



ANNUAL REPORT 2014

LienHoe

LIEN HOE CORPORATION BERHAD

(Company No. 8507-X)



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Corporate Information

DIRECTORS

Mr Yeoh Chong Keat

Chairman, Independent Non-executive Director

Dato' Yap Sing Hock

Managing Director

Mr Cheong Marn Seng, Allen

Executive Director

Dr Teoh Kim Loon

Independent Non-executive Director

Dato' Tea Choo Keng

Independent Non-executive Director

SECRETARY

Lee Sook Peng (MAICSA 0810465)

REGISTERED OFFICE

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



AUDITORS

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

PRINCIPAL FINANCIAL INSTITUTIONS

CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
OCBC Al-Amin Bank Berhad
Bangkok Bank Berhad
Bank Islam Malaysia Berhad

STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia
Securities Berhad

REGISTRAR

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 45th Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at Iskandar II, Level 3A, Block 1, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Nusajaya, Johor Darul Takzim on Wednesday, 17 June 2015 at 11 a.m. for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note A)*
2. To approve the payment of Directors' fees of RM162,000 in respect of the financial year ended 31 December 2014. (2013: RM132,000) *(Resolution 1)*
3. To re-elect the following Directors retiring pursuant to Article 84 of the Company's Articles of Association:-
 - i. Mr Yeoh Chong Keat *(Resolution 2)*
 - ii. Dato' Yap Sing Hock *(Resolution 3)*
4. To re-appoint Messrs UHY as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to determine their remuneration. *(Resolution 4)*

AS SPECIAL BUSINESS

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


5. AUTHORITY FOR DIRECTORS TO ISSUE SHARES

"THAT subject to Section 132D of the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of any other relevant authorities, the Directors of the Company be and are hereby authorized to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid up share capital of the Company for the time being and such authority shall continue in force until the next Annual General Meeting of the Company." *(Resolution 5)*

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

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

- (i) the maximum number of ordinary shares purchased and/or held by the Company shall not exceed 10% of the issued and paid up share capital of the Company;
- (ii) the total maximum amount of funds to be utilized for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits and/or the share premium account of the Company based on its audited financial statements for the financial year ended 31 December 2014; and
- (iii) upon completion of the purchase(s) of its shares by the Company, the shares shall be dealt with in the following manner:-

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

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

- (a) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions;
- (b) the expiry of the period within which the next annual general meeting is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

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

AND THAT the Directors of the Company be and are hereby authorized to do all acts, deeds and things and to execute, sign and deliver all such documents and/or agreements as they may deem necessary or expedient in the best interest of the Company and with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities to give effect to and to complete the aforesaid Proposed Share Buy-Back." (*Resolution 6*)

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

"THAT in accordance with the Malaysian Code on Corporate Governance 2012 and subject to the passing of Resolution 2, Mr Yeoh Chong Keat be retained as Independent Non-executive Director of the Company." (*Resolution 7*)

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

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

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

BY ORDER OF THE BOARD

LEE SOOK PENG
MAICSA 0810465
Secretary

Petaling Jaya
25 May 2015

NOTES

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. In the case of a corporate member, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
3. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

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

4. The form of proxy must be deposited at the registered office of the Company at 3rd floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, not later than 48 hours before the time stipulated for holding of this meeting or any adjournment thereof.
5. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositor as at 8 June 2015 ("Record of Depositor") and only a depositor whose name appears on the Record of Depositor shall be entitled to attend this meeting.

EXPLANATORY NOTE A

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

EXPLANATORY NOTES ON SPECIAL BUSINESS

RESOLUTION 5 - AUTHORITY FOR DIRECTORS TO ISSUE SHARES

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

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

This resolution is proposed for the purpose of empowering the Company to purchase its own shares of a number which, when aggregated with the existing treasury shares, does not exceed 10% of its prevailing issued and paid up share capital. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the proposed share buy back, please refer to the statement to shareholders dated 25 May 2015 which is despatched together with the 2014 Annual Report.



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

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

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

- (i) They have confirmed and declared that they are independent directors as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) They do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and
- (iii) The Board of Directors is of the opinion that they are important independent directors of the Board in view of their many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and have provided invaluable contributions to the Board in their roles as independent directors during their tenure.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Resolution 5 is a renewed general mandate for issue of shares and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue new shares in the Company up to an aggregate amount not exceeding 10% of the issued and paid up share capital of the Company for such purpose as they consider would be in the interest of the Company.

With this renewed general mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investments, working capital and/or acquisitions. This will avoid any delay and cost involved in convening a general meeting to approve such issue of shares. The general mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 23 June 2014 and which will lapse at the conclusion of the 45th Annual General Meeting.

2014 ANNUAL REPORT

The 2014 Annual Report is in the CD-ROM format. A copy of the Annual Report may also be downloaded from the Company's website at <http://www.lienhoe.com.my>. Printed copy of the Annual Report shall be provided to the members within 4 market days from the date of receipt of their verbal or written request. Members who wish to receive the printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Ms Lee Sook Peng or Ms Wong Ngoke Meng at Tel. No. 03-79558808, Fax No. 03-79555808 or e-mail to lienhoe@lienhoe.com.my.

Profile of Directors

Mr Yeoh Chong Keat

(56 years of age – Malaysian)
Chairman, Independent Non-executive Director

He was appointed a Director of the Company on 6 December 2001 and was appointed as Chairman of the Company on 16 September 2009. He also Chairs the Audit, Remuneration and Nomination Committees.

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

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

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



Dato' Yap Sing Hock

(66 years of age – Malaysian)
Managing Director

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

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



Mr Cheong Marn Seng, Allen

(50 years of age – Malaysian)

Executive Director



He was appointed as an Executive Director of the Company on 28 December 2001.

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

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

Dr Teoh Kim Loon

(61 years of age – Malaysian)

Independent Non-executive Director

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

He graduated in medicine with a degree in MBBS from University of Malaya in 1979. He started his own general practice in 1983. In 1999, he was appointed an independent non-executive director of Pharmaniaga Bhd, a company listed on the second board of Bursa Malaysia Securities Bhd. He resigned as a director from Pharmaniaga Bhd in 2001 and assumed the post of Director/Chief Executive of TDMC Hospital Sdn Bhd which owns a 128 bed private hospital in Kuala Lumpur. He resigned from TDMC Hospital Sdn Bhd on 31 July 2011.

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



Dato' Tea Choo Keng

(47 years of age – Malaysian)
Independent Non-executive Director



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

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

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

OTHER DISCLOSURE BY THE BOARD OF DIRECTORS

None of the Directors have any family relationship with any director and/or substantial shareholder of the Company.

The Directors do not have any conflict of interest with the Company and they have not convicted any offences over the past 10 years.

As at 30 April 2015, the interest of Directors in the shares of the Company were as follows:-

Name	Direct Interest		Indirect Interest (i)	
	No.	% (ii)	No.	% (ii)
Mr Yeoh Chong Keat	-	-	-	-
Dato' Yap Sing Hock	106,658,117	31.10	3,821,500	1.11
Mr Cheong Marn Seng, Allen	705,500	0.21	-	-
Dr Teoh Kim Loon	900,550	0.26	-	-
Dato' Tea Choo Keng	-	-	-	-

Notes:

- (i) Deemed interest through direct shareholdings of spouse and children pursuant to Section 134 (12)(c) of the Companies Act, 1965.
- (ii) Excluding 18,796,100 ordinary shares repurchased by the Company and retained as Treasury Shares.

Letter to Shareholders

Dear Shareholders

On behalf of the Board of Directors, we have the pleasure of presenting to you once again the Annual Report of our Company for the financial year ended 31 December 2014, together with a review of our performance in 2014 and an outline on our plan for 2015.

Financial highlights

For the FY2014, our Company together with the subsidiary companies (the "Group") posted a loss of RM9.36 million on revenue of RM123.92 million. Loss from operations for the year was RM2.72 million and loss before taxation came to RM8.16 million. The Group's revenue and earnings were derived primarily from our core business of building construction and hotel operations.

Operating performance

2014 was a year which witnessed much economic uncertainties and market setbacks. After four years of consecutive growth in revenue, we saw a decline in our revenue in FY2014. The Group registered a drop in revenue of RM23.04 million or 15.7% to RM123.92 million from RM146.96 million a year ago. The decrease in revenue was a result of lower billing of works for the construction segment, which recorded revenue of RM91.68 million, down RM23.53 million from the previous year. Revenue from the hotel segment rose by RM0.58 million to RM27.65 million.



In FY2014, the construction segment remained busy with a steady pipeline of jobs, in which we acted as main contractor. Several construction projects carried forward from FY2013 were completed or substantially completed. These include the following projects:-

Description	Contract value (in million)	Percentage of completion
1 Construction of 74 units of 3 to 5-storey shop office at Olive Hill in Serdang	RM42.56	100%
2 Construction of 69 units of 2-storey linked house at Alam Damai in Cheras	RM32.30	100%
3 Construction of 37 units of 2-storey linked house at Alam Sari in Bangi	RM16.44	100%
4 Erection of a 6-level carpark at Arcoris in Mont'Kiara	RM44.77	95%
5 Construction of 86 units of 2-storey linked house at Alam Impian in Shah Alam	RM39.50	91%

Three new construction jobs started in the second half of FY2014, which are as follows:-

Description	Contract value (in million)	Expected completion date
1 Construction of 31 units of 2-storey linked house at Bukit Hartamas in Cheras	RM10.82	August 2015
2 Construction of 76 units of 3 and 4-storey shop office at Setia Alam in Shah Alam	RM35.05	November 2015
3 Construction of 22 units of 2 and 3-storey shop office at Kota Seriemas in Nilai	RM13.48	December 2015

The slow start of new jobs was the main reason behind the significant dip in revenue in FY2014. In tandem with the reduced revenue, operating profit for the construction segment declined from RM9.60 million in FY2013 to RM3.81 million. The operating profit took further hit from provision for liquidated ascertained damages pertaining to the delay in completion of one project and lower profit margin for new jobs.



Revenue for the hotel segment improved marginally in FY2014 amid downtrend in tourism and business travel due to economic uncertainties and aviation concerns. According to the Malaysian Association of Hotels, the hotel industry had seen a decline of 8% to 15% in hotel bookings from Chinese, Middle Eastern and European guests in 2014. The gain in revenue for our hotel segment stemmed from stronger sales in food & beverage. The increased sales were underpinned mainly by higher number of corporate events and social functions held in the hotel, reflecting the benefit of the

expansion in banquet and conference space and product range towards the end of FY2013. Nevertheless, the hotel segment's operating profit eased to RM11.02 million from RM11.48 million in FY2013 owing to higher operating expenses related to the introduction of minimum wages imposed by the government and the increase of energy tariffs.

Group result and financial review

The contraction in Group revenue coupled with the rise in operating expenses led to a loss from operation of RM2.72 million in FY2014 as opposed to a profit of RM9.12 million in FY2013. The increase in operating expenses was attributable to higher depreciation charge, impairment loss on receivables and lower other income. After accounting for finance cost and taxation, the Group's result for FY2014 came to a loss of RM9.36 million.



