LIEN HOE CORPORATION BERHAD

Registration No. 196901000161 (8507-X)

2019

ANNUAL REPORT

Contents

Corporate Information

DIRECTORS

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

Dato' Yap Sing Hock
Managing Director

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

Mr. Cheong Marn Seng, Allen
Executive Director

Dr. Teoh Kim Loon
Independent Non-executive Director

Dato' Tea Choo Keng
Independent Non-executive Director

SECRETARIES

Tan Fong Shian @ Lim Fong Shian
(MAICSA 7023187)

Liew Chak Hooi
(MAICSA 7055965)

REGISTERED OFFICE

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

AUDITORS

UHY
Firm Number: AF 1411
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2279 3088
Fax : 03-2279 3099

PRINCIPAL FINANCIAL INSTITUTIONS

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

REGISTRAR

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

STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia
Securities Berhad

NOTICE IS HEREBY GIVEN THAT the 50th Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at Iskandar II, Level 3A, Block 1, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim on Tuesday, 18 August 2020 at 10.30 a.m. for the purpose of transacting the following business:-

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note A)*

2. To approve Directors' fees and benefits of up to RM303,000 in respect of the period from 19 August 2020 until the conclusion of the next Annual General Meeting of the Company. *(Resolution 1)*

3. To re-elect the following Directors retiring pursuant to Clause 109 of the Company's Constitution:-

   (i) Yeoh Chong Keat *(Resolution 2)*
   (ii) Dato' Tea Choo Keng *(Resolution 3)*

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

AS SPECIAL BUSINESS

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

5. ORDINARY RESOLUTION 1
AUTHORITY FOR DIRECTORS TO ISSUE SHARES

"THAT subject to Sections 75 and 76 of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of any other relevant authorities, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." *(Resolution 5)*

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

"THAT subject to the Companies Act 2016, provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approvals of any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of the Company through Bursa Malaysia Securities Berhad ("Proposed Share Buy-Back"), provided that:-

(i) the maximum number of ordinary shares purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company;

(ii) the total maximum amount of funds to be utilised for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits of the Company based on its audited financial statements for the financial year ended 31 December 2019; and

(iii) upon completion of the purchase(s) of its shares by the Company, the shares shall be dealt with in the following manner:-

(a) to cancel the shares so purchased; or

(b) to retain the shares so purchased as treasury shares; or

(c) to retain part of the shares so purchased as treasury shares and cancel the remainder.

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

(a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions;

(b) the expiry of the period within which the next Annual General Meeting is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

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

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

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

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

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

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

9. **ORDINARY RESOLUTION 5**
RETENTION OF DATO' TEA CHOO KENG AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT in accordance with the Malaysian Code on Corporate Governance and subject to passing of Resolution 3, Dato' Tea Choo Keng be retained as Independent Non-executive Director of the Company." *(Resolution 9)*

10. **SPECIAL RESOLUTION 1**
PROPOSED AMENDMENTS TO THE COMPANY'S CONSTITUTION

"THAT the amendments to the Company's Constitution as set out in Appendix I of the 2019 Annual Report be and are hereby approved and adopted ("Proposed Amendments").

THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things that are necessary and/or expedient to give full effect to the Proposed Amendments." *(Resolution 10)*

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

BY ORDER OF THE BOARD

TAN FONG SHIAN (SSM PC No. 201908004045) (MAICSA 7023187)
LIEW CHAK HOOI (SSM PC No. 201908004042) (MAICSA 7055965)
Secretaries

Petaling Jaya
25 June 2020

NOTES:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting. Where a member appoints more than one proxy, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

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

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

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

4. Pursuant to paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice of Annual General Meeting will be conducted by poll.

5. The form of proxy must be deposited at the Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not later than 48 hours before the time stipulated for holding of this meeting or any adjournment thereof.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 11 August 2020 ("Record of Depositors") and only a depositor whose name appears on the Record of Depositors shall be entitled to attend this meeting.

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

EXPLANATORY NOTE A

This agenda item is meant for discussion only as the provisions of Section 340 (1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. As such, this item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

RESOLUTION 5 - AUTHORITY FOR DIRECTORS TO ISSUE SHARES

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

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

This resolution is proposed for the purpose of empowering the Company to purchase its own shares of a number which, when aggregated with the existing treasury shares, does not exceed 10% of its total number of issued shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. For further information on the Proposed Share Buy-Back, please refer to the Statement to Shareholders dated 25 June 2020.

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
RESOLUTION 9 - RETENTION OF DATO' TEA CHOO KENG AS INDEPENDENT NON-EXECUTIVE DIRECTOR

These resolutions are proposed to enable Mr. Yeoh Chong Keat, Dr. Teoh Kim Loon and Dato' Tea Choo Keng 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 Dato' Tea Choo Keng's tenure as Independent Non-executive Director will reach a cumulative term of more than 9 years in August 2020. The Board of Directors of the Company has recommended that they should be retained as Independent Non-executive Directors based on the following consideration:-

(i) They have confirmed and declared that they are independent directors as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

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

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

RESOLUTION 10 - PROPOSED AMENDMENTS TO THE COMPANY'S CONSTITUTION

This special resolution, if passed, will align the Constitution of the Company with the amendments made to the Companies Act 2016.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Resolution 5 is a renewed general mandate for issue of shares and empowering the Directors of the Company to issue new shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for such purpose as they consider would be in the interest of the Company.

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 18 June 2019 and which will lapse at the conclusion of the 50th Annual General Meeting.

Mr. Yeoh Chong Keat

Chairman, Independent Non-executive Director **62 years of age / Male / Malaysian**

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

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

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

He has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work with "Big Four" firms in the United Kingdom and Malaysia. He is a director of Advancecon Holdings Berhad and AbleGroup Berhad, which are both listed on the Main Market of Bursa Malaysia Securities Berhad.

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

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

Dato' Yap Sing Hock

Managing Director **71 years of age / Male / Malaysian**

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

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

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

He is the father of Ms. Yap Tse Yeeng Christine, the Executive Director and Chief Executive Officer of the Company.

He has no conflict of interests with the Company.

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

Ms. Yap Tse Yeeng Christine

Executive Director and Chief Executive Officer **41 years of age / Female / Malaysian**

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

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

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

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

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

She has no conflict of interests with the Company.

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

Mr. Cheong Marn Seng, Allen

Executive Director **55 years of age / Male / Malaysian**

He was appointed to the Board of the Company on 28 December 2001.

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

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

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

He has no conflict of interests with the Company.

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

Dr. Teoh Kim Loon

Independent Non-executive Director **66 years of age / Male / Malaysian**

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

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

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

He is a director of Seloga Holdings Berhad, a public company. He does not have directorship in other listed issuers.

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

He has no conflict of interests with the Company.

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

Dato' Tea Choo Keng

Independent Non-executive Director **52 years of age / Male / Malaysian**

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

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

He is re-designated from an alternate director to an independent non-executive director of Power Root Berhad on 1 September 2019, and is also an independent non-executive director of Cheetah Holdings Berhad, which are both listed on the Main Market of Bursa Malaysia Securities Berhad.

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

He has no conflict of interests with the Company.

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

NUMBER OF BOARD MEETINGS ATTENDED BY THE DIRECTORS

The number of board meetings attended by the Directors in the financial year ended 31 December 2019 are set out in the Corporate Governance Overview Statement on page 27 of this Annual Report.

Profile of Key Senior Management

Mr. Lau Hing Kiet, Jerry

Director/Chief Executive Officer, Macro Resources Sdn Bhd **56 years of age / Male / Malaysian**

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

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

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

Mr. Hoon Tai Chee

General Manager, Hotel Armada (PJ) Sdn Bhd **58 years of age / Male / Malaysian**

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

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

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

Ms. Wong Ngoke Meng

Group Financial Controller **60 years of age / Female / Malaysian**

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

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

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

Mr. Loh Giap Tik

Senior Finance and Administration Manager, Christine Resort Sdn Bhd **69 years of age / Male / Malaysian**

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

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

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

Mr. Tan Boon Chong, Lester

Financial Controller, Hotel Armada (PJ) Sdn Bhd   64 years of age / Male / Malaysian

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

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

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

OTHER DISCLOSURE BY THE KEY SENIOR MANAGEMENT

None of the key senior management has:-

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

(ii) any family relationship with any of the directors and/or major shareholders of the Company;

(iii) any conflict of interests with the Company;

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

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

BUSINESS OVERVIEW

The principal business activities of the Company and its subsidiary companies ("the Group") remained unchanged throughout the fiscal year 2019. Our core business segments are namely hotel, property investment and property development.

For the fiscal year 2019, the hotel segment continued to be the core business activity of the Group contributing more than 90% of its total gross revenue. The mainstay of the hotel segment is Hotel Armada, a 4-star business and tourist class hotel located in the heart of Petaling Jaya along the Federal Highway. The hotel, which is owned and managed by us, has an inventory of 257 guestrooms, one grand ballroom, six function rooms, three event suites, a gym, an all-day dining restaurant, a café and a bar. It is a one-stop centre that caters for accommodation, events, dining and entertainment needs of its guests.

The property investment segment is mainly the leasing and car park income from the 4-storey commercial complex known as Plaza Armada which forms part of the podium of Hotel Armada. It has 95,916 square feet of net lettable space, of which 20,000 square feet is being occupied as our corporate office. The property presently enjoys an occupancy level of 80%.

The property development segment owns several parcels of land in Johor Baru. Strategically located with good connectivity, these lands are in various stages of development planning, the details of which are as follows:-

Title particulars	Size (acres)	Land use	Status of development planning
Lot PTD 239921, Mukim of Plentong, Johor	5.00	Commercial building	At design and layout planning stage
Lot PTD 239922, Mukim of Plentong, Johor	8.00	Commercial building	At design and layout planning stage
Lot PTD 239924, Mukim of Plentong, Johor	8.00	Commercial building	At design and layout planning stage
Lot PTD 239923, Mukim of Plentong, Johor	9.00	Commercial building	Development order and building plan approval obtained
Lot PTD 239934, Mukim of Plentong, Johor	30.62	Golf course	At design and layout planning stage
Lot PTD 239918, Mukim of Plentong, Johor	69.03	Golf course	Preliminary planning
Lots PTD 61083 - 61084, 61092 – 61131, 61133 – 61283, 61293 – 61294, 61304 – 61344, 76869 – 76870, Mukim of Senai-Kulai, Johor	33.38	Residential	Preparation of application for amalgamation of titles
Lots 1589 & 1592, Mukim of Tebrau, Johor	4.14	Commercial building	Preliminary planning

FINANCIAL RESULTS

For the fiscal year 2019, revenue totalled RM24.90 million which is comparable to the RM25.16 million achieved in previous year. This consists of income generated from the hotel segment and the property investment segment of RM23.64 million (RM24.06 million in 2018) and RM1.26 million (RM1.10 million in 2018) respectively.

