOR
RESOLUTION 8 - RETENTION OF DR. TEOH KIM LOON AS INDEPENDENT NON-EXECUTIVE DIRECTOR

These 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.

RESOLUTION 9 - PROPOSED ADOPTION OF NEW CONSTITUTION

This special resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 ("the Act") which came into force on 31 January 2017, the updated provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that arise from the Act and Listing Requirements of Bursa Securities. For further information, please refer to Part B of the Statement/Circular to Shareholders dated 29 April 2019 which is despatched together with the 2018 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Resolution 5 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 11 June 2018 and which will lapse at the conclusion of the 49th Annual General Meeting.

2018 ANNUAL REPORT

The 2018 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 / *61 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 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 / *70 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, the Executive Director and Chief Executive Officer 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.

Ms. Yap Tse Yeeng Christine

Executive Director and Chief Executive Officer / *40 years of age / Female / Malaysian*

She was appointed a Non-Independent Non-executive Director of the Company on 18 March 2016, re-designated as an Executive Director on 17 June 2016 and subsequently re-designated as Executive Director and Chief Executive Officer on 8 June 2018.

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, the Managing Director and a 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.

Mr. Cheong Marn Seng, Allen

Executive Director / *54 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.

Dr. Teoh Kim Loon

Independent Non-executive Director / *65 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 a director of Seloga Holdings Berhad, a public company. He does not have directorship in 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 / *51 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, and an independent non-executive director of Cheetah Holdings Berhad, which are both listed on the Main Market of Bursa Malaysia Securities Berhad.

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

He has no conflict of interests with the Company.

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

NUMBER OF BOARD MEETINGS ATTENDED BY THE DIRECTORS

The number of board meetings attended by the Directors in the financial year ended 31 December 2018 are set out in the Corporate Governance Overview Statement on page 27 of this Annual Report.

Profile of Key Senior Management

Mr. Lau Hing Kiet, Jerry

Director/Chief Executive Officer, Macro Resources Sdn Bhd / 55 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 / 57 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 / 59 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 / 68 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 *63 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 directors and/or major shareholders 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

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

Our Company is principally involved in property and investment holding. Through our subsidiaries, our Group is involved in hotel operations, property investment and real estate development.

For the financial year ended 31 December 2018 ("FY2018"), our core activity was the hotel segment, which was represented by Hotel Armada located in Petaling Jaya. Situated along the Federal Highway, the 25-storey building has a capacity of 257 guestrooms, one grand ballroom, six function rooms, three event suites, a gym, a restaurant, a café and two bars. It is a one-stop event centre that caters for accommodation, events, dining and entertainment needs of its guests. We also derived rental income from the 96,878 square feet of lettable space at Plaza Armada which is a 4-storey commercial podium annexed to Hotel Armada.

Our key customer segments for the hotel during the financial year can be segregated into the following:-

- Independent: 42%
- Corporate: 21%
- Government: 12%
- Group: 16%
- Convention: 9%

Most of our guests are business travellers, with the balance comprising independent leisure travellers and inbound group tourists. In term of demography, Malaysians make up the bulk of our guests at 63%, while our foreign guests were mainly from Singapore, China, India, Indonesia and Japan. We received majority of our bookings via online platforms.

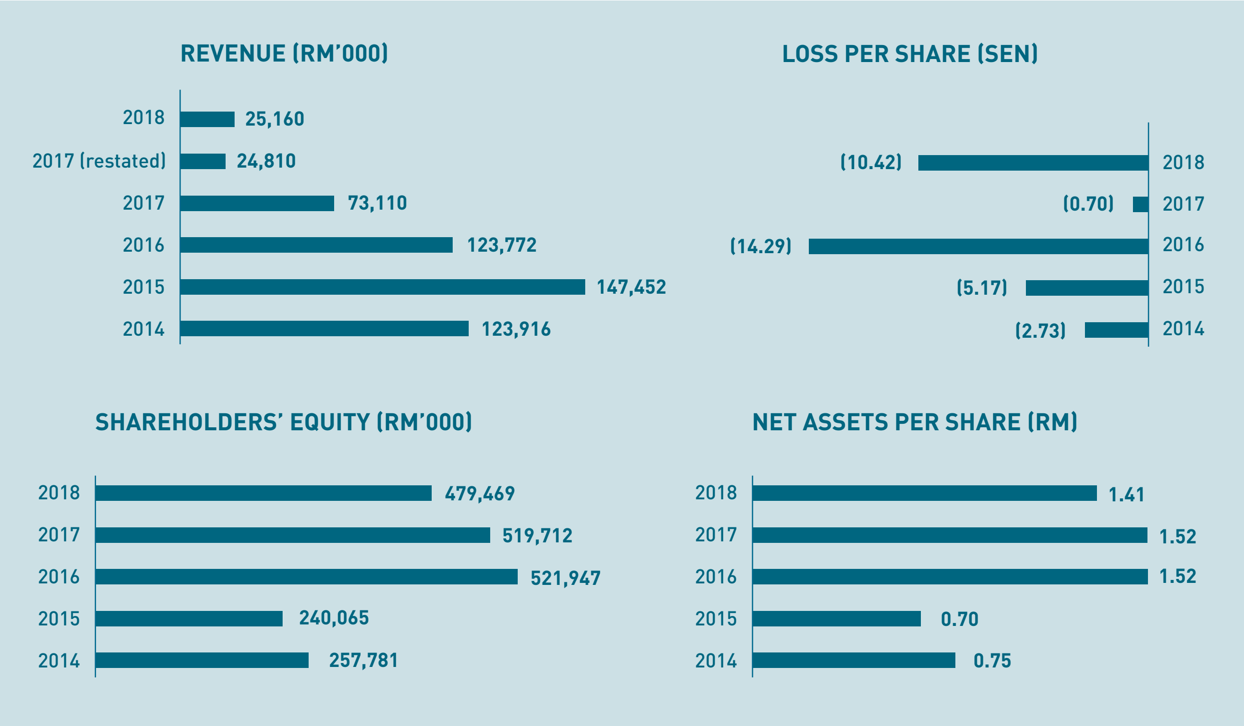
For the financial year under review, the key pillars of our strategy to create value remained the same:-

(i) To maintain the four-star rating of the hotel as a guarantee of quality of service;
(ii) To improve brand awareness through regular outreach to potential customers; and
(iii) To enhance brand perception through sustainable practices, innovation and service excellence.

Five-year financial highlights

	2018	2017 (Restated)*	2017	2016	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	25,160	24,810*	73,110	123,772	147,452	123,916
(Loss)/Profit before interest and tax	(19,758)	37,658*	5,298	(23,274)	(12,169)	(2,719)
Finance costs	3,555	4,180*	5,052	5,165	5,087	5,445
Net (loss)/profit	(18,692)	30,565*	(2,417)	(49,006)	(17,716)	(9,360)
Total assets	686,331	780,095	780,095	775,206	372,266	373,145
Net borrowings/(cash)	33,495	(11,005)	(11,005)	59,770	60,873	50,834
Total equity	479,469	519,712	519,712	521,947	240,065	257,781
Loss per share (sen)	(10.42)	(0.70)	(0.70)	(14.29)	(5.17)	(2.73)
Net assets per share (RM)	1.41	1.52	1.52	1.52	0.70	0.75
Gearing ratio	0.07	N/A	N/A	0.11	0.25	0.20

* *Restated to remove effects of the construction segment which had been discontinued at the end of the financial year under review.*



REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

With effect from January 2019, our Group had ceased operations of our construction segment. The construction segment was previously undertaken by a wholly-owned subsidiary, Macro Resources Sdn Bhd ("Macro"). The cessation of the construction segment was in line with the placing of Macro under judicial management on 23 January 2019, and came shortly after the completion of all job orders on hand in early January 2019. The judicial management of Macro is not expected to have any material impact on the financial and operational matters of our Company and our Group.

After adjusting for the effects of the discontinued operation of the construction segment, our Group registered higher revenue by 1.41% in FY2018, from RM24.81 million the year before to RM25.16 million. The increase in revenue was mainly contributed by the hotel segment, and occurred on the back of improved room occupancy rate coupled with stronger demand for the hotel's seminar and conference facilities.

Despite the increase in revenue, net profit declined by more than 100% for the financial year under review, from a net profit of RM30.56 million in the previous year to a net loss of RM18.69 million in 2018. The decline is due to the one-off other income of RM53.62 million recognised in the previous financial year arising from disposal of a 36.40 acre freehold land by Christine Resort Sdn Bhd, a wholly-owned subsidiary of our Group.

In line with the net loss recorded in 2018, loss per share also increased from 0.70 sen in the previous financial year to 10.42 sen.

As at the end of FY2018, our financial position remained healthy, registering net assets of RM479.47 million, or RM1.41 per share. The slight decrease in net assets compared to RM519.71 million or RM1.52 per share recorded in financial year 2017 is mainly due to the total comprehensive losses for the year, along with a slight increase in shares bought back and retained as treasury shares. It should be noted that assets with value of RM14.11 million and liabilities amounted to RM50.83 million related to the construction segment were designated into assets and liabilities classified as discontinued operation.

After removing the effects of the abovementioned reclassification of liabilities, the Group's borrowings were reduced from RM56.41 million at the end of 2017 to RM45.94 million at the end of 2018, following the paying down of the Group's borrowings.

Our assets include 189.47 acres of land, mainly in Johor Bahru, which are located at matured areas with immense potential for development. During the financial year, there was an increase of RM28.36 million to our property development costs account, due largely to the capitalisation of development expenditure, which was defrayed out of the proceeds from the sale of land in the previous financial year.

REVIEW OF OPERATING ACTIVITIES

During the financial year under review, we have focused our efforts on enhancing the online reputation of Hotel Armada. We have collaborated with online portals to improve the ranking of Hotel Armada among its peers and hence, its visibility. As a result of our efforts, Hotel Armada achieved recognition such as the Golden Circle Award 2018 on Agoda, the Guest Review Award 2018 on Booking.com and the Gold Award on CTrip. Based on our continuous monitoring of data, Hotel Armada has received mostly positive feedback on the cleanliness and quality of service at our hotel across all major online portals, which is expected to bode well for the hotel moving forward.

Following on our large-scale refurbishment programme in the preceding years, we have continued with the next phase of renovation, in particular to the hotel lobby and all-day dining restaurant located on the ground floor. The renovation are aimed to upgrade the facilities and to improve the overall ambient besides replacing all the furniture with superior ones. Nevertheless, the management have taken steps to work around during this renovation period to maintain a level of seamless service and minimum interference to the in-house guests and groups. The renovation works are expected to be completed by the end of 2019.

To further improve our quality of service, we have also organised internal departmental on-the-job training for all employees. These trainings are targeted for the front of the house department, and are conducted by senior staff to instil the hotel's culture and required standards of conduct into those new to the hotel. Based on our observation, we have found that this method of training has improved staff's confidence.

During the year, we successfully hosted well-known organisations at the hotel, such as the Football Association of Malaysia and Business Networking International and multi-level marketing companies like Herbaline, Mary Kay and Nu Skin. The positive feedback received from these clients help to improve our prospects with their large followings and overseas associates.

As for the property investment segment, the commercial rental market in the Klang Valley has been hindered by flagging demand amid oversupply of commercial buildings, slowdown in business expansion, poor market sentiment and uncertainty in business environment. We have been actively marketing the vacant space in Plaza Armada, and at the same time, maintaining and upgrading the facilities of the property. These asset enhancement initiatives are essential to prolong the life of the asset and to ensure that the property is kept in good tenantable condition.

Furthermore, we are currently in the process of expanding our property arm into the development of our own land. The first phase of the proposed development involves a 9-acre plot located at Christine Resort in Masai, Johor. The proposed development is estimated to generate a gross sale value of approximately RM220 million to our Group's top line. The proposed development shall include retail shop lots and shop offices. As at the date of this annual report, the layout plan for the proposed development has been approved by the relevant authorities. We intend to submit the building plan for approval in April 2019.

RISKS AND PROSPECTS

According to the Ministry of Tourism, Arts and Culture, Malaysia had lowered its forecasted tourist arrivals for 2018 and 2019 from 33.1 million and 34.5 million to 26.4 million and 28.1 million respectively. Consequently, tourism receipts have been adjusted downwards from more than RM100 billion per annum to approximately RM85 billion and RM92 billion for 2018 and 2019 respectively. The lower numbers for tourist arrivals and tourism receipts are expected to have an industry-wide impact on the hospitality industry.

Based on historical data, Hotel Armada is not significantly affected by tourist arrivals, as our guests are mostly local and business travellers. However, with less tourists expected in the country, our competitors in the hotel and events industries may turn their focus towards local consumers, which may erode our customer base.

Notwithstanding this challenging outlook, we have been innovative within our means to stay ahead in this fast-paced industry. Through personalised touches like birthday month promotions and providing direct management response to customer feedback on online portals, we continue to strengthen our relationship with long-term guests, and take care to leave a good impression on new ones. Moving forward, we shall endeavour to maintain and improve our service and hotel amenities to sustain the brand and reputation of Hotel Armada. Along with the planned completion of all renovation by the end of the year, we will have laid a strong foundation for future growth of the hotel and this will bring significant long term benefits to our Group.

There was also positive development in the property investment segment post FY2018. Following many months of negotiation, we successfully signed up with an anchor tenant who will take up some 45,000 square feet of space in Plaza Armada on a long term lease. As a prerequisite to the lease agreement, we are committed to improve the conditions and infrastructure of the building at an initial budgeted cost of RM2.5 million. After allowing for the rent-free fit-out period, the rental income from this new tenant is expected to contribute to the Group's earnings from the fourth quarter of 2019 onwards.

In relation to our property development segment, there are inherent risks associated with the proposed development, such as inability to secure the necessary approvals from the authorities, inability to secure project funding at a favourable rate, as well as market risk from insufficient take-up of completed units, all of which may prevent our Group from realising the potential benefits of the project.

Nevertheless, based on Real Estate Highlights for second half of 2018 published by Knight Frank, the retail scene in Johor remains optimistic despite heightened competition from newly completed and upcoming shopping malls such as the Helios Cove in Permas Jaya, Capital City Mall and Tesco Eco Tropics in Kota Masai. The Johor Baru - Singapore Rapid Transit System , which is expected to be completed by 2024, is expected to improve connectivity between Malaysia and Singapore. Mega property developments such as the Petronas Refinery and Petrochemical Integrated Development in Pengerang, the R&F Princess Cove Development and the Desaru Coast Water Themed Park are expected to create job opportunities and hence bode well to the retail subsector in Johor in general. It is in this context that we believe the demand for shops and certain niche landed homes in good location will remain positive and sustainable. We are fully aware that the design and pricing of our products will ultimately determine the success of our development.

Moving forward, the Group shall focus on our hotel, property investment and property development segments. We remain committed to the sustainability of our business to maximise shareholders' return and to be a good corporate citizen.

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 2018.

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 Ms. Yap Tse Yeeng Christine and Mr. Cheong Marn Seng 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 Chief Executive Officer and 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, Chief Executive Officer 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 reflect 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 Committees 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 Requirements ("Main LR") will be advised by the Company Secretaries. The Company Secretary(ies) also manages and attends all Board and Board Committees meetings, as well as AGMs, 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 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 2018, the NC:

(i) reviewed the draft Gender Diversity Policy and proposed amendments to the terms of reference of the NC and recommended them to the Board for its approval;

(ii) 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 ARMC and reviewed the term of office of the ARMC through ARMC evaluation forms, assessed and evaluated the effectiveness of the NC and Remuneration Committee through the Nomination and Remuneration Committees evaluation forms, reviewed the Board's gender diversity, reviewed the re-election of Directors at forthcoming AGM 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 trainings attended by the Directors;

(iii) recommended the NC Report to the Board for its approval; and

(iv) reviewed the proposed appointment of Chief Executive Officer and recommended to the Board for its approval.