The Group closed the year with a balance sheet that remained healthy. The Group's total assets of RM373.14 million exceeded total liabilities of RM115.36 million by RM257.78 million. The market value of our properties and landed assets far exceeds the carrying amount in the books, which stood at a total of RM193.23 million at the end of FY2014. Total net borrowings, which has been very stable over the last few years, amounted to RM53.26 million at the end of FY2014, equivalent to a debt-to-equity ratio of 0.21, a level which we consider manageable and fairly prudent.



Outlook and prospects

The Malaysian economy is heading into a difficult period and growth is projected to slow in 2015 largely on the impact of weaker demand, lower spending and slump in prices for oil and other commodities. For the Group, we anticipate a tough operating environment for the market in which the Group operates.

Our construction business, given its track records and lean operating structure, is placed in good stead to withstand any market uncertainties and holds promise for more sustainable

work as and when job opportunities arise. In the last quarter of FY2014 and the first three months of 2015, we had secured four additional jobs worth a combined contract value of RM108.55 million. With these new projects, the number of on-going jobs being undertaken by the Group in 2015 extended to nine. At the time of writing, the order book of the Group stands at RM252.17 million, of which RM113.68 million worth of works are expected to be completed and billed in FY2015.

The slowdown in the hotel industry is expected to continue into 2015 as intensifying competition and slower demand will further dampen the outlook of the industry. The increase in the supply of hotel rooms in Petaling Jaya and surrounding areas is expected to exert further pressure on room occupancy and rates. However, we have had strategies in place to minimize the impact of the softening room market by continuing to focus on improving our capacities and product offerings in food & beverage.

Having said that, we are cautiously confident that the Group's healthy financial position, commendable order book and the massive potential of its land bank are sufficient to not only ensure the Group ride through this uncertain period, but will emerge from it with a promising future.

Conclusion

In conclusion, we would like, on behalf of the Board, to thank and record our appreciation to our shareholders, bankers, business partners, customers and associates for their steadfast support and confidence in us. Our gratitude also goes to the management team and staff of the Group for their hard work, dedication and good team work.

YEOH CHONG KEAT

Chairman, independent non-executive director

DATO' YAP SING HOCK

Managing director

30 April 2015



The Board of Directors (“the Board”) of Lien Hoe Corporation Berhad continues to endeavour compliance with all the corporate governance principles and recommendations as proposed in the Malaysian Code on Corporate Governance 2012 (“the Code”). The following statement outlines the extent to which the principles and recommendations were complied with throughout the year ended 31 December 2014.

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


The Board presently consists of 5 members; comprising 2 Executive Directors and 3 Independent Non-executive Directors. Collectively the Board has a mix of industry-specific knowledge and technical skills which are necessary for the leadership and management of the Group. The composition of the Board is such that it provides an effective check and balance in the functioning of the Board, and is reviewed from time to time to ensure its appropriateness. The profile of each of the members of the Board can be found on pages 7 to 9 of this Annual Report.

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

In accordance with the Company’s Articles of Association, all directors appointed by the Board are subject to re-election by the shareholders at the annual general meeting following their appointment. At least one-third of the directors are required to retire from office by rotation.

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

- i. Review and monitor the implementation of the strategic business plans by the management;
- ii. Align and approve the corporate objectives and policies of the Group;
- iii. Appoint and approve the terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee;
- iv. Review the Group’s system of internal controls which include the establishment of an appropriate control environment framework;
- v. Establish a process for identifying, evaluating and managing significant risks faces by the Group;
- vi. Review and assess the Group’s financial and operational performances of all operating units and subsidiaries through periodic feedback and reports from the Audit Committee and the management team;

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- vii. Review and approve the announcement of quarterly and annual financial statements to ensure that the financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view;
 - viii. Approve annual operating budget, major capital expenditures, material purchase and disposal of assets;
 - ix. Appoint external auditors as well as determine audit fees, taking into consideration advice from the Audit Committee;
 - x. Ensure succession planning is in place as part of business continuity and take cognizance that there should be a process of developing suitable programmes in place to ensure that operations at all levels are running smoothly; and
 - xi. Any other duties as may be appropriate.

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

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

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

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

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

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

2. STRENGTHEN COMPOSITION

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

2.1 Audit Committee

The terms of reference of the Audit Committee, its members and its activities during the financial year, details of attendance of each member and the number of meetings held are set out on pages 22 to 25 of this Annual Report.

2.2 Nomination Committee

The Nomination Committee comprises the following Directors:-

Mr Yeoh Chong Keat

Chairman, Independent Non-executive Director

Dr Teoh Kim Loon

Independent Non-executive Director

Dato' Tea Choo Keng

Independent Non-executive Director


Terms of Reference

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

Responsibilities of the Nomination Committee

The Nomination Committee assumes the following responsibilities:-

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

- 
- iii. to appraise each individual Director in terms of his experience, knowledge, credibility and credential, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member;
 - iv. to examine the ability of each Director in contributing to the effective decision making process of the Board and ensure that the Board is functioning actively, efficiently and effectively in all its decision making;
 - v. to assess the effectiveness of the Board as a whole and the Committees of the Board;
 - vi. to review the Board's succession plans;
 - vii. to ensure orientation and educational programmes are provided for new members of the Board, and to review the directors' continuing education programmes; and
 - viii. to carry out such other functions or assignments as may be delegated by the Board from time to time.

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

- (a) review annual Board assessment and evaluation;
- (b) determine required mix of skills and experience of the current Board;
- (c) source for candidate(s), if necessary;
- (d) evaluate and match the criteria of the candidate(s); and
- (e) recommend the candidate(s) to the Board for appointment.

During the financial year ended 31 December 2014, the Nomination Committee recommended to the Board the re-election of Directors and assessed and evaluated the effectiveness of each individual Director and the Board as a whole through Directors' self-evaluation forms. The Nomination Committee also reviewed the Board's structure, size and composition.

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

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

2.3 Remuneration Committee

The Remuneration Committee comprises the following Directors:-

Mr Yeoh Chong Keat
Chairman, Independent Non-executive Director

Dato' Yap Sing Hock
Managing Director

Dr Teoh Kim Loon
Independent Non-executive Director

Terms of Reference

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

Responsibilities of the Remuneration Committee

The Remuneration Committee assumes the following responsibilities:-

- i. to review and recommend to the Board the remuneration of the Executive Directors of the Company based on their duties, responsibilities and performances and also based on comparison with remuneration packages of other listed companies; and
- ii. to carry out such other functions or assignments as may be delegated by the Board from time to time.

During the financial year ended 31 December 2014, the Remuneration Committee reviewed and recommended to the Board the remuneration of the Executive Directors of the Company based on their duties, responsibilities and performances and also based on comparison with remuneration packages of other listed companies.

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

Analysis of the Directors' remuneration are set out on page 77 of this Annual Report.



3. REINFORCE INDEPENDENCE

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

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

Mr Yeoh Chong Keat and Dr Teoh Kim Loon, who have served the Board for more than 9 years as Independent Non-executive Directors, will continue to serve the Board until the conclusion of the Annual General Meeting on 17 June 2015.

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

- (i) Mr Yeoh Chong Keat and Dr Teoh Kim Loon have confirmed and declared that they are independent directors as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Bhd;
- (ii) They do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and
- (iii) The Board is of the opinion that Mr Yeoh Chong Keat and Dr Teoh Kim Loon are important independent directors of the Board in view of their many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and have provided invaluable contributions to the Board in their roles as independent directors during their tenure,

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

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

4. FOSTER COMMITMENT

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. This is evidenced by the attendance record of the Directors at the Board meetings held in the financial year ended 31 December 2014:-

Board of Directors	Meeting Attendance
Mr Yeoh Chong Keat	6/6
Dato' Yap Sing Hock	6/6
Mr Cheong Marn Seng, Allen	6/6
Dr Teoh Kim Loon	6/6
Dato' Tea Choo Keng	6/6

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

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

The Directors of the Company had attended the following training sessions during the financial year ended 31 December 2014:-

Directors

Trainings Attended

Mr Yeoh Chong Keat

National Tax Conference 2014 on 12th and 13th August 2014.
2015 Budget Seminar on 29 October 2014.

Dr Teoh Kim Loon

Program Latihan dan Kesedaran Cukai Barang dan Perkhidmatan (GST) Anjuran Jabatan Kastam Diraja Malaysia on 29 December 2014.

Dato' Tea Choo Keng

Director' Training on 13 January 2014

Dato' Yap Sing Hock and Mr Cheong Marn Seng, Allen were unable to attend any training during the financial year ended 31 December 2014 due to work commitment and they have gathered sufficient experience from their daily business activities and dealings to assist them in the discharge of their duties.

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



5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

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

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

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

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

6. RECOGNISE AND MANAGE RISKS

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

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

At the Company's annual general meeting, shareholders are encouraged to ask questions and express their views about the Company's business and financial issues and other matters affecting shareholders' interests. The Board, management and external auditors are in attendance to respond to shareholders' queries.

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

9. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

During the financial year ended 31 December 2014, the staff of Hotel Armada Petaling Jaya, a unit of the Company, visited the Pertubuhan Baitul Fiqh and OrphanCare as part of its contribution to the community. Hotel Armada Petaling Jaya donated food to Pertubuhan Baitul Fiqh and essential items to OrphanCare. It also contributed towards a charity effort named "PJ City Food Bank" with 400 packets of food.

Macro Resources Sdn Bhd, another unit of the Company also donated RM30,000 cash to Eco World Foundation Charity Dinner. Eco World Foundation was established under the auspices of Eco World Development Group Berhad to undertake humanitarian projects.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

COMPLIANCE STATEMENT

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

This Statement on Corporate Governance is made in accordance with the resolution of the Board dated 30 April 2015.

Audit Committee Report

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

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following Directors:-

Mr Yeoh Chong Keat

Chairman, Independent Non-executive Director

Dr Teoh Kim Loon

Independent Non-executive Director

Dato' Tea Choo Keng

Independent Non-executive Director

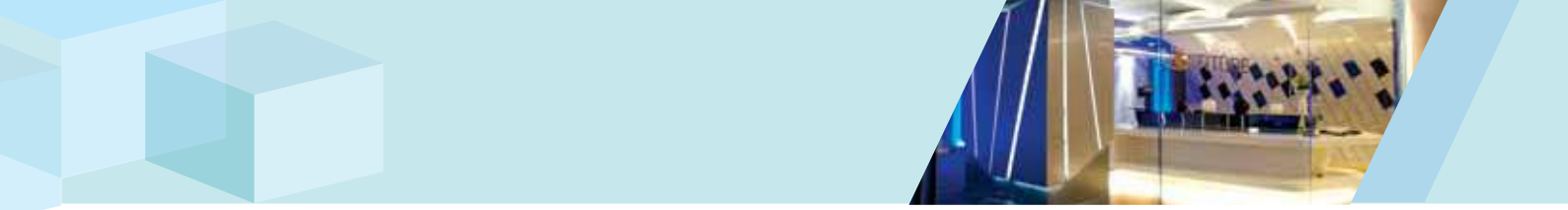
TERMS OF REFERENCE

COMPOSITION

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

- (a) it must be composed of no fewer than 3 members;
- (b) a majority of its members must be independent directors and all its members must be non-executive directors;
- (c) at least one of the member of the Audit Committee: -
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and: -
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- (d) no alternate director is appointed as its member.