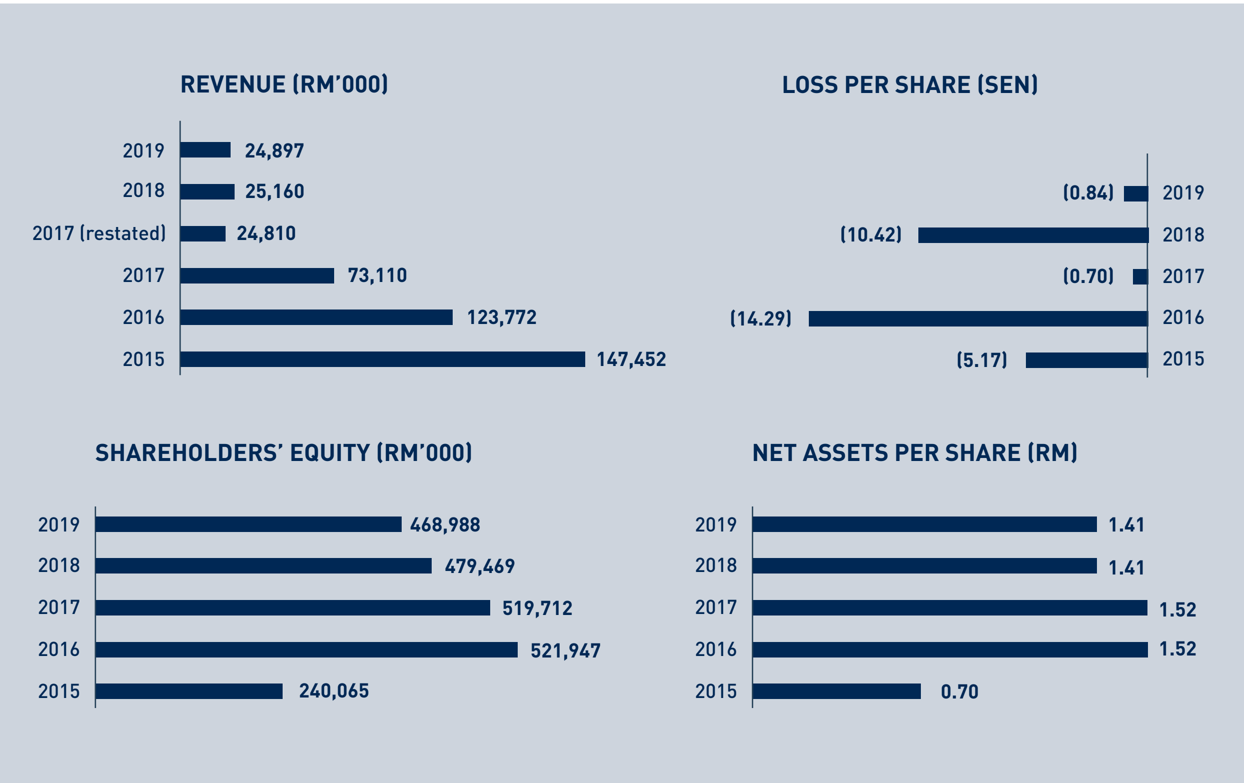
The Group posted a net loss of RM2.78 million as opposed to a loss of RM35.53 million in prior year owing mainly to the effect of an accounting adjustment of RM41.14 million arising from net gain on deconsolidation of a subsidiary company who had ceased all business operations in early year 2018.

In line with the lower net loss incurred in 2019, loss per share narrowed to 0.84 sen from 10.42 sen in previous year.

As at the end of the fiscal year 2019, the Group's financial position remained strong as it is supported by net assets amounting to RM468.99 million, which is equivalent to RM1.41 per share. The marginal decrease in net assets compared to RM479.47 million or RM1.41 per share in previous year is caused by the net loss for the year along with repurchase of own shares.

Total assets of the Group declined to RM626.66 million from RM686.33 million at the end of the preceding year due mainly to the effect of reduction in other receivables and the deconsolidation of a subsidiary company partially offset by the capitalisation of cost incurred on land development. Total borrowings of the Group stood at RM39.07 million at the end of 2019, which is lower than the RM45.94 million at the end of 2018. Based on the total equity of the Group of RM468.99 million at end of 2019, the gearing of the Group is 0.08 times which is lower than that at end of 2018.

The financial highlights of the Group for the last 5 years are tabulated below:-



HOTEL SEGMENT

Our hotel posted gross revenue of RM23.64 million for the fiscal year 2019, which is RM425,000 or 1.8% lower than previous fiscal year. A temporary shut-down of the all-day dining restaurant and the main kitchen for 3 months in the middle of the year for a complete makeover weighed on the gross revenue for the year.

Room occupancy rate for the year reached a commendable level of 70%, which is above the industry average and represents an improvement from last year, on the back of strong bookings via online travel agents. Other segments such as corporate and group also contributed to the higher occupancy rate owing largely to aggressive marketing activities and efforts to secure new accounts. There was a marginal decline in average room rate due to the increasing competitiveness of the market as a result of the influx of new hotels and the emergence of alternative hospitality offerings such as Airbnb, homestays and boutique hotels.

Our top market segments last year were guests from online travel agents at 39% and corporate at 21%. Demographically, guests from the domestic market made up the largest contributor, responsible for 49% of our guests and represent a strong market for our hotel. In terms of tourist arrivals by country of residence, China and Singapore remained our key market at 28% and 15% respectively.

The hotel's food & beverage business was by and large robust last year with the exception of the 3 months period when the all-day dining restaurant was closed for a comprehensive revamp. The refurbishment of the all-day dining restaurant, which includes the main kitchen, is part of our continuous efforts to improve customer experience and enhance functionality of the hotel facilities with the aim of driving revenue growth and customer loyalty. The temporary closure of the restaurant for 3 months led to a wider business interruption which impacted not only the restaurant business but also the seminar and conference bookings. As a result, the food & beverage sales was down by RM0.96 million from previous year. Nonetheless, we saw business picked up strongly following the re-opening of the restaurant in the third quarter of the year.

In tandem with the lower revenue, the hotel segment's operating profit declined by RM0.40 million or 7.1% to RM5.21 million as compared to previous year. This was achieved amid rising cost pressures from higher utility cost, new minimum wage policy and increasing food cost mitigated largely by effective cost management and improvements in operating efficiencies.

PROPERTY INVESTMENT SEGMENT

Our property generated revenue of RM1.26 million in fiscal year 2019, up RM162,000 or 14.8% from previous year. The additional revenue was contributed by a new tenant whose lease commenced in the final month of the year. This new tenant, an internationally renowned sporting goods retailer, committed to a long term lease for approximately 45,000 square feet of space in the building during the year. Besides the white-box construction works to make ready the space for the new tenant, we had undertaken further building improvements which include a new skylight awning, a new air-handling unit, a new loading bay with cargo lift, a new all-glass façade and the laying of new asphalt for the driveway. The higher rental income led to an increase in the operating profit to RM175,000 from RM88,000 registered in last year.

PROPERTY DEVELOPMENT SEGMENT

During the fiscal year 2019, we obtained the approval from the local council for the conversion of the land use of 30 acres of land located in Bandar Seri Alam, Johor Baru from that of golf course to commercial buildings. Along with this conversion approval, we also received approval for the subdivision of the 145.6 acres of land held under one title into 8 separate parcels with individual titles.

In November, we successfully secured the approval for a development order on a piece of the newly subdivided land with an area of 9 acres in Bandar Seri Alam, Johor Baru. The development consists of 246 units of stratified shop and a commercial block comprising a supermarket, a hotel and 64 units of retail lot. The gross sales value of the development is estimated at RM194 million. Earthworks have begun at the land while the marketing plan is at the advanced stage of finalisation.

During the year, we entered into an agreement to dispose of the 3.98 acres of freehold land located along Jalan Kangar Tebrau, Johor Baru for a cash consideration of RM13.0 million. The transaction is pending completion at the date of this Annual Report.

RISKS AND PROSPECTS

Looking ahead into the new fiscal year of 2020, we expect overall business conditions to be extremely difficult in light of the economic and social fallout from the Covid-19 coronavirus pandemic. The worldwide large scale quarantines, travel bans, border closings, movement restrictions and physical distancing have created such a widespread disruption to business activities that a sharp economic slowdown is widely envisaged for the greater part of this year.

Our hotel segment's operating conditions have weakened significantly following the outbreak of the Covid-19 coronavirus in late January this year. Travel restrictions and the growing worries have led to large numbers of cancellations in room reservations and event bookings in the first three months of this year. The six-week nationwide lockdown that took effect in middle of March has completely put our operations on pause. The impact of the coronavirus will continue to weigh on the performance of our hotel segment this year until the situation is under control and travel confidence resumes. As the magnitude and duration of this pandemic remain unclear, any prolonged return to normalcy will surely heighten the risk of supply disruption and liquidity tightening.

In response to these challenges, our hotel has been actively taking precautions and putting in place measures to limit the risk of virus exposure to our guests and employees. To counter the weaker demand, we will shift our sales initiatives towards the domestic business and leisure travel market and will also further improve our digital marketing to attract new customers. In addition, we will review our supply network for cost efficiency and credit flexibility, revisit our variable costs with focus on productivity and detailed expense review, convert fixed costs to variable costs where possible, and expedite collection of receivables.

In contrast, the property investment segment is expected to show resilience with growth underpinned by the full year rental income contribution from the new tenant. We are not going to sit back but will be focused on letting out the remaining space and working to maximise income from the property. Extra emphasis will also be placed on providing a higher standard of maintenance at our building and on strengthening relationships with existing tenants.

The property development segment's main goal for this year is to launch the sale of the commercial properties on the 9-acres piece of land in Bandar Seri Alam, Johor Baru. This development, which has gross sales value worth RM194 million, is well conceptualised and would appeal to a wide segments of the market in terms of value and design innovation. It is primarily catered to the affordable and mid-market segment which represents the largest pool of potential purchasers and investors. The date for the sale launch of this development is contingent upon the recovery of the property market in Johor. Nevertheless, we are open to the possibility of exploring other collaborative development options to mitigate financing and sale risks.

The Board of Directors ("the Board") of Lien Hoe Corporation Berhad continues to endeavour compliance with all the corporate governance principles and practices as proposed in the Malaysian Code on Corporate Governance 2017 ("the Code"). The following statement outlines the extent to which the principles and practices were applied throughout the financial year ended ("FYE") 31 December 2019.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board presently consists of 6 members; comprising 3 Executive Directors and 3 Independent Non-executive Directors. Collectively the Board has a mix of industry-specific knowledge and technical skills which are necessary for the leadership and management of the Group. The composition of the Board is such that it provides an effective check and balance in the functioning of the Board and is reviewed from time to time to ensure its appropriateness.

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

In accordance with the Company's Constitution, all directors appointed by the Board are subject to re-election by the shareholders at the annual general meeting following their appointment. At least one-third of the directors are required to retire from office by rotation. Eligibility for director re-election is subject to satisfactory findings from the assessment by the Nomination Committee and the Board, upon which such directors may be offered for re-election by the shareholders at the subsequent annual general meeting ("AGM").

The Board acknowledges that Section 205 of the Companies Act 2016 provides that the directors with the longest tenure since their most recent appointment shall retire and wishes to note its compliance by way of the retirement of Mr. Yeoh Chong Keat and Dato' Tea Choo Keng for re-election at the forthcoming AGM.

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

The Managing Director, assisted by the Chief Executive Officer and management team has the overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions and assumes, among others, the following responsibilities:-

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

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

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

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

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

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

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

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

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

(ii) Align and approve the corporate objectives and policies of the Group;

(iii) Appoint and approve the terms of reference of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee;

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

(v) Review the Group's system of internal controls which include the establishment of an appropriate control environment framework for identifying, evaluating and managing significant risks faced by the Group;

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

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

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

(ix) Appoint external auditors as well as determine audit fees, taking into consideration advice from the Audit and Risk Management Committee;

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

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

(xii) Any other duties as may be appropriate.

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

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

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

The Group has established a Code of Ethics and Conduct ("Internal Code") that is applicable to all its Directors and employees. The Internal Code was formalised by the Board on 22 November 2012 and was last reviewed on 21 February 2018. It sets out the principles and standards of business ethics and conduct of the Group and is applicable to all Directors and employees of the Group. The Internal Code contains provisions which encourage any employee who knows of or suspects a violation of the Internal Code to report their concerns to the Directors and that they will not be discriminated against or suffer any act of retaliation for reporting in good faith on violation or suspected violation of the Internal Code. Violation of the Internal Code can result in disciplinary action, which may include termination of employment. The Internal Code is available for reference in the Company's website at www.lienhoe.com.my.