With regards to the assessment during FYE 31 December 2018, 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 2018, 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 inter alia 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 2018, the RC:-

(i) reviewed the Directors' remuneration;

(ii) recommended any changes to the Board for approval;

(iii) reviewed the draft Remuneration Policy and proposed amendments to the terms of reference of RC and recommended them to the Board for approval;

(iv) reviewed and recommended to the Board the proposed fees of Non-executive Directors based on their responsibilities as independent directors and comparison of fees paid to non-executive directors in public listed company of similar size; and

(v) recommended the RC Report to the Board for 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 abstain from deliberation and decision-making on their own remuneration package. Individual Directors who are shareholders abstain from voting at general meetings to approve their own fees.

During the FYE 31 December 2018, the RC met 2 times. Attendance of the meeting is set out below:

RC Member	No. of meetings attended	Percentage
Dr. Teoh Kim Loon	2/2	100%
Mr. Yeoh Chong Keat	2/2	100%
Dato' Tea Choo Keng	2/2	100%

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

The remuneration of the Directors for FYE 31 December 2018 are as follows:-

Group

Directors	Fees	Salaries, Defined Contribution Plan and Benefits in Kind	Total
	RM	RM	RM
Executive:			
Dato' Yap Sing Hock	-	4,633,000	4,633,000
Ms. Yap Tse Yeeng Christine	-	360,000	360,000
Mr. Cheong Marn Seng, Allen	-	584,080	584,080
	-	5,577,080	5,577,080
Non-executive:			
Mr. Yeoh Chong Keat	93,000	-	93,000
Dr. Teoh Kim Loon	75,000	-	75,000
Dato' Tea Choo Keng	75,000	-	75,000
	243,000	-	243,000

Company

Directors	Fees	Salaries, Defined Contribution Plan and Benefits in Kind	Total
	RM	RM	RM
Executive:			
Dato' Yap Sing Hock	-	333,000	333,000
Ms. Yap Tse Yeeng Christine	-	360,000	360,000
Mr. Cheong Marn Seng, Allen	-	-	-
	-	693,000	693,000
Non-executive:			
Mr. Yeoh Chong Keat	93,000	-	93,000
Dr. Teoh Kim Loon	75,000	-	75,000
Dato' Tea Choo Keng	75,000	-	75,000
	243,000	-	243,000

The remuneration of the top five senior management for FYE 31 December 2018 in bands of RM50,000 are as follows:-

Name of senior management	Range of remuneration RM
Mr. Lau Hing Kiet, Jerry	300,001 – 350,000
Mr. Hoon Tai Chee	200,001 – 250,000
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 NC.

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 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 AGM.

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 Programme ("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 2018. 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 2018:-

Directors	No. of meetings attended	Percentage
Mr. Yeoh Chong Keat	5/5	100%
Dato' Yap Sing Hock	3/5	60%
Ms. Yap Tse Yeeng Christine	4/5	80%
Mr. Cheong Marn Seng, Allen	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 Directors, 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 prior to 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 programmes 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 programmes attended by the Directors during the FYE 31 December 2018 are set out below:-

Director	Date	Title of training programme
Mr. Yeoh Chong Keat	27 March 2018	Audit Committee Conference 2018
	16 & 17 July 2018	National Tax Conference 2018
	27 July 2018	Corporate Rescue Mechanism and Duties & Responsibilities of Company Directors & Officers Under Companies Act 2016
	15 October 2018	The Malaysian Anti-Corruption Commission (Amendment) Act 2018 – Corporate Liability Provision - Implications to the Company, Directors & Management
	13 November 2018	Seminar Percukaian Kebangsaan 2018
Ms. Yap Tse Yeeng Christine	27 July 2018	Corporate Rescue Mechanism and Duties & Responsibilities of Company Directors & Officers Under Companies Act 2016
Mr. Cheong Marn Seng	5 July 2018	Sustainability Engagement Series for Directors/ Chief Executive Officers
	27 July 2018	Corporate Rescue Mechanism and Duties & Responsibilities of Company Directors & Officers Under Companies Act 2016
Dato' Tea Choo Keng	8 June 2018	Mastering The EQ For Success

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's financial statements is provided on page 53 of this Annual Report. Activities carried out by the ARMC are set out in the ARMC Report.

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 2018, the ARMC has reviewed and verified the suitability and independence of the external auditors, and as such had on 16 April 2018 recommended the re-appointment of the current external auditors for the financial year ending 31 December 2018.

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 (2017: 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 2018 amounted to RM5,000 (2017: 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 pages 45 to 47 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 48 to 51 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 48 to 51 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 are reported to the ARMC to ensure weaknesses identified have been or are being addressed.

During the FYE 31 December 2018, 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 45 to 47 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

Annual general meeting is the main venue for dialogue with shareholders and stakeholders of the Company. The Chairman, Board Committees' Chairman, Managing Director, Executive Directors, Chief Executive Officer as well as the external auditors and professional advisors (where applicable) shall attend to respond to all questions raised at the meeting. Shareholders are encouraged to raise questions before matters on the agenda are put to a vote.

The Company despatches notice of annual general meeting 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 notice shall include details of the resolutions proposed along with any background information and reports or recommendations that are relevant.

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 2019.

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

Sustainability Statement

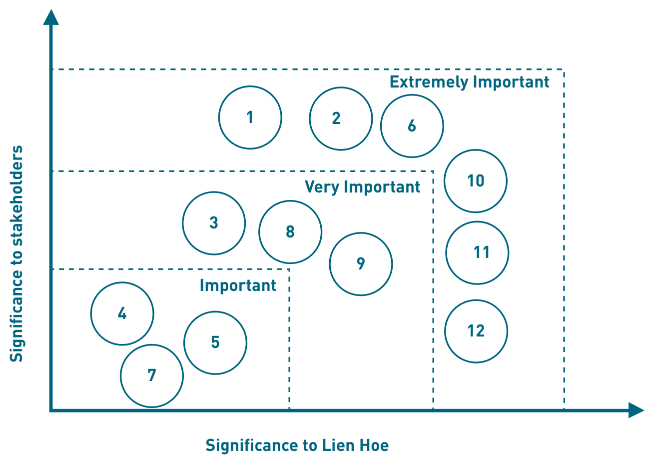
This is Lien Hoe's second annual Sustainability Statement which accompanies our 2018 Annual Report covering the financial year ended 31 December 2018.

While Lien Hoe has always focused on creating value for our stakeholders, we are equally aware of our social and environmental responsibilities. We know how important it is to play a positive role in the economies and communities we serve and for us to meet and surpass the expectations of society, our customers, regulators and investors.

This report provides disclosures in line with the requirements of the Bursa Malaysia Securities Berhad Sustainability Reporting Guide **("Bursa Sustainability Guide 2nd Edition")** and the Malaysian Code on Corporate Governance of Securities Commission Malaysia. The performance indicators chosen for this report cover the most material topics to us reflecting the Company's social contributions, commitment to team member training and career development, economic diversification and environmental considerations. In developing this publication, we considered input not only from members of the management but also other key stakeholders, including customers, suppliers, industry associations — and other voices where appropriate.

IDENTIFICATION OF MATERIAL SUSTAINABILITY MATTERS

We have conducted a materiality assessment to identify sustainability matters that are significant to the Group. The most pressing sustainability matters have been highlighted in the graph below. The findings have been ranked in terms of significance to stakeholders and to the Group.



Item	Sustainability Matters
1	Energy
2	Water
3	Waste and effluent
4	Diversity
5	Human rights
6	Safety and health
7	Anti-corruption and anti-competitive behaviour
8	Workforce training and development
9	Product and services responsibility
10	Compliance
11	Enriching communities
12	Supply chain

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, Hotel Armada'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 Emission

Globally, 129 countries ratified the Paris Agreement, pledging their commitment to reduce their carbon emissions at national levels. Malaysia is no exception, setting a target to reduce its carbon emissions intensity by an ambitious 45% by the year 2030. Along with this commitment, Bursa Malaysia Securities Berhad has also mandated sustainability reporting as part of its Main Market Listing Requirements starting from 2016 onwards.

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

In 2014, we completed a programme to replace low efficiency chillers with new energy efficient chillers. We had 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. We have also replaced most of the standard bulbs with LED bulbs to reduce energy consumption. In various locations in the hotel, we have changed energy saving bulbs and PLC bulbs to LED bulbs.

2.2 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 Hotel Armada 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 in 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.

2.3 Newspaper upon request campaign

Due to the decreasing demand for free daily newspapers and as a way of reducing wastage and cutting greenhouse gas emissions, as of 1 July 2018, free newspaper delivery was no longer made available to every occupied rooms but will be made optional for all guests.

Instead guests will be informed to obtain the daily newspapers from the concierge should they need a copy.

As a result, the hotel observed savings of RM32 per day, and as much as RM11,680 per year.

	Year 2018	Year 2017	
Month	**Total expenses (RM)**	**Total expenses (RM)**	**Costs saved (RM)**
July*	1,056	1,612	556
August	829	1,660	831
September	585	1,538	953
October	594	1,684	1,090
November	558	1,461	903
December	603	1,301	698
	4,225	**9,256**	**5,031**

Note:

* *Implemented on 1 July 2018 – Newspaper upon request (Before 1 July 2018, newspapers were delivered to all occupied rooms on daily basis except for groups)*

We acknowledge that Hotel Armada operating practices can have an impact on the environment that we live in. We accept that it is our responsibility to take the necessary steps to continually reduce the hotel's operating impact on the local environment and achieve the highest sustainability possible.

2.4 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 Hotel Armada to reuse towels and bed linen, and we have adopted a low laundry programme.

Since July 2017, we placed little signs in all Hotel Armada rooms to encourage and give guests the option of reusing their towels and bed sheets (refer 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.

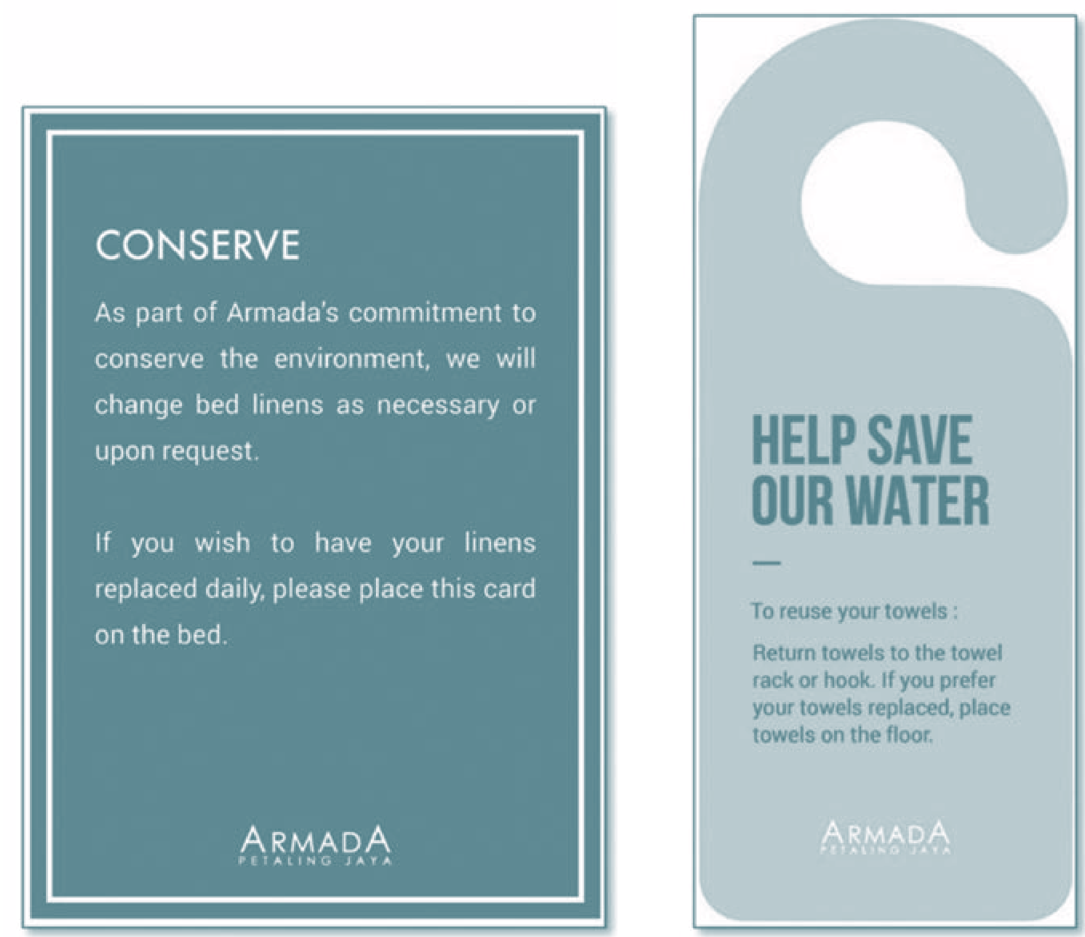


Figure 1: Sample signages

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 guest room 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. Our laundry wash is outsourced so we do not have measures taken to reduce water consumption for washing of towels, bed linens and curtains.

2.5 Energy

We have made a significant investment in initiatives to improve efficiency in the use of resources including energy and water throughout the Group. Hotel Armada 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 the operations.

We have replaced most of the standard bulbs with LED bulbs to reduce energy consumption. For the guest rooms, 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

Our air conditioning chillers were also upgraded 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 Hotel Armada 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.

2.6 Supply Chain

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

3.1 Diversity

Employees form an integral part of Lien Hoe and we remain committed to human resource development. Our workforce was about 189 as at 31 December 2018 with Malaysians (98%) comprising Malay (57%), Chinese (19%), Indian (12%) and Others (10%) and the remaining 2% from other countries. The male to female employee ratio is 1.3:1 with age below 31 at 37%, between 31 to 50 at 41% and above 51 at 22%.

The male to female director ratio is 5:1.

At Lien Hoe, contributing to the welfare of each of our employee is taken seriously. To enhance our employees' quality of life, we have established a set of objectives:

- Create a great workplace instilling a sense of belonging and community by providing various welfare services and benefits;
- Develop an open and communicative workforce through effective communication; and
- Promote conducive working environment along with training and career progression opportunities to help employees achieve their potential.

This year, our approach to managing our employee wellness and engagement has been re-aligned to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

3.2 Human Rights

All workers will receive equal treatment based on their relevant merits and competency regardless of gender, race, caste, nationality, religion, age, physical condition, sexual orientation, marital status, employment status or political affiliation. Any form of discrimination based on factors aforementioned is prohibited.

3.3 Safety and Health

We consider all health and safety requirements and obligations arising from various aspects including food served to our customers, and substances used in Hotel Armada products. Every food and beverage outlet is under strict control by Hazard Analysis and Critical Control Point ("HACCP") Food Safety Management System, which includes monitoring food preparation hygiene and sanitisation as well as maintaining the correct food temperature. All Hotel Armada employees have gone through certified HACCP training and have taken necessary health injections as a precautionary measure. In addition, liquefied petroleum gas ("LPG") tanks used in our central kitchen are stored underground to minimise safety hazards. All cleaning chemicals are used with safe work practices in Hotel Armada. Our suppliers are required to furnish us with the Chemical Safety Data Sheet in accordance to chemical regulations.

In 2018, the air quality at Hotel Armada was improved after the installation of air sterilisers in the hotel public washrooms and selected hotel rooms and also placing smoker's stations at designated smoking areas at the hotel porches. In addition, we enhanced the safety features for the disabled by installing handicap facilities and new hand basins for wheelchair access. On an annual basis, we conduct internal and external audits to ensure adherence to safety standards stipulated in ISO standards by our external verifier as in Occupational Safety and Health Administration Act 1994 (Act 154).

Our customers' safety is looked after during times of emergency by our first aiders who are dispatched to any of the relevant premises during emergency events. During the annual fire drill conducted for our employees, customer roles played by our employees are simulated to better train our employees in guiding the customers to safety.