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



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

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

RIGHTS OF THE AUDIT COMMITTEE

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

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional, legal or other advice; and
- (f) be able to convene meetings with the external auditors, person(s) carrying out the internal audit function or activity 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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

KEY FUNCTIONS, ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

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

- (a) To review
 - (i) with the external auditors, the audit plan;
 - (ii) with the external auditors and internal auditors, the evaluation of the system of internal controls;
 - (iii) with the external auditors, the audit report;
 - (iv) the assistance given by the Company's officers to the auditors;
 - (v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work and the adequacy of the competency of the internal audit functions;

- 
- (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors;
 - (vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on: -
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - (viii) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (ix) any letter of resignation from the external auditors of the Company;
 - (x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
 - (xi) the adequacy of the risk management framework, policy, process and procedures undertaken and whether or not appropriate risk management control action is taken to safeguard the interests of the respective stakeholders;
 - (xii) the risk registry and risk management policies and procedures;
 - (xiii) the allocation of options granted pursuant to the Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-law of ESOS of the Group, if any; and
 - (xiv) such other functions or assignments as may be delegated by the Board from time to time.
- (b) To consider the nomination of a person or persons as external auditors together with such other functions as may be agreed to by the Audit Committee and the Board.

MEETINGS OF THE AUDIT COMMITTEE

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

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

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

The Audit Committee met 5 times during the financial year ended 31 December 2014 and the attendance of each member of the Audit Committee are as follows:-

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

During the financial year ended 31 December 2014, the Audit Committee met 2 times with the external auditors without the presence of executive directors.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

During the financial year ended 31 December 2014, the activities undertaken by the Audit Committee included the following:-

1. Reviewed the quarterly and annual financial results before recommending for approval by the Board, with the reviews focusing particularly on compliance with accounting standards and regulatory requirements;
2. Reviewed the audit plan, nature and scope of the audit of the Group's financial statements with the External Auditors, considered any significant changes in accounting and auditing standards, reviewed the auditors' report on control weaknesses to the Audit Committee and management's response thereto and met twice with the External Auditors in the absence of management except the Company Secretary;
3. Reviewed the scope of internal audit plan and the results of the audit work carried out by the Internal Auditors as well as the recommendations suggested by the Internal Auditors and the actions and timeliness of those actions taken by the management on such recommendations;
4. Reviewed on a quarterly basis any related party transactions and conflict of interest situations that may arise and reviewed the Recurrent Related Party Policy and Procedures and Related Party Policy and Procedures as presented by the Internal Auditors;
5. Reviewed the Registry of Risks as presented by the Internal Auditors and briefed by senior management of the Group on operational matters of the Group to aid in assessing such risks; and
6. Reviewed the Proposed Goods and Services Tax ("GST") Implementation Project timeline as presented by the Internal Auditors and discussed with management with regard to GST readiness to ensure compliance on 1 April 2015.

Statement on Risk Management and Internal Control

The Board of Directors (“the Board”) of Lien Hoe Corporation Berhad (“the Company”) is pleased to present the following Statement on Risk Management and Internal Control of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2014 in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

1. BOARD’S RESPONSIBILITIES

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

2. RISK MANAGEMENT

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

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

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

3.1. Control Environment and Control Activities

- The Group maintains a clear organisation structure and clear hierarchical reporting with defined lines of responsibility and accountability.
- Experienced and competent staffs are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group’s system of internal control.
- Clearly defined authorisation limits at appropriate levels are set out for controlling and approving capital expenditure and expenses.
- Clearly defined Internal Policies, Standard Operating Procedures and Personnel Manual are established as the key framework for good internal control practices. These policies manuals are the subjects of regular reviews to meet new business requirements.

3.2. Monitoring and Communication

- Regular Board and management meetings are held to assess performance and controls.
- Regular visits to operating units by members of the Board and senior management are carried out whenever appropriate.
- Regular review of business processes to assess the effectiveness of internal controls are done by the independent internal audit unit. Reports on findings of the internal audit and status report on follow-up actions are presented to the Audit Committee for consideration.

4. INTERNAL AUDIT FUNCTION

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

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

Follow-up visits were also carried out to ensure weaknesses identified have been or are being addressed. Periodic audit reports and status reports on follow-up actions were tabled in the Audit Committee and Board meetings. For the financial year ended 31 December 2014, the total costs incurred for the outsourced internal audit function is RM43,255.

5. REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

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

6. CONCLUSION

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary. This statement is made in accordance with the resolution of the Board dated 30 April 2015.

SHARE BUY-BACK

The Company did not buy any of its own shares in the financial year ended 31 December 2014.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

In the financial year ended 31 December 2014, the Company did not issue any options, warrants or convertible securities.

DEPOSITORY RECEIPT PROGRAMME ('DRP')

The Company did not sponsor any DRP in the financial year ended 31 December 2014.

SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered by the external auditors and its affiliated firms in the financial year ended 31 December 2014 was RM5,000 (2013 : RM5,000).

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2014 and the unaudited results previously announced by the Company.

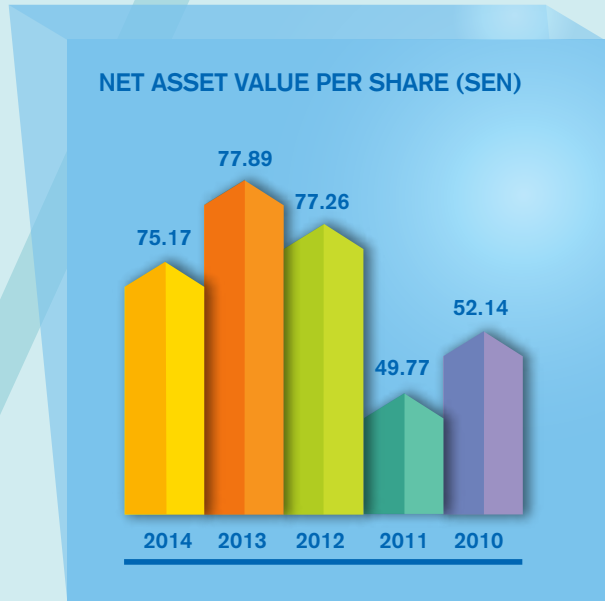
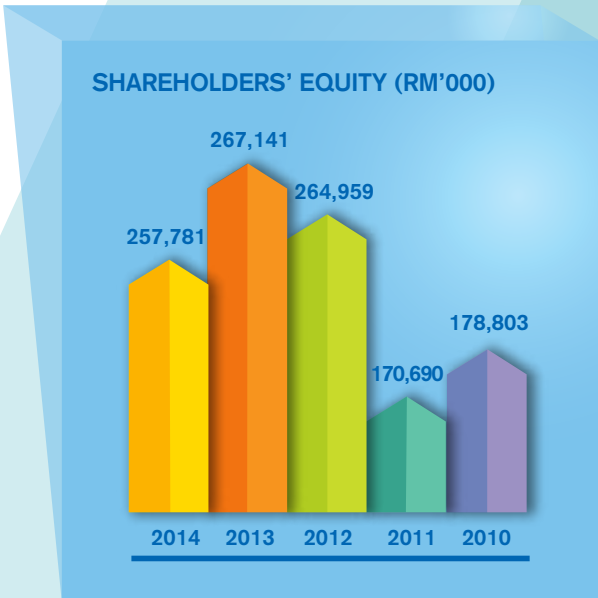
PROFIT GUARANTEE

There were no profit guarantee given by the Company for the financial year ended 31 December 2014.

MATERIAL CONTRACTS

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

Five Years Financial Highlights



Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is a property and investment holding company.

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss net of tax, attributable to owners of the parent	<u>(9,360)</u>	<u>(6,721)</u>

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

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

DIVIDEND

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

DIRECTORS

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

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

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the financial 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 23(a) to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
	1 January 2014	Acquired	Sold	31 December 2014
The Company				
Direct Interest				
Dato' Yap Sing Hock	106,658,117	-	-	106,658,117
Cheong Marn Seng	624,500	81,000	-	705,500
Dr Teoh Kim Loon	900,550	-	-	900,550
Indirect Interest				
Dato' Yap Sing Hock*	3,821,250	-	-	3,821,250

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

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

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

TREASURY SHARES

As at 31 December 2014, the Company held as treasury shares a total of 18,796,100 of its 361,742,241 issued ordinary shares. Such treasury shares are held at a carrying amount of RM5,568,000 and further relevant details are disclosed in Note 14 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and adequate allowance had been made for doubtful debts; and
 - 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:
- it necessary to write off any bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or



- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the current financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the current financial year.
- (f) In the opinion of the directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the current financial year which will or may affect the ability of the Group 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 current financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 March 2015.

Dato' Yap Sing Hock

Cheong Marn Seng

Statement by Directors and Statutory Declaration



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

We, Dato' Yap Sing Hock and Cheong Marn Seng, being two of the directors of Lien Hoe Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 36 to 89 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 35 to the financial statements on page 90 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 March 2015.

Dato' Yap Sing Hock

Cheong Marn Seng

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

I, Cheong Marn Seng, being the director primarily responsible for the financial management of Lien Hoe Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 36 to 90 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Cheong Marn Seng at Kuala
Lumpur in the Federal Territory
on 26 March 2015

Cheong Marn Seng

Before me,
Mohan A.S. Maniam
No. W 521
Pesuruhjaya Sumpah

Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Lien Hoe Corporation Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 36 to 89.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 35 to the financial statements on page 90 is solely disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

UHY

Firm Number: AF 1411
Chartered Accountants

CHONG HOU NIAN

Approved Number: 3105/11/16 (J)
Chartered Accountant
Kuala Lumpur
26 March 2015

Statements of Financial Position

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	179,538	179,098	2,309	1,542
Subsidiaries	5	-	-	81,046	81,046
Investment in an associate	6	-	-	-	-
Other investment	7	1,000	1,000	-	-
Goodwill	8	8,979	8,979	-	-
Development expenditure	9	25,627	19,290	-	-
Trade and other receivables	10	61,269	51,863	54,378	41,091
		276,413	260,230	137,733	123,679
Current assets					
Subsidiaries	5	-	-	80,006	72,193
Inventories	11	10,421	10,340	-	-
Trade and other receivables	10	54,713	76,938	21,297	50,041
Amount due from customers for contract works	12	14,674	14,941	-	-
Income tax recoverable		2,407	1,491	-	59
Cash and bank balances	13	14,517	10,892	1,241	232
		96,732	114,602	102,544	122,525
TOTAL ASSETS		373,145	374,832	240,277	246,204

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	361,742	361,742	361,742	361,742
Share premium	14	51,056	51,056	51,056	51,056
Treasury shares	14	(5,568)	(5,568)	(5,568)	(5,568)
Other reserves	15	21,455	21,455	19,337	19,337
Accumulated losses		(170,904)	(161,544)	(188,912)	(182,191)
Total equity		257,781	267,141	237,655	244,376
Non-current liabilities					
Deferred tax liabilities	16	9,949	10,449	-	-
Borrowings (secured)	17	46,339	29,161	844	47
		56,288	39,610	844	47
Current liabilities					
Borrowings (secured)	17	16,340	32,442	258	105
Bank overdrafts	18	2,672	564	-	-
Trade and other payables	19	36,119	31,298	1,520	1,676
Amount due to customers for contract works	12	2,936	2,768	-	-
Income tax payable		1,009	1,009	-	-
		59,076	68,081	1,778	1,781
Total liabilities		115,364	107,691	2,622	1,828
TOTAL EQUITY AND LIABILITIES		373,145	374,832	240,277	246,204

