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Corporate Information

DIRECTORS

Tun Dato' Seri Abdul Hamid bin Omar
Independent Non Executive Chairman

Mr. Chan Wah Long
Executive Vice Chairman

Dr. Teoh Kim Loon
Independent Non Executive Director

Dato' Yap Sing Hock
Managing Director

Mr. Cheong Marn Seng, Allen
Executive Director

Mr. Yeoh Chong Keat
Independent Non Executive Director

SECRETARY

Lee Sook Peng (MAICSA 0810465)

PRINCIPAL FINANCIAL INSTITUTION

Bangkok Bank Berhad

REGISTERED OFFICE

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

REGISTRAR

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

AUDITORS

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

STOCK EXCHANGE LISTING

The Main Board of Bursa Malaysia Securities Berhad

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at Laksamana Ballroom, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 26 June 2009 at 3.00 p.m. for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements of the Company for the financial year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon. *(Resolution 1)*

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

3. To re-elect Mr Cheong Marn Seng, Allen who retires in accordance with Article 84 of the Company's Articles of Association. *(Resolution 3)*

4. To re-elect Dato' Yap Sing Hock who retires in accordance with Article 84 of the Company's Articles of Association. *(Resolution 4)*

5. To re-appoint Messrs Ernst & Young as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors. *(Resolution 5)*

AS SPECIAL BUSINESS

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

6. ORDINARY RESOLUTION - SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT pursuant to the provision of Section 132D of the Companies Act, 1965 and approvals from Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid up share capital of the Company for the time being and such authority shall continue in force until the next Annual General Meeting of the Company." *(Resolution 6)*

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

BY ORDER OF THE BOARD

LEE SOOK PENG
MAICSA 0810465
Secretary
Petaling Jaya, Selangor Darul Ehsan
3 June 2009

NOTES

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

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

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

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

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 6, if passed will empower the Directors of the Company to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued and paid up share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

2008 ANNUAL REPORT

The 2008 Annual Report is in the CD-ROM format. Printed copy of the Annual Report shall be provided to the members upon request. Members who wish to receive the printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Ms Lee Sook Peng or Ms Wong Ngoke Meng at Tel. No. 03-7805 1331, Fax No. 03-7803 5133 or e-mail to lienhoe@lienhoe.com.my.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The profile of the Directors standing for re-election can be found on pages 5 and 6 of the 2008 Annual Report.

Profile of Directors

Tun Dato' Seri Abdul Hamid bin Omar
(80 years of age – Malaysian)
Independent Non Executive Chairman

He was appointed the Chairman of the Company on 26 February 2003. He also serves as the Chairman of the Board's Audit Committee.

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

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

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

He started his career as a building contractor before venturing into property development in the Klang Valley and Johor Baru in the 1980s. He had also been active in real estate investment in Hong Kong and Singapore.

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

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

He graduated from the London School of Economics with Bachelor of Science in economics in 1977 and began his career in the property industry by joining Rahim & Co. in 1978. He was the Managing Director of the Company from 1988 and resigned on 18 January 2002. He remained the Advisor of the Company until his re-appointment as the Vice Chairman of the Company.

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

He was appointed as an Executive Director of the Company since 2001. He also serves as a member of the Board's Director Executive Committee.

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

He is responsible for the financial management, strategic planning and corporate finance of the Group and also oversees the day-to-day operation of the hotel business of the Group.

He also sits on the board of Gefung Holdings Bhd, a marble and granite manufacturer listed on Bursa Malaysia Securities Berhad, as an independent director and a member of the audit committee.

Dr Teoh Kim Loon
(55 years of age – Malaysian)
Independent Non Executive Director

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

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

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

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

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

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

He has been in professional practice upon his return from the United Kingdom in 1982 where he trained and qualified as a chartered accountant with the firm of Deloitte Haskins & Sells (PricewaterhouseCoopers, United Kingdom) and was also formerly the Head of the Corporate Services Division of a "Big 4" accounting firm in Kuala Lumpur for over 10 years.

Currently he is the external company secretary of a number of public companies listed on Bursa Malaysia Securities Bhd and is also an independent non executive director of Hiap Teck Venture Bhd, a non independent non executive director of Cheetah Holdings Bhd and an independent non executive director of Key West Global Telecommunications Bhd (Mesdaq Market), all listed on Bursa Malaysia Securities Bhd.

OTHER DISCLOSURE BY THE BOARD OF DIRECTORS

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

As at 6 May 2009, none of the Directors has any interest in the securities of the Company except for:-

Name	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
Dato' Yap Sing Hock	105,052,717	29.04	821,250	0.23
Mr Chan Wah Long	445,249	0.12	14,077,037	3.89
Mr Cheong Marn Seng, Allen	325,000	0.09	-	-
Dr Teoh Kim Loon	900,550	0.25	-	-

Message from Chairman

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of the Company for the financial year ended 31 December 2008.

For the financial year under review, the Group's revenue increased to RM98.79 million from RM70.16 million recorded in the previous year. Despite being profitable at the operation level, the Group reported a loss for the year of RM12.53 million. The overall financial performance of the Group last year can be best summed up as one achieved under the adverse condition that profit margin was hit by cost escalation in the second and third quarter and asset prices, both property and stock, plummeted in the fourth quarter.

Even though the credit market has tightened and assets have diminished in value, the Group's balance sheet at the end of last year remained healthy. Net gearing ratio was at 17.15% and current ratio is at a positive of 1.72 times. The Group ended the year with shareholders' equity of RM167.52 million which was equivalent to 46.31 sen per share.

It is encouraging to note that last year our building construction outfit successfully achieved ISO 9001:2000 certification, which is a reflection of the management's commitment to quality of delivery and customer satisfaction. The same level of commitment is also being applied in all other business units within the Group.

The outlook of the Group for the financial year 2009 is very much subject to the recovery of the global economy from recession. I believe that in time of adversity, we can take advantage of the depressed condition to look for value in the market. It is under this mindset that the Company seized the opportunity in February 2009 to acquire the 182-acre golf resort land in Masai, Johor operated under the name of Octville Golf and Country Club for the price of RM34.75 million which worked out to RM4.38 per square foot for the land. Going forward, we will exercise prudence in the management of our operations and remain patient in riding out this difficult period.

On behalf of my fellow directors, I wish to express our deepest appreciation to Tun Dato' Seri Abdul Hamid bin Omar, who will be retiring from the Board at the forthcoming Annual General Meeting, for his invaluable guidance and contribution over the years. I also wish to extend my gratitude to all our investors, bankers, business associates and valued customers for their continuing support and faith in the Group. Finally I would like to personally thank each and every employee of the Group for their hard work and commitment throughout the past year.

Chan Wah Long
Executive Vice Chairman
6 May 2009

Review by Managing Director

REVENUE

The Group achieved revenue of RM98.79 million in the financial year 2008, up 40.81% from RM70.16 million in the previous year. The increase in the Group revenue was largely due to the turnover derived from the commencement of new building construction projects last year. Other contributions to the Group's revenue were rental income from commercial properties, car park income and sales generated by the hotel business.

GROSS PROFIT

Gross profit of the Group was RM29.89 million, a decline of 7.71% from RM32.39 million in the previous year. The lower gross profit reflected the volatile period endured by the building construction industry last year when prices of building materials skyrocketed in tandem with the surge in crude oil price. The absence of profit contribution from a shopping mall sold in the middle of 2007 also accounted partly for the decline in gross profit. Other business segments of the Group however remained resilient in term of profit margin despite the pressure of higher operating cost.

PROPERTY INVESTMENT

The property investment segment of the Group generated revenue of RM4.33 million as compared to RM8.79 million previously. The prior year revenue included income contribution from a shopping mall sold in July 2007. After adjusting for the exclusion of this income, the 2007 revenue amounted to RM4.28 million. A comparison of the 2008 revenue against the adjusted 2007 revenue indicates the stability of revenue from our investment properties. We have initiated plans to renovate our properties to improve the yield.

BUILDING CONSTRUCTION

Our building construction segment was robust last year, carrying out RM70.07 million worth of jobs as opposed to RM36.18 million in the previous year. The revenue was primarily recognised from four major on-going and two completed projects in which we acted as the main contractor for the construction of high-rise commercial building, terrace houses and shop-offices developed by reputable companies, namely Petaling Garden Berhad, Sunrise Berhad and Batu Kawan Berhad. Driven by the higher revenue, net operating profit rose to RM2.43 million from RM0.43 million posted in year 2007. Had the prices of construction materials not spiralling out of control in the second and third quarters of last year as pointed out above, we would have saved an estimated RM2 million in cost which will have the effect of boosting our bottom line by the same amount.

LEISURE AND HOTEL

The Group's leisure and hotel segment registered revenue of RM24.39 million in year 2008, representing a growth of 1.12% over the previous year of RM24.12 million. Our hotel business grew at a rapid pace in the first three quarters of last year only to see all the growth vanished in the last quarter due to the sharp contraction in business and tourist activities following the onset of the global economic downturn. The hotel business continued to be the main contributor to the Group's earnings. It posted net operating profit of RM7.32 million last year, an increase of RM0.33 million compared to RM6.99 million achieved in prior year. The better operating profit despite higher cost was the result of the pre-emptive steps taken to tighten cost and improve operational efficiency.

RESULTS FOR THE YEAR

The continued good performance of the Group's business operations however could not completely defray the charges arising from the impairment losses in relation to landed properties and investment in an associate company amounting to RM4.45 million and RM7.12 million respectively. It is significant to note that the write down in the value of our investment in the associate company, Perduren (M) Berhad, is due to the under-performance of its share price rather than a change in fundamental value of the said company. These charges accounted for the Group's loss of RM12.53 million for the financial year 2008.

PROSPECTS FOR THE YEAR 2009

For the financial year 2009, we expect the economic recession to adversely affect the performance and results of our businesses. The impact will likely be felt most by the leisure and hotel segment as demand from corporate and leisure travel is in sharp decline and consumers are cutting back on spending. While our building construction business has the cushion of an order book with contract value of RM54 million to complete in 2009, we are facing greater constraints in securing new contracts due to shortage of new construction starts by the private sector.

We shall see the completion of the acquisition of Octville Golf and Country Club in the current year. The addition of this asset to the Group will provide a new income stream starting next financial year and on a longer term will give the Group an enormous opportunity for real estate development.

Depending on how long it takes for the global economy to recover, we are cautiously optimistic that with the right focus and strategies the Group will tide through this difficult year unscathed.

Dato' Yap Sing Hock
Managing Director
6 May 2009

Statement on Corporate Governance

The Board of Directors ("the Board") of Lien Hoe Corporation Berhad continues to endeavour compliance with all the key principles and practices of the Malaysian Code on Corporate Governance. The following statement outlines the corporate governance practices that were in place throughout the financial year ended 31 December 2008.

1. BOARD OF DIRECTORS

1.1 Board Composition and Balance

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 profile of each of the members of the Board can be found on pages 5 to 7 of this Annual Report.

There is balance in the Board represented by the presence of 3 Independent Non Executive Directors who ensure that strategies proposed by the Executive Management are fully examined and the long term interests of minority shareholders are well taken into consideration.

1.2 Board Responsibilities

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

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

1.3 Board Meetings

5 board meetings were held in the financial year ended 31 December 2008 and the attendance record of each director is as follows :

Board of Directors	Meeting Attendance
Tun Dato'Seri Abdul Hamid Bin Omar	NIL
Mr Chan Wah Long	5/5
Dato' Yap Sing Hock	5/5
Mr Cheong Marn Seng, Allen	5/5
Mr Yeoh Chong Keat	5/5
Dr Teoh Kim Loon	5/5

Tun Dato' Seri Abdul Hamid Bin Omar was unable to attend any meetings during the financial year ended 31 December 2008 as he was on prolonged medical leave.