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

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

The Board had been supplied with complete and timely information to enable it to discharge its responsibilities. Board agenda together with discussion papers are compiled and distributed to all the Directors at least 5 days prior to the Board meeting date to ensure that the Directors have sufficient time to review the agenda before deliberations. All Board members are responsible to ensure the minutes of meetings accurately reflect the deliberations and decisions of the Board. Upon conclusion of the meeting, the minutes are circulated in a timely manner for review.

The Board may seek advice from the management on issues under their purview and may interact directly with the management, or request further explanation, information or updates on any aspect of the Group's operations or business concern from them. The Board will invite management to attend Board or Board Committees meetings to report, update and provide an insight on areas of business within their responsibility to the Board. The Board may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Board is able to make independent and informed decisions.

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

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

The Board Charter was formalised by the Board on 22 November 2012 and was last revised on 21 February 2018. It defines the composition, the responsibilities of the Chairman and Managing Director, ensures that the Board may establish committees to assist in carrying out its duties and responsibilities, the procedure for convening Board meetings, investor relations and shareholders communication, access to information and independent advice and to ensure that the Code is observed by all Directors and employees of the Group. The Board Charter is available for reference in the Company's website at www.lienhoe.com.my.

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

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

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

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

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

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

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

2. STRENGTHEN COMPOSITION

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

2.1 Audit and Risk Management Committee ("ARMC")

The ARMC consists exclusively of Independent and Non-executive Directors, and is made up of the following members:-

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

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

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

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

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

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

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

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

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

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

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

2.2 Nomination Committee ("NC")

The NC comprises the following Directors:-

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

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

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

The NC assumes the following responsibilities:-

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

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

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

(iv) to examine the ability of each Director in contributing to the effective decision-making process of the Board and ensure that the Board and Board Committees are functioning actively, efficiently and effectively in all its decision making;

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

(vi) to annually review the term of office and performance of the ARMC;

(vii) to review the Board's succession plans;

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

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

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

(i) reviews annual Board assessment and evaluation;

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

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

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

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

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

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

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

During the FYE 31 December 2019, the NC:

(i) reviewed the Board's structure, size and composition, assessed and evaluated the effectiveness of each individual Director and the Board as a whole through Directors' self-evaluation forms and attendance records, assessed the effectiveness of the ARMC and reviewed the term of office of the ARMC through ARMC evaluation forms, assessed and evaluated the effectiveness of the NC and Remuneration Committee through the Nomination and Remuneration Committees evaluation forms, reviewed the Board's gender diversity, reviewed the re-election of Directors at forthcoming AGM through respective Director's self-evaluation form and attendance records, reviewed the independence of Independent Directors through Independent Directors' self-declaration of independence forms, noted the Board's succession plans and trainings attended by the Directors; and

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

With regards to the assessment during FYE 31 December 2019, the Board was satisfied upon completing its assessments that the Board had discharged its duties and responsibilities effectively. The Board also concluded that the Board composition in terms of size, mix of skills and balance between Executive, Non-executive and Independent Directors were satisfactory.

During the FYE 31 December 2019, the NC convened 1 meeting and the attendance of the meeting is set out below:-

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

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

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

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

2.3 Remuneration Committee ("RC")

The RC comprises the following Directors:-

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

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

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

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

The RC assumes the following responsibilities:-

(i) to review and recommend to the Board the remuneration of the Directors of the Company as guided by the Remuneration Policy of the Company; and

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

The Group's remuneration policy inter alia strives to maintain a strong linkage between performance and reward, at the same time to offer remuneration packages attractive enough to recruit and retain talent. The remuneration policy is available on the Company's website at www.lienhoe.com.my. The terms of reference of the RC is also available on the Company's website at www.lienhoe.com.my.

During the FYE 31 December 2019, the RC:-

(i) reviewed the Directors' remuneration;

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

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

(iv) recommended the RC Report to the Board for approval.

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

During the FYE 31 December 2019, the RC met 1 time and the attendance of the meeting is set out below:-

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

The remuneration of the Directors for FYE 31 December 2019 are as follows:-

Group

Directors	Fees	Salaries, Defined Contribution Plan and Benefits in Kind	Total
	RM	RM	RM
Executive:			
Dato' Yap Sing Hock	-	6,627,000	6,627,000
Ms. Yap Tse Yeeng Christine	-	405,000	405,000
Mr. Cheong Marn Seng, Allen	-	584,080	584,080
	-	7,616,080	7,616,080
Non-executive:			
Mr. Yeoh Chong Keat	93,000	-	93,000
Dr. Teoh Kim Loon	75,000	-	75,000
Dato' Tea Choo Keng	75,000	-	75,000
	243,000	-	243,000

Company

Directors	Fees	Salaries, Defined Contribution Plan and Benefits in Kind	Total
	RM	RM	RM
Executive:			
Dato' Yap Sing Hock	-	327,000	327,000
Ms. Yap Tse Yeeng Christine	-	405,000	405,000
Mr. Cheong Marn Seng, Allen	-	-	-
	-	732,000	732,000
Non-executive:			
Mr. Yeoh Chong Keat	93,000	-	93,000
Dr. Teoh Kim Loon	75,000	-	75,000
Dato' Tea Choo Keng	75,000	-	75,000
	243,000	-	243,000

The remuneration of the top five senior management for FYE 31 December 2019 in bands of RM50,000 are as follows:-

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

3. REINFORCE INDEPENDENCE

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

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

The Directors who have served the Board as Independent Non-executive Directors for more than 12 years are Mr. Yeoh Chong Keat and Dr. Teoh Kim Loon, and Dato' Tea Choo Keng's tenure as Independent Non-executive Director will reach a cumulative period of 9 years in August 2020. Their retention as Independent Non-executive Directors will be subject to shareholders' approval at the forthcoming AGM.

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

(i) They have confirmed and declared that they are independent directors as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia");

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

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

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

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

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

4. FOSTER COMMITMENT

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

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

A total of 6 board meetings were conducted during the FYE 31 December 2019. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. This is evidenced by the attendance records of the Directors at the Board meetings held in the FYE 31 December 2019:-

Directors	No. of meetings attended	Percentage
Mr. Yeoh Chong Keat	5/6	83.33%
Dato' Yap Sing Hock	6/6	100%
Ms. Yap Tse Yeeng Christine	5/6	83.33%
Mr. Cheong Marn Seng, Allen	6/6	100%
Dr. Teoh Kim Loon	6/6	100%
Dato' Tea Choo Keng	6/6	100%

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

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

All Board members shall notify the Chairman of the Board and NC before accepting any new directorship in other companies, bearing in mind the maximum number of directorships allowed under the Main LR. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

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

Training programmes attended by the Directors during the FYE 31 December 2019 are set out below:-

Director	Date	Title of training programme
Mr. Yeoh Chong Keat	6 May 2019	An Invitation: Launch of the SC's Corporate Governance Monitor 2019
	5 & 6 August 2019	National Tax Conference 2019
	15 October 2019	Seminar Percukaian Kebangsaan 2019
	17 October 2019	Evaluating Effective Internal Audit Function – Audit Committee's Guide on How To
Ms. Yap Tse Yeeng Christine	7 November 2019	Executive Talk on Integrity and Governance
Dr. Teoh Kim Loon	9 October 2019	Case Study Workshop for Independent Directors
Dato' Tea Choo Keng	24 May 2019	Corporate Liability Under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 Implications to the Board of Directors & Management
	15 November 2019	Corporate Liability Provision - Malaysian Anti-Corruption Commission (Amendment) Act 2018

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

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

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

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

The Group publishes financial statements annually and quarterly results announcements as required under the Main LR.

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

The members of the ARMC understand that it is their responsibility to ensure that the financial reports provide a true and fair view of the Company's financial position and performance, and as such they adopt a critical view to ensure accuracy, completeness, timeliness and relevance of the processes, transactions and assertions included in the financial reports. A full statement of the Board acknowledging its responsibility in the preparation of the Group's financial statements is provided on page 48 of this Annual Report. Activities carried out by the ARMC are set out in the ARMC Report.

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

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

The effectiveness, performance and independence of the external auditors is reviewed annually by the ARMC. The lead audit partner is required to rotate after a maximum of five years. If it becomes necessary to replace the external auditors for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditors has been delegated to the ARMC by the Board pursuant to the terms of reference of the ARMC.

During the FYE 31 December 2019, the ARMC has reviewed and verified the suitability and independence of the external auditors, and as such had on 16 April 2019 recommended the re-appointment of the current external auditors for the FYE 31 December 2019.

The ARMC has considered the provision of non-audit services by the external auditors during the financial year under review and concluded that the provision of these services did not compromise their independence and objectivity as the amount of the fees paid for these services were not significant when compared to the total audit fees paid of RM187,000 (2018: RM187,000). The non-audit fees incurred for services rendered to the Group by the external auditors and its affiliates for the FYE 31 December 2019 amounted to RM5,000 (2018: RM5,000).

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

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

Further details on the ARMC's dealing with the external auditors are set out in the ARMC Report on pages 40 to 42 of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

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

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

Details of the Company's internal controls and regulatory compliance are set out in the Statement on Risk Management and Internal Control on pages 43 to 46 of this Annual Report. It provides an overview of the Company's approach in maintaining a sound framework of reporting on internal controls and regulatory compliance to safeguard shareholders' investment and the Group's assets.

The internal audit function has been outsourced to an independent professional consulting firm, Sterling Business Alignment Consulting Sdn Bhd to provide independent assurance to the ARMC. Details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 43 to 46 of this Annual Report.

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

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

During the FYE 31 December 2019, the internal audit reviewed the adequacy and the integrity of the Group's internal control system of the key functions including system for compliance with applicable laws, regulations, rules, directives and guidelines.

The ARMC is responsible to ensure that the internal audit function is effective and able to function independently. The appointed internal audit firm and personnel are free from any relationships or conflicts of interest that could impair their objectivity and independence. The appointment and removal, role of internal auditor, scope of the internal audit function, performance evaluation and budget of internal audit are decided by the ARMC and is set out in the ARMC Report on pages 40 to 42 of this Annual Report.

7. ENSURE TIMELY AND HIGH-QUALITY DISCLOSURE

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

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND STAKEHOLDERS

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

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

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

9. CONDUCT OF GENERAL MEETINGS

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

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

10. COMPLIANCE STATEMENT

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

This Corporate Governance Overview Statement is approved by the Board on 29 May 2020.

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

INTRODUCTION

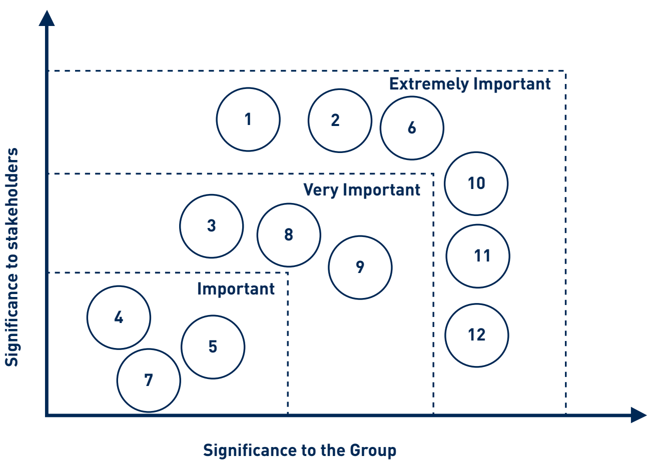
This sustainability statement, which covers the period from 1 January 2019 to 31 December 2019, sets out the initiatives, progress and achievements made towards the sustainability commitments of Lien Hoe Corporation Berhad and its subsidiary companies (the "Group").