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

Statements of Comprehensive Income

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	20	123,916	146,957	2,760	2,760
Cost of sales	21	(88,974)	(106,434)	-	-
Gross profit		34,942	40,523	2,760	2,760
Other income	22(a)	2,465	4,464	2,442	2,548
Operating and administration expenses		(39,040)	(35,857)	(9,486)	(9,444)
Other expenses	22(b)	(1,086)	(13)	(2,399)	-
(Loss)/Profit from operations	22	(2,719)	9,117	(6,683)	(4,136)
Finance costs	24	(5,445)	(4,258)	(38)	(36)
Share of result of an associate		-	-	-	-
(Loss)/Profit before tax		(8,164)	4,859	(6,721)	(4,172)
Income tax expense	25	(1,196)	(2,677)	-	-
(Loss)/Profit net of tax, representing total comprehensive income for the financial year		(9,360)	2,182	(6,721)	(4,172)
(Loss)/Profit attributable to owners of the parent		(9,360)	2,182	(6,721)	(4,172)
Total comprehensive income attributable to owners of the parent		(9,360)	2,182	(6,721)	(4,172)
(Loss)/Earnings per share attributable to owners of the parent (sen) Basic and diluted	26	(2.73)	0.64		

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

Statements of Changes in Equity

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	← Attributable to owners of the parent →					
	← Non-distributable →			← Distributable →		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Accumulated losses RM'000	
Group						
At 1 January 2013	361,742	51,056	(5,568)	21,455	(163,726)	264,959
Total comprehensive income for the financial year	-	-	-	-	2,182	2,182
At 31 December 2013	361,742	51,056	(5,568)	21,455	(161,544)	267,141
Total comprehensive income for the financial year	-	-	-	-	(9,360)	(9,360)
At 31 December 2014	361,742	51,056	(5,568)	21,455	(170,904)	257,781

	← Attributable to owners of the parent →					
	← Non-distributable →			← Distributable →		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reserve RM'000	Accumulated losses RM'000	
Company						
At 1 January 2013	361,742	51,056	(5,568)	19,337	(178,019)	248,548
Total comprehensive income for the financial year	-	-	-	-	(4,172)	(4,172)
At 31 December 2013	361,742	51,056	(5,568)	19,337	(182,191)	244,376
Total comprehensive income for the financial year	-	-	-	-	(6,721)	(6,721)
At 31 December 2014	361,742	51,056	(5,568)	19,337	(188,912)	237,655

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

Statements of Cash Flows

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating activities				
(Loss)/Profit before tax	(8,164)	4,859	(6,721)	(4,172)
Adjustments for:				
Depreciation of property, plant and equipment	9,044	8,395	649	707
Fair value adjustment on:				
- other receivables (cash collaterals)	126	-	-	-
- trade receivables (retention sum on contracts)	109	13	-	-
Finance income on:				
- other receivables (third parties)	(1,780)	(1,476)	(1,780)	(1,476)
- trade receivables (retention sum on contracts)	(94)	(265)	-	-
Gain from disposal of property, plant and equipment	(190)	(82)	(140)	(66)
Impairment loss on:				
- amount owing by subsidiaries	-	-	1,806	-
- other receivables	593	-	593	-
- trade receivables	503	-	-	-
Interest expense	5,445	4,258	38	36
Interest income	(303)	(216)	-	-
Property, plant and equipment written off	258	-	-	-
Reversal of impairment loss on other receivables (third parties)	-	(40)	-	(40)
Unrealised foreign exchange gain	-	-	(519)	(964)
Waiver of debt	-	(2,179)	-	-
Operating cash before changes in working capital	5,547	13,267	(6,074)	(5,975)
Development expenditure	(6,337)	(10,754)	-	-
Inventories	(81)	27	-	-
Receivables	13,629	3,623	16,644	13,532
Payables	5,017	(1,109)	(156)	(733)
Subsidiaries	-	-	(9,100)	(8,766)
Cash from/(used in) operations	17,775	5,054	1,314	(1,942)
Income taxes refund	59	750	59	750
Income taxes paid	(2,671)	(4,102)	-	-
Net cash from/(used in) operating activities	15,163	1,702	1,373	(1,192)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000

Investing activities

Interest received	303	216	-	-
Net cash outflow from acquisition of a subsidiary (Note 5)	-*	-	-	-
Net proceeds from disposal of property, plant and equipment	190	442	140	66
Purchase of property, plant and equipment (Note 4(a))	(6,480)	(4,179)	(196)	(16)
Net cash (used in)/from investing activities	(5,987)	(3,521)	(56)	50

Financing activities

Fixed deposits pledged for banking facilities	(793)	(1,134)	-	-
Interest paid	(5,473)	(5,408)	(38)	(36)
Drawdown/(repayment) of:				
- bankers' acceptances	1,459	3,468	-	-
- hire purchase payables	(1,067)	(696)	(270)	(240)
- term loans	51,772	5,349	-	-
Repayment of term loans	(54,350)	(114)	-	-
Net cash (used in)/from financing activities	(8,452)	1,465	(308)	(276)

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at 1 January	8,694	9,048	232	1,650
Cash and cash equivalents at 31 December (Note 13)	9,418	8,694	1,241	232

* Denotes RM2

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

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

1. CORPORATE INFORMATION

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

The principal activity of the Company is property and investment holding. The principal activities of the subsidiaries and associate are disclosed in Notes 5 and 6 respectively. There have been no significant changes in the nature of these activities in the current financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

Adoption of new and amended Standards and IC Interpretations

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

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Adoption of the above amendments to FRSs and IC Interpretation did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs and Amendments to FRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to FRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle		1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle		1 July 2014
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to FRSs 2012 - 2014 Cycle		1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018


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

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

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

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

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new



expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

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

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

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

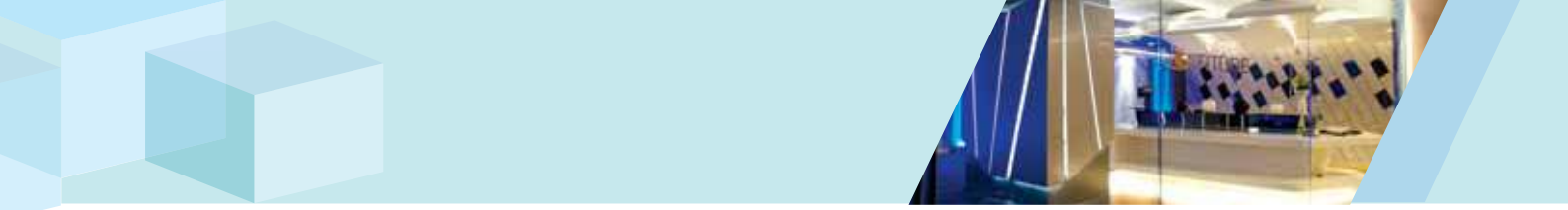
The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2017. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2014 could be different if prepared under the MFRS Framework.

2.2 Basis of consolidation

(i) Subsidiaries

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



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

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

(ii) Consolidation

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

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

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

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

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

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

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



(iii) Goodwill

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

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired, in accordance with Note 2.5.

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

(iv) Non-controlling interests

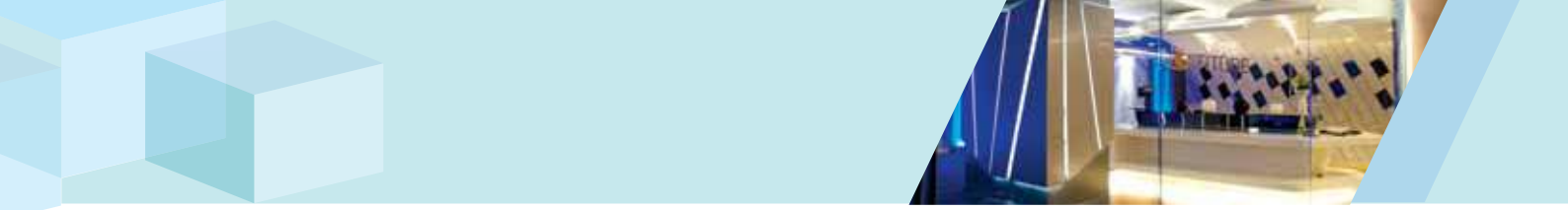
Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's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

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

(v) Associates

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

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



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

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

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

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

2.3 Foreign currency


(a) Functional and presentation of currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are not retranslated. Non-monetary items denominated in foreign currencies measured at fair value are retranslated using the exchange rates at the date when the fair value was determined.

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



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

(c) Foreign operations

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

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

2.4 Property, plant and equipment

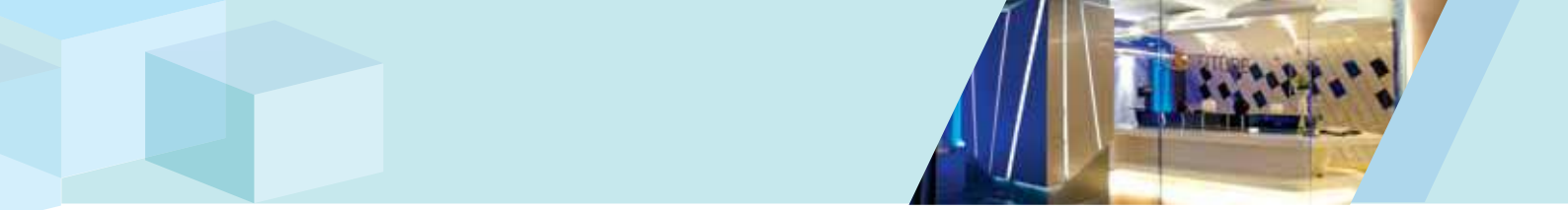
All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an assets if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the period of the respective leases which ranges from 75 years to 90 years. Depreciation for other property, plant and equipment is computed on the straight line basis to write off the cost of each asset to its residual value over their estimated useful lives, at the following annual rates:

Buildings	1% to 5%
Plant and machinery and motor vehicles	10% to 20%
Furniture, fittings and equipment	10% to 33%

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



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

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

2.5 Impairment of non-financial assets

The Group assess at the end of each reporting period whether there is an indication that an asset (except for inventories, amount due from customers on contracts work and deferred tax assets) may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

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

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

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

2.6 Cash and cash equivalents

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



2.7 Financial assets

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

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

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

(a) Available-for-sale financial assets

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

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

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

(b) Loans and receivables

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

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

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

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

2.8 Impairment of financial assets

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

- Available-for-sale financial assets

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

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

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

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

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

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

The carrying amount of the financial asset is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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



2.9 Construction contracts

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

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

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

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

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

2.10 Property development costs

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

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

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

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

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

2.11 Inventories

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

2.12 Provisions

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

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

2.13 Financial liabilities

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

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

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

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

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

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



2.14 Offsetting of financial instruments

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

2.15 Borrowing costs

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

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

2.16 Employee benefits

(a) Short term benefits

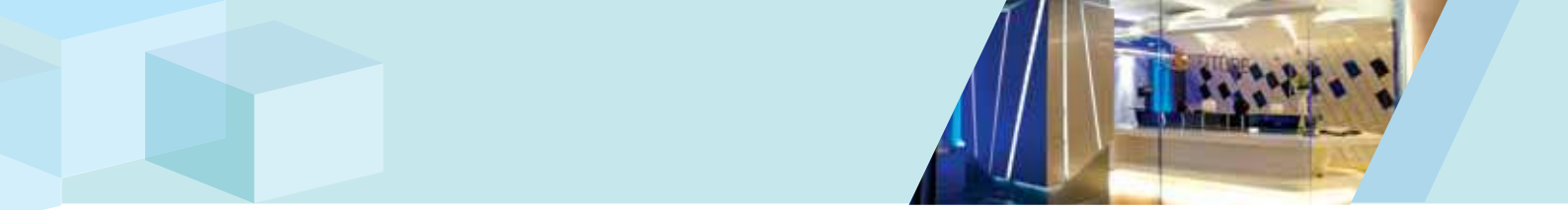
Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

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

2.17 Leases - as lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the lease asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges



and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis. Contingent rentals are charged to profit or loss in the periods in which they are incurred.