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

1.4 Supply of Information

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

1.5 Board Appointment and Re-election

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

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

1.6 Board Committee

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

1.6.1 Audit Committee

The Terms of Reference of the Audit Committee, its members and its activities during the financial year, details of attendance of each member and the number of meetings held are set out on pages 16 to 19 of this Annual Report.

1.6.2 Executive Committee

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

- To review and monitor the performance of all operating units and subsidiaries of the Company;
- To approve all capital expenditures and contractual commitments exceeding RM1,000,000 undertaken by the Group; and
- To review and prescribe policies in relation to the day to day operations of the Group.

1.6.3 Nomination Committee

The Nomination Committee consists of Mr Yeoh Chong Keat, Dr Teoh Kim Loon and Dato' Yap Sing Hock.

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

1.6.4 Remuneration Committee

The Remuneration Committee consists of Mr Yeoh Chong Keat, Dr Teoh Kim Loon and Dato' Yap Sing Hock.

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

1.6.5 Risk Management Committee

The Risk Management Committee consists of Mr Yeoh Chong Keat, Dr Teoh Kim Loon and Dato' Yap Sing Hock.

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

2. DIRECTORS' REMUNERATION

Analysis of the Directors' Remuneration are set out on pages 76 to 77 of this Annual Report.

3. ACCOUNTABILITY AND AUDIT

3.1 Financial Reporting

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

The Group publishes full financial statements annually and quarterly results announcements as required by the Listing Requirements. The Audit Committee assists the Board by reviewing the disclosure information to ensure accuracy and adequacy.

3.2 Internal Control

The Statement on Internal Control appended on page 20 of this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard the Group's assets and other interests.

3.3 Relationship with the Auditors

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

The role of the Audit Committee in relation to the auditors is detailed in the Audit Committee Report set out on pages 16 to 19 of this Annual Report.

4. DIRECTORS' TRAINING

All the Directors have attended training except for Tun Dato' Seri Abdul Hamid Bin Omar who was on prolonged medical leave. The Directors are encouraged to undergo professional programmes and seminars on a continuous basis to ensure they are kept abreast on various issues facing the changing business and financial environment in which the Group operates.

5. RELATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

6. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

During the year 2008, staff members from Hotel Armada (PJ) Sdn Bhd, a wholly-owned subsidiary company, carried out a visit to Rumah Nur Salam in Kuala Lumpur and contributed to Lovely Disabled Home in Petaling Jaya.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

Audit Committee

THE AUDIT COMMITTEE COMPRISES THE FOLLOWING DIRECTORS: -

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

MR YEOH CHONG KEAT
(Independent Non Executive Director)

DR TEOH KIM LOON
(Independent Non Executive Director)

TERMS OF REFERENCE

COMPOSITION

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

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

(b) a majority of the audit committee members must be independent directors and all the audit committee members must be non executive directors;

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

  (i) must be a member of the Malaysian Institute of Accountants; or

  (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and: -

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

    (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

  (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

(d) no alternate director is appointed as a member of the audit committee.

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

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

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

RIGHTS OF THE AUDIT COMMITTEE

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

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

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

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

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

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

(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

REPORTING OF BREACHES TO BURSA MALAYSIA SECURITIES BERHAD

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

FUNCTIONS

The functions of the Audit Committee shall be: -

(a) To review

(i) with the external auditors, the audit plan;

(ii) with the external auditors, his evaluation of the system of internal accounting controls;

(iii) with the external auditors, his audit report;

(iv) the assistance given by the Company's officers to the auditors;

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

(vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on: -

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

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

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

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

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

MEETINGS

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

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

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

NUMBER OF AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 AND ATTENDANCE OF EACH MEMBER

The Audit Committee met 4 times during the financial year ended 31 December 2008 and the attendance of each member of the Audit Committee are as follows:-

Composition of the Audit Committee	Meeting Attendance
Tun Dato' Seri Abdul Hamid bin Omar	NIL
Mr Yeoh Chong Keat	4/4
Mr Chan Wah Long (Resigned 24 November 2008)	4/4
Dr Teoh Kim Loon (Appointed 14 April 2008)	4/4

Tun Dato' Seri Abdul Hamid bin Omar was unable to attend any meetings during the financial year ended 31 December 2008 as he was on prolong medical leave.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year ended 31 December 2008, 4 Audit Committee meetings were held. The Audit Committee met once with the external auditors without the presence of other directors and the executive committee members.

In line with the Terms of Reference of the Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2008:-

1. Reviewed the quarterly and annual financial results announcements and recommending for the approval by the Board, focusing particularly on compliance with accounting standards and regulatory requirements;
2. Reviewed the nature and scope of the audit with the external auditors, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response; and
3. Reviewed the scope of internal audit plan and the results of the audit work carried out by the internal audit function.

INTERNAL AUDIT FUNCTION

For the financial year ended 31 December 2008, the Company's internal audit function was performed internally and was later outsourced for a total cost of RM71,950. The internal audit unit regularly undertakes independent and systematic review of the system of internal control so as to provide reasonable assurance that such system continue to operate satisfactorily and effectively.

Statement on Internal Control

Effective internal control and risk management practices are important in safeguarding the Group's assets and the shareholders' investment in the Company. Set out below is a statement outlining the state of the system of internal control of the Group during the financial year ended 31 December 2008. The scope of this statement does not extend to the associated company, as its internal control is not within the Group's framework.

1. BOARD'S RESPONSIBILITIES

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

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

2.1 Control Environment and Control Activities

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

2.2 Monitoring and Communication

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

2.3 Risk Management

- The Group adopts an ongoing process to identify, manage and respond to internal and external factors that may affect the achievement of the Group's business objectives and performance. During the year under review, the Group's operating units, with the support of the internal audit unit, carried out risk assessment exercise to affirm the corporate risk profile.

3. REVIEW OF EFFECTIVENESS

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

Other Information

SHARE BUY-BACK

The Company did not buy any of its own shares in the financial year ended 31 December 2008.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

In the financial year ended 31 December 2008, the Company did not issue any options, warrants or convertible securities.

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

The Company did not sponsor any ADR or GDR programme.

SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEES

There was no payment of non-audit fees to the external auditors in the financial year ended 31 December 2008.

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2008 and the unaudited results previously announced by the Company.

PROFIT GUARANTEE

For the financial year ended 31 December 2008, there was no profit guarantee given by the Company.

MATERIAL CONTRACTS

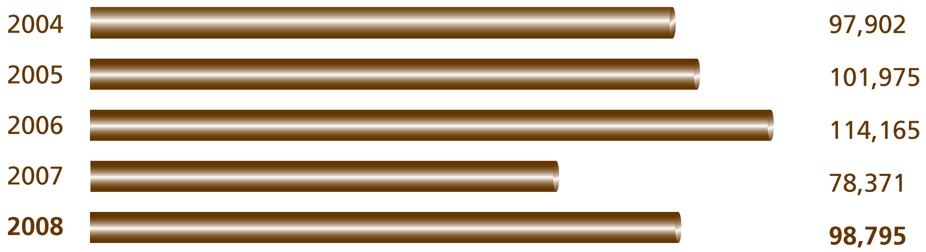
Since the end of the previous financial year, there was no material contracts entered into by the Company and its subsidiaries, involving the Directors or substantial shareholders of the Company.

REVALUATION POLICY

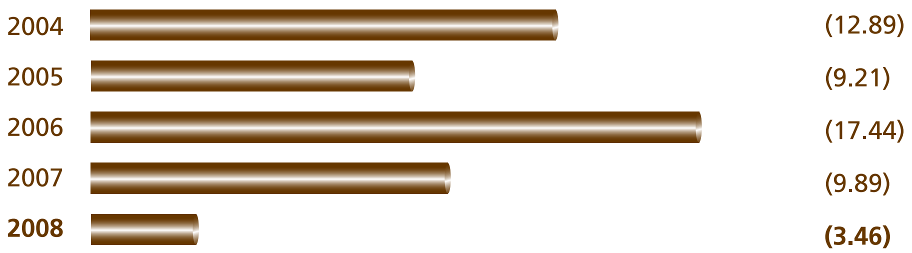
The Group did not adopt any revaluation policy on the landed properties.

Five Year Financial Highlights

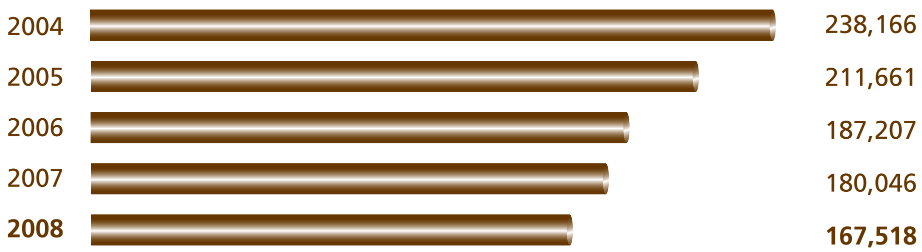
REVENUE (RM'000)



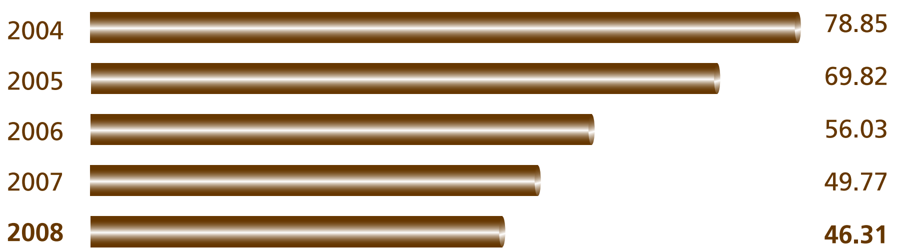
LOSS PER SHARE (SEN)



SHAREHOLDERS' EQUITY (RM'000)



NET ASSET VALUE PER SHARE (SEN)



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 2008.

PRINCIPAL ACTIVITIES

The Company is a property and investment holding company.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the year from continuing operations	(9,780)	(10,326)
Loss for the year from discontinued operations	(2,748)	-
Loss for the year, attributable to equity holders of the Company	(12,528)	(10,326)

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

In the opinion of the directors, the results of the operations of the Group and of the Company in the current financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 24(b) to the financial statements.

DIVIDENDS

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

DIRECTORS

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

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 25(a) to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 each			
	1 January 2008	**Acquired**	**Sold**	**31 December 2008**
The Company				
Direct Interest				
Dato' Yap Sing Hock	97,326,517	383,000	-	97,709,517
Chan Wah Long	445,249	-	-	445,249
Dr. Teoh Kim Loon	900,550	-	-	900,550
Cheong Marn Seng	325,000	-	-	325,000
Indirect Interest				
Dato' Yap Sing Hock	821,250	-	-	821,250
Chan Wah Long	14,077,037	-	-	14,077,037

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

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

SIGNIFICANT EVENTS

Details of significant events in the current financial year are as disclosed in Note 33 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 36 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2009.

Dato' Yap Sing Hock   Cheong Marn Seng

Statement by Directors and Statutory Declaration

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

We, Dato' Yap Sing Hock and Cheong Marn Seng, being two of the directors of Lien Hoe Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 30 to 92 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2009.