We understand that to create long term value for our stakeholders, it is important that we have a sustainability strategy by taking into consideration how our businesses operate in the ecological, social and economic environment. Our sustainability strategy is carefully developed in ways that it will contribute to long term business growth and company longevity.

This report is prepared in line with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad **("Bursa Sustainability Guide 2nd Edition")** and the Malaysian Code on Corporate Governance of Securities Commission Malaysia. The performance indicators chosen for this report cover the most material topics to us reflecting the Group's social contributions, commitment to team member training and career development, economic diversification and environmental considerations. In developing this publication, we considered input not only from members of the management but also other key stakeholders, including customers, suppliers, industry associations — and other voices where appropriate. As the hotel segment contributed more than 90% of the Group's total gross revenue in the period covered, this statement focuses mainly on the hotel operation while other business operations are not included.

IDENTIFICATION OF MATERIAL SUSTAINABILITY MATTERS

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



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

1. SUPPLY CHAIN

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

Our hotel continues to support local businesses by procuring for supplies and contracting services locally, where possible. For instance, Hotel Armada's vegetables, fruits and seafood are sourced mainly from local producers and operators. By doing so we believe that we can contribute to the development of the local community in which we operate. A strong local supply chain is also vital to the long term growth of our hotel's business. We also ensure that our suppliers are guaranteed halal certified.

2. ENVIRONMENTAL

2.1 Energy and emission

Energy use and greenhouse gas emissions contribute to global warming and climate change, which pose environmental risk and financial risk to our business.

In our commitment to the cutting of carbon footprint, we have made a significant investment in initiatives to improve efficiency in the use of energy throughout our hotel and building. Our hotel continues to roll out energy-saving measures such as replacing older equipment with energy-efficient alternatives, utilising LED lightings, and reducing the usage of chemicals within the operations.

Over the last 2 years, we have replaced most of the standard bulbs and fluorescent tubes with LED bulbs and tubes in all our guestrooms, staircase areas, restaurants, basement and public area. We also invested in high energy efficient water cooled chillers for the air-conditioning system of our hotel and building. The manufacturer of these chillers has successfully registered its energy efficient products in Malaysia under "My Hijau" green product certification. "My Hijau" is Malaysia's official green labelling scheme endorsed by the Ministry of Energy, Green Technology and Water, bringing together certified green products and services that meet local and international environmental standards under one single mark. These new chillers have resulted in saving of around 1.1 million kWh per year. During the year, we purchased 3 sets of new air-handling unit which meet the required standard of high energy performance.

2.2 Waste and effluent

Our local council and community are besieged with growing pressure of waste management. Where possible, we strive to reduce waste generation and increase waste recycling. Various initiatives have been implemented in our hotel to significantly decrease waste, especially food waste, by encouraging our employees and hotel guests to avoid creating waste and to save on excessive and unnecessary usage. We also practiced the safe disposal of kitchen wastes including cooking oil which is being processed by third party into re-usable components for other purposes such as soap production.

During the year, we joined the call for the ditching of single-use plastics. Reducing plastic pollution that is detrimental to the environment, our hotel has ceased serving drinks with plastic straws and in turn provides a 100% biodegradable alternative made from corn starch. These biodegradable straws look and feel the same as plastic straws, perform just as well as plastic straws and can decompose in two to three months. Through this initiative, our hotel has saved roughly 30,000 plastic straws from damaging the environment yearly.

As further effort to go plastic-free, our hotel has taken step to cut down on plastic water bottles starting with the meeting and event facilities during the year. Refillable water pitchers are now used and water is refilled at the filtered water dispensers located around the facilities. As a start, by eliminating all use of plastic water bottles at the hotel's meetings and events, we have prevented about 67,000 plastic bottles from reaching our landfills yearly, which is equivalent to about 920 kilograms of plastic annually.

We have launched a newspaper upon request campaign starting from the second half of 2018 for the purpose of reducing wastage and cutting greenhouse gas emission. Free newspaper delivery was no longer made available to every occupied rooms but will be made optional for all guests upon request when they check-in. Since then, we have noticed a significant drop in newspaper demand from 24,550 copies ordered in 2018 to only 10,950 copies ordered in 2019, a drop of 55% or 13,600 copies. This theoretically save 4,110 kilograms of carbon dioxide emissions per year.

2.3 Water

Water is a precious resources which is vital in supporting life. Having a stable water supply is crucial to our business operation, and hence water conservation is imperative.

Our hotel has implemented several measures to reduce water usage. We encourage room guests to reuse towels and bed linen, and we have adopted a low laundry programme.

Additionally, we have successfully installed water-saving flush system in all the guestroom bathrooms. Sub-meters have been installed throughout the building for the purpose of monitoring water consumption. Our laundry wash is outsourced so we do not take measures of water consumption for washing of towels, bed linens and curtains.

3. SOCIAL

3.1 Diversity

Employees form an integral part of our hotel and we remain committed to human resource development. Our workforce was about 207 as at 31 December 2019 with Malaysians 100% comprising Malay 48%, Chinese 8%, Indian 8% and others 36%. The male to female employee ratio is 1.7:1 with age below 31 at 44%, between 31 to 50 at 45% and above 51 at 11%.

The male to female director ratio at the ultimate holding company is 5:1.

We are committed to contributing to the welfare of each of our employee. To enhance our employees' quality of life, we have established a set of objectives:

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

3.2 Human Rights

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

3.3 Safety and Health

We regard the health and safety of our guests and employee as paramount. This include food and drinks served to our customers, and substances used in our products. Every food and beverage outlet is under strict control by Hazard Analysis and Critical Control Point ("HACCP") Food Safety Management System, which includes monitoring food preparation hygiene and sanitisation as well as maintaining the correct food temperature. Our employees have gone through certified HACCP training and have taken necessary health injections as a precautionary measure. In addition, liquefied petroleum gas ("LPG") tanks used in our central kitchen are stored underground to minimise safety hazards. All cleaning chemicals are used with safe work practices in our hotel. Our suppliers are required to furnish us with the Chemical Safety Data Sheet in accordance to chemical regulations. As a testament to our efforts and commitments to food safety and cleanliness, our hotel was awarded the Anugerah Premis Bersih 2019 with the top rating of 5 star by Majlis Bandaraya Petaling Jaya, the local municipal council, under the restaurant category for the overall cleanliness of the all-day dining restaurant and the kitchen of the hotel.

Our hotel places high emphasis on indoor air quality in response to the greater awareness by our guests of the negative health impacts of unclean and unpleasant breathing environment. Safety features for disabled persons are continuously being added in our hotel's facilities to ensure safe environment are extended to all our guests. On an annual basis, we conduct internal and external audits to ensure adherence to the safety standards stipulated in the Occupational Safety and Health Act 1994 (Act 514).

A strong health and safety culture would create a more productive team that enhances our operations and assures our customers the peace of mind when enjoying our facilities. This led us to establish the occupational safety and health administration committee to oversee the compliance with all legal requirements and to determine and implement the overall occupational safety and health strategies.

Our employees regularly undergo training, especially in areas of occupational and food safety, as well as cleanliness of the work premises. Refer to lists of trainings on pages 36 to 38 of this Annual Report.

During the year, there was no reported incidents of non-compliance with regulations concerning health and safety, and no major non-conformances was found during the audits.

3.4 Anti-corruption

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

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

During the year, there was no incidents of corruptions and no penalty or non-monetary sanctions for non-compliance with laws and regulations.

3.5 Workforce Training and Development

Employee training and development is a key focus for our business. Our training programme is guided by our policy on employee development, and we regularly review existing training to ensure that it aligns with our business requirements. Annually, we allocate a portion of our budget to employee training and development. In 2019, we incurred a total of RM6,095, which represents 180 hours of training. In addition to in-house training programmes of 1,696 hours, we provide support to our employees to seek external courses and certifications to upgrade their skills. We also recognise and reward outstanding performances of our employees with career progression opportunities. The following tables list out some of the external and internal trainings that our employees have attended for the year:

EXTERNAL TRAINING LISTING 2019

COURSE	DATE
Food Handling Course	17 January 2019
Halal Forum (MAHTEC)	19 March 2019
Turning Complaints into Compliments	25 March 2019
Bengkel Tanggungjawab Majikan Terhadap Pekerja (KWSP)	10 – 11 April 2019
Income Audit (MAHTEC)	11 – 12 April 2019

INTERNAL TRAINING LISTING 2019 BY DEPARTMENT

	FRONT OFFICE
1	Cashiering training
2	Handling guest complaints
3	Role play receiving outside call
4	Room assignment
5	Foreign exchange training
6	Programming wake up call
7	Personal Data Protection Act training
8	Safe deposit training
9	Paid out request for 3rd party
10	Credit facilities for company
11	Check in process
12	Check out process
13	No show process

14	Online travel agent booking – no reservation
15	Credit card release pre–authorization
16	Manual check in – system down
17	Credit card decline process
18	VIP check in
19	Maintenance request for rooms
20	Issuance room key
21	Handling group check in

	SECURITY
1	Security check point – check staff belongings
2	Escorting drunk guest out of premises
3	External delivery to room
4	Escort front office safe opening
5	Lobby / entrance observation
6	Lift out-of-order
7	To call authorities (emergency) police / bomba / ambulance
8	Incident report – guest / staff
9	Lost and found Items procedure
10	Handling of outlet key
11	Handling guest van transfer
12	Van maintenance

	HOUSEKEEPING
1	Handling lost and found
2	Spring cleaning
3	Turndown service
4	Entering room
5	Delivering amenities to room
6	Public attendant – dust down, restroom upkeep
7	Room defect
8	Room checking by supervisors
9	Arrangement of amenities – bathroom
10	Arrangement of amenities – coffee / tea
11	Room temperature checking
12	Safety box locked process

	FOOD & BEVERAGE
1	Handling room service order
2	Table setting
3	Collecting deposit for reservation
4	Beverage promotion training
5	Delivering food to room
6	Taking a la carte orders
7	Using service gear
8	How to serve chinese set course
9	Cashier handling / posting bill
10	Barista training

3.6 Product and Services Responsibility

We believe that our long term sustainability hinges on customer satisfaction and our ability to meet customer demand for our products and services. To achieve that, we have invested resources on setting up feedback channels via emails, reviews, surveys and online websites. These customer feedbacks and opinion are timely analysed, shared and acted upon by the respective departments of our hotel. We has set targets to achieve high customer satisfaction scores. These scores are communicated to all the employees concerned and incorporated in the departments' goals as part of the key performance index.

Another strategy we used to achieve high guest satisfaction is in engagement and empowerment of our employees. Our employees are trained and entrusted with the responsibility to deliver the standard of service required to fulfil the guest's expectations. Through this process, we believe our employees will work with passion and feel a strong connection to the hotel.

We respect the privacy and confidentiality of our guests' personal information. Our privacy policy is in accordance with the Personal Data Protection Act 2010. It sets out the purpose and procedures for collecting and processing our guests' personal data and to prevent unauthorised misuse. We are not aware of any significant data security breaches in 2019.

3.7 Compliance

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

With our strict adherence to our corporate governance principles and compliance to regulations, there were no incidents of non-compliance against regulatory requirements in 2019. There was also no incidences of non-compliance in 2019 with laws and regulations with regard to environmental, labour and employment, and health and safety.

3.8 Communities

We are conscious of our duty to give back and contribute to the communities in which we operate. This will create an equitable and harmonious relationship between our businesses and the surrounding communities. The followings are some of the activities undertaken by us to enrich the communities in the past one year:

(a) On 22 February 2019, our hotel visited and donated Chinese New Year yee sang sets, pillows and yoga mats to The National Stroke Association Malaysia (NASAM). NASAM was established to inform the public that there is life after stroke through proper rehabilitation and to promote the concept of stroke prevention. Its vision is to serve stroke survivors and bridge the gap that fails to fully prepare stroke survivors adequately for rehabilitation.