2.18 Revenue

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

(a) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.9.

(b) Dividend income

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

(c) Golf revenue

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

(d) Management fee

Management fee is recognised when services are rendered.

(e) Rental income

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

(f) Revenue from hotel operations

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



2.19 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

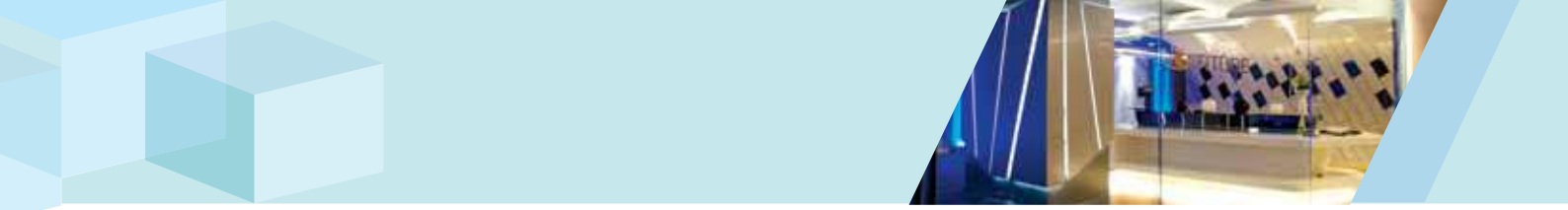
Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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



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

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

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

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

2.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.21 Share capital and share issuance expenses

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

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

2.22 Treasury shares

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



2.23 Contingencies

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

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

Details of contingencies are disclosed in Note 28.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Key sources of estimation uncertainty

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

(a) Impairment of goodwill

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

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying amount and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 8.

(b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 10.

(c) Income taxes

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

The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of deferred tax liabilities and income taxes are disclosed in Notes 16 and 25 respectively.

(d) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful life. Management estimates of the useful lives of property, plant and equipment are as disclosed in Note 2.4. Any changes in the residual value could impact the future depreciation charges. A 1% (2013: 1%) difference in the current year depreciation charge would result in approximately 1.0% (2013: 3.8%) variance in the profit or loss for the year of the Group.

(e) Impairment on investment in subsidiaries

The carrying amounts of investment in subsidiaries and the related goodwill are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the subsidiaries at the end of the reporting period is disclosed in Note 5.

(f) Construction contracts

The Group recognises contract revenue and contract costs in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract cost incurred for work performed to date as a percentage of the estimated contract costs. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's amount due from/(to) customers for contract works at the end of the reporting period is disclosed in Note 12.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Group							
At 31 December 2014							
Cost							
At 1 January 2014	24,200	71,356	21,119	110,101	8,588	24,325	259,689
Additions	-	16	-	-	3,836	5,890	9,742
Disposals	-	-	-	-	(783)	-	(783)
Write off	-	(233)	-	-	(202)	(76)	(511)
At 31 December 2014	24,200	71,139	21,119	110,101	11,439	30,139	268,137

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
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Accumulated depreciation and impairment losses

At 1 January 2014	6,644	24,450	4,820	28,750	6,337	9,590	80,591
Charge for the financial year	-	1,462	306	2,292	1,482	3,502	9,044
Disposals	-	-	-	-	(783)	-	(783)
Write off	-	(8)	-	-	(202)	(43)	(253)
At 31 December 2014	6,644	25,904	5,126	31,042	6,834	13,049	88,599

Analysed as:

Accumulated depreciation	-	25,333	5,126	31,042	6,834	13,049	81,384
Accumulated impairment losses	6,644	571	-	-	-	-	7,215
	6,644	25,904	5,126	31,042	6,834	13,049	88,599

Net carrying amount

At 31 December 2014	17,556	45,235	15,993	79,059	4,605	17,090	179,538
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Group

At 31 December 2013

Cost

At 1 January 2013	24,200	71,306	21,119	110,101	7,895	22,277	256,898
Additions	-	50	-	-	1,307	3,514	4,871
Disposals	-	-	-	-	(614)	(479)	(1,093)
Write off	-	-	-	-	-	(987)	(987)
At 31 December 2013	24,200	71,356	21,119	110,101	8,588	24,325	259,689

Accumulated depreciation and impairment losses

At 1 January 2013	6,644	22,988	4,514	26,458	5,593	7,719	73,916
Charge for the financial year	-	1,462	306	2,292	1,293	3,042	8,395
Disposals	-	-	-	-	(549)	(184)	(733)
Write off	-	-	-	-	-	(987)	(987)
At 31 December 2013	6,644	24,450	4,820	28,750	6,337	9,590	80,591

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Analysed as:							
Accumulated depreciation	-	23,879	4,820	28,750	6,337	9,590	73,376
Accumulated impairment losses	6,644	571	-	-	-	-	7,215
	6,644	24,450	4,820	28,750	6,337	9,590	80,591

Net carrying amount

At 31 December 2013	17,556	46,906	16,299	81,351	2,251	14,735	179,098
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	Freehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
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Company

At 31 December 2014

Cost

At 1 January 2014	1,180	3,412	1,432	6,024
Additions	-	1,416	-	1,416
Disposals	-	(624)	-	(624)
At 31 December 2014	1,180	4,204	1,432	6,816

Accumulated depreciation and impairment losses

At 1 January 2014	925	3,235	322	4,482
Charge for the financial year	59	446	144	649
Disposals	-	(624)	-	(624)
At 31 December 2014	984	3,057	466	4,507

Analysed as:

Accumulated depreciation	413	3,057	466	3,936
Accumulated impairment losses	571	-	-	571
	984	3,057	466	4,507

Net carrying amount

At 31 December 2014	196	1,147	966	2,309
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	Freehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Company				
At 31 December 2013				
Cost				
At 1 January 2013	1,180	3,742	1,430	6,352
Additions	-	14	2	16
Disposals	-	(344)	-	(344)
At 31 December 2013	1,180	3,412	1,432	6,024
Accumulated depreciation and impairment losses				
At 1 January 2013	866	3,076	177	4,119
Charge for the financial year	59	503	145	707
Disposals	-	(344)	-	(344)
At 31 December 2013	925	3,235	322	4,482
Analysed as:				
Accumulated depreciation	354	3,235	322	3,911
Accumulated impairment losses	571	-	-	571
	925	3,235	322	4,482
Net carrying amount				
At 31 December 2013	255	177	1,110	1,542

- (a) In the current financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM9,742,000 (2013: RM4,871,000) and RM1,416,000 (2013: RM16,000) respectively, of which RM3,262,000 (2013: RM692,000) and RM1,220,000 (2013: RMNil) of the Group and of the Company respectively were financed under hire purchase arrangements.
- (b) Included in property, plant and equipment of the Group and of the Company are assets under hire purchase arrangements with net carrying amount of RM3,890,000 (2013: RM1,418,000) and RM1,135,000 (2013: RM135,000) respectively.
- (c) The freehold and long leasehold land and buildings of the Group with net carrying amount of RM147,855,000 (2013: RM152,049,000) is charged to financial institutions for facilities granted to the Group as disclosed in Notes 17 and 18.
- (d) The title deed for a office lot with net carrying amount of RM74,000 (2013: RM75,000) is in the process of being transferred to the Group.
- (e) The remaining lease term of long leasehold land of the Group range from 57 to 83 years (2013: 58 to 84 years).

5. SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost		
At 1 January/31 December	254,607	254,607
Accumulated impairment losses		
At 1 January/31 December	(173,561)	(173,561)
Investment in subsidiaries, net of impairment	81,046	81,046
Amount owing by subsidiaries		
At 1 January	135,622	119,910
Advance	19,054	15,712
At 31 December	154,676	135,622
Amount owing to subsidiaries	(28,095)	(18,660)
Allowance for impairment		
At 1 January	(44,769)	(44,769)
Charge for the financial year	(1,806)	-
At 31 December	(46,575)	(44,769)
Amount owing by subsidiaries, net of impairment	80,006	72,193

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

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

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective interest	
			2014 %	2013 %
Armada Resorts Sdn Bhd	Malaysia	Investment holding	100	100
Beta Management Services Sdn Bhd	Malaysia	Inactive	100	100
Bondmark Construction Services Sdn Bhd	Malaysia	Inactive	100	100
Christine Resort Sdn Bhd [^]	Malaysia	Operation of golf resort	100	100
Dominion Bay Sdn Bhd	Malaysia	Inactive	100	100

Name of company	Country of incorporation	Principal activities	Effective interest	
			2014 %	2013 %
Exquisite Beams Sdn Bhd	Malaysia	Leasing of small and virtual offices	100	-
Hasil Andalas Sdn Bhd	Malaysia	Inactive	100	100
Hotel Armada Group Sdn Bhd	Malaysia	Investment holding	100	100
Hotel Armada (PJ) Sdn Bhd	Malaysia	Property investment and operation of hotel	100	100
Irama Serangkai Sdn Bhd	Malaysia	Property investment	100	100
LH Bintang Development Sdn Bhd	Malaysia	Property development	100	100
LH Commercials Pte Ltd [^]	Singapore	Investment holding	100	100
LH Indah Apartments Sdn Bhd	Malaysia	Property investment	100	100
LH Indah Apartments (First) Sdn Bhd	Malaysia	Inactive	100	100
LH Indah Apartments (Second) Sdn Bhd	Malaysia	Inactive	100	100
Lien Hoe Property Management Sdn Bhd	Malaysia	Inactive	100	100
Lien Hoe Square Sdn Bhd	Malaysia	Property investment	100	100
Macro Resources Sdn Bhd	Malaysia	Building contractors	100	100
Macro Technology Sdn Bhd	Malaysia	Inactive	100	100
Menara Lien Hoe Sdn Bhd	Malaysia	Inactive	100	100
Pro-Meridian Sdn Bhd	Malaysia	Inactive	100	100
Taman Templer Sdn Bhd	Malaysia	Inactive	100	100