Dato' Yap Sing Hock

Cheong Marn Seng

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

I, Cheong Marn Seng, being the director primarily responsible for the financial management of Lien Hoe Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 30 to 92 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Cheong Marn Seng
at Kuala Lumpur in the Federal
Territory on 27 April 2009

Cheong Marn Seng

Before me,

Faisal Meerangkutty bin K.M. Mohd Maulabi
Pesuruhjaya Sumpah
Kuala Lumpur, Malaysia

Report of the Auditors

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Lien Hoe Corporation Berhad , which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 92.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants
Kuala Lumpur, Malaysia
27 April 2009

Kua Choh Leang
No. 2716/01/11(J)
Chartered Accountant

BALANCE SHEETS
AS AT 31 DECEMBER 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**107,372**	110,436	**9,729**	10,316
Land held for development	4(a)	**-**	77,000	**-**	-
Prepaid land lease payments	5	**17,837**	21,521	**-**	585
Investment properties	6	**6,596**	7,788	**-**	-
Subsidiaries	7	**-**	-	**87,571**	185,442
Investment in an associate	8	**12,351**	17,368	**11,474**	17,220
Goodwill on consolidation	9	**4,328**	4,328	**-**	-
		148,484	238,441	**108,774**	213,563
Current assets					
Property development costs	4(b)	**-**	11,257	**-**	-
Amount due from customers for contract work	10	**2,496**	2,280	**-**	-
Inventories	11	**16,173**	5,459	**-**	-
Receivables	12	**29,164**	22,386	**3,166**	3,055
Tax recoverable		**1,570**	1,793	**3,060**	3,060
Cash and bank balances	13	**23,121**	6,808	**15,798**	1,283
		72,524	49,983	**22,024**	7,398
Assets of disposal group and non-current assets classified as held for sale	14	**76,124**	1,100	**64,114**	-
		148,648	51,083	**86,138**	7,398
TOTAL ASSETS		**297,132**	289,524	**194,912**	220,961

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	15	**361,742**	361,742	**361,742**	361,742
Reserves	16	**72,531**	72,531	**70,393**	70,393
Accumulated losses		**(266,755)**	(254,227)	**(277,884)**	(267,558)
Total equity		**167,518**	180,046	**154,251**	164,577
Non-current liabilities					
Deferred tax liabilities	17	**10,518**	23,072	**-**	-
Borrowings (Secured)	18	**32,508**	405	**182**	366
Non-current liabilities		**43,026**	23,477	**182**	366
Current liabilities					
Borrowings (Secured)	18	**18,304**	40,413	**8,725**	35,139
Bank overdrafts (Secured)	19	**1,037**	11,719	**-**	9,537
Amount due to customers for contract work	10	**453**	3,417	**-**	-
Payables	20	**31,096**	30,403	**8,154**	11,342
Provisions	21	**1,120**	-	**-**	-
Tax payable		**242**	49	**-**	-
		52,252	86,001	**16,879**	56,018
Liabilities directly associated with assets classified as held for sale	14	**34,336**	-	**23,600**	-
		86,588	86,001	**40,479**	56,018
Total liabilities		**129,614**	109,478	**40,661**	56,384
TOTAL EQUITY AND LIABILITIES		**297,132**	289,524	**194,912**	220,961

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

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing operations					
Revenue	22	**98,795**	70,162	**329**	322
Cost of sales	23	**(68,903)**	(37,774)	**-**	-
Gross profit		**29,892**	32,388	**329**	322
Other income		**2,360**	7,116	**7,856**	11,366
Operating and administration expenses		**(30,268)**	(35,594)	**(10,424)**	(8,806)
Selling expenses		**(95)**	(205)	**-**	-
Other expenses		**(9,419)**	(30,576)	**(6,369)**	(180,165)
Loss from continuing operations	24	**(7,530)**	(26,871)	**(8,608)**	(177,283)
Finance costs	26	**(4,492)**	(24,876)	**(1,718)**	(4,255)
Share of profit of an associate		**1,681**	14,167	**-**	-
Loss before taxation		**(10,341)**	(37,580)	**(10,326)**	(181,538)
Taxation	27	**561**	3,874	**-**	-
Loss for the year from continuing operations		**(9,780)**	(33,706)	**(10,326)**	(181,538)
Discontinued operations					
Loss for the year from discontinued operations	14	**(2,748)**	(1,145)	**-**	-
Loss for the year		**(12,528)**	(34,851)	**(10,326)**	(181,538)
Attributable to:					
Equity holders of the Company		**(12,528)**	(34,851)	**(10,326)**	(181,538)
Loss per ordinary share of RM1 each (sen)					
- Basic, for loss from continuing operations		**(2.70)**	(9.56)		
- Basic, for loss from discontinued operations		**(0.76)**	(0.33)		
	28	**(3.46)**	(9.89)		
- Diluted, for loss from continuing operations		**(2.70)**	(9.56)		
- Diluted, for loss from discontinued operations		**(0.76)**	(0.33)		
	28	**(3.46)**	(9.89)		

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

Statements of Changes in Equity

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	←	Non-distributable	→	Distributable				
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange reserve RM'000	Capital reserve RM'000	Total reserve RM'000	Accumulated losses RM'000	Total RM'000
Group								
At 1 January 2007	334,132	51,056	3,616	(60)	17,839	72,451	(219,376)	187,207
Conversion of 5-years 2% ICULS	27,610	-	-	-	-	-	-	27,610
Currency translation differences								
- Arising during the year	-	-	-	663	-	663	-	663
- Disposal of a subsidiary	-	-	-	(583)	-	(583)	-	(583)
Net income recognised directly in equity	-	-	-	80	-	80	-	80
Loss for the year	-	-	-	-	-	-	(34,851)	(34,851)
Total recognised income and expense for the year	-	-	-	80	-	80	(34,851)	(34,771)
At 31 December 2007	361,742	51,056	3,616	20	17,839	72,531	(254,227)	180,046
Loss for the year, representing total recognised income and expense for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(12,528)**	**(12,528)**
At 31 December 2008	**361,742**	**51,056**	**3,616**	**20**	**17,839**	**72,531**	**(266,755)**	**167,518**

		← Non-distributable →		Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Total reserve RM'000	Accumulated losses RM'000	Total RM'000
Company							
At 1 January 2007	334,132	51,056	2,596	16,741	70,393	(86,020)	318,505
Conversion of 5-years 2% ICULS	27,610	-	-	-	-	-	27,610
Loss for the year, representing total recognised income and expense for the year	-	-	-	-	-	(181,538)	(181,538)
At 31 December 2007	361,742	51,056	2,596	16,741	70,393	(267,558)	164,577
Loss for the year, representing total recognised income and expense for the year	**-**	**-**	**-**	**-**	**-**	**(10,326)**	**(10,326)**
At 31 December 2008	**361,742**	**51,056**	**2,596**	**16,741**	**70,393**	**(277,884)**	**154,251**

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

Cash Flow Statements

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation				
- Continuing operations	**(10,341)**	(37,580)	**(10,326)**	(181,538)
- Discontinued operations	**(3,625)**	(2,627)	**-**	-
Adjustments for:				
Allowance for doubtful debts				
- trade receivables	**92**	45	**-**	-
- other receivables	**6**	-	**-**	-
- subsidiaries	**-**	-	**-**	56,588
Amortisation of prepaid land lease payments	**621**	621	**45**	45
Bad debts written off	**28**	-	**28**	-
Depreciation of investment properties for discontinued operations	**-**	1,880	**-**	-
Depreciation of property, plant and equipment	**2,805**	3,165	**386**	667
(Gain)/loss on disposal of:				
- investment property	**(15)**	17,135	**-**	-
- prepaid land lease payments	**(31)**	-	**-**	-
- property, plant and equipment	**(18)**	(96)	**-**	(248)
- subsidiaries	**-**	(9,976)	**-**	12,402
Impairment losses for continuing operations:				
- investment in subsidiaries	**-**	-	**-**	101,777
- investment in an associate	**7,117**	23,417	**6,165**	9,398
- property, plant and equipment	**305**	-	**204**	-
- prepaid land lease payments	**892**	-	**-**	-
- goodwill	**-**	802	**-**	-
Impairment losses for discontinued operations:				
- land held for development	**3,249**	5,491	**-**	-
Interest income	**(177)**	(221)	**(3,242)**	(4,663)
Liquidated damages receivable	**(880)**	-	**-**	-
Property, plant and equipment written off	**45**	113	**-**	111
Provision for liquidated damages	**1,120**	-	**-**	-
Unrealised foreign exchange gain	**-**	-	**(1,534)**	-
Write-back of allowance for doubtful debts - other receivables	**(1,018)**	(1,152)	**(1,018)**	(1,152)

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Write-down of inventories	**355**	5,397	**-**	-
Interest expense				
- Continuing operations	**4,492**	24,876	**1,718**	4,255
- Discontinued operations	**-**	45	**-**	-
Interest waived	**-**	(5,258)	**-**	(5,258)
Share of profit of an associate	**(1,681)**	(14,167)	**-**	-
Operating profit/(loss) before working capital changes	**3,341**	11,910	**(7,574)**	(7,616)
Development properties	**-**	(907)	**-**	-
Inventories	**188**	(72)	**-**	-
Receivables	**(5,222)**	(3,260)	**879**	3,587
Payables	**21,164**	(4,785)	**20,355**	(2,027)
Subsidiaries	**-**	-	**38,999**	21,832
Cash generated from operations	**19,471**	2,886	**52,659**	15,776
Taxes refunded/(paid)	**33**	(1,777)	**-**	(1,731)
Net cash generated from operating activities	**19,504**	1,109	**52,659**	14,045

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	**(293)**	(692)	**(3)**	(410)
Addition in investment property	**(337)**	-	**-**	-
Proceeds from disposal of:				
- property, plant and equipment	**18**	3,400	**-**	248
- prepaid land lease payments	**1,131**	-	**-**	-
- investment property	**1,544**	74,311	**-**	-
Net cash inflow from disposal of subsidiaries	**-**	196,943	**-**	106,731
Additional investment in an associate	**(419)**	(26,618)	**(419)**	(26,618)
Interest received	**177**	221	**74**	195
Net cash generated from/(used in) investing activities	**1,821**	247,565	**(348)**	80,146

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of revolving credits	**(10,900)**	(11,433)	**(10,900)**	(11,433)
Repayment of hire purchase payables	**(322)**	(551)	**(262)**	(233)
Net drawdown/(repayment) of term loans	**20,966**	(79,253)	**(15,436)**	(75,848)
Net drawdown of bankers' acceptances	**250**	1,057	**-**	-
Repayment of Secured Notes	**-**	(132,210)	**-**	-
Net movement of fixed deposits pledged for banking facilities	**(46)**	-	**-**	-
Interest paid	**(4,324)**	(27,005)	**(1,661)**	(6,132)
Net cash generated from/(used in) financing activities	**5,624**	(249,395)	**(28,259)**	(93,646)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**26,949**	(721)	**24,052**	545
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**(5,265)**	(4,544)	**(8,254)**	(8,799)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 13)	**21,684**	(5,265)	**15,798**	(8,254)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

1. CORPORATE INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs, amendment to FRS and Interpretations as described in Note 2(b).

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

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

(b) Adoption of New and Revised FRSs

On 1 January 2008, the Group and the Company adopted the following revised FRSs, amendment to FRS and Interpretations:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Efffect of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

The adoption of all the above Standards does not result in significant changes to the accounting policies of the Group and of the Company and does not result in significant impact on the financial statements.

The revised FRS 120 and Issues Committee Interpretations ("IC Interpretations") 1, 2, 5, 6, 7 and 8 that have been issued are not applicable to the Group and to the Company.

(c) Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

(d) Significant Accounting Judgements and Estimates

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

- **Key sources of estimation uncertainty**

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

  (i) Impairment of goodwill

  The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit ("CGU") to which goodwill is allocated. Estimating a recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2008 was RM4,328,000 (2007: RM4,328,000). Further details are disclosed in Note 9.