(b) On 30 March 2019, the Malaysian Association of Hotels (MAH) held its 20th Charity Jam Session 2019. It is a charity event which aims to raise funds for the less fortunate through performances by local artists and the selling of food to attendees. As a member, our hotel supported the charity event by donating food to the event. A total of RM209,255 was raised in the event and the funds were in aid of the paediatric intensive care unit of University Malaya Medical Centre, Food Aid Foundation, Rotary Club of Kuala Lumpur for orang asli community and Apex Club of Petaling Jaya for caring and sharing homes.

(c) Throughout the month of October 2019, our hotel organized a specially themed Pink Ribbon Afternoon Chari-tea on each Sunday in the all-day dining restaurant in conjunction with the breast cancer awareness month. Our hotel contributed 10% from the total of each high-tea bill to the Breast Cancer Foundation. The hotel also set up a donation box to which all funds collected were channelled to the Breast Cancer Welfare Association. Booths were set up by the foundation and association for education purpose and breast examinations were conducted at the inflatable clinic in the hotel. The hotel also collaborated with Kuvings Malaysia who set up a booth for health check and juicing demonstration during the afternoon chari-tea sessions.

Audit and Risk Management Committee Report

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

MEMBERS OF THE ARMC

The ARMC comprises the following Directors:-

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

Mr. Yeoh Chong Keat
Independent Non-executive Director

Dr. Teoh Kim Loon
Independent Non-executive Director

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

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

SUMMARY OF WORK OF THE ARMC

The ARMC met 5 times during the FYE 31 December 2019. The details of attendance at the meetings are as follows:-

ARMC Member	No. of meetings attended	Percentage
Dato' Tea Choo Keng	5/5	100%
Mr. Yeoh Chong Keat	4/5	80%
Dr. Teoh Kim Loon	5/5	100%

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

During the FYE 31 December 2019, the work undertaken by the ARMC included:-

Financial Reporting

- Reviewed the audited financial statements ("AFS") for the FYE 31 December 2018 before recommending for approval by the Board, focusing particularly on compliance with accounting standards and regulatory requirements and noted that the AFS have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 and that the adoption of the financial reporting standards does not have any significant impact on the financial statements of the Group and of the Company.

  All audit findings and management response in relation to the AFS were reported by the External Auditors to the ARMC at the said meeting; and

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

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

External Audit

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

- Reviewed the AFS for the FYE 31 December 2018 together with the Directors' and Auditors' Report thereon and also reviewed the 2018 Annual Report before recommending for approval by the Board;

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

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

- Recommended for approval by the Board, the re-appointment of UHY as external auditors of the Company for the financial year 2019 after having evaluated their suitability for re-appointment; and

- Reviewed the audit planning memorandum for the financial year 2019. The audit planning memorandum outlined among others, the audit approach, areas of audit emphasis, financial reporting standards adopted and proposed fees for the statutory audit and proposed fee for the review of the Statement on Risk Management and Internal Control. At the same meeting the ARMC also noted the declaration of independence by the External Auditors.

Internal Audit

- Reviewed the methodology, approach, scope and frequency of the internal audit plan for the financial year 2019 as proposed by the Internal Auditors;

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

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

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

During the FYE 31 December 2019, the works performed by the internal audit function include:-

- Conducting regular reviews of business processes in accordance with the internal audit plan approved by the ARMC;

- Reporting the results of the internal audit reviews and making recommendations for improvement to the ARMC on a periodic basis; and

- Following-up on the implementation of internal audit recommendations and action plans agreed upon by management.

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

The total cost incurred for maintaining the internal audit function for the year under review was RM45,051 comprising mainly professional fees and reimbursements.

Further details on the work of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 43 to 46 of this Annual Report.

Others

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

- Reviewed the ARMC Report and Statement on Risk Management and Internal Control before recommending the same for approval by the Board; and

- Reviewed the letters of representation of the Group and of the Company in relation to the AFS for the FYE 31 December 2018 and the letter of representation in relation to the Statement on Risk Management and Internal Control before recommending the same for approval by the Board.

The Board is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2019. This Statement on Risk Management and Internal Control by the Board is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements, Malaysian Code on Corporate Governance 2017 ("the Code") and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITIES

The Board affirms its overall responsibility for maintaining the Group's system of internal control, risk management and reviewing the adequacy and integrity of these systems. In view of the limitations that are inherent in any system of internal control, the system is designed to manage, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

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

RISK MANAGEMENT

The Board confirms that there is an on-going process of identifying, evaluating, managing and responding to risks to achieve the objectives of the Group for the financial year under review. The Board reviews the company's internal control and risk management framework annually as well as when new emerging risks are identified as risk management forms an integral part of the Group's business operations. Risk factors identified are reported to the Executive Directors for further evaluation and strategic decision making. In addition, the process of identifying, evaluating, monitoring and managing significant risks is embedded in the various work processes and procedures of the respective operational functions and management teams. Any significant issues and controls implemented were discussed at the operations and monthly management meetings.

As part of the risk management process, a detailed Registry of Risks and Risk Management Handbook were adopted. The Registry of Risks is maintained to identify principal business risks for on-going changes in the risk profile. The Risk Management Handbook summarizes risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The Risk Management Working Group of the hotel division 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 for ensuring the framework remains relevant to the Group's business and operation requirements.

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

- Risk Management Working Group is established at the subsidiary level to support and advise the Group Audit and Risk Management Committee ("ARMC") on the implementation and monitoring of the Group Risk Management Policies and Strategies.

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

- For the corporate division, the Executive Directors review the annual risk profile including corporate liabilities risks.

- The duties of the Risk Management Working Groups include:
    - overseeing the risk management matters, which include identifying, managing, monitoring, treating and mitigating significant risks;
    - assisting the Board to fulfill its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure;
    - overseeing the compliance and business continuity functions;
    - reviewing and recommending for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks; and
    - monitoring and assessing the risk appetite and risk tolerance, so as to safeguard the shareholders' investments and the Group's assets.
- The Risk Management Working Groups discuss, update and report any new significant risks of the respective division's risk profile once a year. The Internal Auditors are also invited to review the updated risk profile. The final risk profile together with the proposed internal audit plan are presented to the ARMC by the Internal Auditors.
- The Risk Management Working Groups has taken initiatives to progressively implement the Anti-Bribery Management System with the objective of compliance with subsection (4) of section 17A under the Malaysian Anti-Corruption Commission (MACC) Act 2009 effective from 1 June 2020 onwards. For the financial period under review, the Group has assessed the Group Policy Handbook of Anti-Bribery and Corruption Management System to be implemented based on the Guideline on Adequate Procedures (GAP) and compliance with the listing requirements in relation to Anti-Corruption measures.

INTERNAL AUDIT FUNCTIONS

In accordance with the Code, the Group in its efforts to provide adequate and effective internal control system had appointed Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), an independent consulting firm, to review the adequacy and integrity of the system of internal control. Sterling acts as the Internal Auditor and is reporting directly to the ARMC on a quarterly basis during the ARMC meetings. The ARMC is chaired by an Independent Non-executive Director, and its members comprises Independent Non-executive Directors. Sterling is free from any relationships or conflict of interest, which could impair their objectivity and independency of the internal audit function. Sterling does not have any direct operational responsibility or authority over any of the activities audited. The ARMC is of the opinion that the internal audit function is effective and able to function independently.

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

The internal audit reviews are conducted according to the approved internal audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommend possible improvements to the internal control process. The internal audit plans are reviewed and approved by the ARMC, to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.

Follow-up visits were also carried out to ensure weaknesses identified have been or are being addressed. Periodic audit reports and status report on follow-up actions were tabled to the ARMC during its meetings. For the financial year ended 31 December 2019, the Internal Audit Reviews and Follow-up Status Reports that had been presented to the ARMC were as follows: -

Reporting Month	Name of Entity Audited	Audited Areas
May 2019	Hotel Armada (PJ) Sdn Bhd	Food & Beverages Costing Inventory Management
	Group of Companies	Follow up status review on previously reported audit findings
August 2019	Group of Companies	Management Information System
	Group of Companies	Follow up status review on previously reported audit findings
November 2019	Group of Companies	Anti-Corruption Policies Review
	Group of Companies	Follow up status review on previously reported audit findings
February 2020	Group of Companies	Risk Management Review
	Group of Companies	Follow up status review on previously reported audit findings

The Internal Audit Reviews and Follow-up Status Reports are reviewed by the ARMC and forwarded to the Management so that recommended corrective actions could be implemented. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are made within the required time frame.

A total of RM45,051 was spent on internal audit activities in the financial year ended 31 December 2019.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

1. Control Environment and Control Activities

- The Group maintains a clear organisation structure and adopts a hierarchical reporting system with defined lines of responsibility and accountability, appropriate segregation of duties and levels of delegated authority.
- Experienced and competent staffs are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control.
- Clearly defined authorisation limits at appropriate levels are set out for controlling and approving capital expenditure and expenses.
- Clearly defined Code of Conduct, Standard Operating Procedures and Staff Handbook act as the key framework for good internal control practices. These policy manuals are the subject of reviews to meet new operational and statutory requirements.

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

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

2. Monitoring and Communication

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

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

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

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

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

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

CONCLUSION

For the financial year under review and up to the date of approval of this Statement, the Board is of the opinion that the risk management and internal control system currently in place is as far as practicable, adequate and effective to safeguard the Group's interests and assets. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary.

This Statement on Risk Management and Internal Control is approved by the Board on 29 May 2020.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors by the Group and the Company respectively for the financial year ended 31 December 2019 are set out below:-

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

The non-audit fee paid or payable was in respect of the external auditors' review of the Statement on Risk Management and Internal Control.

MATERIAL CONTRACTS

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

UTILISATION OF PROCEEDS

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

As of the end of the financial year ended 31 December 2019, the proceeds had been fully utilised in the following manner:-

	RM'000
Repayment of bank borrowings	10,620
Repurchase of Company's shares	5,856
Payment of property development costs	26,725
Payment to trade and other payables	29,552
Income tax expense	877
Acquisition of land	2,600
Donation	1,070
Expenses related to the disposal	11,673
Working capital	11,565
	100,538

Directors' Responsibility Statement

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

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

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

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

This Directors' Responsibility Statement is approved by the Board on 29 May 2020.

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 2019.

PRINCIPAL ACTIVITIES

The Company is a property and investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit net of tax, attributable to owners of the Company		
- continuing operations	(32,966)	(22,541)
- discontinued operation	30,184	-
	(2,782)	(22,541)

RESERVES AND PROVISIONS

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

DIVIDENDS

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

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the current financial year.

TREASURY SHARES

During the current financial year, the Company repurchased 7,040,900 of its issued ordinary shares from the open market at an average price of RM0.29 per share. The total consideration paid for the repurchased shares (including transaction costs) was RM2,028,000. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 31 December 2019, the Company held 29,321,700 treasury shares out of the total 361,742,241 issued ordinary shares. Further relevant details are disclosed in Note 16 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors of the Company in office since the beginning of the current financial year until the date of this report are:

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

The Directors of the subsidiary companies (excluding Directors who are also Directors of the Company) in office since the beginning of the current financial year until the date of this report are:

Lau Hing Kiet
Hoon Tai Chee
Chan Yew May

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	1 January 2019	**Acquired**	**Sold**	**31 December 2019**
The Company				
Direct Interests				
Dato' Yap Sing Hock	108,545,167	-	108,545,167	-
Cheong Marn Seng	720,500	-	-	720,500
Indirect Interest				
Dato' Yap Sing Hock *	-	196,920,197	-	196,920,197

** deemed interest by virtue of his shareholdings in Christine Holding Sdn Bhd*

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as shown in Note 25(a) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than professional fees paid or payable to companies in which certain Directors of the Company have substantial financial interest as disclosed in Note 30(b) to the financial statements.