[^] Audited by a firm of chartered accountants other than UHY

Acquisition of a subsidiary

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

The acquisition had the following impact on the financial results of the Group for the current financial year from the date of acquisition:

	2014 RM'000
Revenue	157
Loss net of tax, representing total comprehensive income for the financial year	<u>(269)</u>

The acquisition had the following impact on the financial position of the Group as at the end of the current financial year:

	2014 RM'000
Property, plant and equipment	1,379
Receivables	76
Cash and bank balances	1
Payables	(78)
Group's share of net assets	<u>1,378</u>

The fair value of the identifiable assets acquired and liabilities assumed from the acquisition of the subsidiary were:

	At date of acquisition RM'000
Cash balance, representing total cost of acquisition and net cash outflow of the Group	<u>- *</u>

* Denotes RM2

6. INVESTMENT IN AN ASSOCIATE

	Group	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	251	251
Share of post-acquisition results	(232)	(232)
	19	19
Less : Accumulated impairment losses	(19)	(19)
	<u>-</u>	<u>-</u>

Details of the associate are as follows:

Name of company	Country of incorporation	Principal activities	Effective interest	
			2014 %	2013 %
PMR Builders Sdn Bhd	Malaysia	Building contractors	30	30

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

	2014 RM'000	2013 RM'000
Assets and liabilities		
Current assets, representing total assets	606	1,776
Current liabilities, representing total liabilities	2,372	3,831
Results		
Revenue	27,290	31,013
Profit/(Loss) net of tax, representing total comprehensive income for the financial year	131	(1,183)

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

	2014 RM'000	2013 RM'000
At 1 January	598	244
Current year share of (profit)/loss	(39)	354
At 31 December	559	598

7. OTHER INVESTMENT

	Group	
	2014 RM'000	2013 RM'000
Non-current Available-for-sale At cost		
Unquoted preference shares in Malaysia 1,000,000 2.5% redeemable preference shares of RM1 each At 1 January/31 December	1,000	1,000

8. GOODWILL

	Group	
	2014 RM'000	2013 RM'000
At 1 January/31 December	8,979	8,979

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

	Construction RM'000	Property RM'000	Hotel and leisure RM'000	Total RM'000
At 31 December 2014/2013	52	4,276	4,651	8,979

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the directors are of the opinion that since all the CGUs are to be held on a long term basis, value in use would best reflect its recoverable amount. The value in use is determined by discounting future cash flows over a five-year period. The future cash flows are based on management's business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

There remains a risk that, due to unforeseen changes in the respective economies in which the cash-generating units operate and/or global economic conditions, the ability to achieve management's business plan will be adversely affected. In calculating the value in use for each cash-generating unit, management has applied a discount rate of 2.2% (2013: 2.5%) and a growth rate of 5.0% (2013: 5.0%). The following describes each key assumptions on which management has based its cash flow projections for the purposes of impairment testing of goodwill:

- (a) the discount rate used reflected the management's best estimate of return on capital employed required in the respective segments.
- (b) growth rate used is based on historical trend of each segment taking into account industry outlook for that segment.
- (c) the profit margin used in the projections are based on the historical profit margin trend for the individual cash generating unit or budgeted profit margin for predetermined projects obtained.

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

9. DEVELOPMENT EXPENDITURE

	Group	
	2014 RM'000	2013 RM'000
At 1 January	19,290	8,536
Addition	6,337	10,754
At 31 December	<u>25,627</u>	<u>19,290</u>

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

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
Trade receivables				
Retention sums on contracts (Note 12)	6,891	10,772	-	-
Other receivables				
Third parties	55,041	41,161	55,041	41,161
Less: Allowance for impairment				
- Third parties	(663)	(70)	(663)	(70)
	<u>54,378</u>	<u>41,091</u>	<u>54,378</u>	<u>41,091</u>
	61,269	51,863	54,378	41,091
Current				
Trade receivables				
Third parties	19,398	17,265	-	-
Retention sums on contracts (Note 12)	9,358	4,598	-	-
Less: Allowance for impairment				
- Third parties	(507)	(4)	-	-
	<u>28,249</u>	<u>21,859</u>	<u>-</u>	<u>-</u>
Other receivables				
Prepayments	1,740	1,423	-	-
Cash collaterals	920	1,610	-	-
Third parties	23,804	52,046	21,297	50,041
	<u>26,464</u>	<u>55,079</u>	<u>21,297</u>	<u>50,041</u>
	54,713	76,938	21,297	50,041
Total trade and other receivables	115,982	128,801	75,675	91,132
Add: Cash and bank balances (Note 13)	14,517	10,892	1,241	232
Less: Prepayments	(1,740)	(1,423)	-	-
Total loans and receivables	<u>128,759</u>	<u>138,270</u>	<u>76,916</u>	<u>91,364</u>

Other receivables

Included in other receivables are the following:

- (a) RM2,808,000 (2013: RM2,584,000) paid for the proposed acquisition of a subsidiary, which is pending completion at the end of the reporting period.
- (b) outstanding balance of RM72,378,000 (2013: RM87,598,000) (net of fair value adjustment of RM4,622,000 (2013: RM6,402,000)) from the minimum guaranteed sum of RM117,000,000 pursuant to a development agreement entered in 2011 for the disposal of Lot 1845 in Mukim of Tebrau, Johor. This amount is receivable over six years based on the terms of the agreement.

Movement in the allowance accounts:

	2014 RM'000	2013 RM'000
At 1 January	70	110
Charge for the financial year	593	-
Reversal of impairment	-	(40)
At 31 December	<u>663</u>	<u>70</u>

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

Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 days (2013: 7 to 30 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	2014 RM'000	2013 RM'000
Neither past due nor impaired	27,293	16,161
1 to 30 days past due not impaired	1,817	7,473
31 to 60 days past due not impaired	297	6,132
61 to 90 days past due not impaired	1,329	1,048
91 to 120 days past due not impaired	1,751	373
More than 120 days past due not impaired	2,653	1,444
	<u>7,847</u>	<u>16,470</u>
Impaired	507	4
	<u>35,647</u>	<u>32,635</u>

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,847,000 (2013: RM16,470,000) that are past due at the end of the reporting period but not impaired, and are unsecured in nature. The management is confident that these trade receivables are recoverable as these accounts are still active.

Trade receivables that are impaired

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

	Individually impaired	
	2014	2013
	RM'000	RM'000
Trade receivables - gross	507	4
Less: Allowance for impairment	(507)	(4)
	-	-

Movement in the allowance accounts:

	2014	2013
	RM'000	RM'000
At 1 January	4	18
Charge for the financial year	503	-
Write off	-	(14)
At 31 December	507	4

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

11. INVENTORIES

	Group	
	2014	2013
	RM'000	RM'000
At cost:		
Consumables	657	576
At net realisable value:		
Land, completed apartments and office lot	9,764	9,764
	10,421	10,340

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

	Group	
	2014 RM'000	2013 RM'000
Construction costs incurred to date	280,571	218,418
Attributable profit	31,392	24,769
	311,963	243,187
Progress billings	(300,225)	(231,014)
	11,738	12,173
Amount due from customers for contract works	14,674	14,941
Amount due to customers for contract works	(2,936)	(2,768)
	11,738	12,173
Retention sums on contracts, included within trade receivables (Note 10)		
Non-current	6,891	10,772
Current	9,358	4,598
	16,249	15,370
Contract revenue recognised as an income (Note 20)	91,681	115,212
Construction costs recognised as an expense (Note 21)	84,231	102,131

13. CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash on hand and at banks	11,390	5,802	1,157	151
Short term deposits with:				
- Licensed banks	3,043	5,009	-	-
- Other financial institution	84	81	84	81
Cash and bank balances	14,517	10,892	1,241	232
Less: Fixed deposit pledged	(2,427)	(1,634)	-	-
Bank overdrafts	(2,672)	(564)	-	-
Cash and cash equivalents	9,418	8,694	1,241	232

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods depending on the immediate cash requirements of the Group and of the Company, and earn interests at respective short-term deposit rates. The deposits earn interest of 2.9% to 3.4% (2013: 2.7% to 3.1%) per annum and have average maturities of 3 months (2013: 3 months).

Included in the deposits is a sum of RM2,427,000 (2013: RM1,634,000) pledged to financial institutions for banking facilities granted to the Group.

14. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group/Company			
	Number of ordinary shares of RM1 each		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised:				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000

	Number of ordinary shares of RM1 each		Amount			
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
At 31 December 2014/ 31 December 2013	361,742	(18,796)	361,742	51,056	412,798	(5,568)

Share capital

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

Treasury shares

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

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

There were no shares repurchased in the current financial year.

15. OTHER RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Distributable:				
Capital reserve	21,455	21,455	19,337	19,337

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

16. DEFERRED TAX LIABILITIES

	Group	
	2014 RM'000	2013 RM'000
At 1 January	10,449	10,846
Recognised in profit or loss (Note 25)	(500)	(397)
At 31 December	9,949	10,449

The movements of deferred tax liabilities in the financial year are as follows:

	At 1 January 2013 RM'000	Recognised in profit or loss RM'000	At 31 December 2013 RM'000	Recognised in profit or loss RM'000	At 31 December 2014 RM'000
Accelerated capital allowances	5,117	(300)	4,817	(402)	4,415
Fair value adjustment arising from business combination	5,729	(97)	5,632	(98)	5,534
	10,846	(397)	10,449	(500)	9,949

17. BORROWINGS (SECURED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
Term loans	43,931	28,579	-	-
Hire purchase payables (Note 27)	2,408	582	844	47
	46,339	29,161	844	47
Current				
Bankers' acceptances	7,543	6,084	-	-
Term loans	7,841	25,771	-	-
Hire purchase payables (Note 27)	956	587	258	105
	16,340	32,442	258	105
Total borrowings				
Bankers' acceptances	7,543	6,084	-	-
Term loans	51,772	54,350	-	-
Hire purchase payables (Note 27)	3,364	1,169	1,102	152
	62,679	61,603	1,102	152
Maturity of borrowings (excluding hire purchase payables):				
Within 1 year	15,384	31,855	-	-
More than 1 year and less than 2 years	6,078	6,000	-	-
More than 2 years and less than 5 years	18,658	16,500	-	-
More than 5 years	19,195	6,079	-	-
	59,315	60,434	-	-

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

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Bankers' acceptances	5.3	4.7	-	-
Term loans	8.0 - 8.6	10.0	-	-

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

- (a) Freehold and long leasehold land and buildings of the Group as disclosed in Note 4; and
- (b) Corporate guarantee of the Company.

18. BANK OVERDRAFTS

The bank overdrafts bear interest at a rate of 8.1% to 8.6% (2013: 7.9%) per annum.

The bank overdrafts are secured by the following:

- (a) Freehold and long leasehold land and buildings of the Group as disclosed in Note 4; and
- (b) Corporate guarantee of the Company.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade payables	20,349	21,510	-	-
Other payables:				
- Accruals	7,481	3,758	268	300
- Others	8,289	6,030	1,252	1,376
	36,119	31,298	1,520	1,676
Total trade and other payables	36,119	31,298	1,520	1,676
Borrowings	62,679	61,603	1,102	152
Bank overdrafts	2,672	564	-	-
Total financial liabilities carried at amortised cost	101,470	93,465	2,622	1,828

Trade and other payables are non-interest bearing and are normally settled on an average term of 60 days (2013: 60 days).

20. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Construction revenue	91,681	115,212	-	-
Management fees from subsidiaries	-	-	2,760	2,760
Rental income	4,564	4,415	-	-
Revenue from golf resort	23	258	-	-
Revenue from hotel	27,648	27,072	-	-
	123,916	146,957	2,760	2,760

21. COST OF SALES

	Group	
	2014 RM'000	2013 RM'000
Cost of inventories	4,743	4,303
Construction cost	84,231	102,131
	88,974	106,434

22. (LOSS)/PROFIT FROM OPERATIONS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(Loss)/Profit from operations is stated after charging/(crediting):				
Auditors' remuneration:				
- statutory audits	174	174	65	65
- other services	5	5	5	5
Depreciation of property, plant and equipment (Note 4)	9,044	8,395	649	707
Directors' emoluments (Note 23(a))	6,007	5,911	4,398	4,368
Impairment loss on trade receivables	503	-	-	-
Other income (Note 22(a))	(2,465)	(4,464)	(2,442)	(2,548)
Other expenses (Note 22(b))	1,086	13	2,399	-
Rental of premises	84	91	-	-
Staff costs (Note 22(c))	10,757	10,508	2,095	2,185

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000

(a) Other income

Gain from disposal of property, plant and equipment	(190)	(82)	(140)	(66)
Finance income on:				
- other receivables (third parties)	(1,780)	(1,476)	(1,780)	(1,476)
- trade receivables (retention sum on contracts)	(94)	(265)	-	-
Interest income	(303)	(216)	-	-
Miscellaneous income	(98)	(206)	(3)	(2)
Reversal of impairment loss on other receivables	-	(40)	-	(40)
Unrealised foreign exchange gain	-	-	(519)	(964)
Waiver of debt	-	(2,179)	-	-
	(2,465)	(4,464)	(2,442)	(2,548)

(b) Other expenses

Fair value adjustment on:				
- other receivables (cash collaterals)	126	-	-	-
- trade receivables (retention sum on contracts)	109	13	-	-
Impairment loss on:				
- amount owing by subsidiaries	-	-	1,806	-
- other receivables (third parties)	593	-	593	-
Property, plant and equipment written off	258	-	-	-
	1,086	13	2,399	-

(c) Staff costs

Wages and salaries	9,323	9,281	1,921	2,016
Social security costs	110	111	16	16
Defined contribution plans	1,034	912	158	153
Other staff related expenses	290	204	-	-
	10,757	10,508	2,095	2,185

23. KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Directors

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	4,758	4,755	4,236	4,236
Benefits-in-kind	15	15	15	15
	4,773	4,770	4,251	4,251
Non-executive:				
Fees	162	132	162	132
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,087	1,024	-	-
Total	6,022	5,926	4,413	4,383
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	5,845	5,779	4,236	4,236
Total non-executive directors' remuneration	162	132	162	132
Total directors' remuneration	6,007	5,911	4,398	4,368

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

	Number of Directors	
	2014	2013
Executive directors:		
RM500,001 to RM550,000	1	1
RM4,200,001 to RM4,250,000	1	1
Non-executive directors:		
RM1 to RM50,000	2	2
RM50,001 to RM100,000	1	1

(b) Other key management personnel

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	1,420	1,416	326	300
Social security costs	4	4	1	1
Defined contribution plans	169	160	38	35
	1,593	1,580	365	336

24. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Hire purchase	203	93	38	36
Bank overdrafts and bankers' acceptances	443	287	-	-
Term loans	4,799	3,878	-	-
	5,445	4,258	38	36

25. INCOME TAX EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysian income tax:				
Current year	2,160	3,820	-	-
Overprovision in prior years	(464)	(746)	-	-
	1,696	3,074	-	-
Deferred tax (Note 16):				
Deferred tax relating to reversal of temporary differences	(500)	(397)	-	-
Income tax expense recognised in profit or loss	1,196	2,677	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year.

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

	2014 RM'000	2013 RM'000
Group		
(Loss)/Profit before tax	(8,164)	4,859
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	(2,041)	1,215
Effect of expenses not deductible for tax purposes	3,870	3,246
Income not subject to tax	(445)	(977)
Deferred tax assets not recognised during the financial year	726	721
Over provision of income tax expense in prior years	(464)	(746)
Utilisation of group relief	(450)	(782)
Income tax expense recognised in profit or loss	1,196	2,677

	2014 RM'000	2013 RM'000
Company		
Loss before tax	(6,721)	(4,172)
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	(1,680)	(1,043)
Effect of expenses not deductible for tax purposes	1,876	1,329
Income not subject to tax	(575)	(610)
Deferred tax assets not recognised during the financial year	379	324
Income tax expense recognised in profit or loss	-	-

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unused tax losses	42,204	39,962	11,014	9,574
Unabsorbed capital allowances	3,666	3,005	701	625
	45,870	42,967	11,715	10,199

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.

26. (LOSS)/EARNINGS PER SHARE

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

The computation of diluted (loss)/earnings per share is not affected by any other factors.

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

	2014 RM'000	2013 RM'000
Group		
(Loss)/Profit net of tax, attributable to owners of the parent used in the computation of basic and diluted (loss)/earnings per share	(9,360)	2,182
	2014 '000	2013 '000
Weighted average number of ordinary shares for basic and diluted (loss)/earnings per share computation	342,946	342,946
	2014 sen	2013 sen
Basic and diluted (loss)/earnings per share	(2.73)	0.64

27. HIRE PURCHASE PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Minimum lease payments				
Within 1 year	1,088	661	292	121
More than 1 year and less than 2 years	907	341	258	55
More than 2 years and less than 5 years	1,823	305	697	-
	3,818	1,307	1,247	176
Less: Future finance charges	(454)	(138)	(145)	(24)
Present value of hire purchase payables	3,364	1,169	1,102	152
Present value of finance lease liabilities				
Within 1 year	956	587	258	105
More than 1 year and less than 2 years	797	306	228	47
More than 2 years and less than 5 years	1,611	276	616	-
	3,364	1,169	1,102	152

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000

Analysed as:

Due within 12 months included as current liabilities (Note 17)	956	587	258	105
Due after 12 months included as non-current liabilities (Note 17)	2,408	582	844	47
	3,364	1,169	1,102	152

The hire purchase payables bear interest at the end of the reporting period of 2.3% to 6.8% (2013: 2.3% to 6.8%) per annum.

28. CONTINGENCIES

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

29. RELATED PARTY TRANSACTIONS

	Company	
	2014	2013
	RM'000	RM'000

Management fees charged to subsidiaries	2,760	2,760
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Information regarding outstanding balances arising from related party transactions are disclosed in Note 5.

The remuneration of key management personnel is disclosed in Note 23.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

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

	2014		2013	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial asset				
Other investment	1,000	*	1,000	*
Financial liabilities				
Term loans (Level 2)	43,931	32,069	28,579	21,769
Hire purchase payables (Level 2)	2,408	2,424	582	594
Company				
Financial liability				
Hire purchase payables (Level 2)	844	837	47	35

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

- (i) Other investment

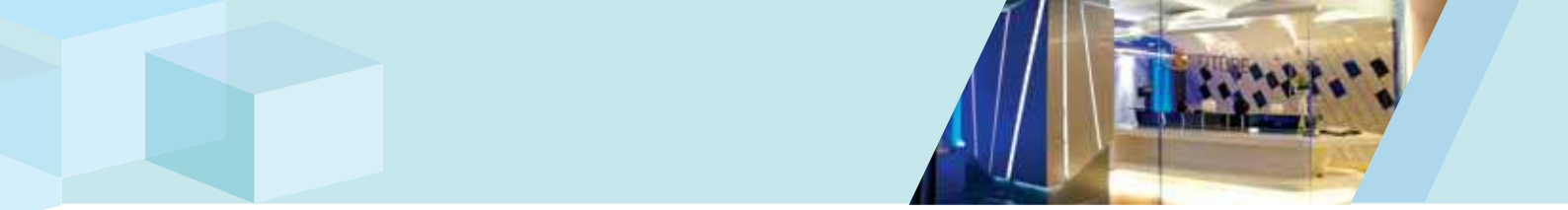
* It is not practicable to estimate the fair value of the unquoted investment due to lack of quoted market prices and without incurring excessive costs.

- (ii) Term loans and hire purchase payables

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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



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

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

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

(a) Credit risk

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

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

The Group's receivables relate to a large number of diversified customers and does not have any significant exposure to any individual customer or counterparty nor does it have any significant concentration of credit risk except as disclosed in Note 10.

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

Information regarding receivables that are neither past due nor impaired is disclosed in Note 10. Deposits with banks and other financial institutions and other investment are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding receivables that are either past due or impaired is disclosed in Note 10.

Financial guarantee

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

A nominal amount of RM8,958,000 (2013: RM8,878,000) relates to corporate guarantees provided by the Company to the banks and other institutions in respect of facilities of its subsidiaries.

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

(b) Liquidity risk

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

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term fundings so as to achieve overall cost effectiveness.

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

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
At 31 December 2014					
Group					
Trade and other payables	36,119	-	-	-	36,119
Borrowings	20,468	10,344	27,203	22,536	80,551
Bank overdrafts	2,672	-	-	-	2,672
	59,259	10,344	27,203	22,536	119,342
Company					
Trade and other payables	1,520	-	-	-	1,520
Borrowings	292	258	667	30	1,247
	1,812	258	667	30	2,767
At 31 December 2013					
Group					
Trade and other payables	31,298	-	-	-	31,298
Borrowings	36,687	8,924	20,966	6,181	72,758
Bank overdraft	564	-	-	-	564
	68,549	8,924	20,966	6,181	104,620
Company					
Trade and other payables	1,676	-	-	-	1,676
Borrowings	121	55	-	-	176
	1,797	55	-	-	1,852

(c) Interest rate risk

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

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

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 20 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been lower/higher by RM124,000 as a result of lower/higher interest expense on floating rates borrowings.

(d) Foreign currency risk

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

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

(e) Market price risk

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

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

32. CAPITAL MANAGEMENT

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

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

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

The gearing ratios are as follows:

	2014 RM'000	2013 RM'000
Total borrowings	62,679	61,603
Less : Cash and cash equivalents	(9,418)	(8,694)
Net debt	<u>53,261</u>	<u>52,909</u>
Total equity	<u>257,781</u>	<u>267,141</u>
Debt-to-equity ratio (%)	<u>21</u>	<u>20</u>

No changes were made in the objectives, policies or processes in the financial years ended 31 December 2014 and 31 December 2013.

33. SEGMENT INFORMATION

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

- (a) Property - land and property investment.
- (b) Construction - building contractors for residential and commercial properties.
- (c) Hotel and leisure - operation of hotel and golf resort.
- (d) Corporate - group-level corporate services and treasury functions.

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

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

Revenue from major customers amounted to RM49,451,000 (2013: RM59,013,000), arising from revenue of the construction segment.