  (ii) Income taxes

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

  The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income taxes and deferred tax liabilities are as disclosed in Note 27 and Note 17 respectively.

  (iii) Depreciation of property, plant and equipment

  The cost of plant and equipment is depreciated on a straight line basis over the assets' useful life. Management estimates of the useful lives of plant and equipment are as disclosed in Note 2(h). Any changes in the residual value could impact the future depreciation charges. A 4% difference in the current year depreciation charge would result in 1% variance in the loss for the year of the Group.

(e) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

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

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

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

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

(f) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the 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 the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

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

(g) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(h) Property, Plant and Equipment and Depreciation

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

Subsequent to recognition, property, plant and equipment except for certain short leasehold building are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain short leasehold buildings have not been revalued since they were first revalued in 1988. The directors have not adopted a policy of regular revaluation of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1988 valuation less accumulated depreciation and impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation for other property, plant and equipment is provided for 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 life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(i) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

(j) Land Held for Development and Property Development Costs

(i) Land held for development

Land held for development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Cost includes cost of land and attributable development expenditure.

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

(ii) **Property development costs**

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

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

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

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

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

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

(k) Construction Contracts

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

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

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

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

(l) Inventories

Inventories are stated at the lower of cost (determined on weighted average basis) and net realisable value. Cost includes direct materials and other direct costs. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Leases

(i) Classification

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

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

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

(ii) Finance leases

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

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

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

(iii) Operating leases

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

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

Certain short leasehold land have not been revalued since they were first revalued in 1988. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1988 valuation. The deemed costs is recognised as an expense on a straight line basis over the term of the relevant lease.

(n) Income Tax

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

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(o) Provisions

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

(p) Employee Benefits

(i) Short term benefits

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

(q) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably. The following specific recognition criterias must also be met before revenue is recognised:

(i) Sale of development properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2(j)(ii).

(ii) Construction contracts

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

(iii) Sale of goods

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

(iv) Revenue from hotel operations

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

(v) Revenue from letting of properties and car parks

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

(vi) Dividend income

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

(r) Borrowing Costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Foreign Currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(t) Impairment of Assets

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

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

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

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

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

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

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(u) Financial Instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

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

(ii) Receivables

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

(iii) Payables

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

(iv) **Interest bearing borrowings**

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

(v) **Equity instruments**

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

(v) Non-Current Assets (or Disposal Groups) Held for Sale and Discontinued Operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition 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.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold building RM'000	Short 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 2008							
Cost/Valuation							
At 1 January 2008							
At cost	13,039	3,219	109,793	1,003	4,495	10,225	141,774
At valuation	-	-	-	1,103	-	-	1,103
	13,039	3,219	109,793	2,106	4,495	10,225	142,877
Additions	**-**	**-**	**-**	**-**	**134**	**159**	**293**
Disposals	**-**	**-**	**-**	**-**	**(96)**	**-**	**(96)**
Write off	**-**	**-**	**-**	**-**	**-**	**(427)**	**(427)**
Reclassified to non-current assets held for sale	**-**	**-**	**-**	**(1,798)**	**-**	**-**	**(1,798)**
At 31 December 2008	**13,039**	**3,219**	**109,793**	**308**	**4,533**	**9,957**	**140,849**
Representing:							
At 31 December 2008 - at cost	**13,039**	**3,219**	**109,793**	**308**	**4,533**	**9,957**	**140,849**
Accumulated depreciation and impairment losses							
At 1 January 2008							
Accumulated depreciation	-	184	17,078	1,622	3,175	8,494	30,553
Accumulated impairment losses	1,702	186	-	-	-	-	1,888
	1,702	370	17,078	1,622	3,175	8,494	32,441
Charge for the year	**-**	**79**	**1,718**	**51**	**467**	**490**	**2,805**
Impairment losses for the year	**-**	**228**	**-**	**77**	**-**	**-**	**305**
Disposals	**-**	**-**	**-**	**-**	**(96)**	**-**	**(96)**
Write off	**-**	**-**	**-**	**-**	**-**	**(382)**	**(382)**
Reclassified to non-current assets held for sale	**-**	**-**	**-**	**(1,596)**	**-**	**-**	**(1,596)**
At 31 December 2008	**1,702**	**677**	**18,796**	**154**	**3,546**	**8,602**	**33,477**
Analysed as:							
Accumulated depreciation	**-**	**263**	**18,796**	**154**	**3,546**	**8,602**	**31,361**
Accumulated impairment losses	**1,702**	**414**	**-**	**-**	**-**	**-**	**2,116**
	1,702	**677**	**18,796**	**154**	**3,546**	**8,602**	**33,477**
Net carrying amount							
At 31 December 2008 - at cost	**11,337**	**2,542**	**90,997**	**154**	**987**	**1,355**	**107,372**

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold building RM'000	Short 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 2007							
Cost/Valuation							
At 1 January 2007 - at cost	13,039	6,899	109,793	308	5,928	10,753	146,720
Additions	-	-	-	-	771	271	1,042
Disposals	-	(3,680)	-	-	(2,184)	(1)	(5,865)
Write off	-	-	-	-	(20)	(798)	(818)
Reclassified from non-current assets held for sale	-	-	-	1,798	-	-	1,798
At 31 December 2007	13,039	3,219	109,793	2,106	4,495	10,225	142,877
Representing:							
At cost	13,039	3,219	109,793	1,003	4,495	10,225	141,774
At valuation	-	-	-	1,103	-	-	1,103
At 31 December 2007	13,039	3,219	109,793	2,106	4,495	10,225	142,877
Accumulated depreciation and impairment losses							
At 1 January 2007							
Accumulated depreciation	-	164	15,360	122	4,777	8,413	28,836
Accumulated impairment losses	1,702	592	-	-	-	-	2,294
	1,702	756	15,360	122	4,777	8,413	31,130
Charge for the year	-	20	1,718	88	572	767	3,165
Disposals	-	(406)	-	-	(2,154)	(1)	(2,561)
Write off	-	-	-	-	(20)	(685)	(705)
Reclassified from non-current assets held for sale	-	-	-	1,412	-	-	1,412
At 31 December 2007	1,702	370	17,078	1,622	3,175	8,494	32,441
Analysed as:							
Accumulated depreciation	-	184	17,078	1,622	3,175	8,494	30,553
Accumulated impairment losses	1,702	186	-	-	-	-	1,888
	1,702	370	17,078	1,622	3,175	8,494	32,441
Net carrying amount							
At 31 December 2007 - at cost	11,337	2,849	92,715	484	1,320	1,731	110,436

	Freehold land RM'000	Freehold buildings RM'000	Short leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Company						
At 31 December 2008						
Cost/Valuation						
At 1 January 2008						
At cost	9 ,980	1,180	-	2,820	3,577	17,557
At valuation	-	-	755	-	-	755
	9,980	1,180	755	2,820	3,577	18,312
Additions	**-**	**-**	**-**	**-**	**3**	**3**
Reclassified to non-current assets held for sale	**-**	**-**	**(755)**	**-**	**-**	**(755)**
At 31 December 2008	**9,980**	**1,180**	**-**	**2,820**	**3,580**	**17,560**
Representing:						
At 31 December 2008 - at cost	**9,980**	**1,180**	**-**	**2,820**	**3,580**	**17,560**
Accumulated depreciation and impairment losses						
At 1 January 2008						
Accumulated depreciation	-	-	755	1,913	3,440	6,108
Accumulated impairment losses	1,702	186	-	-	-	1,888
	1,702	186	755	1,913	3,440	7,996
Charge for the year	**-**	**59**	**-**	**299**	**28**	**386**
Impairment losses for the year	**-**	**204**	**-**	**-**	**-**	**204**
Reclassified to non-current assets held for sale	**-**	**-**	**(755)**	**-**	**-**	**(755)**
At 31 December 2008	**1,702**	**449**	**-**	**2,212**	**3,468**	**7,831**
Analysed as:						
Accumulated depreciation	**-**	**59**	**-**	**2,212**	**3,468**	**5,739**
Accumulated impairment losses	**1,702**	**390**	**-**	**-**	**-**	**2,092**
	1,702	**449**	**-**	**2,212**	**3,468**	**7,831**
Net carrying amount						
At 31 December 2008 - at cost	**8,278**	**731**	**-**	**608**	**112**	**9,729**

	Freehold land RM'000	Freehold buildings RM'000	Short leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Company						
At 31 December 2007						
Cost/Valuation						
At 1 January 2007 - at cost	9,980	1,180	-	3,354	4,245	18,759
Additions	-	-	-	632	128	760
Disposals	-	-	-	(1,146)	(1)	(1,147)
Write-off	-	-	-	(20)	(795)	(815)
Reclassified from non-current assets held for sale	-	-	755	-	-	755
At 31 December 2007	9,980	1,180	755	2,820	3,577	18,312
Representing:						
At cost	9,980	1,180	-	2,820	3,577	17,557
At valuation	-	-	755	-	-	755
At 31 December 2007	9,980	1,180	755	2,820	3,577	18,312
Accumulated depreciation and impairment losses						
At 1 January 2007						
Accumulated depreciation	-	-	-	2,685	3,890	6,575
Accumulated impairment losses	1,702	186	-	-	-	1,888
	1,702	186	-	2,685	3,890	8,463
Charge for the year	-	-	38	394	235	667
Disposals	-	-	-	(1,146)	(1)	(1,147)
Write-off	-	-	-	(20)	(684)	(704)
Reclassified from non-current assets held for sale	-	-	717	-	-	717
At 31 December 2007	1,702	186	755	1,913	3,440	7,996
Analysed as:						
Accumulated depreciation	-	-	755	1,913	3,440	6,108
Accumulated impairment losses	1,702	186	-	-	-	1,888
	1,702	186	755	1,913	3,440	7,996
Net carrying amount						
At 31 December 2007 - at cost	8,278	994	-	907	137	10,316

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

(b) In the previous financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,042,000 and RM760,000 respectively, of which RM350,000 and RM350,000 respectively were acquired under hire purchase arrangements.

(c) Included in property, plant and equipment of the Group and of the Company are assets under hire purchase arrangements with a total net book value of RM633,000 (2007: RM1,001,000) and RM597,000 (2007: RM895,000) respectively.

(d) The long leasehold building of the Group is charged to a financial institution for facilities granted to the Group as disclosed in Notes 18 and 19.

(e) As at 31 December 2008, the title deed of freehold land of the Company at cost of RM9,980,000 (2007: RM9,980,000) is in the process of being transferred to the Company.

4. LAND HELD FOR DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for development

	Group	
	2008	2007
	RM'000	RM'000
Leasehold land, at valuation		
At 1 January	**77,000**	156,500
Disposal	**-**	(78,000)
Impairment loss	**(3,249)**	(1,500)
Reclassified to non-current assets held for sale (Note 14)	**(72,671)**	-
Reclassified to prepaid land lease payments (Note 5)	**(1,080)**	-
At 31 December	**-**	77,000

	Group 2008 RM'000	Group 2007 RM'000
Development expenditure		
At 1 January	-	8,318
Cost incurred during the year	-	1,684
Disposal	-	(6,011)
Impairment loss	-	(3,991)
At 31 December	-	-
Net carrying amount of land held for development	-	77,000

(b) Property development costs

	Group 2008 RM'000	Group 2007 RM'000
At 1 January	**11,257**	12,034
Cost incurred during the year	-	183
Disposal	-	(960)
Reclassified to inventories	**(11,257)**	-
At 31 December	-	11,257

5. PREPAID LAND LEASE PAYMENTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
At 1 January	**21,521**	17,346	**585**	-
Reclassified (to)/from non-current assets held for sale (Note 14)	**(3,251)**	4,796	**(540)**	630
Reclassified from land held for development (Note 4)	**1,080**	-	-	-
Amortisation for the year	**(621)**	(621)	**(45)**	(45)
Impairment loss for the year	**(892)**	-	-	-
At 31 December	**17,837**	21,521	-	585
Analysed as:				
Long term leasehold land	**17,837**	17,051	-	-
Short term leasehold land	-	4,470	-	585
	17,837	21,521	-	585

The long leasehold land of the Group with net carrying amount of RM16,757,000 (2007: RM17,051,000) is charged to a financial institution for facilities granted to the Group as disclosed in Notes 18 and 19.