We also safeguard our operations from potential public hazards such as dengue, seasonal haze and pandemics through the following actions:

- We ensure our premises do not become a potential breeding ground for mosquitoes by checking for signs such as clogged drainage or areas collecting stagnant water; and
- We engage external pest control company on a monthly basis to carry out fumigation.

During the year, there were zero reported incidents of non-compliance with regulations concerning health and safety and no major non-conformances was found during the audits. We aim to maintain this good record while continuously seeking new ways to make our premises a safer environment for all.

Lien Hoe places a great emphasis on its employees' health and safety. A strong health and safety culture would create a more productive team that enhances our operations and assures our customers the peace of mind when enjoying our facilities. This led us to establish the Occupational Safety and Health Administration ("OSHA") committee to lead our OSHA management system in compliance with legal requirements such as the Occupational Safety and Health Act, Factories and Machineries Act and related regulations and guidelines.

Our OSHA committee, which comprised various management and employee representatives from all our departments, helps to determine and implement the overall Occupational Safety and Health ("OSH") strategies under the guidance of the chairman of the OSHA committee. Refer Figure 2 for our OSHA committee organization chart.

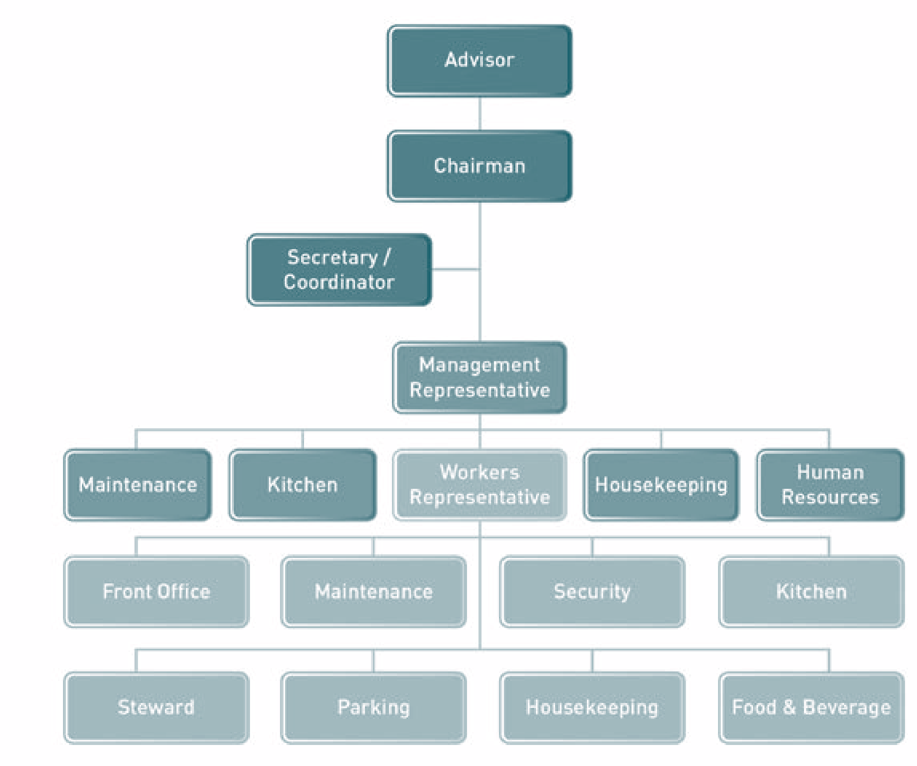


Figure 2: Lien Hoe's OSHA committee organisation chart.

We follow OSHA Act 1994 (Act154). Our In-house OSHA committee performs random audit according to OSHA Act guideline. Department of Safety and Health (District of Petaling) DOSH will conduct yearly audit and inspection.

Emergency evacuation drills led by our Security Department with support from designated Emergency Rescue Team ("ERT") and workplace first aiders to be prepared to respond and render medical assistance during emergency situations.

We prevent fire accidents by strictly adhering to the Fire Safety Act with regular maintenance and testing of our automated fire detection and protection system. Apart from conducting trainings to increase awareness on fire safety, we perform annual fire drills to ensure that the casualty rate is minimised through smooth evacuation in the event of actual fire. The fire evacuation system involves respective departments initiating evacuation processes in accordance to the level of emergency as set out in the Emergency Management System upon the activation of fire alarm.

Indicator	Disclosure
Percentage of workers undergoing safety and health training per annum	12%
Number of work-related injuries per annum	1
Rate of work-related injuries per annum	0%
Number of work-related fatalities (includes employees and contractors)	None
Accident frequency rate	0%
Severity rate	0%

Our internal investigation revealed that most of the work-related injuries during the year were derived from kitchen-related activities. This has now been identified as a high-risk area which warrants additional monitoring and measures. In view of this, we have mapped out a list of kitchen activities, related hazards and preventive measures to reduce the occurrence of common accidents. Moreover, we have developed a risk assessment hierarchy for our kitchen activities, which will be regularly re-assessed with changes in kitchen personnel or activities. Other initiatives to reduce the accidents include organising regular kitchen safety awareness training to kitchen related personnel, introducing cut resistant gloves and installing anti-slip flooring in kitchen areas to prevent slip and fall injuries.

Our employees regularly undergo training, especially in areas of occupational and food safety, as well as cleanliness of the work premises. Refer to list of training on page 41 of this Annual Report.

3.4 Anti-Corruption and Anti-Competitive Behaviour

The combination of sound corporate governance and ethical business conduct are fundamental to the achievement of our objectives to grow our business sustainably and enhance stakeholders' value. We therefore strive to uphold our reputation for integrity in every sphere of our operations. It is our policy to conduct business in a fair, honest and transparent way. We strongly oppose and have a "zero tolerance" approach towards corrupt practices or acts of bribery to obtain an unfair advantage.

Any incidents of bribery, corruption, unethical behaviour, malpractices, illegal acts and other unlawful or improper conduct can be reported by our employees and business partners through our whistleblowing channel. By protecting the confidentiality of whistleblowers, we encourage whistleblowing to be done without fear of reprisal or victimisation should it be done in good faith. To this end, we have adopted a Whistleblower Policy which is disseminated to employees. The Whistleblower Policy can be accessed at the company's website (www.lienhoe.com.my).

In 2018, there were no incidents of corruptions and no significant fines or non-monetary sanctions for non-compliance with laws and regulations.

Lien Hoe has no legal actions pending or completed regarding anti-competitive behaviour. Our suppliers are required to deal honestly, fairly and ethically in every aspect of their business, including sourcing, operations and relationships with clients, employees, suppliers and business partners. We do not tolerate suppliers who resort to anti-competitive, deceptive, discriminatory, dishonest or unlawful business practices.

3.5 Workforce training and development

It is important to us that our employees continue to grow and learn. Annually, we allocate a portion of our budget to employee training and development. In 2018, we invested a total of RM42,387. This equates to a total of 560 hours of training. In addition to in-house training programmes, we provide support to our employees to seek external courses and certifications to upgrade their skills. We also recognise and reward outstanding performances of our employees with career progression opportunities.

Employee Training Schedule

Department	Training provided	Total no. of staffs trained	Total training hours
General	Communication to Win (Mandarin Language)	12	384
Accounts & Finance	GST: Latest Issues & Audit Findings	4	32
General	Halal Assurance System Workshop	2	32
Front Office	Effective Call Handling	1	8
Human Resource	Malaysia Employment Law Seminar + Workshop	1	16
General	Google Analytics for Beginner Course	2	16
General	Google Analytics Certification	2	48
Front Office	Management Development Program	1	24

3.6 Product and Services Responsibility

Lien Hoe is focused on providing the highest customer satisfaction. We collect guest satisfaction surveys through post-stay emails and postcards. The Company has set targets to achieve high customer satisfaction scores. These scores are communicated to the different teams and incorporated in departments' goals.

We believe that the engagement and empowerment of team members as well as strong focus on service recovery are strategies to achieve high guest satisfaction.

Continuous training is provided to team members on guest satisfaction systems. Our operations team ensures that guest satisfaction surveys are reviewed and followed up on a daily basis to ensure actions are taken promptly to enhance service gaps.

In 2018, there were no major reported customer complaints and minor complaints were managed accordingly.

We respect the privacy and confidentiality of our customer information. Our privacy policy is in accordance with the Personal Data Protection Act ("PDPA") 2010. It sets out the purpose and procedures for collecting and processing our customers' personal data and to prevent unauthorised misuse.

In 2018, there were zero non-compliances with the PDPA. There were also no reported breaches of data security during the year.

3.7 Compliance

An effective governance structure and risk management system forms the backbone of our business operations. Risk assessments are conducted half yearly to identify and mitigate significant risks that are affecting our business operations. Annually, we review the adequacy of insurance coverage of all our business operations to safeguard against potential threats.

With our strict adherence to our corporate governance principles and compliance to regulations, there were no incidents of non-compliance against regulatory requirements in 2018.

There were no incidences of non-compliance in 2018 with regard to any environmental laws and regulations.

Lien Hoe does not hire any underage candidates and has no non-compliance cases with regard to labour and employment. Lien Hoe had no incidents of non-compliance with laws and regulations with regards to health and safety, advertising and privacy matters relating to products and services provided.

In 2018, there were no confirmed incidents of corruption, money laundering, non-compliance or violation of laws and regulations and we continue to work towards achieving no such reports through our sound governance.

We will continue to rigorously guard against corruption and money laundering and remain in compliance with all national and international regulations.

3.8 Enriching communities

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 followings are some of the initiatives taken by us to enrich the communities in the past one year:

(a) On 14 February 2018, Christine Resort Sdn Bhd, a subsidiary of the Group ("Christine Resort") made a RM500,000 contribution to Tabung Pembinaan Cawangan Sekolah Menengah Foon Yew Seri Alam, Johor Bahru. The donation is contributed towards the school's building construction fund.

(b) On 11 April 2018 and 9 August 2018, Hotel Armada held blood donation drives in collaboration with Pusat Perubatan University Malaya. On both occasions, the campaign was held in a function room from 11am until 4pm. A total of 95 donors signed up to give blood including the hotel's team members. Blood samples were taken from each potential donor to determine their health condition and eligibility. All donors were given snacks and drinks after completing the donation. The campaign provided Hotel Armada and Pusat Perubatan University Malaya the opportunity to educate the public as well as raise awareness about the importance of blood donation. Total costs of RM734 was provided for the campaign.

(c) Upon learning of a fire incident at Angsana Flats in USJ1 Subang Jaya that affected and displaced residents from 240 homes, Hotel Armada team immediately contacted the area's representative to enquire on what Hotel Armada could do to help. As the unfortunate incident occurred over the month of Ramadan, Hotel Armada was asked to donate food. Thus, 500 packets of food were donated to shelters that were housing the displaced residents on 23 May 2018.

(d) On 9 June 2018, Christine Resort made a RM30,000 contribution to Kiwanis Club of Nusajaya which is a charitable organisation helping special children and underprivileged people. Kiwanians are active volunteers committed to making a difference on issues affecting local communities as well as global issues with special emphasis on programmes for the well-being of children.

(e) On 21 June 2018, Christine Resort contributed RM500,000 to the Tabung Harapan Malaysia which is a fund launched by the Government to help the country to strengthen the Government's finance, in aid of efforts to reduce Malaysia's level of debt.

(f) On 8 July 2018, Hotel Armada also took part in the funds raising for the Paediatric Intensive Care Unit ("PICU") of University Malaya Medical Centre, Food Aid Foundation ("FAF") and Saluting Her Endeavour ("SHE"), organised by the Malaysian Association Hotels 19th Charity Jam Session 2018, 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. The funds raised will allow PICU to buy life-care equipment and subsidising the cost of treating critically ill children, as well as enabling the setting up of a food bank by FAF. The money will also go towards helping SHE to continue with its programmes for the disadvantaged, neglected children and single parents. As a member, Hotel Armada supported the charity event and donated 200 packets of food which was sold for RM15 per packet. As a result, a total of RM126,888 was raised from the event.

(g) On 7 September 2018, Hotel Armada participated in the special programme called Nasi Lemak Harapan which is the brainchild of Borak Kopitiam TV3. Hotel Armada donated 50 packets of nasi lemak to be sold during the 2-hours period. Each packed nasi lemak was sold at RM5 and all the proceeds were donated to Tabung BersamaMu TV3 in aid of underprivileged individuals and families in Malaysia. Aired live on TV3 for two hours, Nasi Lemak Harapan provides a framework for all parties involved to champion three defining objectives:

   i. Commemoration of the Malaysian spirit of unity through food that is iconic to all Malaysians irrespective of race, religion and background;

   ii. Charity drive where all proceeds from the sales of the nasi lemak prepared will be donated to Tabung BersamaMu TV3. While the amount is small, it's the thought and sincere effort that counts, a humble initiative from Malaysians for Malaysia; and

   iii. The network effect of positive-attitude Malaysian community, empowering and inspiring each other to be good, to do good.

(h) As part of the Petaling Jaya community, Hotel Armada occasionally participates in community events such as the SK Taman Megah Malam Tanglung 2018 held on 26 September 2018. The event was aimed to inculcate multi-racial harmony and culture, whilst at the same time to collect funds for maintenance works around the school. The event was officiated by YB Puan Jamaliah Jamaluddin, ADUN Bandar Utama. The event was attended by approximately 800 attendees many of which were families of the school children and people from the surrounding neighbourhood. There were mini sales of food and beverage held and manned by the parents teachers association. Hotel Armada sponsored 360 bottles of mineral water bottles which were sold at RM2 per bottle. The overall event managed to raise RM45,000.

(i) In conjunction with Breast Cancer Awareness Month, Hotel Armada organised a specially themed Pink Ribbon Afternoon Chari-tea on Sunday, 28 October 2018, featuring delicious pink afternoon treats prepared by our own team of chefs. The afternoon high-tea was organized in support of the Breast Cancer Awareness Month. Hotel Armada contributed 10 percent of the sales to the Breast Cancer Welfare Association in their bid to:

- Provide emotional, social and material support for individuals with breast cancer.
- Strengthen the capacity of individuals with breast cancer to self-manage during and after treatment; and
- Promoted public education on general health and breast health issues including early detection of breast cancer.

A total of RM500 was raised from this effort and presented to the Breast Cancer Welfare Association.

(j) On 31 December 2018, Christine Resort donated RM24,000 towards the purchasing of study table and chairs for the students in Sekolah SJK(C) Tampoi Johor Bahru.

THE FUTURE – OUR WAY FORWARD

Lien Hoe views sustainability as a journey, not a destination. We strive to continuously ensure the sustainability of our business model towards our internal and external stakeholders, requiring our dedication and perseverance in meeting future challenges and opportunities. Moving forward, Lien Hoe is developing a holistic approach to further integrate sustainability elements into our daily operations which includes periodically reviewing our sustainability materiality assessment, further strengthening our governance and processes related to sustainability and enhancing our stakeholder engagement process.

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 5 times during the FYE 31 December 2018. The details of attendance at the meetings are as follows:-

ARMC Member	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 2018, the work undertaken by the ARMC included:-

Financial Reporting

- Reviewed the audited financial statements ("AFS") for the FYE 31 December 2017 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 ("FRSs") and the requirements of the Companies Act 2016 and that the adoption of the FRSs do not have any significant impact on the financial statements of the Group and of 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

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

- Reviewed the AFS for the FYE 31 December 2017 together with the Directors' and Auditors' Report thereon and also reviewed the 2017 Annual Report before recommending for approval by the Board;

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

- 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;

- Recommended for approval by the Board, the re-appointment of UHY as external auditors of the Company for the financial year 2018 after having evaluated their suitability for re-appointment; and

- Reviewed the audit planning memorandum for the financial year 2018. 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.

Internal Audit

- Reviewed the methodology, approach, scope and frequency of the internal audit plan for the financial year 2018 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 prepared by the Risk Management Working Groups.