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

INDEMNITY AND INSURANCE COSTS

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

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

    (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

    (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

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

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

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

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

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 37 to the financial statements.

AUDITORS

The details of auditors' remuneration are disclosed in Note 24 to the financial statements.

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 29 May 2020.

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

KUALA LUMPUR

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

We, Dato' Yap Sing Hock and Cheong Marn Seng, being two of the Directors of Lien Hoe Corporation Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 58 to 131 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 May 2020.

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

KUALA LUMPUR

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

I, Cheong Marn Seng (MIA Membership No: 7592), being the Director primarily responsible for the financial management of Lien Hoe Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 58 to 131 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the state of Federal Territory on 29 May 2020

CHEONG MARN SENG

Before me,
Mohan A.S. Maniam
No. W 710
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIEN HOE CORPORATION BERHAD
[Registration No. 196901000161(8507-X)]
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lien Hoe Corporation Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 58 to 131.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
<u>Goodwill impairment review</u> Under MFRS 136 *Impairment of Assets*, the Group is required to annually test goodwill for impairment. This assessment requires management to make estimates concerning the estimated future cash flows and associated discount rates and growth rates based on management's view of future business prospects. In view of the inherent uncertainty involved in forecasting and discounting future cash flows, our audit concentrated on this key judgemental area.	In respect of the assessment of cash-generating units ("CGUs"): We challenged the Directors' assessment of CGUs with reference to accounting standards and considered the operating and management structure changes with reference to our understanding of the business. We have tested Management's sensitivity analysis in relation to the key inputs to the goodwill impairment test model, as well as performing our own sensitivity analysis which included changes to volume, margin and the discount rate applied. We have reviewed the appropriateness of the disclosures made in accordance with MFRS 136 *Impairment of Assets.*

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

LIM BEE PENG
Approved Number: 03307/06/2021 J
Chartered Accountant

KUALA LUMPUR
29 May 2020

Statements of Financial Position

AS AT 31 DECEMBER 2019

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**349,329**	554,844	**327**	751
Right-of-use assets	5	**182,916**	-	**163**	-
Investment in subsidiary companies	6	**-**	-	**86,165**	96,204
Other investment	7	**1,000**	1,000	**-**	-
Goodwill	8	**8,927**	8,927	**-**	-
Inventories	9	**51,254**	47,775	**-**	-
		593,426	612,546	**86,655**	96,955
Current assets					
Inventories	9	**12,775**	10,275	**-**	-
Trade and other receivables	10	**4,611**	31,048	**980**	21,313
Amount due from subsidiary companies	11	**-**	-	**125,566**	125,846
Income tax recoverable		**255**	6,341	**-**	-
Deposits, bank and cash balances	12	**6,090**	11,726	**259**	220
		23,731	59,390	**126,805**	147,379
Assets held for sale	13	**9,500**	280	**-**	-
Assets classified as discontinued operation	14	**-**	14,115	**-**	-
		33,231	73,785	**126,805**	147,379
Total assets		**626,657**	686,331	**213,460**	244,334

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	**142,188**	142,188	**142,188**	142,188
Treasury shares	16	**(9,177)**	(7,149)	**(9,177)**	(7,149)
Reserves	17	**333,675**	342,049	**19,337**	19,337
Retained earnings		**2,302**	2,381	**33,336**	55,877
Total equity		**468,988**	479,469	**185,684**	210,253
Liabilities					
Non-current liabilities					
Deferred tax liabilities	18	**83,876**	86,280	**-**	-
Borrowings (secured)	19	**28,034**	31,743	**-**	153
Lease liabilities	20	**1,029**	-	**103**	-
Income tax payable		**-**	5,397	**-**	5,397
		112,939	123,420	**103**	5,550
Current liabilities					
Trade and other payables	21	**23,785**	14,573	**7,549**	6,349
Amount due to subsidiary companies	11	**-**	-	**10,177**	13,079
Borrowings (secured)	19	**5,714**	5,214	**-**	103
Lease liabilities	20	**490**	-	**50**	-
Bank overdraft	22	**3,800**	3,823	**-**	-
Income tax payable		**10,941**	9,000	**9,897**	9,000
		44,730	32,610	**27,673**	28,531
Liabilities classified as discontinued operation	14	**-**	50,832	**-**	-
		44,730	83,442	**27,673**	28,531
Total liabilities		**157,669**	206,862	**27,776**	34,081
Total equity and liabilities		**626,657**	686,331	**213,460**	244,334

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

Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		GROUP		COMPANY	
		2019	2018	**2019**	2018
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Continuing operations					
Revenue	23	**24,897**	25,160	**1,590**	2,760
Cost of sales		**(14,003)**	(14,140)	**-**	-
Gross profit		**10,894**	11,020	**1,590**	2,760
Other income		**389**	1,580	**66**	545
Operating and administrative expenses		**(42,886)**	(32,218)	**(7,654)**	(10,342)
Net loss on impairment of financial instruments		**(1)**	(140)	**(16,530)**	(959)
Loss from continuing operations	24	**(31,604)**	(19,758)	**(22,528)**	(7,996)
Finance costs	26	**(3,121)**	(3,555)	**(13)**	(42)
Loss before tax		**(34,725)**	(23,313)	**(22,541)**	(8,038)
Income tax expense	27	**1,759**	4,621	**-**	-
Loss from continuing operations, net of tax		**(32,966)**	(18,692)	**(22,541)**	(8,038)
Discontinued operation					
Profit/(Loss) from discontinued operation, net of tax	14	**30,184**	(16,843)	**-**	-
Loss net of tax for the financial year		**(2,782)**	(35,535)	**(22,541)**	(8,038)

	Note	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Loss net of tax for the financial year		**(2,782)**	(35,535)	**(22,541)**	(8,038)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land		**(5,670)**	2,140	**-**	-
Effect of changes in tax rate on asset revaluation reserve		**-**	(5,779)	**-**	-
Other comprehensive loss for the financial year, net of tax		**(5,670)**	(3,639)	**-**	-
Total comprehensive loss for the financial year		**(8,452)**	(39,174)	**(22,541)**	(8,038)
Loss for the financial year attributable to owners of the Company		**(2,782)**	(35,535)	**(22,541)**	(8,038)
Total comprehensive loss for the financial year attributable to owners of the Company		**(8,452)**	(39,174)	**(22,541)**	(8,038)
(Loss)/Earnings per share	28				
Basic and diluted (sen):					
- continuing operations		**(9.90)**	(5.48)		
- discontinued operation		**9.06**	(4.94)		
		(0.84)	(10.42)		

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company					
		Non-distributable			Distributable		
	Note	Share capital RM'000	Treasury shares RM'000	Asset revaluation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000
Group							
At 1 January 2018, as previously stated		142,188	(6,083)	326,895	21,455	35,257	519,712
Effect on adoption of MFRS 9		-	-	-	-	(3)	(3)
At 1 January 2018, as restated		142,188	(6,083)	326,895	21,455	35,254	519,709
Loss net of tax for the financial year		-	-	-	-	(35,535)	(35,535)
Other comprehensive loss for the financial year		-	-	(3,639)	-	-	(3,639)
Total comprehensive loss for the financial year		-	-	(3,639)	-	(35,535)	(39,174)
Realisation of asset revaluation reserve		-	-	(2,662)	-	2,662	-
Transactions with owners of the Company:							
Purchase of treasury shares	16	-	(1,066)	-	-	-	(1,066)
At 31 December 2018		142,188	(7,149)	320,594	21,455	2,381	479,469
At 1 January 2019, as previously stated		142,188	(7,149)	320,594	21,455	2,381	479,469
Effect on adoption of MFRS 16	35	-	-	-	-	(1)	(1)
At 1 January 2019, as restated		142,188	(7,149)	320,594	21,455	2,380	479,468
Loss net of tax for the financial year		**-**	**-**	**-**	**-**	**(2,782)**	**(2,782)**
Other comprehensive loss for the financial year		**-**	**-**	**(5,670)**	**-**	**-**	**(5,670)**
Total comprehensive loss for the financial year		**-**	**-**	**(5,670)**	**-**	**(2,782)**	**(8,452)**
Realisation of asset revaluation reserve		**-**	**-**	**(2,704)**	**-**	**2,704**	**-**
Transactions with owners of the Company:							
Purchase of treasury shares	16	**-**	**(2,028)**	**-**	**-**	**-**	**(2,028)**
At 31 December 2019		**142,188**	**(9,177)**	**312,220**	**21,455**	**2,302**	**468,988**

		← Attributable to owners of the Company →				
		← Non-distributable →		← Distributable →		
	Note	Share capital RM'000	Treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000
Company						
At 1 January 2018		142,188	(6,083)	19,337	63,915	219,357
Loss net of tax for the financial year, representing total comprehensive loss for the financial year		-	-	-	(8,038)	(8,038)
Transactions with owners of the Company:						
Purchase of treasury shares	16	-	(1,066)	-	-	(1,066)
At 31 December 2018		142,188	(7,149)	19,337	55,877	210,253
At 1 January 2019		142,188	(7,149)	19,337	55,877	210,253
Loss net of tax for the financial year, representing total comprehensive loss for the financial year		**-**	**-**	**-**	**(22,541)**	**(22,541)**
Transactions with owners of the Company:						
Purchase of treasury shares	16	**-**	**(2,028)**	**-**	**-**	**(2,028)**
At 31 December 2019		**142,188**	**(9,177)**	**19,337**	**33,336**	**185,684**

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Operating activities				
(Loss)/Profit before tax from:				
- continuing operations	**(34,725)**	(23,313)	**(22,541)**	(8,038)
- discontinued operation	**30,184**	(16,866)	**-**	-
Total loss before tax	**(4,541)**	(40,179)	**(22,541)**	(8,038)
Adjustments for:				
Depreciation of:				
- right-of-use assets	**6,020**	-	**63**	-
- property, plant and equipment	**6,161**	12,541	**198**	446
Finance costs	**3,499**	4,203	**13**	42
Finance income on:				
- other receivables (cash collaterals)	**-**	(95)	**-**	-
- other receivables (third parites)	**-**	(300)	**-**	(300)
- trade receivables (retention sum on contracts)	**(155)**	(197)	**-**	-
Net gain on deconsolidation of subsidiary companies	**(41,141)**	-	**-**	-
Gain from disposal of property, plant and equipment	**(264)**	(554)	**(60)**	(97)
Impairment losses on:				
- amount due from subsidiary companies	**-**	-	**6,491**	2,533
- investment in subsidiary companies	**-**	-	**10,039**	-
- other receivables (third parties)	**451**	1,063	**-**	-
- trade receivables (third parties)	**2,955**	7,353	**-**	-
Interest income	**(333)**	(1,216)	**(5)**	(13)
Property, plant and equipment written off	**1,401**	12	**-**	-
Provision for corporate guarantee loss	**-**	-	**494**	5,132
Provision for liquidated ascertained damages	**-**	5,910	**-**	-
Reversal of impairment losses on:				
- investment in subsidiary companies	**-**	-	**-**	(1,574)
- trade receivables (third parties)	**-**	(3)	**-**	-
- other receivables (third parties)	**-**	(5)	**-**	-
Unrealised foreign exchange loss/(gain)	**-**	-	**68**	(82)
Operating loss before changes in working capital	**(25,947)**	(11,467)	**(5,240)**	(1,951)
Inventories	**(5,979)**	(28,409)	**-**	-
Receivables	**34,018**	54,337	**20,333**	23,234
Payables	**3,674**	(47,729)	**706**	(142)
Amount due from/(to) subsidiary companies	**-**	-	**(9,181)**	(20,190)
Cash generated from/(used in) operations	**5,766**	(33,268)	**6,618**	951
Income taxes paid	**(4,500)**	(5,042)	**(4,500)**	(1,200)
Income taxes refund	**7,412**	-	**-**	-
Net cash from/(used in) operating activities	**8,678**	(38,310)	**2,118**	(249)