6. INVESTMENT PROPERTIES

	Group	
	2008	2007
	RM'000	RM'000
Cost		
At 1 January	**17,814**	17,814
Addition	**337**	-
Disposal	**(4,911)**	-
At 31 December	**13,240**	17,814
Accumulated impairment losses		
At 1 January	**10,026**	10,026
Disposal	**(3,382)**	-
At 31 December	**6,644**	10,026
Net carrying amount		
At 31 December	**6,596**	7,788

The fair value of the above investment property is as disclosed in Note 34(f).

7. SUBSIDIARIES

	Company	
	2008	2007
	RM'000	RM'000
Unquoted shares, at cost	**208,259**	198,372
Accumulated impairment losses	**(126,502)**	(126,502)
	81,757	71,870
Amount owing by subsidiaries	**202,317**	247,316
Amount owing to subsidiaries	**(4,709)**	(5,524)
	279,365	313,662
Reclassified to non-current assets held for sale (Note 14)	**(63,574)**	-
	215,791	313,662
Allowance for doubtful debts	**(128,220)**	(128,220)
	87,571	185,442

The amounts owing by subsidiaries are in respect of advances to and payments made on behalf of the subsidiaries. These amounts are unsecured, have no fixed terms of repayment and bear interest at 0.5% to 4.5% (2007: 0.5% to 5.5%) per annum.

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

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Interest 2008 %	2007 %
Atria Properties Sdn. Bhd.	Malaysia	Inactive	**100**	100
Beta Management Services Sdn. Bhd.	Malaysia	Property investment	**100**	100
Bondmark Construction Services Sdn. Bhd.	Malaysia	Inactive	**100**	100
Broadland Food Industries Sdn. Bhd.	Malaysia	Inactive	**100**	100
Christine Inn & Recreation Sdn. Bhd.	Malaysia	Operation of hotel	**100**	100
Dominion Bay Sdn. Bhd.	Malaysia	Inactive	**100**	100
Hasil Andalas Sdn. Bhd.	Malaysia	Inactive	**100**	100
Holiday Plaza Complex Management Sdn. Bhd.	Malaysia	Inactive	**100**	100
Hotel Armada (PJ) Sdn. Bhd.	Malaysia	Property investment and operation of hotel	**100**	100
Hotel Armada Group Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Irama Serangkai Sdn. Bhd.	Malaysia	Property investment	**100**	100
Leboh Ampang Plaza Sdn. Bhd.	Malaysia	Inactive	**100**	100
LH Bintang Development Sdn. Bhd.	Malaysia	Land and housing development	**100**	100
LH Commercials Pte. Ltd.	Singapore	Investment holding	**100**	100

Name of Company	Country of Incorporation	Principal Activities	Effective Interest 2008 %	2007 %
LH Indah Apartments Sdn. Bhd.	Malaysia	Property investment	**100**	100
LH Indah Apartments (First) Sdn. Bhd.	Malaysia	Property investment	**100**	100
LH Indah Apartments (Second) Sdn. Bhd.	Malaysia	Property investment	**100**	100
Lien Hoe Property Management Sdn. Bhd.	Malaysia	Inactive	**100**	100
Lien Hoe Resorts Sdn. Bhd.	Malaysia	Inactive	**100**	100
Lien Hoe Square Sdn. Bhd.	Malaysia	Property investment	**100**	100
Macro Resources Sdn. Bhd.	Malaysia	Building and civil works	**100**	100
Menara Lien Hoe Sdn. Bhd.	Malaysia	Inactive	**100**	100
Pembinaan Macro Resources Sdn. Bhd.	Malaysia	Building and civil works	**100**	100
Macro Technology Sdn. Bhd.	Malaysia	Inactive	**100**	100
Russella Teguh Sdn. Bhd. *	Malaysia	Property development	**100**	100
Taman Templer Sdn. Bhd.	Malaysia	Inactive	**100**	100

* On 4 November 2008, the Company subscribed to 9,887,707 ordinary shares of RM1 each, as fully paid-up shares in Russella Teguh Sdn. Bhd., by capitalisation of the amount owing by Russella Teguh Sdn Bhd.

On 7 May 2008, the Company entered into a sale and purchase agreement to dispose the entire issued and paid-up capital of Russella Teguh Sdn. Bhd. for a consideration of RM61,000,000. This transaction is pending completion as at the date of these financial statements as disclosed in Note 33(b).

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Quoted shares, at cost	**26,618**	26,618	**26,618**	26,618
Acquisition	**419**	-	**419**	-
	27,037	26,618	**27,037**	26,618
Share of post-acquisition results	**15,848**	14,167	**-**	-
	42,885	40,785	**27,037**	26,618
Accumulated impairment losses				
At 1 January	**(23,417)**	-	**(9,398)**	-
Impairment loss for the year	**(7,117)**	(23,417)	**(6,165)**	(9,398)
At 31 December	**(30,534)**	(23,417)	**(15,563)**	(9,398)
Net investment	**12,351**	17,368	**11,474**	17,220
Market value of quoted shares	**11,474**	17,220	**11,474**	17,220

The quoted shares are charged to a financial institution for facility granted to the Company as disclosed in Note 18.

In the current financial year, the Company acquired an additional 0.77% equity interest in Perduren (M) Berhad for a cash consideration of RM419,000 as disclosed in Note 33(d).

Details of the associate are as follows:

Name of Company	Country of Incorporation	Effective Interest 2008 %	Effective Interest 2007 %	Principal Activities
Perduren (M) Berhad	Malaysia	**21.33**	20.56	Investment holding

The financial statement of the above associate has a financial year end of 31 March. For the purpose of applying the equity method of accounting, the financial statements of the associate for the year ended 31 March 2009 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2008 and that date.

The summarised financial information of the associate is as follows:

Assets and liabilities

	2008 RM'000	2007 RM'000
Current assets	**10,708**	31,461
Non-current assets	**303,068**	288,647
Total assets	**313,776**	320,108
Current liabilities	**47,037**	45,067
Non-current liabilities	**65,683**	76,668
Total liabilities	**112,720**	121,735

Results

	2008 RM'000	2007 RM'000
Revenue	**24,646**	6,312
Profit for the year/period	**3,417**	718

9. GOODWILL ON CONSOLIDATION

	Group	
	2008 RM'000	2007 RM'000
At 1 January	**4,328**	5,561
Impairment loss recognised in income statement	**-**	(802)
Disposal of a subsidiary	**-**	(431)
Net carrying amount at 31 December	**4,328**	4,328

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

	Construction RM'000	Hotel Operations RM'000	Total RM'000
31 December 2008 / 2007	52	4,276	4,328

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 ten-year period. The future cash flows are based on management's business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

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

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

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

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

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

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

	Group	
	2008	2007
	RM'000	RM'000
Construction costs incurred to date	**93,639**	130,192
Attributable profit	**3,809**	8,788
	97,448	138,980
Progress billings	**(95,405)**	(140,117)
	2,043	(1,137)
Amount due from customers for contract work	**2,496**	2,280
Amount due to customers for contract work	**(453)**	(3,417)
	2,043	(1,137)
Retention sums on contracts, included within trade receivables (Note 12)	**9,638**	7,549
Contract revenue recognised as an income (Note 22)	**70,070**	36,183
Construction costs recognised as an expense (Note 23)	**64,596**	32,158

11. INVENTORIES

	Group	
	2008	2007
	RM'000	RM'000
At cost:		
Consumables	**1,113**	679
At net realisable value:		
Land, completed apartments and office lots	**15,060**	4,780
	16,173	5,459

The title deed for office lot with book value of RM78,000 (2007: RM150,000) is in the process of being transferred to the Group.

In the current financial year, inventories were written down by RM355,000 (2007: RM5,397,000) to their net realisable values.

12. RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**13,117**	10,066	**-**	23
Retention sums on contracts (Note 10)	**9,638**	7,549	**-**	-
Allowance for doubtful debts	**(285)**	(1,139)	**-**	-
	22,470	16,476	**-**	23
Other receivables	**24,212**	25,767	**20,678**	22,889
Allowance for doubtful debts	**(17,518)**	(19,857)	**(17,512)**	(19,857)
	29,164	22,386	**3,166**	3,055

In the current financial year, the Group has written off RM946,000 (2007: RM748,000) and RM1,327,000 (2007: RM12,761,000) against allowance for doubtful debts for trade receivables and other receivables respectively, and the Company has written off RM1,327,000 (2007: RM11,987,000) against allowance for doubtful debts for other receivables.

Included in other receivables is a net amount of RM2,457,000 (2007: RM2,557,000) in relation to an unsecured interest free advance given to a third party by a subsidiary, prior to the acquisition of this subsidiary by the Group.

Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 7 to 30 days. Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

13. CASH AND BANK BALANCES

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Cash on hand and at banks	**5,113**	6,454	**490**	1,283
Deposits with:				
Licensed banks	**2,700**	354	**-**	-
Other financial institutions	**15,308**	-	**15,308**	-
Cash and bank balances	**23,121**	6,808	**15,798**	1,283
Less: Fixed deposit pledged	**(400)**	(354)	**-**	-
Bank overdrafts	**(1,037)**	(11,719)	**-**	(9,537)
Cash and cash equivalents	**21,684**	(5,265)	**15,798**	(8,254)

Included in the deposits is a sum of RM400,000 (2007: RM354,000) pledged to a financial institution for banking facility granted to the Group. The deposits earn interest of 3.1% to 3.5% (2007: 3.0%) per annum and have average maturities of 6 months (2007: 12 months).

14. ASSETS OF DISPOSAL GROUP AND NON-CURRENT ASSETS HELD FOR SALE

The disposals of Lien Hoe Tower Sdn. Bhd., Billiontex Industries Sdn. Bhd., Advantage Equity Sdn. Bhd. and the commercial property known as "The Atria Shopping Centre" were completed in the previous financial year.

Details of the disposal of the discontinued operations and non-current assets held for sale in the current financial year are disclosed in Note 33(b) and (c) respectively.