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 2018, 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 RM46,018 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 48 to 51 of this Annual Report.

Others

- Reviewed on a quarterly basis any related party transactions and conflict of interest situations that may arise;
- Reviewed the draft terms of reference of ARMC before recommending for approval by the Board;
- Reviewed the draft Whistle-Blowing Policy before recommending for approval by the Board;
- 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 AFS for the FYE 31 December 2017 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 2018. 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 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 may be) 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 ensuring the framework remains 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 Audit and Risk Management Committee ("ARMC") on the implementation and monitoring of the Group Risk Management Policies and Strategies.

- For the hotel division, the working group comprised the management team including the General Manager, Financial Controller and key personnel/representatives 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 Auditor reporting directly to the ARMC on a quarterly basis during the ARMC meeting. The ARMC is chaired by an Independent Non-executive Director, and its members comprises Independent Non-executive Directors. Sterling is free from any relationships or conflict of interest, which could impair their objectivity and independency of the internal audit function. Sterling does not have any direct operational responsibility or authority over any of the activities audited. The ARMC is of the opinion that the internal audit function is effective and able to function independently.

The Internal Auditors uses the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. On a quarterly basis, the Internal Auditors report to the ARMC on areas for possible improvements and Management's response to such recommendations.

The internal audit reviews are conducted according to the approved internal audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommend possible improvements to the internal control process. The internal audit plans are reviewed and approved by the ARMC, to provide reasonable assurance that such system continues 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 2018, 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 2018	Lien Hoe Corporation Bhd Hotel Armada (PJ) Sdn Bhd Hotel Armada (PJ) Sdn Bhd	Review of the Risk Profile (Risk Registry and Risk Matrix) prepared by the management. Follow up status review on previously reported audit findings • Sales and Marketing • Billing and Collection • Management Information System
August 2018	Hotel Armada (PJ) Sdn Bhd Hotel Armada (PJ) Sdn Bhd	Human Resources function Follow up status review on previously reported audit findings • Sales and Marketing • Billing and Collection • Management Information System
November 2018	Hotel Armada (PJ) Sdn Bhd Hotel Armada (PJ) Sdn Bhd	Collection and Cash Handling Management functions Follow up status review on previously reported audit findings • Human Resources • Management Information System
February 2019	Lien Hoe Corporation Bhd Hotel Armada (PJ) Sdn Bhd	Review of the Business Sustainability of Lien Hoe Corporation Bhd group of companies Follow up status review on previously reported audit findings • Collection and Cash Handling Management • Management Information System • Human Resources

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 RM46,018 was spent on internal audit activities in FYE 2018.

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 programmes 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 2019.

Additional Compliance

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 2018 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 2018 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	74,038	11,500
Estimated expenses related to the disposal	10,000	11,673	(1,673)
Estimated income tax expense	5,000	4,600	400
	100,538	90,311	10,227

Out of the RM74.04 million utilised for working capital/business expansion/new investment, RM10.62 million was used to repay bank borrowings, RM3.75 million was used to repurchase the Company's shares, RM25.31 million was used for payables and RM22.81 million was used for property development costs (refer to Note 9 of the Notes to the Financial Statements on page 111 of this Annual Report).

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 2019.

Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

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 net of tax, attributable to owners of the Company		
- continuing operations	18,692	8,038
- discontinued operation	16,843	-
	35,535	8,038

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.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

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 repurchased 3,260,300 of its issued ordinary shares from the open market at an average price of RM0.33 per share. The total consideration paid for the repurchased shares (including transaction costs) was RM1,066,000. 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.

As at 31 December 2018, the Company held 22,280,800 treasury shares out of the total 361,742,241 issued ordinary shares. Further relevant details are disclosed in Note 18 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
Yap Tse Yeeng Christine
Cheong Marn Seng
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

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 2018	**Acquired**	**Sold**	**31 December 2018**
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	800,550	-	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, Dr. Teoh Kim Loon 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.

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(b) 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

During the current financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM15 million and RM54,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

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 adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

  (ii) to ensure that any current assets which were unlikely to 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 it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

  (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group 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 2019.

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 64 to 147 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2018 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 2019.

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 64 to 147 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 2019 **CHEONG MARN SENG**

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

Auditors' Report

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

REPORT ON THE 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 2018 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 147.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 financial 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 MFRS 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 MFRS 136 *Impairment of Assets.*
Discontinued operation On 23 January 2019, the court ordered Macro Resources Sdn. Bhd. ("Macro") be placed under the judicial management of a judicial manager under Section 405 of the Companies Act 2016. The business operation of Macro were presented as a discontinued operation in the consolidated financial statements of the Group in accordance with MFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations.*	We have assessed the appropriateness of the Company's judgement on the classification of the discontinued operation in accordance with MFRS 5. We have reviewed the appropriateness of the accounting treatment. We have considered the adequacy of the presentation and financial statements disclosures in accordance with MFRS 5.

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 Malaysia Financial Reporting Standards, International 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 financial 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 acted as auditors are disclosed in Note 5 to the financial statements.

Other Matters

(1) As stated in Note 2(a) to the financial statements, Lien Hoe Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the financial year then ended.

(2) 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 2019

Statements of Financial Position

AS AT 31 DECEMBER 2018

		Group		
		31.12.2018	31.12.2017	1.1.2017
	Note	**RM'000**	RM'000	RM'000
Assets				
Non-current assets				
Property, plant and equipment	4	**554,844**	555,681	560,302
Investment in an associate	6	**-**	-	-
Other investment	7	**1,000**	1,000	1,000
Goodwill	8	**8,927**	8,927	8,979
Property development costs	9	**47,775**	19,410	32,626
Trade and other receivables	10	**-**	14,713	51,396
		612,546	599,731	654,303
Current assets				
Trade and other receivables	10	**31,048**	89,640	64,496
Inventories	11	**10,275**	10,231	10,335
Contract assets	12	**-**	1,724	19,206
Income tax recoverable		**6,341**	4,759	3,281
Deposits, bank and cash balances	13	**11,726**	67,414	6,805
		59,390	173,768	104,123
Assets held for sale	14	**280**	6,596	16,780
Assets classified as discontinued operation	15	**14,115**	-	-
		73,785	180,364	120,903
Total assets		**686,331**	780,095	775,206

		Group		
		31.12.2018	31.12.2017	1.1.2017
	Note	**RM'000**	RM'000	RM'000
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	16	**142,188**	142,188	90,435
Share premium	17	**-**	-	51,056
Treasury shares	18	**(7,149)**	(6,083)	(5,568)
Reserves	19	**342,049**	348,350	351,012
Retained earnings		**2,381**	35,257	35,012
Total equity		**479,469**	519,712	521,947
Non-current liabilities				
Deferred tax liabilities	20	**86,280**	80,694	81,281
Borrowings (secured)	21	**31,743**	36,653	41,310
Trade and other payables	22	**-**	4,620	3,220
Income tax payable		**5,397**	14,397	15,597
		123,420	136,364	141,408
Current liabilities				
Borrowings (secured)	21	**5,214**	15,826	19,022
Bank overdraft	23	**3,823**	3,930	6,243
Trade and other payables	22	**14,573**	93,753	72,772
Contract liabilities	12	**-**	3,701	7,306
Income tax payable		**9,000**	6,809	6,508
		32,610	124,019	111,851
Liabilities classified as discontinued operation	15	**50,832**	-	-
		83,442	124,019	111,851
Total liabilities		**206,862**	260,383	253,259
Total equity and liabilities		**686,331**	780,095	775,206

	Note	Company 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Assets				
Non-current assets				
Property, plant and equipment	4	**751**	1,013	1,494
Subsidiary companies	5	**96,204**	94,630	81,046
Other receivables	10	**-**	4,450	39,297
		96,955	100,093	121,837
Current assets				
Subsidiary companies	5	**125,846**	117,943	119,919
Other receivables	10	**21,313**	39,797	13,161
Deposits, bank and cash balances	13	**220**	1,783	146
		147,379	159,523	133,226
Total assets		**244,334**	259,616	255,063
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	16	**142,188**	142,188	90,435
Share premium	17	**-**	-	51,056
Treasury shares	18	**(7,149)**	(6,083)	(5,568)
Reserves	19	**19,337**	19,337	19,337
Retained earnings		**55,877**	63,915	50,067
Total equity		**210,253**	219,357	205,327
Non-current liabilities				
Borrowings (secured)	21	**153**	160	388
Income tax payable		**5,397**	14,397	15,597
		5,550	14,557	15,985
Current liabilities				
Borrowings (secured)	21	**103**	228	228
Subsidiary companies	5	**13,079**	22,915	25,365
Other payables	22	**6,349**	1,359	2,659
Income tax payable		**9,000**	1,200	5,499
		28,531	25,702	33,751
Total liabilities		**34,081**	40,259	49,736
Total equity and liabilities		**244,334**	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 2018

		GROUP		COMPANY	
		2018	2017	**2018**	2017
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Continuing operations					
Revenue	24	**25,160**	24,810	**2,760**	2,760
Cost of sales		**(14,140)**	(13,712)	**-**	-
Gross profit		**11,020**	11,098	**2,760**	2,760
Other income	25(a)	**1,588**	57,170	**2,119**	16,240
Operating and administration expenses		**(32,218)**	(28,656)	**(5,210)**	(4,118)
Other expenses	25(b)	**(148)**	(1,954)	**(7,665)**	(1,004)
(Loss)/Profit from continuing operations	25	**(19,758)**	37,658	**(7,996)**	13,878
Finance costs	27	**(3,555)**	(4,180)	**(42)**	(30)
(Loss)/Profit before tax		**(23,313)**	33,478	**(8,038)**	13,848
Income tax expense	28	**4,621**	(2,913)	**-**	-
(Loss)/Profit from continuing operations, net of tax		**(18,692)**	30,565	**(8,038)**	13,848
Discontinued operation					
Loss from discontinued operation, net of tax	15	**(16,843)**	(32,982)	**-**	-
(Loss)/Profit net of tax for the financial year		**(35,535)**	(2,417)	**(8,038)**	13,848

	Note	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
(Loss)/Profit net of tax for the financial year		**(35,535)**	(2,417)	**(8,038)**	13,848
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Revaluation of land		**2,140**	-	**-**	-
Effect of changes in tax rate on asset revaluation reserve		**(5,779)**	-	**-**	-
Other comprehensive income for the financial year, net of tax		**(3,639)**	-	**-**	-
Total comprehensive income for the financial year		**(39,174)**	(2,417)	**(8,038)**	13,848
(Loss)/Profit attributable to owners of the Company		**(35,535)**	(2,417)	**(8,038)**	13,848
Total comprehensive income attributable to owners of the Company		**(39,174)**	(2,417)	**(8,038)**	13,848
(Loss)/Earnings per share ("EPS")	29				
Basic and diluted EPS (sen):					
- continuing operations		**(5.48)**	8.86		
- discontinued operation		**(4.94)**	(9.56)		
		(10.42)	(0.70)		

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		← Attributable to owners of the Company →						
		← 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	Retained earnings RM'000	Total equity RM'000
Group								
At 1 January 2017		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	16,17	51,056	(51,056)	-	-	-	-	-
Transaction with owners of the Company:								
Sale of treasury shares	16,18	697	-	2,363	-	-	-	3,060
Purchase of treasury shares	18	-	-	(2,878)	-	-	-	(2,878)
		697	-	(515)	-	-	-	182
At 31 December 2017		142,188	-	(6,083)	326,895	21,455	35,257	519,712
At 1 January 2018, as previously reported		142,188	-	(6,083)	326,895	21,455	35,257	519,712
Effect of adopting MFRS 9	2(a)(i)	-	-	-	-	-	(3)	(3)
At 1 January 2018, as restated		142,188	-	(6,083)	326,895	21,455	35,254	519,709
Loss net of tax for the financial year		**-**	**-**	**-**	**-**	**-**	**(35,535)**	**(35,535)**
Other comprehensive income for the financial year		**-**	**-**	**-**	**(3,639)**	**-**	**-**	**(3,639)**
Total comprehensive income for the financial year		**-**	**-**	**-**	**(3,639)**	**-**	**(35,535)**	**(39,174)**
Realisation of asset revaluation reserve		**-**	**-**	**-**	**(2,662)**	**-**	**2,662**	**-**
Transaction with owners of the Company:								
Purchase of treasury shares	18	**-**	**-**	**(1,066)**	**-**	**-**	**-**	**(1,066)**
At 31 December 2018		**142,188**	**-**	**(7,149)**	**320,594**	**21,455**	**2,381**	**479,469**

		Attributable to owners of the Company					
		Non-distributable			Distributable		
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company							
At 1 January 2017		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	16,17	51,056	(51,056)	-	-	-	-
Transaction with owners of the Company:							
Sale of treasury shares	16,18	697	-	2,363	-	-	3,060
Purchase of treasury shares	18	-	-	(2,878)	-	-	(2,878)
		697	-	(515)	-	-	182
At 31 December 2017		142,188	-	(6,083)	19,337	63,915	219,357
At 1 January 2018		142,188	-	(6,083)	19,337	63,915	219,357
Loss net of tax for the financial year, representing total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**(8,038)**	**(8,038)**
Transaction with owners of the Company:							
Purchase of treasury shares	18	**-**	**-**	**(1,066)**	**-**	**-**	**(1,066)**
At 31 December 2018		**142,188**	**-**	**(7,149)**	**19,337**	**55,877**	**210,253**

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Operating activities				
(Loss)/Profit before tax from:				
- continuing operations	**(23,313)**	33,478	**(8,038)**	13,848
- discontinued operation	**(16,866)**	(33,232)	**-**	-
Total (Loss)/Profit before tax	**(40,179)**	246	**(8,038)**	13,848
Adjustments for:				
Bad debts written off	**-**	59	**-**	30
Depreciation of property, plant and equipment	**12,541**	12,253	**446**	481
Property development costs written off	**-**	1,865	**-**	-
Fair value adjustment on trade receivables (retention sum on contracts)	**-**	4	**-**	-
Finance costs	**4,203**	5,052	**42**	30
Finance income on:				
- other receivables (cash collaterals)	**(95)**	(162)	**-**	-
- other receivables (third parties)	**(300)**	(2,653)	**(300)**	(2,653)
- trade receivables (retention sum on contracts)	**(197)**	(527)	**-**	-
Gain from disposal of assets held for sale	**-**	(53,991)	**-**	-
Gain from disposal of property, plant and equipment	**(554)**	(4)	**(97)**	-
Goodwill written off	**-**	52	**-**	-
Impairment losses on:				
- amount due from subsidiary companies	**-**	-	**2,533**	195
- other receivables (third parties)	**1,063**	-	**-**	-
- trade receivables (third parties)	**7,353**	8,209	**-**	-
Interest income	**(1,216)**	(582)	**(13)**	-
Property, plant and equipment written off	**12**	37	**-**	-
Provision for corporate guarantee loss	**-**	-	**5,132**	-
Provision for liquidated ascertained damages	**5,910**	7,117	**-**	-
Reversal of impairment losses on:				
- investment in subsidiary companies	**-**	-	**(1,574)**	(13,584)
- trade receivables (third parties)	**(3)**	-	**-**	-
- other receivables (third parties)	**(5)**	(6)	**-**	-
Unrealised foreign exchange (gain)/loss	**-**	-	**(82)**	809
Operating loss before changes in working capital	**(11,467)**	(23,031)	**(1,951)**	(844)
Property development costs	**(28,365)**	(25,411)	**-**	-
Inventories	**(44)**	104	**-**	-
Receivables	**54,337**	24,097	**23,234**	10,834
Payables	**(47,729)**	11,645	**(142)**	(1,300)
Subsidiary companies	**-**	-	**(20,190)**	(1,478)
Cash (used in)/generated from operations	**(33,268)**	(12,596)	**951**	7,212
Income taxes paid	**(5,042)**	(5,627)	**(1,200)**	(5,499)
Net cash (used in)/from operating activities	**(38,310)**	(18,223)	**(249)**	1,713

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Investing activities				
Interest received	**1,216**	582	**13**	-
Proceeds from disposal of assets held for sale	**-**	100,937	**-**	-
Proceeds from disposal of investment in an associate [Note 6]	*****	-	**-**	-
Proceeds from disposal of property, plant and equipment	**659**	4	**185**	-
Purchase of property, plant and equipment [Note 4(b)]	**(1,620)**	(7,541)	**(24)**	-
Net cash from investing activities	**255**	93,982	**174**	-
Financing activities				
Fixed deposits pledged for banking facilities	**(92)**	(547)	**-**	-
Interest paid	**(4,233)**	(5,038)	**(42)**	(30)
Drawdown of term loan	**-**	6,082	**-**	-
Net changes in bankers' acceptances	**-**	(792)	**-**	-
Repayment of:				
- finance lease payables	**(1,186)**	(981)	**(380)**	(228)
- term loans	**(10,326)**	(12,290)	**-**	-
Purchase of treasury shares	**(1,066)**	(2,878)	**(1,066)**	(2,878)
Sale of treasury shares	**-**	3,060	**-**	3,060
Net cash used in financing activities	**(16,903)**	(13,384)	**(1,488)**	(76)
Net (decrease)/increase in cash and cash equivalents	**(54,958)**	62,375	**(1,563)**	1,637
Cash and cash equivalents at 1 January	**60,358**	(2,017)	**1,783**	146
Cash and cash equivalents at 31 December (Note 13)	**5,400**	60,358	**220**	1,783

* Denote RM2

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 dated 16 April 2019.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. The Group and the Company have consistently applied the same accounting policies as disclosed in Note 3 in its opening MFRS statements of financial position at 1 January 2017 (transition date) and throughout all years presented, as if these policies had always been in effect. Subsequent to the transition in the financial reporting framework to MFRSs on 1 January 2017, the restated comparative information has not been audited under MFRSs. However, the comparative statements of financial position as at 31 December 2017, comparative statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended have been audited under the previous financial reporting framework, Financial Reporting Standards in Malaysia. The transition to MFRSs does not have any financial impact to the financial statements of the Group and of the Company.