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Investing activities				
Net cash outflow from deconsolidation of subsidiary companies [Note 14(b)]	**(1,547)**	-	**-**	-
Interest received	**333**	1,216	**5**	13
Proceeds from disposal of asset held for sale	**280**	-	**-**	-
Proceeds from disposal of property, plant and equipment	**490**	659	**60**	185
Purchase of property, plant and equipment [Note 4(b)]	**(6,388)**	(1,620)	**-**	(24)
Purchase of right-of-use assets [Note 5(b)]	**(146)**	-	**-**	-
Net cash (used in)/from investing activities	**(6,978)**	255	**65**	174
Financing activities				
Drawdown of term loan	**4,939**	-	**-**	-
Fixed deposits pledged for banking facilities	**(85)**	(92)	**-**	-
Interest paid	**(3,512)**	(4,233)	**(13)**	(42)
Repayment of:				
- finance lease payables	**-**	(1,186)	**-**	(380)
- lease liabilities	**(573)**	-	**(103)**	-
- term loans	**(6,854)**	(10,326)	**-**	-
Purchase of treasury shares	**(2,028)**	(1,066)	**(2,028)**	(1,066)
Net cash used in financing activities	**(8,113)**	(16,903)	**(2,144)**	(1,488)
Net (decrease)/increase in cash and cash equivalents	**(6,413)**	(54,958)	**39**	(1,563)
Cash and cash equivalents at 1 January	**5,400**	60,358	**220**	1,783
Cash and cash equivalents at 31 December (Note 12)	**(1,013)**	5,400	**259**	220

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 are located at 3rd Floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is property and investment holding. The principal activities of the subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the current financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29 May 2020.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

Adoption of new and amended standards

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

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRSs 2015 - 2017 Cycle:

- Amendments to MFRS 3
- Amendments to MFRS 11
- Amendments to MFRS 112
- Amendments to MFRS 123

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except for:

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirement of MFRS 116 *Property, Plant and Equipment* whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made. For leases that were classified as finance leases under MFRS 117, the carrying amount of the ROU asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date of initial application.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

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

As permitted by the transitional provision of MFRS 16, the Group and the Company have elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group has also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group does not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial applications.

The detailed impact of changes in accounting policies is set out in Note 35.

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impact on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company'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 reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal options - the Group as lessee

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

Key sources of estimation uncertainty

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

(i) Impairment of goodwill

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

(ii) Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss on the Group's trade receivables is disclosed in Note 10.

(iii) Useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

(iv) Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

(v) Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 6.

(vi) Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9.

(vii) Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

(viii) **Revenue from construction contracts**

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

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

(ix) **Income taxes**

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

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amount that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2019, the Group has income tax recoverable and income tax payable of RM255,000 and RM10,941,000 (2018: RM6,341,000 and RM14,397,000) respectively, and the Company has income tax payable of RM9,897,000 (2018: RM14,397,000).

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets.

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instrument*s is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(l)(i) on impairment of non-financial assets.

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

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

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. Refer accounting policy Note 3(l)(i) on impairment of non-financial assets.

(b) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

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

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

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

(c) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation for other property, plant and equipment is computed on the straight-line basis to write off the cost or valuation of each asset to its residual value over their estimated useful lives, at the following annual rates:

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

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

Leasehold land and buildings

The above accounting policies for property, plant and equipment applies to leasehold land and buildings until 31 December 2018. The leasehold land and buildings was depreciated over the remaining lease period.

Following the adoption of MFRS 16 *Leases* on 1 January 2019, the Group and the Company have reclassified the carrying amount of the leasehold land and buildings to ROU assets. The policy of recognition and measurement of the right-of-use assets is in accordance with Note 3(d) on leases.

(d) Leases

Policy applicable from 1 January 2019

As lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3 (l)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	Over the lease period which ranges from 75 years to 90 years
Buildings	1% to 5% per annum, or over the lease term, if shorter
Plant and machinery and motor vehicles	10% to 20% per annum, or over the lease term, if shorter
Furniture, fittings and equipment	10% to 33% per annum, or over the lease term, if shorter

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less, and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Policy applicable before 1 January 2019

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

As lessee

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

(ii) Operating lease

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

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

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

As lessor

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

(e) Financial assets

Recognition and initial measurement

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 instruments.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Financial instrument categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the

Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(i) Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiary companies and deposits, bank and cash balances.

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

(a) Debt investments

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt investment is not designated as at fair value through profit or loss. Interest income calculated using effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss. Other net gains or losses are recognised in other comprehensive income.

On derecognition, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

(b) Equity investments

This category comprises investment in equity that is not held for trading. The Group and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represent a recovery of part of the cost of investment. Other net gains or losses are recognised in other comprehensive income.

On derecognition, gains or losses accumulated in other comprehensive income are not reclassified to profit or loss.

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

All financial assets not classified as measured at amortised cost or FVTOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment in accordance with Note 3(l)(ii) on impairment of financial assets.

Regular way purchase or sale of financial assets

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

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

(f) Financial liabilities

Recognition and initial measurement

Financial liabilities 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.

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

Financial instrument categories and subsequent measurement

The Group and the Company classify its financial liabilities as follows:

(i) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in profit or loss.

The Group and the Company have not designated any financial liabilities as FVTPL.

(ii) Financial liabilities at amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

The Group's and the Company's financial liabilities designated at amortised cost comprise trade and other payables, amount due to subsidiary companies, borrowings, lease liabilities and bank overdraft.

Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(g) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and

- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers.*

(h) Offsetting of financial instruments

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

(i) Inventories

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

(i) Property development costs

Property under development consists of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

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

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

(ii) Completed properties held for sale

The cost of completed properties comprise costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determine on a specific identification basis.

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

(iii) Other inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Construction contracts

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

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

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

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

(k) 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 highly liquid investments 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.

(l) Impairment of assets

(i) Non-financial assets

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

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

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

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

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

(ii) Financial assets

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

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

(m) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

(ii) Treasury shares

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

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

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

(n) Provisions

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

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

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

(o) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

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

(p) Revenue recognition

(i) Revenue from contracts with customers

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

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

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

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

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

(b) Revenue from hotel operations

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

(c) **Management fees**

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

(ii) **Dividend income**

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

(iii) **Rental income**

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

(iv) **Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

(q) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) **Income taxes**

(i) **Current tax**

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

Current taxes are recognised in profit or loss except to the extent that the tax relates to a business combination or items recognised directly in equity or other comprehensive income.

(ii) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiary companies and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiary companies and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity. 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.

(s) Segment reporting

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

(t) Contingencies

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

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

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

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation				At cost		
	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Group							
2019							
Cost/Valuation							
At 1 January 2019, as previously stated	314,105	57,085	36,584	162,654	8,035	42,321	620,784
Effect on adoption of MFRS 16	-	-	(36,584)	(162,654)	(4,409)	(46)	(203,693)
At 1 January 2019, as restated	314,105	57,085	-	-	3,626	42,275	417,091
Additions	**-**	**-**	**-**	**-**	**66**	**6,322**	**6,388**
Disposals	**-**	**-**	**-**	**-**	**(182)**	**(307)**	**(489)**
Write-off	**-**	**-**	**-**	**-**	**-**	**(3,567)**	**(3,567)**
Transfer to assets held for sale	**(9,500)**	**-**	**-**	**-**	**-**	**-**	**(9,500)**
Revaluation deficit	**(6,300)**	**-**	**-**	**-**	**-**	**-**	**(6,300)**
At 31 December 2019	**298,305**	**57,085**	**-**	**-**	**3,510**	**44,723**	**403,623**
Accumulated depreciation							
At 1 January 2019, as previously stated	-	25,193	1,434	11,693	4,769	22,432	65,521
Effect on adoption of MFRS 16	-	-	(1,434)	(11,693)	(2,088)	(3)	(15,218)
At 1 January 2019, as restated	-	25,193	-	-	2,681	22,429	50,303
Charge for the financial year	**-**	**1,177**	**-**	**-**	**187**	**4,731**	**6,095**
Disposals	**-**	**-**	**-**	**-**	**(182)**	**(169)**	**(351)**
Write-off	**-**	**-**	**-**	**-**	**-**	**(2,172)**	**(2,172)**
At 31 December 2019	**-**	**26,370**	**-**	**-**	**2,686**	**24,819**	**53,875**
Accumulated impairment losses							
At 1 January 2019/31 December 2019	**-**	**419**	**-**	**-**	**-**	**-**	**419**
Net carrying amount							
At 31 December 2019	**298,305**	**30,296**	**-**	**-**	**824**	**19,904**	**349,329**

	At valuation				At cost		
	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Long leasehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Group							
2018							
Cost/Valuation							
At 1 January 2018	304,605	57,455	36,584	162,654	9,978	46,163	617,439
Additions	-	748	-	1,293	1,845	921	4,807
Disposals	-	-	-	-	(2,278)	-	(2,278)
Write-off	-	-	-	-	(261)	(4,684)	(4,945)
Transfer from/(to) assets held for sale	6,596	(280)	-	-	-	-	6,316
Transfer to discontinued operation	-	(748)	-	(1,293)	(1,249)	(79)	(3,369)
Revaluation surplus /(deficit)	2,904	(70)	-	-	-	-	2,834
Elimination of accumulated depreciation on reversal of revaluation	-	(20)	-	-	-	-	(20)
At 31 December 2018	314,105	57,085	36,584	162,654	8,035	42,321	620,784
Accumulated depreciation							
At 1 January 2018	-	24,028	860	7,016	7,265	22,170	61,339
Charge for the financial year	-	1,200	574	4,686	1,082	4,999	12,541
Disposals	-	-	-	-	(2,173)	-	(2,173)
Write-off	-	-	-	-	(261)	(4,672)	(4,933)
Transfer to discontinued operation	-	(15)	-	(9)	(1,144)	(65)	(1,233)
Elimination of accumulated depreciation on reversal of revaluation	-	(20)	-	-	-	-	(20)
At 31 December 2018	-	25,193	1,434	11,693	4,769	22,432	65,521
Accumulated impairment losses							
At 1 January 2018/31 December 2018	-	419	-	-	-	-	419
Net carrying amount							
At 31 December 2018	314,105	31,473	35,150	150,961	3,266	19,889	554,844

	At valuation	← At cost	→	
	Freehold buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Company				
2019				
Cost/Valuation				
At 1 January 2019, as previously stated	1,180	2,348	1,438	4,966
Effect on adoption of MFRS 16	-	(1,210)	-	(1,210)
At 1 January 2019, as restated	1,180	1,138	1,438	3,756
Disposals	**-**	**(182)**	**-**	**(182)**
At 31 December 2019	**1,180**	**956**	**1,438**	**3,574**
Accumulated depreciation				
At 1 January 2019, as previously stated	649	2,120	1,027	3,796
Effect on adoption of MFRS 16	-	(984)	-	(984)
At 1 January 2019, as restated	649	1,136	1,027	2,812
Charge for the financial year	**59**	**2**	**137**	**198**
Disposals	**-**	**(182)**	**-**	**(182)**
At 31 December 2019	**708**	**956**	**1,164**	**2,828**
Accumulated impairment losses				
At 1 January 2019/ 31 December 2019	**419**	**-**	**-**	**419**
Net carrying amount				
At 31 December 2019	**53**	**-**	**274**	**327**
2018				
Cost/Valuation				
At 1 January 2018	1,180	2,554	1,437	5,171
Additions	-	271	1	272
Disposals	-	(477)	-	(477)
At 31 December 2018	1,180	2,348	1,438	4,966
Accumulated depreciation				
At 1 January 2018	590	2,260	889	3,739
Charge for the financial year	59	249	138	446
Disposals	-	(389)	-	(389)
At 31 December 2018	649	2,120	1,027	3,796
Accumulated impairment losses				
At 1 January 2018/ 31 December 2018	419	-	-	419
Net carrying amount				
At 31 December 2018	112	228	411	751