	Property		Construction		Hotel and leisure		Corporate		Adjustments and eliminations		Per consolidated financial statements	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External customers	4,564	4,415	91,681	115,212	27,671	27,330	-	-	-	-	123,916	146,957
Inter-segment	-	-	-	-	-	-	2,760	2,760	(2,760)	(2,760)	-	-
Total revenue	4,564	4,415	91,681	115,212	27,671	27,330	2,760	2,760	(2,760)	(2,760)	123,916	146,957
Results												
Depreciation of property, plant and equipment	(1,419)	(1,246)	(580)	(466)	(6,379)	(5,959)	(666)	(724)	-	-	(9,044)	(8,395)
Other material non-cash (expense)/income	(503)	-	(141)	2,440	(208)	7	1,327	1,542	-	-	475	3,989
Segment (loss)/profit	(275)	1,272	3,086	11,564	2,349	4,014	(5,422)	(5,189)	(7,902)	(6,802)	(8,164)	4,859
Assets												
Additions to property, plant and equipment	2,515	-	342	1,187	5,469	3,668	1,416	16	-	-	9,742	4,871
Segment assets	68,598	72,332	57,028	51,002	137,531	136,803	109,988	114,695	-	-	373,145	374,832
Segment liabilities												
	18,128	13,904	33,966	29,699	50,920	52,537	12,350	11,551	-	-	115,364	107,691

Notes

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

- (i) Inter-segment revenue are eliminated on consolidation.
- (ii) Other material non-cash(expense)/income consist of the following items as presented in the respective notes to the financial statements:

	2014 RM'000	2013 RM'000
Gain from disposal of property, plant and equipment	190	82
Fair value adjustment on:		
- other receivables (cash collaterals)	(126)	-
- trade receivables (retention sum on contracts)	(109)	(13)
Finance income on:		
- other receivables (third parties)	1,780	1,476
- trade receivables (retention sum on contracts)	94	265
Impairment loss on:		
- other receivables (third parties)	(593)	-
- trade receivables	(503)	-
Property, plant and equipment written off	(258)	-
Waiver of debt	-	2,179
	475	3,989

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

	2014 RM'000	2013 RM'000
Interest expenses	(5,445)	(4,258)
Interest income	303	216
Inter-segment management fee	(2,760)	(2,760)
	(7,902)	(6,802)

34. COMPARATIVE FIGURES

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

	As previously stated RM'000	Reclassified RM'000	As restated RM'000
Statements of comprehensive income			
Group			
Other income	4,451	13	4,464
Other expenses	-	(13)	(13)
Segment information			
Property			
Segment liabilities	38,071	(24,167)	13,904
Construction			
Segment liabilities	31,245	(1,546)	29,699
Hotel			
Segment liabilities	113,701	(61,164)	52,537
Corporate			
Segment assets	156,803	(42,108)	114,695
Adjustments and eliminations			
Segment assets	(42,108)	42,108	-
Segment liabilities	(86,877)	86,877	-

35. SUPPLEMENTARY INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total accumulated losses				
- Realised	(386,248)	(376,827)	(192,853)	(185,613)
- Unrealised	(4,414)	(4,816)	3,941	3,422
	(390,662)	(381,643)	(188,912)	(182,191)
Total share of results from associates - realised	(233)	(233)	-	-
	(390,895)	(381,876)	(188,912)	(182,191)
Less: Consolidation adjustments	219,991	220,332	-	-
Accumulated losses as per financial statements	(170,904)	(161,544)	(188,912)	(182,191)

Schedule of Properties

Held by the Company and its Subsidiaries
as at 31 December 2014



Location of Properties	Description	Date of Acquisition	Expiration of Lease	Land Area (Acres)	Approximate		Net Book Value (RM'000)
					Lettable Area (Sq. Ft.)	Age of Building (Years)	
Lot 51, Section 27, Town of Petaling Jaya, Selangor	25 storey hotel with 257 rooms and 4 storey podium with basement car park <i>known as Hotel Armada Petaling Jaya</i>	June 1993	6 February 2071	2.44	104,430	18	93,991
Lot PTD 90038, Mukim of Plentong, Bandar Seri Alam, Johor	Vacant land	April 2010	Freehold	182.00	N/A	N/A	52,866
Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor	Vacant land	January 1992	Freehold	34.54	N/A	N/A	9,563
Lot 290, Mukim of Tebrau, Johor	Vacant land	June 1996	Freehold	4.84	N/A	N/A	6,596
Lots 1589 and 1592, Mukim of Tebrau, Johor	Vacant land	May 1994	Freehold	4.14	N/A	N/A	3,059
3-9-A and 7-2-B No. 2 Jalan Pelita, Wadihana, 80300 Johor Bahru, Johor	2 units apartments <i>known as Pelita Indah Condominium</i>	May 1995	Freehold	Strata title	3,370	20	201
Lots PT 78700 and 78701, Mukim of Petaling, District of Petaling, Selangor	Vacant land	July 2002	27 May 2097	2.37	N/A	N/A	998
073-2, 073-3, 074-1 and 074-2, Block G, Persiaran Palm Spring Resort, 71250 Pasir Panjang, Port Dickson, Negeri Sembilan	4 units apartments <i>known as Palm Springs Apartments</i>	December 1994	Freehold	Strata title	6,372	13	196
B13-1 Block B No. 1 Lorong Utara B off Jalan Utara 46200 Petaling Jaya, Selangor	1 unit apartment <i>known as The Istara Condominium</i>	August 1996	9 March 2076	Strata title	1,313	17	63
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	15	74

Statistics of Shareholdings

As at 30 April 2015

SHARE CAPITAL

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

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	787	6.54	34,634	0.01
100 - 1,000	3,542	29.43	2,477,472	0.72
1,001 - 10,000	6,053	50.29	22,448,674	6.54
10,001 - 100,000	1,430	11.88	46,180,556	13.47
100,001 - 17,147,306 (*)	222	1.84	144,410,188	42.11
17,147,307 & above (**)	2	0.02	127,394,617	37.15
Total	12,036	100.00	342,946,141	100.000

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2015

(as shown in the Register of Substantial Shareholders)

Name	No. of Shares (Direct)	No. of Shares (Indirect)	%
1. DATO' YAP SING HOCK	106,658,117	3,821,250	32.21
2. BELASTRA SDN BHD	41,517,400	-	12.11

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 30 APRIL 2015

Name	No. of Shares	%
1. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (M09)	105,173,717	30.67
2. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. HDM Capital Sdn. Bhd. for Belastra Sdn. Bhd.	22,220,900	6.48
3. RHB NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Belastra Sdn. Bhd.	15,728,800	4.59
4. OBJECTIVE ACHIEVEMENT SDN. BHD.	12,000,000	3.50
5. LIANG TEH HAI	7,680,600	2.24
6. HSBC NOMINEES (ASING) SDN. BHD. Exempt An for BSI SA (BSI BK SG-NR)	4,500,000	1.31
7. AMSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account - AmBank (M) Berhad for Belastra Sdn. Bhd. (SMART)	3,000,000	0.87
8. POLYWELL ENTERPRISE SENDIRIAN BERHAD	3,000,000	0.87
9. UOB KAY HIAN NOMINEES (ASING) SDN. BHD. Exempt An for UOB Kay Hian Pte. Ltd. (A/C Clients)	2,509,168	0.73
10. LOW AH LIN	2,500,000	0.73
11. YONG LOY HUAT	2,500,000	0.73
12. CIMSEC NOMINEES (TEMPATAN) SND. BHD. CIMB Bank for Lim Yew Keng (MY2143)	2,471,000	0.72
13. ONN KOK PUAY (WENG GUOPEI)	2,360,500	0.69
14. HSBC NOMINEES (TEMPATAN) SDN. BHD. BSI SA for Ong Yoong Nyock	2,000,000	0.58
15. KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yong Kwee Lian	2,000,000	0.58
16. CITIGROUP NOMINEES (ASING) SDN. BHD. Exempt An for OCBC Securities Private Limited (Clients A/C-NR)	1,848,187	0.54

	Name	No. of Shares	%
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Lim Yew Keng (6000869)	1,682,400	0.49
18.	GAN TECHIONG	1,560,000	0.46
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Ong Yoong Nyock (100583)	1,508,900	0.44
20.	YAP TSE YEENG CHRISTINE	1,500,000	0.44
21.	CHIN KIAN FONG	1,490,400	0.43
22.	YAP SING HOCK	1,484,400	0.43
23.	M & A NOMINEE (ASING) SDN. BHD. Sanston Financial Group Limited for Avestra Asset Management Limited	1,470,000	0.43
24.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for TNTT Realty Sdn. Bhd	1,421,300	0.41
25.	YU LIAN HAI	1,400,000	0.41
26.	CIMSEC NOMINEES (ASING) SDN. BHD. Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,395,187	0.41
27.	AGNES YAP TSE EE	1,321,250	0.39
28.	CHUA BOON CHIEN	1,200,000	0.35
29.	G-INSTITUTE OF REAL ESTATE SDN. BHD.	1,200,000	0.35
30.	SOU CHIN ENG	1,161,200	0.34
	Total	211,287,909	61.61



LIEN HOE CORPORATION BERHAD
(Company No: 8507-X)
(Incorporated in Malaysia under the Companies Act, 1965)

No. of shares held:	
CDS account no.:	

FORM OF PROXY

I/We.....
of

being a member(s) of LIEN HOE CORPORATION BERHAD hereby appoint *the Chairman of the meeting.,
or
of
or failing him/her,
of

as my/our Proxy to vote for me/us/ on my/our behalf at the 45th Annual General Meeting of the Company to be held at Iskandar II, Level 3A, Block 1, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Nusajaya, Johor Darul Takzim on Wednesday, 17 June 2015 at 11 a.m.

My / our proxy is to vote as indicated below :

RESOLUTION NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees of RM162,000 in respect of the financial year ended 31 December 2014. (2013:- RM132,000)		
2.	To re-elect Mr Yeoh Chong Keat as Director of the Company.		
3.	To re-elect Dato' Yap Sing Hock as Director of the Company.		
4.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to determine their remuneration.		
5.	To approve authority for Directors to issue shares.		
6.	To approve proposed renewal of shareholders' approval for share buy-back.		
7.	To approve the retention of Mr Yeoh Chong Keat as Independent Non-executive Director of the Company subject to the passing of Resolution 2.		
8.	To approve the retention of Dr Teoh Kim Loon as Independent Non-executive Director of the Company.		

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

Dated:-

Signature /Common Seal of Shareholder(s)

*** STRIKE OUT IF INAPPLICABLE**

NOTES:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. In the case of a corporate member, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
3. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

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

4. The form of proxy must be deposited at the registered office of the Company at 3rd floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, not later than 48 hours before the time stipulated for holding of the meeting or any adjournment thereof.
5. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositor as at 8 June 2015 ("Record of Depositor") and only a depositor whose name appears on the Record of Depositor shall be entitled to attend this meeting.



Lien Hoe Corporation Berhad

3rd Floor, Plaza Armada

Lot 6, Lorong Utara C

Section 52, 46200 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-7955 8808

Fax: 03-7955 5808

www.lienhoe.com.my