An analysis of the result of the discontinued operations is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Revenue	**-**	8,209
Expenses	**(3,625)**	(10,791)
Finance costs	**-**	(45)
Loss before tax of discontinued operations	**(3,625)**	(2,627)
Taxation	**877**	1,482
Loss for the year of discontinued operations	**(2,748)**	(1,145)

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

	Group	
	2008	2007
	RM'000	RM'000
Auditors' remuneration	**3**	3
Staff costs:		
Wages and salaries	**-**	912
Social security costs	**-**	13
Defined contribution plans	**-**	89
Depreciation of investment properties	**-**	1,880
Impairment losses of land held for development	**3,249**	5,491
Direct operating expenses of investment properties with income generated during the year	**-**	2,488

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

Operating cash flows	**(376)**	4,744
Investing cash flows	**-**	-
Financing cash flows	**-**	-
Total cash flows	**(376)**	4,744

The major classes of assets and liabilities classified as disposal group and non-current assets held for sale in the Group's and Company's balance sheet are as follows:-

	Group		Company	
	Carrying amount		Carrying amount	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Assets				
Property, plant and equipment	**202**	386	**-**	38
Prepaid land lease payments	**3,251**	5,896	**540**	630
Land held for development	**72,671**	-	**-**	-
Subsidiaries	**-**	-	**63,574**	-
Reclassification *	**-**	(5,182)	**-**	(668)
Assets of disposal group and non-current assets classified as held for sale	**76,124**	1,100	**64,114**	-
Liabilities				
Payables **	**23,603**	-	**23,600**	-
Deferred tax liabilities	**10,733**	4,065	**-**	-
Reclassification	**-**	(4,065)	**-**	-
Liabilities directly associated with assets classified as held for sale	**34,336**	-	**23,600**	-

* In the previous financial year, property, plant and equipment of the Group and of the Company amounting to RM386,000 and RM38,000 respectively and prepaid land lease payment of RM4,796,000 and RM630,000 of the Group and of the Company respectively have been reclassified to the respective balance sheet item as the sale and purchase agreement was aborted as at balance sheet date.

* * Included in payables is an amount of RM23,600,000 in relation to partial payment received from the disposal of a subsidiary as disclosed in Note 33(b).

15. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares of RM1 Each		Amount	
	2008	2007	**2008**	2007
	'000	'000	**RM'000**	RM'000
Authorised:				
1 January/31 December	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At 1 January	**361,742**	334,132	**361,742**	334,132
Conversion of ICULS	**-**	27,610	**-**	27,610
At 31 December	**361,742**	361,742	**361,742**	361,742

In the previous financial year, the Company's issued and paid-up share capital was increased from RM334,132,241 to RM361,742,241 arising from the conversion of RM27,610,000 nominal value of 5-years 2% Irredeemable Convertible Unsecured Loan Stocks ('ICULS') into 27,610,000 new ordinary shares of the Company of RM1 each.

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

16. RESERVES

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Share premium - non distributable	(a)	**51,056**	51,056	**51,056**	51,056
Reserves					
(i) Non-distributable:					
- Revaluation reserve	(b)	**3,616**	3,616	**2,596**	2,596
- Exchange reserve	(c)	**20**	20	**-**	-
		3,636	3,636	**2,596**	2,596
(ii) Distributable:					
- Capital reserve	(d)	**17,839**	17,839	**16,741**	16,741
		72,531	72,531	**70,393**	70,393

(a) This amount arose from premium on the issue of ordinary shares above par value.

(b) The revaluation reserve is used to record increases in the fair value of certain short leasehold buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(c) The exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign operation whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

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

17. DEFERRED TAX LIABILITIES

	Group 2008 RM'000	Group 2007 RM'000
At 1 January	**23,072**	38,883
Recognised in income statement	**(1,821)**	(5,413)
Disposal of subsidiaries	**-**	(14,463)
Reclassified (to)/from non-current assets held for sale	**(10,733)**	4,065
At 31 December	**10,518**	23,072
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(1,593)**	(2,767)
Deferred tax liabilities	**12,111**	25,839
	10,518	23,072

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

Deferred tax liabilities of the Group

	Accelerated capital allowances RM'000	Fair value adjustment arising from business combination RM'000	Revaluation of properties RM'000	Total RM'000
At 1 January 2008	5,766	7,208	12,865	25,839
Recognised in income statement	**27**	**(890)**	**(2,132)**	**(2,995)**
Reclassified to non-current assets held for sale	**-**	**-**	**(10,733)**	**(10,733)**
At 31 December 2008	**5,793**	**6,318**	**-**	**12,111**
At 1 January 2007	5,766	8,627	28,660	43,053
Recognised in income statement	-	(1,487)	(5,329)	(6,816)
Disposal of subsidiaries	(163)	-	(14,312)	(14,475)
Reclassified from non-current assets held for sale	163	68	3,846	4,077
At 31 December 2007	5,766	7,208	12,865	25,839

Deferred tax assets of the Group

	Tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
At 1 January 2008	(2,735)	(10)	(22)	(2,767)
Recognised in income statement	**1,142**	**10**	**22**	**1,174**
At 31 December 2008	**(1,593)**	**-**	**-**	**(1,593)**
At 1 January 2007	(4,138)	(10)	(22)	(4,170)
Recognised in income statement	1,403	-	-	1,403
Disposal of subsidiaries	-	12	-	12
Reclassified from non-current assets held for sale	-	(12)	-	(12)
At 31 December 2007	(2,735)	(10)	(22)	(2,767)

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

	Group	
	2008	2007
	RM'000	RM'000
Unused tax losses	**26,465**	22,751
Unabsorbed capital allowances	**620**	1,016
	27,085	23,767

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

18. BORROWINGS (SECURED)

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Short term borrowings:				
Revolving credits	**-**	10,900	**-**	10,900
Bankers' acceptances	**4,559**	4,309	**-**	-
Term loans	**13,541**	24,882	**8,541**	23,977
Hire purchase payables (Note 29)	**204**	322	**184**	262
	18,304	40,413	**8,725**	35,139
Long term borrowings:				
Term loans	**32,307**	-	**-**	-
Hire purchase payables (Note 29)	**201**	405	**182**	366
	32,508	405	**182**	366
Total borrowings:				
Revolving credits	**-**	10,900	**-**	10,900
Bankers' acceptances	**4,559**	4,309	**-**	-
Term loans	**45,848**	24,882	**8,541**	23,977
Hire purchase payables (Note 29)	**405**	727	**366**	628
	50,812	40,818	**8,907**	35,505

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Maturity of borrowings (excluding hire purchase payables):				
Within 1 year	**18,100**	40,091	**8,541**	34,877
More than 1 year and less than 5 years	**32,307**	-	**-**	-
	50,407	40,091	**8,541**	34,877

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

	Group		Company	
	2008	2007	**2008**	2007
	%	%	**%**	%
Revolving credits	**-**	6.6	**-**	6.6
Bankers' acceptances	**6.0 - 7.0**	5.5 - 6.4	**-**	-
Term loans	**7.8 - 13.0**	9.8 - 13.0	**10.0 - 13.0**	9.8 - 13.0

The borrowings, other than hire purchase payables, are secured on the long leasehold property of a subsidiary and quoted shares in an associate as disclosed in Notes 3, 5 and 8 and corporate guarantees by the Company. In the previous financial year, the borrowings, other than hire purchase payables, are also secured on other fixed and floating assets of a subsidiary.

19. BANK OVERDRAFTS (SECURED)

The bank overdrafts bear interest at a rate of 8.5% (2007: 5.1% to 10.2%) per annum and are secured by corporate guarantees by the Company. In the previous financial year, the bank overdrafts are also secured on the long leasehold property of a subsidiary as disclosed in Notes 3 and 5 and other fixed and floating assets of a subsidiary.

20. PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**17,247**	14,194	**-**	-
Other payables:				
- Accruals	**4,253**	4,256	**1,463**	1,425
- Others	**9,596**	11,953	**6,691**	9,917
	31,096	30,403	**8,154**	11,342

Payables are non-interest bearing and the normal trade credit terms granted to the Group range from 7 to 90 days.

21. PROVISIONS

	Group 2008 RM'000
At 1 January	-
Additional provision	**1,120**
At 31 December	**1,120**

The provision is recognised for expected liquidated damages claims based on the terms of the applicable agreements.

22. REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	**2008 RM'000**	2007 RM'000
Rental income	**4,331**	8,789	**329**	322
Contract revenue from construction contracts (Note 10)	**70,070**	36,183	**-**	-
Revenue from operation of hotels	**24,394**	24,120	**-**	-
Revenue from property development	**-**	1,000	**-**	-
Others	**-**	70	**-**	-
	98,795	70,162	**329**	322

23. COST OF SALES

	Group	
	2008 RM'000	2007 RM'000
Cost of inventories and others	**4,307**	4,656
Contract cost from construction contracts (Note 10)	**64,596**	32,158
Property development cost	**-**	960
	68,903	37,774

24. LOSS FROM CONTINUING OPERATIONS

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Loss from continuing operations is stated after charging/(crediting):				
Allowance for doubtful debts				
- trade receivables	**92**	45	**-**	-
- other receivables	**6**	-	**-**	-
Amortisation of prepaid land lease payments (Note 5)	**621**	621	**45**	45
Auditors' remuneration	**190**	181	**55**	55
Bad debts written off	**28**	-	**28**	-
Depreciation of property, plant and equipment (Note 3)	**2,805**	3,165	**386**	667
Directors' emoluments (Note 25(a))	**5,711**	3,508	**4,971**	2,800
Gain on disposal of:				
- prepaid land lease payments	**(31)**	-	**-**	-
- property, plant and equipment	**(18)**	(96)	**-**	(248)
Impairment loss of goodwill (Note 9)	**-**	802	**-**	-
Interest income from:				
- subsidiaries	**-**	-	**(3,168)**	(4,468)
- others	**(177)**	(221)	**(74)**	(195)
Interest waived	**-**	(5,258)	**-**	(5,258)
Liquidated damages receivable	**(880)**	-	**-**	-
Other expenses (Note (b))	**9,419**	30,576	**6,369**	180,165
Property, plant and equipment written off	**45**	113	**-**	111
Rental expense of buildings				
- subsidiaries	**-**	-	**-**	562
- others	**1,009**	378	**557**	169
Staff costs (Note (a))	**8,515**	8,768	**2,024**	1,903
Unrealised foreign exchange gain	**-**	-	**(1,534)**	-
Write-back of allowance for doubtful debts - other receivables	**(1,018)**	(1,152)	**(1,018)**	(1,152)
Write-down of inventories	**355**	5,397	**-**	-

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Note (a) - Staff costs comprise:				
Wages and salaries	**7,300**	7,540	**1,844**	1,726
Social security costs	**83**	94	**18**	18
Defined contribution plans	**717**	721	**162**	159
Other staff related expenses	**415**	413	**-**	-
	8,515	8,768	**2,024**	1,903
Note (b) - Other expenses comprise:-				
Allowance for doubtful debts:				
- subsidiaries	**-**	-	**-**	56,588
(Gain)/loss on disposal of:				
- investment property	**(15)**	17,135	**-**	-
- subsidiaries	**-**	(9,976)	**-**	12,402
Impairment losses of:				
- investment in subsidiaries	**-**	-	**-**	101,777
- investment in an associate	**7,117**	23,417	**6,165**	9,398
- property, plant and equipment	**305**	-	**204**	-
- prepaid land lease payments	**892**	-	**-**	-
Provision for liquidated damages	**1,120**	-	**-**	-
	9,419	30,576	**6,369**	180,165

25. KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Directors

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	**5,253**	3,120	**4,877**	2,724
Benefits-in-kind	**30**	37	**30**	30
	5,283	3,157	**4,907**	2,754
Non-executive:				
Fees	**94**	76	**94**	76

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Directors of subsidiaries:				
Executive:				
Salaries and other emoluments	**364**	312	**-**	-
Total	**5,741**	3,545	**5,001**	2,830
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	**5,617**	3,432	**4,877**	2,724
Total non-executive directors' remuneration	**94**	76	**94**	76
Total directors' remuneration	**5,711**	3,508	**4,971**	2,800

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

	Number of Director	
	2008	2007
Executive directors:		
RM350,001 to RM400,000	**1**	1
RM800,001 to RM850,000	**-**	1
RM1,800,001 to RM1,850,000	**1**	-
RM1,900,001 to RM1,950,000	**-**	1
RM3,000,001 to RM3,050,000	**1**	-
Non-executive directors:		
Below RM50,000	**3**	4

(b) Other key management personnel

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**888**	990	**296**	379
Social security costs	**2**	2	**1**	1
Defined contribution plans	**107**	115	**37**	45
	997	1,107	**334**	425

26. FINANCE COSTS

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Hire purchase and lease interest	**48**	82	**35**	32
Revolving credit, bank overdrafts, bankers' acceptances and trust receipts	**1,130**	2,857	**739**	2,423
ICULS *	**-**	(291)	**-**	(291)
Secured notes	**-**	15,593	**-**	-
Term loans	**3,314**	6,635	**944**	2,091
	4,492	24,876	**1,718**	4,255

* Reversal of over-recognised interest on ICULS in prior year.