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

The following new MFRSs, new Interpretation and Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Group's and the Company's financial year beginning on or after 1 January 2018 are as follows:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property

Annual Improvements to MFRSs 2014 - 2016 Cycle:
- Amendments to MFRS 1
- Amendments to MFRS 128

The adoption of the new MFRSs, new Interpretation and Amendments to MFRSs did not have any significant financial impact on the financial statements of the Group and of the Company, except for:

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

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision which continue to be reported under MFRS 139. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

(a) Classification of financial assets and liabilities

Financial assets

MFRS 9 contains three (3) principal classification categories for financial assets:

(i) measured at amortised cost ("AC");
(ii) fair value through other comprehensive income ("FVTOCI"); and
(iii) fair value through profit or loss ("FVTPL").

The standard replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

Unquoted equity instruments previously carried at cost less impairment loss classified as available-for-sale financial assets are classified and measured as equity instruments designated at FVTOCI beginning 1 January 2018. The Group elected to classify irrevocably its unquoted equity instruments under this category at the date of initial application as it intends to hold these investments for the foreseeable future.

Financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and to the Company.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company are required to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018

	As at 31.12.2017 RM'000	**Remeasurement RM'000**	**MFRS 9 measurement category Amortised cost RM'000**	**FVTOCI RM'000**
MFRS 139 measurement category				
Group				
Financial assets				
Loans and receivables				
Trade and other receivables				
- Non-current	14,713	-	14,713	-
- Current	89,307	(3)	89,304	-
Deposits, bank and cash balances	67,414	-	67,414	-
Available-for-sale				
Other investment	1,000	-	-	1,000
Company				
Financial assets				
Loans and receivables				
Subsidiary companies	117,943	-	117,943	-
Other receivables				
- Non-current	4,450	-	4,450	-
- Current	39,797	-	39,797	-
Deposits, bank and cash balances	1,783	-	1,783	-

	As at 1.1.2017 RM'000	Remeasurement RM'000	MFRS 9 measurement category Amortised cost RM'000	FVTOCI RM'000
MFRS 139 measurement category				
Group				
Financial assets				
Loans and receivables				
Trade and other receivables				
- Non-current	51,396	-	51,396	-
- Current	64,029	-	64,029	-
Deposits, bank and cash balances	6,805	-	6,805	-
Available-for-sale				
Other investment	1,000	-	-	1,000
Company				
Financial assets				
Loans and receivables				
Subsidiary companies	119,919	-	119,919	-
Other receivables				
- Non-current	39,297	-	39,297	-
- Current	13,161	-	13,161	-
Deposits, bank and cash balances	146	-	146	-

(d) Effect of impairment allowances on 1 January 2018

	Group RM'000
Impairment on financial assets	
Balance under MFRS 139 as at 31 December 2017	10,454
Impairment loss on trade receivables	3
Balance under MFRS 9 as at 1 January 2018	10,457

(e) The adoption of MFRS 9 has no material financial impact on the Group's financial statements except as disclosed below:

Statements of Financial Position

	As at 31.12.2017 RM'000	MFRS 9 adjustment RM'000	As at 1.1.2018 RM'000
Group			
Current assets			
Trade and other receivables			
- Current	89,640	(3)	89,637
Equity			
Retained earnings	35,257	(3)	35,254

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact on the Group's financial statements except as disclosed below:

Statements of profit or loss

	As previously stated RM'000	MFRS 15 adjustment RM'000	As restated RM'000
2017			
Discontinued operation (Note 15)			
Revenue	48,300	(7,117)	41,183*
Other expenses	(15,330)	7,117	(8,213)*

* The comparative figures have been reclassified to be consistent with current year's presentation.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new Interpretation and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019

		Effective dates for financial periods beginning on or after
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Defination of a Business	1 January 2020
Amendments to MFRS 101	Defination of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs, new Interpretation and amendments to MFRSs when they become effective.

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

MFRS 16 *Leases*

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 impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by the management.

(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 amount of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. 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 reporting date 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

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 8.

(ii) Impairment of receivables

The Group reviews the recoverability of its receivables, which include trade and other receivables and amount due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history at the end of each reporting period.

The carrying amounts at the reporting date for receivables are 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% (2017: 1%) difference in the current year depreciation charge would result in approximately 0.3% (2017: 5.1%) variance in profit or loss for the financial year of the Group.

(iv) Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are 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 recognise 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 2018, the Group has income tax recoverable and income tax payable of RM6,341,000 and RM14,397,000 (31.12.2017: RM4,759,000, 1.1.2017: RM3,281,000 and 31.12.2017: RM21,206,000, 1.1.2017: RM22,105,000) respectively, and the Company has income tax payable of RM14,397,000 (31.12.2017: RM15,597,000, 1.1.2017: RM21,096,000).

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 amount of the 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 MFRS 9 *Financial Instruments*, 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 accounted for either at cost or equity method as described in MFRS 128 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.

The requirements of MFRS 136 *Impairment of Assets* are applied 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 MFRS 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.

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 amounts 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 currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2017 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operations is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditure that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

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 residual values, useful lives and depreciation method are reviewed at each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(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**

Policy applicable from 1 January 2018

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include other investment, trade and other receivables, deposits, bank and cash balances and amount due from subsidiary companies.

(i) **Financial assets at amortised cost**

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) **Financial assets at fair value through other comprehensive income**

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value adjustment reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

(iii) **Financial assets at fair value through profit or loss**

The Group and the Company have not designated any financial assets at FVTPL.

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 and sales of financial assets are recognised or 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 where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

Policy applicable before 1 January 2018

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provision of the financial instruments.

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.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) 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.

(ii) 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 included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 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 from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company'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.

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 commits 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 equity is recognised in profit or loss.

(g) Financial liabilities

Policy applicable from 1 January 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is 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.

Policy applicable before 1 January 2018

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

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 at amortised cost

The Group's financial liabilities comprise trade and other payables, borrowings and bank overdraft.

The Company's financial liabilities comprise other payables, amount due to subsidiary companies and borrowings.

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

Borrowings and bank overdraft are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings and bank overdraft 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) Financial guarantee contracts

Policy applicable from 1 January 2018

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to the financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, 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 initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(i) 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.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to sub-contractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(ii) Completed properties held for sale

The cost of completed properties comprise costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realiasable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(iii) Other inventories

Cost of material comprise cost of purchase and other costs incurred in bringing it to their present location and condition and are determined on weighted average basis.

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.

(k) 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 functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to sub-contractors are recognised as an asset and amortised to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

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.

(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 carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have an indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated in each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

Policy applicable from 1 January 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Policy applicable before 1 January 2018

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

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the goods or services. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract work todate, certified by professional consultants.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

(b) 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.

(c) Management fees

Revenue from management fees are recognised in the reporting period in which the services are rendered.

(ii) Dividend income

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

(iii) Rental income

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

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

(s) Income taxes

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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 laibilities 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:

(i) 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

(ii) 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) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(w) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal group) 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 (or disposal group) 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 (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group).

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

A discontinued operation is a component of the Group's business, the operation and cash flow of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary company acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

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 2018							
Cost/Valuation							
At 1 January 2018	304,605	57,455	36,584	162,654	9,978	46,163	617,439
Additions	-	748	-	1,293	1,845	921	4,807
Disposals	-	-	-	-	(2,278)	-	(2,278)
Write-off	-	-	-	-	(261)	(4,684)	(4,945)
Transfer from/(to) assets held for sale	6,596	(280)	-	-	-	-	6,316
Transfer to discontinued operation (Note 15)	-	(748)	-	(1,293)	(1,249)	(79)	(3,369)
Revaluation surplus	2,904	(70)	-	-	-	-	2,834
Elimination of accumulated depreciation on reversal of revaluation	-	(20)	-	-	-	-	(20)
At 31 December 2018	314,105	57,085	36,584	162,654	8,035	42,321	620,784
Accumulated depreciation							
At 1 January 2018	-	24,028	860	7,016	7,265	22,170	61,339
Charge for the financial year	-	1,200	574	4,686	1,082	4,999	12,541
Disposals	-	-	-	-	(2,173)	-	(2,173)
Write-off	-	-	-	-	(261)	(4,672)	(4,933)
Transfer to discontinued operation (Note 15)	-	(15)	-	(9)	(1,144)	(65)	(1,233)
Elimination of accumulated depreciation on reversal of revaluation	-	(20)	-	-	-	-	(20)
At 31 December 2018	-	25,193	1,434	11,693	4,769	22,432	65,521
Accumulated impairment losses							
At 1 January 2018/ 31 December 2018	-	419	-	-	-	-	419
Net carrying amount							
At 31 December 2018	314,105	31,473	35,150	150,961	3,266	19,889	554,844

	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
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 1 January 2017	304,605	34,193	36,298	160,316	3,637	21,253	560,302

	At valuation Freehold buildings RM'000	At cost Plant and machinery and motor vehicles RM'000	At cost Furniture, fittings and equipment RM'000	Total RM'000
Company				
At 31 December 2018				
Cost/Valuation				
At 1 January 2018	1,180	2,554	1,437	5,171
Additions	**-**	**271**	**1**	**272**
Disposals	**-**	**(477)**	**-**	**(477)**
At 31 December 2018	**1,180**	**2,348**	**1,438**	**4,966**
Accumulated depreciation				
At 1 January 2018	590	2,260	889	3,739
Charge for the financial year	**59**	**249**	**138**	**446**
Disposals	**-**	**(389)**	**-**	**(389)**
At 31 December 2018	**649**	**2,120**	**1,027**	**3,796**
Accumulated impairment losses				
At 1 January 2018 / 31 December 2018	**419**	**-**	**-**	**419**
Net carrying amount				
At 31 December 2018	**112**	**228**	**411**	**751**
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 1 January 2017	230	578	686	1,494

(a) In the current financial year, the Group remeasured an asset that ceased to be classified as asset held for sale, based on valuation by an independent professional valuer, Henry Butcher Malaysia (Johor) Sdn Bhd.

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

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Freehold land			
Cost and net carrying amount	**15,976**	9,380	9,380
Freehold buildings			
Cost	**57,084**	57,163	57,163
Less: Accumulated depreciation and impairment losses	**(25,724)**	(24,597)	(23,418)
Net carrying amount	**31,360**	32,566	33,745
Long leasehold land			
Cost	**21,119**	21,119	21,119
Less: Accumulated depreciation	**(6,351)**	(6,045)	(5,739)
Net carrying amount	**14,768**	15,074	15,380
Long leasehold buildings			
Cost	**109,793**	109,793	109,793
Less: Accumulated depreciation	**(39,904)**	(37,627)	(35,351)
Net carrying amount	**69,889**	72,166	74,442
Total	**131,993**	129,186	132,947
Company			
Freehold buildings			
Cost	**1,180**	1,180	1,180
Less: Accumulated depreciation and impairment losses	**(1,180)**	(1,161)	(1,102)
Net carrying amount	**-**	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	
	31.12.2018	31.12.2017	**31.12.2018**	31.12.2017
	RM'000	RM'000	**RM'000**	RM'000
Aggregate costs	**4,807**	7,669	**272**	-
Less : Finance lease financing	**(1,146)**	(128)	**(248)**	-
: Offset with trade receivables	**(2,041)**	-	**-**	-
Cash payments	**1,620**	7,541	**24**	-

(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 RM2,446,000 (31.12.2017: RM2,691,000, 1.1.2017: RM3,535,000) and RM226,000 (31.12.2017: RM291,000, 1.1.2017: RM572,000) respectively.

(d) The net carrying amount for assets charged to licensed banks for banking facilities granted to the Group as disclosed in Notes 15, 21 and 23 are as follows:

		Group	
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Freehold land and buildings	**-**	-	316,601
Long leasehold land and buildings	**181,556**	186,749	191,943
	181,556	186,749	508,544

(e) The remaining lease term of long leasehold land of the Group range from 53 to 79 years (31.12.2017: 54 to 80 years, 1.1.2017: 55 to 81 years).