27. TAXATION

	Group	
	2008	2007
	RM'000	RM'000
Continuing operations		
Current year income tax	**337**	57
Underprovision of income tax expense in prior years	**46**	-
	383	57
Deferred tax relating to origination and reversal of temporary differences	**360**	(4,183)
Deferred tax recognised at different tax rates	**(1,304)**	(66)
Underprovision of deferred tax in prior years	**-**	318
	(944)	(3,931)
Total income tax expense from continuing operations	**(561)**	(3,874)
Discontinued operation		
Deferred tax relating to origination and reversal of temporary differences	**(877)**	(1,482)
Total income tax expenses	**(1,438)**	(5,356)

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the currrent year's rate of 26% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

A reconciliation of income tax expense applicable to loss for the year at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2008 RM'000	2007 RM'000
Group		
Loss before taxation		
- Continuing operations	**(10,341)**	(37,580)
- Discontinued operations	**(3,625)**	(2,627)
	(13,966)	(40,207)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	**(3,631)**	(10,856)
Deferred tax recognised at different tax rates	**(1,304)**	(66)
Effect of expenses not deductible for tax purposes	**3,042**	8,902
Income not subject to tax	**(454)**	(3,847)
Deferred tax assets not recognised during the year	**863**	193
Underprovision of deferred tax in prior years	**-**	318
Underprovision of income tax expense in prior years	**46**	-
Tax expense for the year	**(1,438)**	(5,356)
Company		
Loss before taxation	**(10,326)**	(181,538)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	**(2,685)**	(49,015)
Effect of expenses not deductible for tax purposes	**2,846**	49,006
Income not subject to tax	**(666)**	-
Deferred tax assets not recognised during the year	**505**	9
Tax expense for the year	**-**	-

28. LOSS PER ORDINARY SHARE

(a) Basic

The basic loss per ordinary share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2008	2007
	RM'000	RM'000
Loss from continuing operations attributable to ordinary equity holders of the Company	**(9,780)**	(33,706)
Loss from discontinued operations attributable to ordinary equity holders of the Company	**(2,748)**	(1,145)
Loss attributable to ordinary equity holders of the Company	**(12,528)**	(34,851)

	2008	2007
	'000	'000
Weighted average number of ordinary shares in issue	**361,742**	352,490

	2008	2007
	Sen	Sen
Basic loss per ordinary share for		
- Continuing operations	**(2.70)**	(9.56)
- Discontinued operations	**(0.76)**	(0.33)
	(3.46)	(9.89)

(b) Diluted

No dilution of basic loss per ordinary shares for the current and previous financial year. Accordingly, the basis and diluted loss per ordinary share are the same.

29. HIRE PURCHASE PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Minimum lease payments:				
Not later than 1 year	**234**	369	**212**	297
Later than 1 year and not later than 2 years	**100**	234	**81**	212
Later than 2 years and not later than 5 years	**123**	223	**123**	204
	457	826	**416**	713
Less: Future finance charges	**(52)**	(99)	**(50)**	(85)
Present value of hire purchase payables	**405**	727	**366**	628

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Present value of finance lease liabilities:				
Not later than 1 year	**204**	322	**184**	262
Later than 1 year and not later than 2 years	**91**	204	**72**	184
Later than 2 years and not later than 5 years	**110**	201	**110**	182
	405	727	**366**	628
Analysed as:				
Due within 12 months included as current liabilities (Note 18)	**204**	322	**184**	262
Due after 12 months included as non-current liabilities (Note 18)	**201**	405	**182**	366
	405	727	**366**	628

The hire purchase payables bear interest at the balance sheet date of 3.0% to 14.0% (2007: 4.0% to 13.0%) per annum.

30. CONTINGENT LIABILITIES

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Unsecured:				
Corporate guarantees issued in respect of banking/credit facilities granted to subsidiaries	**-**	-	**8,208**	7,998
Corporate guarantees issued in respect of banking facilities granted to third parties	**3,580**	3,335	**3,580**	3,335
Claims by third parties for the supply of goods and other charges	**920**	920	**-**	-
	4,500	4,255	**11,788**	11,333

The Company has agreed to provide continued financial support to certain subsidiaries for a period of twelve months from 1 January 2009 to enable them to meet their obligations as and when they fall due during this period.

31. LITIGATION

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

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

(b) On 26 May 2005, the Company was served with a writ of summon by a financial institution for a sum of RM3,580,000 pursuant to a corporate guarantee issued in respect of a banking facility granted to a former subsidiary.

This suit is currently pending trial.

32. RELATED PARTY TRANSACTIONS

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Management fees charged to subsidiaries	**-**	-	**2,040**	-
Interest income charged to subsidiaries	**-**	-	**3,168**	4,468
Rental paid to a subsidiary	**-**	-	**-**	562

Information regarding outstanding balances arising from related party transactions as at 31 December 2008 is disclosed in Note 7.

The remuneration of key management personnel is disclosed in Note 25.

33. SIGNIFICANT EVENTS

(a) On 13 April 2006, a wholly owned subsidiary, Russella Teguh Sdn. Bhd. entered into a Joint Venture Development Agreement ("JVDA") with Stellar View Development Sdn. Bhd. for the purpose of carrying out a joint venture commercial development on the land measuring approximately 50 acres forming part of the piece of land held under H.S.(D) 118696, PT 45265, in the Mukim and Daerah of Petaling, State of Selangor. The gross development value for the intended development is estimated at RM280,000,000.

The JVDA continues to operate and be valid and binding upon the parties thereto pending the completion of the sale and purchase agreement as referred to in Note 33(b).

(b) On 7 May 2008, the Company entered into a sale and purchase agreement with The Atmosphere Sdn. Bhd. (formerly known as Stellar View Development Sdn. Bhd.) for the disposal of the entire issued and paid-up capital of Russella Teguh Sdn. Bhd., a wholly owned subsidiary of the Company, for a total cash consideration of RM61,000,000. As at 31 December 2008, the assets and liabilities of Russella Teguh Sdn. Bhd. have been presented on the consolidated balance sheet as a disposal group held for sale and the result from this subsidiary is presented separately on the consolidated income statement as discontinued operation. The carrying amount of the investment in this subsidiary and amount owing by this subsidiary has also been presented as non-current asset held for sale in the Company's balance sheet as at 31 December 2008.

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

(c) On 10 July 2008, the Company and Beta Management Services Sdn. Bhd., a wholly owned subsidiary, entered into five separate sale and purchase agreements with Kelana Bumi Sdn. Bhd. to dispose five leasehold land and buildings with a total carrying value of RM3,453,000 for a total consideration of RM7,592,000. Accordingly, these assets are classified as non-current assets held for sale.

These transactions were completed as at the date of these financial statements.

(d) In the current financial year, the Company acquired 1,048,100 ordinary shares of RM1 each in Perduren (M) Berhad, equivalent to 0.77% of the issued and paid-up capital of Perduren (M) Berhad for a consideration of RM419,000.

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, foreign exchange and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

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

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

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

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all 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.

(d) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument other than as disclose in Note 12.

(e) Foreign Exchange Risk

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

(f) Fair Values

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the balance sheet date approximate their net fair values except for the following:-

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets					
At 31 December 2008:					
Investment properties	6	**6,596**	**6,660**	**-**	**-**
Subsidiaries:					
Amount owing by subsidiaries, net	7	**-**	**-**	**70,523**	**31,434**
Unquoted shares, net	7	**-**	**-**	**21,757**	**#**
Investment in an associate	8	**12,351**	**11,474**	**11,474**	**11,474**
At 31 December 2007:					
Investment properties	6	7,788	8,204	-	-
Subsidiaries:					
Amount owing by subsidiaries, net	7	-	-	119,096	62,758
Unquoted shares, net	7	-	-	71,870	#
Investment in an associate	8	17,368	17,220	17,220	17,220
Financial liabilities					
At 31 December 2008:					
Amount owing to subsidiaries	7	**-**	**-**	**4,709**	**1,815**
Hire purchase payables	29	**405**	**404**	**366**	**368**
At 31 December 2007:					
Amount owing to subsidiaries	7	-	-	5,524	2,130
Hire purchase payables	29	727	740	628	640

\# It is not practical to estimate the fair value of the Company's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair value of investment properties are determined based on the current prices in an active market within the vicinity.

The fair value of amount owing by/to subsidiaries are estimated by discounting the expected future cash flow using a discount rate which is reflective of its current borrowing rate.

The fair value of investment in an associate is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

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

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

		Group		**Company**	
	Note	**Nominal/ notional amount RM'000**	**Net fair value RM'000**	**Nominal/ notional amount RM'000**	**Net fair value RM'000**
At 31 December 2008:					
Contingent liabilities	30	**4,500**	**	**11,788**	**
At 31 December 2007:					
Contingent liabilities	30	4,255	**	11,333	**

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

34. SEGMENT REPORTING

(a) Business segments

The Group comprises the following main business segments:

(i) property investment
(ii) property development
(iii) construction
(iv) hotel operations
(v) other operations - comprising activities of insufficient size to be reported seperately

(b) Geographical segments

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

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments.

(a) Business Segment

2008	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Total RM'000	Discontinued operations RM'000	Total operations RM'000
Revenue								
Revenue	4,331	-	70,070	24,394	-	98,795	-	98,795
Less: Inter-segment revenue	-	-	-	-	-	-	-	-
External revenue	4,331	-	70,070	24,394	-	98,795	-	98,795
Result								
Segment result	(16,855)	(310)	2,432	7,324	(298)	(7,707)	(3,625)	(11,332)
Share of profit of an associate	1,681					1,681	-	1,681
Interest expense						(4,492)	-	(4,492)
Interest income						177	-	177
Loss before taxation						(10,341)	(3,625)	(13,966)
Taxation						561	877	1,438
Loss for the year						(9,780)	(2,748)	(12,528)
Other information								
Segment assets	100,227	17,205	25,559	74,683	1,764	219,438	76,124	295,562
Tax recoverable	1,392	70	-	-	108	1,570	-	1,570
Consolidated total assets	101,619	17,275	25,559	74,683	1,872	221,008	76,124	297,132
Segment liabilities	12,315	63	18,102	2,065	124	32,669	23,603	56,272
Tax payable	-	-	209	33	-	242	-	242
Deferred tax liabilities	8,456	2,005	49	8	-	10,518	10,733	21,251
Borrowings	8,907	1,037	4,559	37,346	-	51,849	-	51,849
Consolidated total liabilities	29,678	3,105	22,919	39,452	124	95,278	34,336	129,614