5. SUBSIDIARY COMPANIES

Investment in subsidiary companies

	Company	
	31.12.2018	31.12.2017
	RM'000	RM'000
Unquoted shares, at cost		
At 1 January/31 December	**254,607**	254,607
Accumulated impairment losses		
At 1 January	**159,977**	173,561
Reversal of impairment losses	**(1,574)**	(13,584)
At 31 December	**158,403**	159,977
Net carrying amount		
At 31 December	**96,204**	94,630
At 1 January	**94,630**	81,046

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Principal activities	Effective interest 31.12.2018 %	31.12.2017 %	1.1.2017 %
Armada Resorts Sdn Bhd	Malaysia	Investment holding	**100**	100	100
Beta Management Services Sdn Bhd	Malaysia	Inactive	**100**	100	100
Bondmark Construction Services Co. Sdn Bhd	Malaysia	Inactive	**100**	100	100
Christine Resort Sdn Bhd	Malaysia	Investment holding	**100**	100	100
Dominion Bay Sdn Bhd	Malaysia	Inactive	**100**	100	100
Exquisite Beams Sdn Bhd	Malaysia	Inactive	**100**	100	100
Hasil Andalas Sdn Bhd	Malaysia	Inactive	**100**	100	100
Hotel Armada Group Sdn Bhd	Malaysia	Investment holding	**100**	100	100
Hotel Armada (PJ) Sdn Bhd	Malaysia	Property investment and operation of hotel	**100**	100	100
Irama Serangkai Sdn Bhd	Malaysia	Property investment	**100**	100	100
LH Bintang Development Sdn Bhd	Malaysia	Property development	**100**	100	100
LH Commercials Pte Ltd^	Singapore	Inactive	**100**	100	100
LH Indah Apartments Sdn Bhd	Malaysia	Property investment	**100**	100	100
LH Indah Apartments (First) Sdn Bhd	Malaysia	Inactive	**100**	100	100
LH Indah Apartments (Second) Sdn Bhd	Malaysia	Inactive	**100**	100	100
Lien Hoe Property Management Sdn Bhd	Malaysia	Inactive	**100**	100	100
Lien Hoe Square Sdn Bhd	Malaysia	Property investment	**100**	100	100
Macro Resources Sdn Bhd	Malaysia	Building contractors	**100**	100	100

Name of company	Place of business/ Country of incorporation	Principal activities	Effective interest 31.12.2018 %	31.12.2017 %	1.1.2017 %
Macro Technology Sdn Bhd	Malaysia	Inactive	**100**	100	100
Menara Lien Hoe Sdn Bhd	Malaysia	Inactive	**100**	100	100
Pro-Meridian Sdn Bhd	Malaysia	Inactive	**100**	100	100
Taman Templer Sdn Bhd	Malaysia	Inactive	**100**	100	100

^ Audited by a member firm of UHY International Limited

Amount due from subsidiary companies

	Company 31.12.2018 RM'000	31.12.2017 RM'000
Amount due from subsidiary companies		
At 1 January	**169,680**	171,461
Net advance/(repayment)	**10,436**	(1,781)
At 31 December	**180,116**	169,680
Accumulated impairment losses		
At 1 January	**51,737**	51,542
Charge for the financial year	**2,533**	195
At 31 December	**54,270**	51,737
Net carrying amount		
At 31 December	**125,846**	117,943
At 1 January	**117,943**	119,919

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

Amount due to subsidiary companies

	Company 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Amount due to subsidiary companies	**(13,079)**	(22,915)	(25,365)

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

6. INVESTMENT IN AN ASSOCIATE

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	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	Place of business/ Country of incorporation	Principal activities	Effective interest 31.12.2018 %	31.12.2017 %	1.1.2017 %
PMR Builders Sdn Bhd	Malaysia	Building contractors	-	30	30

During the current financial year, Bondmark Construction Services Sdn Bhd, a wholly owned subsidiary company, disposed its entire equity interest in PMR Builders Sdn Bhd for a cash consideration of RM2, representing net cash inflow on disposal of the associate.

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

	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Assets and liabilities			
Current assets, representing total assets	**-**	5,318	3,381
Current liabilities, representing total liabilities	**-**	7,377	5,284

	2018	2017
	RM'000	RM'000
Results		
Revenue	**-**	7,350
Loss net of tax, representing total comprehensive income for the financial year	**-**	(154)

In the previous financial year, the Group has not recognised the following losses since it has no obligation in respect of these losses:

	2017 RM'000
At 1 January	(600)
Share of loss during the financial year	(46)
At 31 December	(646)

7. OTHER INVESTMENT

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current			
Financial assets at FVTOCI			
At cost			
Unquoted preference shares in Malaysia			
1,000,000 2.5% redeemable preference shares of RM1 each	**1,000**	1,000	1,000

8. GOODWILL

	Group	
	31.12.2018 RM'000	31.12.2017 RM'000
At 1 January	**8,927**	8,979
Write-off	**-**	(52)
At 31 December	**8,927**	8,927

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 2018	**-**	**4,651**	**4,276**	**8,927**
At 31 December 2017	-	4,651	4,276	8,927
At 1 January 2017	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 2.5% (31.12.2017: 3.8%, 1.1.2017: 3.8%) and a growth rate of 5.0% (31.12.2017: 5.0%, 1.1.2017: 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.

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

9. PROPERTY DEVELOPMENT COSTS

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
At 1 January	**19,410**	32,626
Addition	**28,365**	25,411
Disposal	**-**	(36,762)
Write-off	**-**	(1,865)
At 31 December	**47,775**	19,410

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

10. TRADE AND OTHER RECEIVABLES

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Non-current			
Trade receivables			
Retention sum on contracts (Note 12)	**-**	9,061	9,840
Other receivables			
Cash collaterals	**-**	1,202	2,259
Third parties	**-**	4,450	39,297
	-	5,652	41,556
	-	14,713	51,396
Current			
Trade receivables			
Third parties	**941**	24,366	38,691
Retention sum on contracts (Note 12)	**-**	5,421	10,892
Less: Accumulated impairment losses			
- Third parties	**(152)**	(10,454)	(2,747)
	789	19,333	46,836
Other receivables			
Third parties	**28,888**	68,765	17,275
Prepayments	**335**	333	467
Cash collaterals	**-**	1,214	592
GST receivables	**1,036**	-	-
Less: Accumulated impairment losses			
- Third parties	**-**	(5)	(674)
	30,259	70,307	17,660
	31,048	89,640	64,496

	Company		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Non-current			
Other receivables			
Third parties	**-**	4,450	39,297
Current			
Other receivables			
Third parties	**21,305**	39,797	13,824
GST receivables	**8**	-	-
Less: Accumulated impairment losses			
- Third parties	**-**	-	(663)
	21,313	39,797	13,161

Other receivables

Included in other receivables of the Group and of the Company is an outstanding balance of RM21,250,000 (31.12.2017: RM43,450,000, 1.1.2017: 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 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	
	31.12.2018	31.12.2017	**31.12.2018**	31.12.2017
	RM'000	RM'000	**RM'000**	RM'000
At 1 January	**5**	674	**-**	663
Impairment losses recognised	**1,063**	-	**-**	-
Write-off	**-**	(663)	**-**	(663)
Reversal of impairment losses	**(5)**	(6)	**-**	-
Transfer to discontinued operation	**(1,063)**	-	**-**	-
At 31 December	**-**	5	**-**	-

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

Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 days (31.12.2017: 7 to 30 days, 1.1.2017: 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.

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

	Lifetime allowance RM'000	**Credit impaired RM'000**	**Loss allowance RM'000**
At 1 January 2018	**-**	10,454	10,454
Effect of MFRS 9 *Financial Instruments* adoption [Note 2(a)(i)]	**3**	**-**	**3**
Impairment losses recognised	**1**	**7,352**	**7,353**
Reversal of impairment losses	**-**	**(3)**	**(3)**
Transfer to discontinued operation	**-**	**(17,655)**	**(17,655)**
At 31 December 2018	**4**	**148**	**152**
At 1 January 2017	-	2,747	2,747
Impairment losses recognised	-	8,209	8,209
Write-off	-	(502)	(502)
At 31 December 2017	-	10,454	10,454

Ageing analysis of trade receivables

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

	Gross RM'000	Loss allowance RM'000	Net amount RM'000
31.12.2018			
Neither past due nor impaired	**489**	**(2)**	**487**
Past due but not impaired			
1 to 30 days	**218**	**(1)**	**217**
31 to 60 days	**22**	**-**	**22**
61 to 90 days	**64**	**(1)**	**63**
	304	**(2)**	**302**
Credit impaired			
Individual impaired	**148**	**(148)**	**-**
	941	**(152)**	**789**
31.12.2017			
Neither past due nor impaired	18,987	-	18,987
Past due but not impaired			
1 to 30 days	1,603	-	1,603
31 to 60 days	114	-	114
61 to 90 days	262	-	262
91 to 120 days	495	-	495
More than 120 days	6,933	-	6,933
	9,407	-	9,407
Credit impaired			
Individual impaired	10,454	(10,454)	-
	38,848	(10,454)	28,394
1.1.2017			
Neither past due nor impaired	32,744	-	32,744
Past due but not impaired			
1 to 30 days	7,219	-	7,219
31 to 60 days	2,202	-	2,202
61 to 90 days	851	-	851
91 to 120 days	121	-	121
More than 120 days	13,539	-	13,539
	23,932	-	23,932
Credit impaired			
Individual impaired	2,747	(2,747)	-
	59,423	(2,747)	56,676

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 RM302,000 (31.12.2017: RM9,407,000, 1.1.2017: RM23,932,000) that are past due at the reporting date 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

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

11. INVENTORIES

		Group	
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Cost			
Consumables	**608**	564	668
Net realisable value			
Land and apartment	**9,667**	9,667	9,667
	10,275	10,231	10,335

The cost of inventories recognised as an expense during the current financial year in the Group amounted to RM4,848,000 (2017: RM4,436,000).

12. CONTRACT ASSETS/(LIABILITIES)

		Group	
	31.12.2018	31.12.2017	1.1.2017
	RM'000	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:			
Contract assets	**-**	1,724	19,206
Contract liabilities	**-**	(3,701)	(7,306)
	-	(1,977)	11,900
Retention sum on contracts, included within trade receivables (Note 10)			
Non-current	**-**	9,061	9,840
Current	**-**	5,421	10,892
	-	14,482	20,732

The contract assets represents the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of advance billings in excess of revenue recognised overtime during the construction period. This amount is expected to be recognised as revenue over a period of 30 to 60 days.

13. DEPOSITS, BANK AND CASH BALANCES/CASH AND CASH EQUIVALENTS

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Bank and cash balances	**2,537**	6,122	4,068
Short term deposits with:			
- Licensed banks	**9,093**	61,199	2,647
- Other financial institution	**96**	93	90
Deposits, bank and cash balances	**11,726**	67,414	6,805
Less: Fixed deposits pledged	**(3,218)**	(3,126)	(2,579)
Bank overdraft	**(3,823)**	(3,930)	(6,243)
Cash and cash equivalents	**4,685**	60,358	(2,017)

	Company		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Bank and cash balances	**124**	1,690	56
Short term deposits with other financial institution	**96**	93	90
Cash and cash equivalents	**220**	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 3.2% (31.12.2017: 2.8% to 4.0%, 1.1.2017: 2.9% to 3.4%) per annum and have average maturities of 3 months (31.12.2017: 3 months, 1.1.2017: 3 months).

Included in the deposits is a sum of RM3,218,000 (31.12.2017: RM3,126,000, 1.1.2017: RM2,579,000) pledged to licensed banks for banking facilities granted to the Group.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Deposits, bank and cash balances:				
- Continuing operations	**11,726**	67,414	**220**	1,783
- Discontinued operation	**715**	-	**-**	-
Less: Fixed deposits pledged	**(3,218)**	(3,126)	**-**	-
Bank overdraft	**(3,823)**	(3,930)	**-**	-
Cash and cash equivalents	**5,400**	60,358	**220**	1,783

14. ASSETS HELD FOR SALE

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Freehold land (a)	**-**	6,596	6,596
Leasehold building (b)	**-**	-	30
Freehold land (c)	**-**	-	10,154
Freehold building (d)	**280**	-	-
	280	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 was aborted in the current financial year.

(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 in the previous 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 in the previous financial year.

(d) On 2 July 2018, Hasil Andalas Sdn Bhd, a wholly owned subsidiary company, entered into a Sale and Purchase Agreement to dispose the freehold building. This transaction is pending completion at the end of the current financial year.

15. DISCONTINUED OPERATION

On 27 August 2018, a winding-up petition was served on a wholly-owned subsidiary company, Macro Resources Sdn Bhd ("Macro") by Vistagard Sdn Bhd. The sum claimed is RM126,170.89 being due on invoices amounting to RM74,041.00 for the supply of goods and debit notes amounting to RM52,129.89 for interest charges. On 7 November 2018, Macro filed an application with the court for a stay of all further proceedings in relation to the aforesaid winding-up petition. The court has dismissed the winding-up petition.

On 26 September 2018, Macro received a winding-up petition by Ho Sheng Crane Sdn Bhd and Ho Choo Khiang. The total sum claimed is RM100,551.50 being due on invoices for the supply of services and interest charges. On 7 November 2018, Macro filed an application with the court for a stay of all further proceedings in relation to the aforesaid winding-up petition. The court has dismissed the winding-up petition.

On 5 November 2018, Macro lodged an application pursuant to Section 404 of the Companies Act 2016 for the company to be placed under judicial management of a judicial manager.

As at 31 December 2018, the assets and liabilities related to Macro have been presented in the statements of financial position as "Assets/Liabilities classified as discontinued operation", and its results are presented separately in the statements of profit or loss and other comprehensive income as "Loss from discontinued operation, net of tax".

The major classes of assets and liabilities classified as discontinued operation in the Group's statements of financial position as at 31 December 2018 are as follows:

	31.12.2018 RM'000
Assets	
Property, plant and equipment	**2,136**
Trade and other receivables	**9,934**
Contract assets	**898**
Tax recoverable	**432**
Bank and cash balances	**715**
Assets classified as discontinued operation	**14,115**
Liabilities	
Term loan	**5,132**
Trade and other payables	**45,562**
Contract liabilities	**90**
Finance lease payable	**24**
Deferred tax liability	**24**
Liabilities classified as discontinued operation	**50,832**

The results of the discontinued operation for the financial years ended 31 December are as follows:

	Group	
	2018 RM'000	2017 RM'000
Revenue	**2,619**	41,183
Cost of sales	**(8,688)**	(63,092)
Gross loss	**(6,069)**	(21,909)
Other income	**851**	774
Operating and administration expenses	**(2,720)**	(3,012)
Other expenses	**(8,280)**	(8,213)
Loss from operations	**(16,218)**	(32,360)
Finance costs	**(648)**	(872)
Loss before tax	**(16,866)**	(33,232)
Income tax expense	**23**	250
Loss from discontinued operation, net of tax	**(16,843)**	(32,982)

The following amounts have been included in arriving at loss for the financial year of the discontinued operation:

	Group	
	2018 RM'000	2017 RM'000
Auditors' remuneration	**30**	30
Depreciation of property, plant and equipment	**139**	311
Directors' remuneration	**337**	337
Fair value adjustment on trade receivables (retention sum on contracts)	**-**	4

	Group	
	2018	2017
	RM'000	RM'000
Finance income:		
- other receivables (cash collaterals)	**(95)**	(162)
- trade receivables (retention sum on contracts)	**(197)**	(527)
Gain from disposal of property, plant and equipment	**(457)**	(4)
Impairment losses on:		
- other receivables (third parties)	**1,063**	-
- trade receivables (third parties)	**7,205**	8,209
Finance costs:		
- Finance lease	**10**	14
- Bank overdraft and bankers' acceptance	**-**	120
- Term loan	**638**	738
Interest income	**(102)**	(81)
Property, plant and equipment written off	**12**	-
Provision for liquidated ascertained damages	**5,910**	7,117
Staff costs:		
- wages and salaries	**633**	737
- social security costs	**7**	8
- defined contribution plans	**75**	122
- other staff related expenses	**62**	228
	777	1,095

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

	Group	
	2018	2017
	RM'000	RM'000
Operating activities	**(2,141)**	5,432
Investing activities	**576**	(50)
Financing activities	**2,202**	(2,046)
Net cash inflows	**637**	3,336

16. SHARE CAPITAL

	Group/Company	
	Amount	**Number of ordinary shares**
	RM'000	**'000**
At 31.12.2018		
Issued and fully paid		
At 1.1.2018/31.12.2018	**142,188**	**361,742**

	Group/Company	
	Amount RM'000	Number of ordinary shares '000
At 31.12.2017		
Issued and fully paid		
At 1.1.2017	90,435	361,742
Transfer from share premium pursuant to the Companies Act, 2016	51,056	-
Gain from sale of treasury shares	697	-
At 31.12.2017	142,188	361,742

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.

17. SHARE PREMIUM

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
At 1 January	**-**	51,056
Transfer to share capital pursuant to the Companies Act, 2016	**-**	(51,056)
At 31 December	**-**	-

18. TREASURY SHARES

	Group/Company	
	Amount RM'000	Number of ordinary shares '000
At 31.12.2018		
Issued and fully paid		
At 1.1.2018	**6,083**	**19,020**
Purchase of treasury shares	**1,066**	**3,261**
At 31.12.2018	**7,149**	**22,281**

	Group/Company	
	Amount RM'000	Number of ordinary shares '000
At 31.12.2017		
Issued and fully paid		
At 1.1.2017	5,568	18,796
Sale of treasury shares	(2,363)	(7,976)
Purchase of treasury shares	2,878	8,200
At 31.12.2017	6,083	19,020

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 11 June 2018, 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 repurchased 3,260,300 (31.12.2017: 8,200,300) of its issued ordinary shares from the open market at an average price of RM0.33 (31.12.2017: RM0.35) per share. The total consideration paid for the repurchased shares (including transaction costs) was RM1,066,000 (31.12.2017: 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 the previous financial year, the Company 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 consideration of RM3,060,000.

19. RESERVES

		Group	
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-distributable:			
Asset revaluation reserve (a)	**320,594**	326,895	329,557
Distributable:			
Capital reserve (b)	**21,455**	21,455	21,455
	342,049	348,350	351,012

		Company	
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Distributable:			
Capital reserve (b)	**19,337**	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.

20. DEFERRED TAX LIABILITIES

	Group	
	31.12.2018	31.12.2017
	RM'000	RM'000
At 1 January	**80,694**	81,281
Recognised in profit or loss (Note 28)	**(863)**	(587)
Recognised in other comprehensive income	**6,473**	-
Transfer to discontinued operation	**(24)**	-
At 31 December	**86,280**	80,694

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 1.1.2017	3,371	1,805	76,105	81,281
Recognised in profit or loss	(398)	-	(189)	(587)
At 31.12.2017	2,973	1,805	75,916	80,694
Recognised in profit or loss	**(674)**	**-**	**(189)**	**(863)**
Recognised in other comprehensive income	**-**	**-**	**6,473**	**6,473**
Transfer to discontinued operation	**(24)**	**-**	**-**	**(24)**
At 31.12.2018	**2,275**	**1,805**	**82,200**	**86,280**

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

	Group		Company	
	31.12.2018	31.12.2017	**31.12.2018**	31.12.2017
	RM'000	RM'000	**RM'000**	RM'000
Unused tax losses	**60,935**	52,503	**8,941**	8,194
Unabsorbed capital allowances	**1,477**	1,217	**357**	320
	62,412	53,720	**9,298**	8,514

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.

21. BORROWINGS (SECURED)

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Non-current			
Term loans	**30,478**	35,772	39,626
Finance lease payables (Note 30)	**1,265**	881	1,684
	31,743	36,653	41,310
Current			
Bankers' acceptances	**-**	-	792
Term loans	**4,727**	14,891	17,245
Finance lease payables (Note 30)	**487**	935	985
	5,214	15,826	19,022
Total borrowings			
Bankers' acceptances	**-**	-	792
Term loans	**35,205**	50,663	56,871
Finance lease payables (Note 30)	**1,752**	1,816	2,669
	36,957	52,479	60,332
Maturity of borrowings (excluding finance lease payables):			
Within 1 year	**4,727**	14,891	18,037
More than 1 year and less than 2 years	**5,133**	5,917	9,521
More than 2 years and less than 5 years	**18,204**	20,833	16,621
More than 5 years	**7,141**	9,022	13,484
	35,205	50,663	57,663

	Company		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Non-current			
Finance lease payables (Note 30)	**153**	160	388
Current			
Finance lease payables (Note 30)	**103**	228	228
Total borrowings			
Finance lease payables (Note 30)	**256**	388	616

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

	Group		
	31.12.2018	31.12.2017	1.1.2017
	%	%	%
Bankers' acceptances	**-**	-	7.8
Term loans	**8.3**	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.

22. TRADE AND OTHER PAYABLES

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Non-current			
Trade payables	**-**	4,620	3,220
Current			
Trade payables	**2,669**	46,751	51,149
Other payables:			
- Accruals	**2,270**	9,402	2,745
- Provisions	**-**	4,557	980
- GST payables	**-**	5,061	329
- Others	**9,634**	27,982	17,569
	14,573	93,753	72,772

	Company		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Current			
Other payables:			
- Accruals	**627**	434	740
- Provisions	**5,132**	-	-
- GST payables	**-**	28	37
- Others	**590**	897	1,882
	6,349	1,359	2,659

Trade and other payables are non-interest bearing and are normally settled on an average term of 60 days (31.12.2017: 60 days, 1.1.2017: 60 days).

23. BANK OVERDRAFT

The interest rate at the reporting date for bank overdraft is 8.4% (31.12.2017: 8.0%, 1.1.2017: 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 Note 4(d); and
(b) Corporate guarantee by the Company.

24. REVENUE

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Revenue from contracts with customers				
Revenue from hotel	**24,062**	22,694	**-**	-
Management fees from subsidiary companies	**-**	-	**2,760**	2,760
	24,062	22,694	**2,760**	2,760
Revenue from other sources				
Rental income	**1,098**	2,116	**-**	-
	25,160	24,810	**2,760**	2,760

The timing of revenue recognition from contracts with customers is at a point in time.

25. (LOSS)/PROFIT FROM CONTINUING OPERATIONS

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/Profit from continuing operations is stated after charging/(crediting):				
Auditors' remuneration:				
- statutory audit	**157**	157	**70**	70
- other services	**5**	5	**5**	5
Bad debts written off	**-**	59	**-**	30
Depreciation of property, plant and equipment (Note 4)	**12,402**	11,942	**446**	481
Directors' remuneration [Note 26(a)]	**5,805**	4,413	**921**	840
Other income [Note 25(a)]	**(1,588)**	(57,170)	**(2,119)**	(16,240)
Other expenses [Note 25(b)]	**148**	1,954	**7,665**	1,004
Rental of premises	**59**	68	**-**	-
Staff costs [Note 25(c)]	**10,632**	10,745	**1,997**	2,009

(a) Other income

Finance income on other receivables (third parties)	**(300)**	(2,653)	**(300)**	(2,653)
Gain from disposal of assets held for sale	**-**	(53,991)	**-**	-
Gain from disposal of property, plant and equipment	**(97)**	-	**(97)**	-
Interest income	**(1,114)**	(501)	**(13)**	-
Miscellaneous income	**(69)**	(19)	**(53)**	(3)
Reversal of impairment losses on:				
- investment in subsidiary companies	**-**	-	**(1,574)**	(13,584)
- trade receivables (third parties)	**(3)**	-	**-**	-
- other receivables (third parties)	**(5)**	(6)	**-**	-
Unrealised foreign exchange gain	**-**	-	**(82)**	-
	(1,588)	(57,170)	**(2,119)**	(16,240)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
(b) Other expenses				
Property development costs written off	**-**	1,865	**-**	-
Goodwill written off	**-**	52	**-**	-
Impairment losses on:				
- amount due from subsidiary companies	**-**	-	**2,533**	195
- trade receivables (third parties)	**148**	-	**-**	-
Property, plant and equipment written off	**-**	37	**-**	-
Provision for corporate guarantee loss	**-**	-	**5,132**	-
Unrealised foreign exchange loss	**-**	-	**-**	809
	148	1,954	**7,665**	1,004
(c) Staff costs				
Wages and salaries	**9,733**	9,871	**1,845**	1,870
Social security costs	**101**	93	**18**	16
Defined contribution plans	**798**	781	**134**	123
	10,632	10,745	**1,997**	2,009

26. KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Directors

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	**5,482**	4,172	**660**	660
Defined contribution plans	**80**	79	**18**	18
Benefits-in-kind	**15**	15	**15**	15
	5,577	4,266	**693**	693
Non-executive:				
Fees	**243**	162	**243**	162
	5,820	4,428	**936**	855

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	**5,562**	4,251	**678**	678
Total non-executive directors' remuneration	**243**	162	**243**	162
Total directors' remuneration	**5,805**	4,413	**921**	840

(b) Other key management personnel

	Group		Company	
Wages and salaries	**994**	1,059	**212**	281
Social security costs	**3**	3	**1**	1
Defined contribution plans	**119**	127	**25**	34
	1,116	1,189	**238**	316

27. FINANCE COSTS

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Interest expenses on:				
Finance lease	**122**	118	**42**	30
Bank overdrafts	**322**	353	**-**	-
Term loans	**3,111**	3,709	**-**	-
	3,555	4,180	**42**	30

28. INCOME TAX EXPENSE

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Continuing operations				
Malaysian income tax:				
Current year	**-**	4,600	**-**	-
Over provision in prior years	**(3,781)**	(1,100)	**-**	-
	(3,781)	3,500	**-**	-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Deferred tax (Note 20):				
Deferred tax relating to reversal of temporary differences	**(651)**	(398)	**-**	-
Deferred tax relating to net surplus on revaluation of land and buildings	**(189)**	(189)	**-**	-
	(840)	(587)	**-**	-
Income tax expense from continuing operations	**(4,621)**	2,913	**-**	-
Discontinued operation				
Malaysian income tax:				
Over provision in prior year	**-**	(250)	**-**	-
Deferred tax (Note 20):				
Deferred tax relating to reversal of temporary differences	**(23)**	-	**-**	-
Income tax expense from discontinued operation	**(23)**	(250)	**-**	-
Total income tax expense recognised in profit or loss	**(4,644)**	2,663	**-**	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expense applicable to (loss)/profit 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:

	2018	2017
	RM'000	RM'000
Group		
(Loss)/Profit before tax		
- Continuing operations	**(23,313)**	33,478
- Discontinued operation	**(16,866)**	(33,232)
	(40,179)	246
At Malaysian statutory tax rate of 24% (2017: 24%)	**(9,643)**	59
Expenses not deductible for tax purposes	**6,836**	5,202
Income not subject to tax	**(142)**	(890)
Over provision of income tax expense in prior years	**(3,781)**	(1,350)
Deferred tax assets not recognised	**2,086**	-
Utilisation of previously unrecognised deferred tax assets	**-**	(358)
Total income tax expense recognised in profit or loss	**(4,644)**	2,663

	2018	2017
	RM'000	RM'000
Company		
(Loss)/Profit before tax	**(8,038)**	13,848
At Malaysian statutory tax rate of 24% (2017: 24%)	**(1,929)**	3,324
Expenses not deductible for tax purposes	**2,210**	352
Income not subject to tax	**(469)**	(3,896)
Deferred tax assets not recognised	**188**	220
Total income tax expense recognised in profit or loss	**-**	-

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.

	Group		**Company**	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Unused tax losses	**60,935**	52,503	**8,941**	8,194
Unabsorbed capital allowances	**1,477**	1,217	**357**	320
	62,412	53,720	**9,298**	8,514

29. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share amounts are calculated by dividing the consolidated (loss)/profit 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)/profit and share data used in the computation of basic and diluted (loss)/earnings per share for the financial years ended 31 December:

	2018	2017
	RM'000	RM'000
Group		
(Loss)/Profit net of tax, attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share		
- Continuing operations	**(18,692)**	30,565
- Discontinued operation	**(16,843)**	(32,982)
	(35,535)	(2,417)

	2018 '000	2017 '000
Weighted average number of ordinary shares for basic and diluted (loss)/earnings per share computation		
At 1 January	**344,814**	342,946
Effect of movement in treasury shares	**(3,803)**	1,868
At 31 December	**341,011**	344,814

	2018 sen	2017 sen
Basic and diluted (loss)/earnings per share		
- Continuing operations	**(5.48)**	8.86
- Discontinued operation	**(4.94)**	(9.56)
	(10.42)	(0.70)

The Group and the Company have no dilution in their (loss)/earnings per ordinary 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 current financial year and before the authorisation of these financial statements.

30. FINANCE LEASE PAYABLES

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Minimum lease payments			
Within 1 year	**565**	1,030	1,104
More than 1 year and less than 2 years	**468**	413	1,001
More than 2 years and less than 5 years	**916**	573	881
	1,949	2,016	2,986
Less: Future finance charges	**(197)**	(200)	(317)
Present value of finance lease payables	**1,752**	1,816	2,669
Present value of minimum lease payments			
Within 1 year	**487**	935	985
More than 1 year and less than 2 years	**410**	361	900
More than 2 years and less than 5 years	**855**	520	784
	1,752	1,816	2,669
Analysed as			
Due within 12 months included as current liabilities (Note 21)	**487**	935	985
Due after 12 months included as non-current liabilities (Note 21)	**1,265**	881	1,684
	1,752	1,816	2,669

	Company		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Minimum lease payments			
Within 1 year	**116**	258	258
More than 1 year and less than 2 years	**56**	151	258
More than 2 years and less than 5 years	**116**	30	181
	288	439	697
Less: Future finance charges	**(32)**	(51)	(81)
Present value of finance lease payables	**256**	388	616
Present value of minimum lease payments			
Within 1 year	**103**	228	228
More than 1 year and less than 2 years	**50**	133	228
More than 2 years and less than 5 years	**103**	27	160
	256	388	616
Analysed as			
Due within 12 months included as current liabilities (Note 21)	**103**	228	228
Due after 12 months included as non-current liabilities (Note 21)	**153**	160	388
	256	388	616

The finance lease payables of the Group and of the Company bear interest at the reporting date of 2.3% to 4.0% (31.12.2017: 2.3% to 3.7%, 1.1.2017: 2.3% to 6.8%) per annum.

31. FINANCIAL GUARANTEES

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Secured			
Bank guarantee for project performance bond	**1,280**	5,821	5,821
Unsecured			
Corporate guarantee for project performance bond	**-**	803	3,925
	1,280	6,624	9,746

	Company		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Secured			
Bank guarantee for project performance bond	**1,280**	5,821	5,821
Unsecured			
Corporate guarantee for project performance bond	**-**	803	3,925
Corporate guarantee for banking facilities granted to subsidiary companies	**39,028**	54,593	63,906
Corporate guarantee for the supply of materials to a subsidiary company	**-**	6,000	8,671
	40,308	67,217	82,323

32. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Note 5, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	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	**248**	590	**179**	21

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management are disclosed in Notes 15 and 26.

33. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair value gain or loss are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group				
31.12.2018				
Financial assets				
Other investment	1,000	-	-	1,000
Trade and other receivables	-	29,677	-	29,677
Deposits, bank and cash balances	-	11,726	-	11,726
	1,000	41,403	-	42,403
Financial assets included in assets classified as discontinued operation	-	10,649	-	10,649
	1,000	52,052	-	53,052
Financial liabilities				
Trade and other payables	-	-	14,573	14,573
Borrowings (secured)	-	-	36,957	36,957
Bank overdraft	-	-	3,823	3,823
	-	-	55,353	55,353
Financial liabilities included in liabilities classified as discontinued operation	-	-	50,718	50,718
	-	-	106,071	106,071

	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Company				
31.12.2018				
Financial assets				
Subsidiary companies	**-**	**125,846**	**-**	**125,846**
Other receivables	**-**	**21,305**	**-**	**21,305**
Deposits, bank and cash balances	**-**	**220**	**-**	**220**
	-	**147,371**	**-**	**147,371**
Financial liabilities				
Subsidiary companies	**-**	**-**	**13,079**	**13,079**
Other payables	**-**	**-**	**6,349**	**6,349**
Borrowings (secured)	**-**	**-**	**256**	**256**
	-	**-**	**19,684**	**19,684**

	Available-for-sale RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group				
31.12.2017				
Financial assets				
Other investment	1,000	-	-	1,000
Trade and other receivables	-	104,020	-	104,020
Deposits, bank and cash balances	-	67,414	-	67,414
	1,000	171,434	-	172,434
Financial liabilities				
Trade and other payables	-	-	93,312	93,312
Borrowings (secured)	-	-	52,479	52,479
Bank overdraft	-	-	3,930	3,930
	-	-	149,721	149,721

	Available-for-sale RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Company				
31.12.2017				
Financial assets				
Subsidiary companies	-	117,943	-	117,943
Other receivables	-	44,247	-	44,247
Deposits, bank and cash balances	-	1,783	-	1,783
	-	163,973	-	163,973
Financial liabilities				
Subsidiary companies	-	-	22,915	22,915
Other payables	-	-	1,331	1,331
Borrowings (secured)	-	-	388	388
	-	-	24,634	24,634
Group				
1.1.2017				
Financial assets				
Other investment	1,000	-	-	1,000
Trade and other receivables	-	115,425	-	115,425
Deposits, bank and cash balances	-	6,805	-	6,805
	1,000	122,230	-	123,230
Financial liabilities				
Trade and other payables	-	-	75,663	75,663
Borrowings (secured)	-	-	60,332	60,332
Bank overdraft	-	-	6,243	6,243
	-	-	142,238	142,238
Company				
1.1.2017				
Financial assets				
Subsidiary companies	-	119,919	-	119,919
Other receivables	-	52,458	-	52,458
Deposits, bank and cash balances	-	146	-	146
	-	172,523	-	172,523
Financial liabilities				
Subsidiary companies	-	-	25,365	25,365
Other payables	-	-	2,622	2,622
Borrowings (secured)	-	-	616	616
	-	-	28,603	28,603

(b) Financial risk management objective and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Risk and Management 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.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks and other financial institution. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties. Deposits with licensed banks and other financial institution and other investment are placed with or entered into with reputable financial institution or companies with high credit ratings and no history of default. The exposure to credit risk is monitored on an on-going basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to subsidiary companies where risks of default have been assessed to be low.