(a) Business Segment

2008	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Total RM'000	Discontinued operations RM'000	Total operations RM'000
Capital expenditure	3	-	137	153	-	293	-	293
Depreciation of property, plant and equipment	1,217	23	101	1,419	45	2,805	-	2,805
Amortisation of prepaid land lease payment	621	-	-	-	-	621	-	621
Significant non-cash items other than depreciation and amortisation								
- Write-back of allowance for doubtful debts	(1,018)	-	-	-	-	(1,018)	-	(1,018)
- Impairment losses of:								
- land held for development	-	-	-	-	-	-	3,249	3,249
- investment in an associate	7,117	-	-	-	-	7,117	-	7,117
- prepaid land lease payments	892	-	-	-	-	892	-	892
- property plant and equipment	281	24	-	-	-	305	-	305
Liquidated damages receivable	-	-	(880)	-	-	(880)	-	(880)
Provision for liquidated damages	-	-	1,120	-	-	1,120	-	1,120
Write-down of inventories	-	355	-	-	-	355	-	355

2007	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Eliminations RM'000	Total RM'000	Discontinued operations RM'000	Total operations RM'000
Revenue									
Revenue	9,094	1,000	36,183	24,120	70	(305)	70,162	8,209	78,371
Less: Inter-segment revenue	(305)	-	-	-	-	305	-	-	-
External revenue	8,789	1,000	36,183	24,120	70	-	70,162	8,209	78,371
Result									
Segment result	(38,314)	(998)	428	6,987	(148)	(305)	(32,350)	(2,582)	(34,932)
Share of profit of an associate	14,167	-	-	-	-	-	14,167	-	14,167
Interest expense							(24,876)	(45)	(24,921)
Interest waived							5,258	-	5,258
Interest income							221	-	221
Loss before taxation							(37,580)	(2,627)	(40,207)
Taxation							3,874	1,482	5,356
Loss for the year							(33,706)	(1,145)	(34,851)
Other information									
Segment assets	101,054	93,842	18,406	73,104	225		286,631	1,100	287,731
Tax recoverable	1,615	70	-	-	108		1,793	-	1,793
Consolidated total assets	102,669	93,912	18,406	73,104	333		288,424	1,100	289,524
Segment liabilities	14,320	3,806	12,886	2,748	60		33,820	-	33,820
Tax payable	-	-	22	27	-		49	-	49
Deferred tax liabilities	7,884	15,121	59	8	-		23,072	-	23,072
Borrowings	29,729	1,310	5,629	15,869	-		52,537	-	52,537
Consolidated total liabilities	51,933	20,237	18,596	18,652	60		109,478	-	109,478

2007	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Total RM'000	Discontinued operations RM'000	Total operations RM'000
Capital expenditure	760	25	161	96	-	1,042	-	1,042
Depreciation of property, plant and equipment	1,518	25	100	1,472	50	3,165	-	3,165
Depreciation of investment properties	-	-	-	-	-	-	1,880	1,880
Amortisation of prepaid land payment	621	-	-	-	-	621	-	621
Significant non-cash items other than depreciation and amortisation								
- (Gain)/loss on disposal of property, plant and equipment	(282)	182	4	-	-	(96)	-	(96)
- Loss on disposal of investment property	17,135	-	-	-	-	17,135	-	17,135
- Gain on disposal of subsidiaries	(9,976)	-	-	-	-	(9,976)	-	(9,976)
- Write-down of inventories	4,130	-	1,267	-	-	5,397	-	5,397
- Write-back of allowance for doubtful debts	(1,152)	-	-	-	-	(1,152)	-	(1,152)
- Impairment losses of:								
- land held for development	-	-	-	-	-	-	5,491	5,491
- investment in an associate	23,417	-	-	-	-	23,417	-	23,417
- goodwill	381	421	-	-	-	802	-	802

36. SUBSEQUENT EVENTS

On 20 February 2009, the Company entered into two separate sale and purchase agreements with Saw Poh Leng and Ng Min Lin for the acquisition of the entire issued and paid-up capital of Beautiful Score Sdn. Bhd. ("BSSB"), which had contracted to purchase the entire issued and paid-up capital of Octowers Resort Berhad ("ORB"). The purchase consideration for the entire equity interest in BSSB and ORB are RM5,750,000 and RM29,000,000 respectively.

The acquisition of BSSB was completed on 23 February 2009, and the acquisition of ORB by BSSB is pending completion as at the date of these financial statements.

37. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified to conform with current year's presentation:

	As previously stated RM'000	Increase/ (decrease) RM'000	As restated RM '000
Group			
Income statement			
Other expenses	(22,048)	(8,528)	(30,576)
Share of profit of an associate	148	14,019	14,167
Taxation	5,356	(1,482)	3,874
Profit/(loss) for the year from discontinued operations	2,864	(4,009)	(1,145)

Schedule of Properties

Held by the Company and its Subsidiary Companies as at 31 December 2008

Location of Properties	Description	Date of Acquisition (Date of Revaluation)	Expiration of Lease	Land Area (Acres)	Lettable Area (Sq. Ft.)	Approximate Age of Building (Years)	Net Book Value (RM'000)
Lot TLO 432A, Jalan Tampoi, Johor Bahru, Johor	Single storey factory buildings	(June 1988)	24 October 2020	6.69	103,355	33	540
Lot 1845, Mukim of Tebrau, Johor	Development land	April 2003	Freehold	5.43	N/A	N/A	8,278
Lot No. PT 2906, Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan	4 units apartments *Known as Palm Springs Apartments*	December 1994	Freehold	Strata title	6,372	7	731
Lot 9234, Jalan Tampoi, Johor Bahru, Johor	Single storey factory buildings	(June 1988)	9 January 2031	2.59	33,486	33	373
Lots PTB 19176 to 19178, Johor Bahru, Johor	Single storey factory buildings	January 1997	30 March 2021	4.66	24,877	33	2,540
Lots 1589 and 1592, Mukim of Tebrau, Johor	Double storey office building	May 1994	Freehold	4.14	9,935	32	4,870
Lot 6367, Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor	Development land	January 1992	Freehold	41.55	N/A	N/A	10,912
Lot 290, Mukim of Tebrau, Johor	Development land	June 1996	Freehold	4.84	N/A	N/A	6,596
Lots PTD 5358 to 5379, Township and District of Johor Bahru, Johor	41 units apartments *Known as Pelita Indah Condominium Apartments*	May 1995	Freehold	Strata title	70,642	14	4,070
Lot 51, Section 27, Town of Petaling Jaya, Selangor	4 storey podium with a basement car park and 23 storey hotel with 242 rooms *Known as Plaza Armada and Hotel Armada*	June 1993	6 February 2071	2.44	69,244	12	107,754
Lot PT 45265, Mukim of Petaling, District of Petaling, Selangor	Development land	July 2002	27 May 2097	53.80	N/A	N/A	73,751
Lot B2F-19a, Megan Phoenix, Jalan 2/142A km10 off Jalan Cheras 56000 Kuala Lumpur	1 unit office lot	July 1997	Freehold	Strata title	1,479	9	78
B13-1 Block B No.1 Lorong Utara B Off Jalan Utara 46200 Petaling Jaya	1 unit apartment *Known as The Istara Condominium*	August 1996	9 March 2076	Strata title	1,313	11	154

Statistics of Shareholdings
(As at 6 May 2009)

SHARE CAPITAL

Authorised share capital	RM 1,000,000,000
Issued and fully paid share capital	RM 361,742,241
Class of shares	Ordinary share of RM 1 each
Voting rights	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shares	% of Issued Capital	No. of Shareholders	% of Shareholders
1 - 99	27,589	0.01	592	3.38
100 - 1,000	3,203,897	0.89	4,514	25.82
1,001 - 10,000	39,246,942	10.85	9,742	55.72
10,001 - 100,000	73,454,262	20.30	2,413	13.80
100,001 - 18,087,111	145,040,784	40.09	223	1.27
18,087,112 & above	100,768,767	27.86	1	0.01
Total	361,742,241	100.00	17,485	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 6 MAY 2009
(as shown in the Register of Substantial Shareholders)

Name	No. of Shares (Direct)	No. of Shares (Indirect)	% of Issued Capital
1. DATO' YAP SING HOCK	105,052,717	821,250	29.27

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 6 MAY 2009
(as per Register of Members and Record of Depositors)

	Name	No. of Shares	% of Issued Capital
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock	100,768,767	27.86%
2.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Perduren (M) Berhad	14,300,000	3.95%
3.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Wong Chin Hee	10,545,000	2.91%
4.	TA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chan Wah Long	9,872,000	2.73%
5.	LIANG & LIANG SDN. BHD.	9,113,600	2.52%
6.	LIM SENG CHEE	6,484,300	1.79%
7.	CITIGROUP NOMINEES (ASING) SDN. BHD. Exempt An for OCBC Securities Private Limited (Client A/C-NR)	4,363,380	1.21%
8.	ONN KOK PUAY (WENG GUOPEI)	3,648,400	1.01%
9.	LEE YEW SING	3,625,900	1.00%
10.	LIANG TEH HAI	3,496,500	0.97%
11.	CIMSEC NOMINEES (ASING) SDN. BHD. Exempt An for CIMB-GK Securities Pte. Ltd. (Retail Clients)	3,208,612	0.89%
12.	TASEC NOMINEES (TEMPATAN) SDN. BHD. TA First Credit Sdn. Bhd. for Chan Wah Long	2,536,500	0.70%
13.	HSBC NOMINEES (TEMPATAN) SDN. BHD. RBS Coutts HK for Ong Yoong Nyock	2,057,500	0.57%
14.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Beta Holdings Sdn. Bhd. (JSS)	2,009,000	0.55%
15.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY for DFA Emerging Markets Fund	1,997,150	0.55%

	Name	No. of Shares	% of Issued Capital
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	1,950,000	0.54%
17.	G-INSTITUTE OF REAL ESTATE SDN. BHD.	1,700,000	0.47%
18.	CHUA BOON CHIEN	1,650,000	0.46%
19.	ONN PING LAN	1,633,550	0.45%
20.	HLG NOMINEE (ASING) SDN. BHD. Exempt An for UOB Kay Hian Pte. Ltd. (A/C Clients)	1,601,712	0.44%
21.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (MKL)	1,518,500	0.42%
22.	LEONG SOCK MOOI	1,515,350	0.42%
23.	ONG BEE LIAN	1,350,500	0.37%
24.	HARTANET SYSTEM SDN. BHD.	1,239,800	0.34%
25.	TEH HEAN IT	1,124,900	0.31%
26.	KENANGA NOMINEES (ASING) SDN. BHD. Pledged Securities Account for Kwan Ping Sum, Susanna	1,114,000	0.31%
27.	LUCKY STAR PTE. LTD.	1,044,900	0.29%
28.	SAHLAN BIN SIDIK	1,000,000	0.28%
29.	ZAINAH BINTI IBRAHIM	998,020	0.28%
30.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (SBJM2)	950,000	0.26%
	Total	198,417,841	54.85%

LIEN HOE CORPORATION BERHAD

(Company No: 8507-X)

(Incorporated in Malaysia under the Companies Act, 1965)

No. of shares held:	
CDS account no.:	

FORM OF PROXY

I/We..

of ....

being a member(s) of LIEN HOE CORPORATION BERHAD hereby appoint ....

of..

or failing him/her ....

of ....

as my/our Proxy to vote for me/us/ on my/our behalf at the 39th Annual General Meeting of the Company to be held at Laksamana Ballroom, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, on Friday, 26 June 2009 at 3.00 p.m.

My / our proxy is to vote as indicated below :

NO	RESOLUTIONS	FOR	AGAINST
1.	To lay the Audited Financial Statements for the year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon.		
2.	To approve the payment of Directors' Fees.		
3.	To re-elect Mr Cheong Marn Seng, Allen as Director of the Company.		
4.	To re-elect Dato' Yap Sing Hock as Director of the Company.		
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.		
6.	To approve Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965.		

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

Dated:-

____

Signature /Common seal of Shareholder(s)

NOTES:-

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

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

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

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