Financial guarantee

The Company provides unsecured financial guarantees to banks and other institutions in respect of banking facilities and supply of materials 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.

The Company's maximum exposure in this respect is RM40,308,000 (31.12.2017: RM67,217,000, 1.1.2017: RM82,323,000), representing the outstanding banking facilities and for supply of materials to the subsidiary companies as at the reporting date. There was no indication that any subsidiary companies would default on repayment at the reporting date.

There are no significant changes as compared to previous financial year.

(ii) 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 following table analyses the remaining contractual maturity for non-derivative financial liabilities, based on the undiscounted cash flows of financial liabilities on the earliest date on which the Group and the Company are required to pay.

	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 contractual cash flows RM'000
31.12.2018					
Non-derivative financial liabilities					
Group					
Trade and other payables	14,573	-	-	-	14,573
Borrowings	8,030	7,933	23,311	7,465	46,739
Bank overdraft	3,823	-	-	-	3,823
	26,426	7,933	23,311	7,465	65,135
Financial liabilities included in liabilities classified as discontinued operation	50,718	-	-	-	50,718
	77,144	7,933	23,311	7,465	115,853

	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 contractual cash flows RM'000
Company					
Trade and other payables	**6,349**	**-**	**-**	**-**	**6,349**
Borrowings	**116**	**56**	**116**	**-**	**288**
Financial guarantee*	**40,308**	**-**	**-**	**-**	**40,308**
	46,773	**56**	**116**	**-**	**46,945**
31.12.2017					
Non-derivative financial liabilities					
Group					
Trade and other payables	93,753	4,620	-	-	98,373
Borrowings	18,995	8,954	26,120	9,564	63,633
Bank overdraft	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
Financial guarantee*	67,217	-	-	-	67,217
	68,834	151	30	-	69,015
1.1.2017					
Non-derivative financial liabilities					
Group					
Trade and other payables	72,772	3,220	-	-	75,992
Borrowings	22,642	13,293	22,658	14,788	73,381
Bank overdraft	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
Financial guarantee*	82,323	-	-	-	82,323
	85,240	258	181	-	85,679

* Based on the maximum amount that can be called for under the financial guarantee contract. At the reporting date, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee has not been recognised as the probability of the subsidiary companies defaulting on their credit facilities is remote.

(iii) Market risks

(1) 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.

(2) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts at the reporting date was:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Fixed rate instruments			
Continuing operations			
Financial assets	**9,189**	61,292	2,737
Financial liabilities	**1,752**	1,816	2,669
Discontinued operation			
Financial liabilities	**24**	-	-
Floating rate instruments			
Continuing operations			
Financial liabilities	**39,028**	54,593	63,906
Discontinued operation			
Financial liabilities	**5,132**	-	-
Company			
Fixed rate instruments			
Financial assets	**96**	93	90
Financial liabilities	**256**	388	616

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 reporting date would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

At the reporting date, 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 RM88,000 (2017: RM109,000), as a result of lower/higher interest expense on floating rates borrowings.

(c) 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.

(d) Fair value of financial instruments

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

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

The carrying amounts of 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 reporting date reasonably approximate their fair value except as follows:

	31.12.2018		31.12.2017		1.1.2017	
	Carrying amount RM'000	Fair value RM'000	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	*	1,000	-

	31.12.2018		31.12.2017		1.1.2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group						
Financial liability						
Finance lease payables (Level 2)	**1,265**	**1,247**	881	843	1,684	1,640
Company						
Financial liability						
Finance lease payables (Level 2)	**153**	**155**	160	159	388	383

* 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.

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

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

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

<u>Non-derivative financial instruments</u>

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 reporting date.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

34. 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, deposits, bank and cash balances, borrowings and bank overdraft.

		Group	
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Borrowings (Notes 15 and 21)	**42,113**	52,479	60,332
Bank overdrafts	**3,823**	3,930	6,243
Total borrowings	**45,936**	56,409	66,575
Less : Deposits, bank and cash balances (Notes 13 and 15)	**(12,441)**	(67,414)	(6,805)
Net borrowings/(cash)	**33,495**	(11,005)	59,770
Total equity	**479,469**	519,712	521,947
Gearing ratio	**0.07**	N/A	0.11

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

There were no changes in the Group's approach to capital management during the current financial year.

35. 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 RM3,546,000 (2017: RM42,533,000), pertaining to revenue of the construction segment.

	Continuing operations						Discontinued operation		Adjustments and eliminations			Per consolidated financial statements	
	Property		Hotel		Corporate		Contruction						
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**Note**	**2018**	2017
	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	**1,098**	2,116	**24,062**	22,694	**-**	-	**2,619**	41,183	**-**	-		**27,779**	65,993
Inter-segment	**-**	-	**-**	-	**2,760**	2,760	**-**	-	**(2,760)**	(2,760)	(i)	**-**	-
Total revenue	**1,098**	2,116	**24,062**	22,694	**2,760**	2,760	**2,619**	41,183	**(2,760)**	(2,760)		**27,779**	65,993
Results													
Depreciation of property, plant and equipment	**(3,908)**	(3,690)	**(8,040)**	(7,762)	**(454)**	(490)	**(139)**	(311)	**-**	-		**(12,541)**	(12,253)
Other non-cash (expense)/income	**(143)**	51,697	**3**	-	**397**	2,992	**(13,441)**	(14,689)	**-**	-	(ii)	**(13,184)**	40,000
Segment (loss)/profit	**(13,455)**	41,567	**(2,487)**	(3,178)	**(2,170)**	1,580	**(16,320)**	(32,493)	**(5,747)**	(7,230)	(iii)	**(40,179)**	246
Assets													
Additions to property, plant and equipment	**2,230**	265	**264**	7,397	**272**	-	**2,041**	7	**-**	-		**4,807**	7,669
Segment assets	**496,616**	533,209	**140,538**	148,626	**35,062**	58,589	**14,115**	39,671	**-**	-		**686,331**	780,095
Segment liabilities	**99,740**	127,399	**36,681**	41,456	**19,609**	24,741	**50,832**	66,787	**-**	-		**206,862**	260,383

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

	2018 RM'000	2017 RM'000
Bad debts written off	-	(59)
Property development costs written off	-	(1,865)
Fair value adjustment on trade receivables (retention sum on contracts)	-	(4)
Finance income on:		
- other receivables (cash collaterals)	**95**	162
- other receivables (third parties)	**300**	2,653
- trade receivables (retention sum on contracts)	**197**	527
Gain from disposal of assets held for sale	-	53,991
Gain from disposal of property, plant and equipment	**554**	4
Goodwill written off	-	(52)
Impairment losses on:		
- other receivables (third parties)	**(1,063)**	-
- trade receivables (third parties)	**(7,353)**	(8,209)
Property, plant and equipment written off	**(12)**	(37)
Provision for liquidated ascertained damages	**(5,910)**	(7,117)
Reversal of impairment losses on:		
- trade receivables (third parties)	**3**	-
- other receivables (third parties)	**5**	6
	(13,184)	40,000

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

	2018 RM'000	2017 RM'000
Finance costs	**(4,203)**	(5,052)
Interest income	**1,216**	582
Inter-segment management fee	**(2,760)**	(2,760)
	(5,747)	(7,230)

36. 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 RM'000	* Net financing cash flows RM'000	[Note 4(b)] New finance lease RM'000	At 31 December RM'000
31.12.2018				
Group				
Borrowings (excluding finance lease payables) (Notes 15 and 21)	50,663	**(10,326)**	**-**	**40,337**
Bank overdraft	3,930	**(107)**	**-**	**3,823**
Finance lease payables (Notes 15 and 30)	1,816	**(1,186)**	**1,146**	**1,776**
	56,409	**(11,619)**	**1,146**	**45,936**
Company				
Finance lease payables (Note 30)	388	**(380)**	**248**	**256**
31.12.2017				
Group				
Borrowings (excluding finance lease payables) (Note 21)	57,663	(7,000)	-	50,663
Bank overdraft	6,243	(2,313)	-	3,930
Finance lease payables (Note 30)	2,669	(981)	128	1,816
	66,575	(10,294)	128	56,409
Company				
Finance lease payables (Note 30)	616	(228)	-	388

* The cash flows from borrowings comprise net amount of proceeds from or repayment of borrowings in the statements of cash flows.

37. 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			
Cost of sales	(67,528)	(9,276)	(76,804)
Operating and administration expenses	(40,944)	9,276	(31,668)

38. SIGNIFICANT EVENT

On 5 November 2018, Macro Resources Sdn Bhd ("Macro"), a wholly owned subsidary company, lodged an application pursuant to Section 404 of the Companies Act 2016 for the company to be placed under judicial management of a judicial manager.

On 23 January 2019, the court ordered that Macro be placed under the judicial management of a judicial manager under Section 405 of the Companies Act 2016, and that Mr Ng Choon Jin be appointed as the judicial manager of Macro who will thenceforth handle all the affairs of the company.

On 8 April 2019, Macro had undertaken its first creditors meeting pursuant to Section 421 of the Companies Act 2016. The proposal prepared by the judicial manager was put forward to all the creditors and was approved by a majority vote of 94%.

Schedule of Properties

Held by the Company and its Subsidiary Companies
As at 31 December 2018

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	96,878	22	170,411
Lot PTD 229494, Mukim of Plentong, Johor	Vacant land	May 2016	Freehold	145.60	N/A	N/A	314,366
Lots PTD 61081, PTD 61088, PTD 61092-61131, PTD 61133-61283, PTD 61293-61294 PTD 61304-61344 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	May 2016	Freehold	3.98	N/A	N/A	9,500
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	4,555
Lot PT 78701, Mukim of Petaling, District of Petaling, Selangor	Vacant land	March 2016	27 May 2097	1.65	N/A	N/A	11,145
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	24	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	17	112
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	19	280

Statistics of Shareholdings
As at 29 March 2019

SHARE CAPITAL

Total number of issued shares	361,742,241
Adjusted total number of issued shares	332,995,541*
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	814	8.06	35,889	0.01
100 - 1,000	3,163	31.33	2,203,775	0.66
1,001 - 10,000	4,961	49.14	17,789,668	5.34
10,001 - 100,000	998	9.89	30,606,672	9.19
100,001 - 16,649,776 (i)	157	1.56	143,642,980	43.14
16,649,777 and above (ii)	2	0.02	138,716,557	41.66
Total	10,095	100.00	332,995,541	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 29 MARCH 2019
(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	32.60	-	-
2.	BELASTRA SDN BHD	35,547,690	10.67	-	-
3.	LIM YEW KENG	9,071,900	2.72	35,547,690#	10.67

Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2019
(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	32.60	-	-
YAP TSE YEENG CHRISTINE	-	-	-	-
CHEONG MARN SENG	720,500	0.22	-	-
DR. TEOH KIM LOON	-	-	-	-
DATO' TEA CHOO KENG	-	-	-	-

* Excluding 28,746,700 ordinary shares purchased by the Company and retained as treasury shares.

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 29 MARCH 2019

	Name	No. of Shares	%
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Yap Sing Hock	108,545,167	32.60
2.	BELASTRA SDN. BHD.	30,171,390	9.06
3.	LEE YEW CHEN	14,265,800	4.28
4.	OBJECTIVE ACHIEVEMENT SDN. BHD.	11,980,000	3.60
5.	LIANG TEH HAI	9,298,000	2.79
6.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB Bank for Lim Yew Keng (MY2143)	7,208,300	2.16
7.	CHIN KHEE KONG & SONS SENDIRIAN BERHAD	5,458,600	1.64
8.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account - AmBank (M) Berhad for Belastra Sdn. Bhd. (SMART)	5,376,300	1.61
9.	LIM PEI TIAM @ LIAM AHAT KIAT	5,075,700	1.52
10.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for T Comp Solutions Sdn. Bhd.	4,427,300	1.33
11.	IMRAN HO BIN ABDULLAH	4,251,100	1.28
12.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Imran Ho bin Abdullah	4,150,000	1.25
13.	POLYWELL ENTERPRISE SENDIRIAN BERHAD	3,000,000	0.90
14.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	2,657,793	0.80
15.	LOW AH LIN	2,500,000	0.75
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	2,483,900	0.75
17.	ONG BEE LIAN	2,360,500	0.71

	Name	No. of Shares	%
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yong Loy Huat (7000875)	2,110,100	0.63
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Carol Vun On Nei (8078831)	2,000,000	0.60
20.	LIM PAY KAON	2,000,000	0.60
21.	GAN TECHIONG	1,960,000	0.59
22.	LIM YEW KENG	1,721,200	0.52
23.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Suharti binti Md Sapidi	1,700,000	0.51
24.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB Bank for Lim Ang Lay (MY2496)	1,675,150	0.50
25.	CITIGROUP NOMINEES (ASING) SDN. BHD. Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,628,937	0.49
26.	CHIN KIAN FONG	1,590,400	0.48
27.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chin Kiam Hsung	1,076,800	0.32
28.	YU LIAN HAI	1,050,000	0.32
29.	LEE YOW YEEN	1,000,000	0.30
30.	TSEN KENG YAM	1,000,000	0.30
	Total	**243,722,437**	**73.19**

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

No. of shares held:	
CDS account no.:	

FORM OF PROXY

I/We..
[Full name and NRIC/Company No.]

of ....
....
[Address]

being a member of LIEN HOE CORPORATION BERHAD hereby appoint *the Chairman of the meeting, or ....
....
[Full name and NRIC No.]

of..
....
[Address]

or failing him/her, ...
[Full name and NRIC No.]

of..
....
[Address]

as my/our Proxy to vote for me/us on my/our behalf at the 49th Annual General Meeting of the Company to be held at Iskandar II, Level 3A, Block 1, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim on Tuesday, 18 June 2019 at 10.30 a.m.

My/our proxy is to vote as indicated below :

RESOLUTION NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve Directors' fees and benefits of up to RM303,000 in respect of the period from 19 June 2019 until the conclusion of the next Annual General Meeting of the Company.		
2.	To re-elect Yap Tse Yeeng Christine as Director of the Company.		
3.	To re-elect Cheong Marn Seng as Director of the Company.		
4.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to determine their remuneration.		
5.	To approve authority for Directors to issue shares.		
6.	To approve proposed renewal of shareholders' approval for share buy-back.		
7.	To approve the retention of Mr. Yeoh Chong Keat as Independent Non-executive Director of the Company.		
8.	To approve the retention of Dr. Teoh Kim Loon as Independent Non-executive Director of the Company.		
9.	To approve the proposed adoption of new Constitution.		

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.

The proportion of my/our shareholdings to be represented by my/our proxies are as follows (to be completed ONLY when two proxies are appointed):-

Proxy 1	%	Proxy 2	%

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 11 June 2019 ("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.
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