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

	2019 **RM'000**	2018 RM'000
Group		
Freehold land		
Cost and net carrying amount	**9,380**	15,976
Freehold buildings		
Cost	**57,084**	57,084
Less: Accumulated depreciation and impairment losses	**(26,842)**	(25,724)
Net carrying amount	**30,242**	31,360
Long leasehold land		
Cost	**-**	21,119
Less: Accumulated depreciation	**-**	(6,351)
Net carrying amount	**-**	14,768
Long leasehold buildings		
Cost	**-**	109,793
Less: Accumulated depreciation	**-**	(39,904)
Net carrying amount	**-**	69,889
Total net carrying amount	**39,622**	131,993
Company		
Freehold buildings		
Cost	**1,180**	1,180
Less: Accumulated depreciation and impairment losses	**(1,180)**	(1,180)
Net carrying amount	**-**	-

(b) The aggregate costs for property, plant and equipment of the Group and of the Company acquired under finance lease financing, offset with trade receivables and cash payments are as follows:

	Group		**Company**	
	2019 **RM'000**	2018 RM'000	**2019** **RM'000**	2018 RM'000
Aggregate costs	**6,388**	4,807	**-**	272
Less: Finance lease financing	**-**	(1,146)	**-**	(248)
Offset with trade receivables	**-**	(2,041)	**-**	-
Cash payments	**6,388**	1,620	**-**	24

(c) In the previous financial year, included in property, plant and equipment of the Group and of the Company are assets under finance lease arrangements with net carrying amount of RM2,364,000 and RM226,000 respectively, and pledged as securities for the related finance lease payables.

Following the adoption of MFRS 16 on 1 January 2019, the Group and the Company have reclassified the carrying amount of leased assets to ROU assets as disclosed in Note 5.

(d) In the previous financial year, long leasehold land and long leasehold buildings with net carrying amount of RM181,556,000 are charged to licensed banks for banking facilities granted to the Group as disclosed in Notes 14, 19 and 22.

(e) In the previous financial year, the remaining lease term of long leasehold land and long leasehold buildings of the Group range from 53 to 79 years and 24 to 34 years respectively.

5. RIGHT-OF-USE ASSETS

Information about leases for which the Group and the Company are a lessee is presented below:

	← At valuation	→	←	At cost	→	
	Long leasehold land RM'000	**Long leasehold buildings RM'000**	**Buildings RM'000**	**Plant and machinery and motor vehicles RM'000**	**Furniture, fittings and equipment RM'000**	**Total RM'000**
Group						
2019						
Cost/Valuation						
At 1 January 2019, as previously stated	-	-	-	-	-	-
Effect on adoption of MFRS 16	36,584	162,654	44	4,409	46	203,737
At 1 January 2019, as restated	36,584	162,654	44	4,409	46	203,737
Additions	**-**	**-**	**106**	**346**	**-**	**452**
Expiration of lease contracts	**-**	**-**	**(44)**	**-**	**-**	**(44)**
At 31 December 2019	**36,584**	**162,654**	**106**	**4,755**	**46**	**204,145**
Accumulated depreciation						
At 1 January 2019, as previously stated	-	-	-	-	-	-
Effect on adoption of MFRS 16	1,434	11,693	35	2,088	3	15,253
At 1 January 2019, as restated	1,434	11,693	35	2,088	3	15,253
Charge for the financial year	**574**	**4,677**	**50**	**714**	**5**	**6,020**
Expiration of lease contracts	**-**	**-**	**(44)**	**-**	**-**	**(44)**
At 31 December 2019	**2,008**	**16,370**	**41**	**2,802**	**8**	**21,229**
Net carrying amount						
At 31 December 2019	**34,576**	**146,284**	**65**	**1,953**	**38**	**182,916**

	Plant and machinery and motor vehicles RM'000
Company	
2019	
Cost	
At 1 January 2019, as previously stated	-
Effect on adoption of MFRS 16	1,210
At 1 January 2019, as restated/ 31 December 2019	**1,210**
Accumulated depreciation	
At 1 January 2019, as previously stated	-
Effect on adoption of MFRS 16	984
At 1 January 2019, as restated	984
Charge for the financial year	**63**
At 31 December 2019	**1,047**
Net carrying amount	
At 31 December 2019	**163**

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

	2019 RM'000
Group	
Long leasehold land	
Cost	**21,119**
Less: Accumulated depreciation	**(6,657)**
Net carrying amount	**14,462**
Long leasehold buildings	
Cost	**109,793**
Less: Accumulated depreciation	**(42,181)**
Net carrying amount	**67,612**
Total net carrying amount	**82,074**

(b) During the financial year, the aggregate costs for right-of-use assets of the Group and of the Company acquired under lease financing and cash payments are as follows:

	Group 2019 RM'000	Company 2019 RM'000
Aggregate costs	**452**	**-**
Less: Lease financing	**(306)**	**-**
Cash payments	**146**	**-**

(c) Included in right-of-use assets of the Group and of the Company are assets with net carrying amount of RM1,991,000 and RM163,000 respectively, and pledged as securities for the related lease liabilities.

(d) Long leasehold land and long leasehold buildings with net carrying amount of RM176,363,000 are charged to licensed banks for banking facilities granted to the Group as disclosed in Notes 14, 19 and 22.

(e) The remaining lease term of long leasehold land and long leasehold buildings of the Group range from 52 to 78 years and 23 to 33 years respectively.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost		
At 1 January/31 December	**254,607**	254,607
Accumulated impairment losses		
At 1 January	158,403	159,977
Impairment loss during the financial year	**10,039**	-
Reversal of impairment loss	**-**	(1,574)
At 31 December	**168,442**	158,403
Net carrying amount		
At 31 December	**86,165**	96,204

The recoverable amount of the Company's investment in subsidiary companies was estimated based on value in use method. Total equity of the subsidiary companies was lower than the Company's investment cost, resulting to an impairment loss amounting to RM10,039,000 recognised during the current financial year.

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Principal activities	Effective interest 2019 %	Effective interest 2018 %
Armada Resorts Sdn Bhd	Malaysia	Investment holding	100	100
Beta Management Services Sdn Bhd	Malaysia	Inactive	100	100
Bondmark Construction Services Co. Sdn Bhd	Malaysia	Inactive	100	100
Christine Resort Sdn Bhd	Malaysia	Property investment	100	100
Dominion Bay Sdn Bhd	Malaysia	Inactive	100	100
Exquisite Beams Sdn Bhd	Malaysia	Inactive	100	100
Hasil Andalas Sdn Bhd	Malaysia	Inactive	100	100
Hotel Armada Group Sdn Bhd	Malaysia	Investment holding	100	100
Hotel Armada (PJ) Sdn Bhd	Malaysia	Property investment and operation of hotel	100	100
Irama Serangkai Sdn Bhd	Malaysia	Property investment	100	100
LH Bintang Development Sdn Bhd	Malaysia	Property development	100	100
LH Commercials Pte Ltd^	Singapore	Inactive	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

Name of company	Place of business/ Country of incorporation	Principal activities	Effective interest 2019 %	2018 %
Macro Technology Sdn Bhd	Malaysia	Inactive	100 #	100
Menara Lien Hoe Sdn Bhd	Malaysia	Inactive	100	100
Pro-Meridian Sdn Bhd	Malaysia	Inactive	100	100
Taman Templer Sdn Bhd	Malaysia	Inactive	100	100

^ *Audited by a member firm of UHY International Limited*

Deconsolidated subsidiary companies

Deconsolidation of subsidiary companies during the current financial year

The effect of the deconsolidation of subsidiary companies are disclosed in Note 14(b).

7. OTHER INVESTMENT

	Group 2019 RM'000	2018 RM'000
Non-current		
Financial assets at FVTOCI		
At cost		
Unquoted preference shares in Malaysia		
1,000,000 2.5% redeemable preference shares of RM1 each	**1,000**	1,000

8. GOODWILL

	Group 2019 RM'000	2018 RM'000
At 1 January/31 December	**8,927**	8,927

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

	Property RM'000	Hotel RM'000	Total RM'000
At 31 December 2019	**4,651**	**4,276**	**8,927**
At 31 December 2018	4,651	4,276	8,927

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

There remains a risk that, due to unforeseen changes in the respective economies in which the cash-generating units operate and/or global economic conditions, the ability to achieve management's business plan will be adversely affected. In calculating the value in use for each cash-generating unit, management has applied a pre-tax discount rate of 2.1% (2018: 2.5%) and a growth rate of 5.0% (2018: 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. INVENTORIES

		Group	
		2019	2018
	Note	**RM'000**	RM'000
Non-current			
Property development costs	(a)	**51,254**	47,775
Current			
Inventories	(b)	**12,775**	10,275
		64,029	58,050

(a) Property development costs

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	47,775	19,410
Addition	**3,479**	28,365
At 31 December	**51,254**	47,775

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

(b) Inventories

	Group	
	2019	2018
	RM'000	RM'000
Cost		
Consumables	**508**	608
Net realisable value		
Land and apartment	**12,267**	9,667
	12,775	10,275

The cost of inventories recognised as an expense during the current financial year in the Group amounted to RM4,532,000 (2018: RM4,848,000).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade receivables				
Third parties	**1,012**	941	**-**	-
Less: Accumulated impairment losses				
- Third parties	**(153)**	(152)	**-**	-
	859	789	**-**	-
Other receivables				
Third parties	**1,745**	28,888	**975**	21,305
Prepayments	**1,970**	335	**-**	-
GST receivables	**37**	1,036	**5**	8
	3,752	30,259	**980**	21,313
	4,611	31,048	**980**	21,313

Other receivables

Included in other receivables of the Group and of the Company is an outstanding balance of RM937,000 (2018: RM21,250,000) from the minimum guaranteed sum of RM117,000,000 pursuant to a development agreement entered in 2011 for the disposal of Lot 1845 in Mukim of Tebrau, Johor.

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

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	**-**	5
Impairment losses recognised	**-**	1,063
Reversal of impairment losses	**-**	(5)
Transfer to discountinued operation	**-**	(1,063)
At 31 December	**-**	-

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

Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 days (2018: 7 to 30 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Lifetime allowance RM'000	**Credit impaired RM'000**	**Loss allowance RM'000**
Group			
2019			
At 1 January	4	148	152
Impairment losses recognised	**1**	**-**	**1**
At 31 December	**5**	**148**	**153**
2018			
At 1 January	-	10,454	10,454
Effect on adoption of MFRS 9	3	-	3
Impairment losses recognised	1	7,352	7,353
Reversal of impairment losses	-	(3)	(3)
Transfer to discountinued operation	-	(17,655)	(17,655)
At 31 December	4	148	152

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables at the reporting date are as follows:

	Gross RM'000	Loss allowance RM'000	Net amount RM'000
2019			
Not due	**451**	**(1)**	**450**
Past due:			
1 to 30 days	**281**	**(2)**	**279**
31 to 60 days	**73**	**(1)**	**72**
61 to 90 days	**59**	**(1)**	**58**
	413	**(4)**	**409**
Credit impaired:			
Individual impaired	**148**	**(148)**	**-**
	1,012	**(153)**	**859**
2018			
Not due	489	(2)	487
Past due:			
1 to 30 days	218	(1)	217
31 to 60 days	22	-	22
61 to 90 days	64	(1)	63
	304	(2)	302
Credit impaired:			
Individual impaired	148	(148)	-
	941	(152)	789

Trade receivables that are not due

Trade receivables that are not due are creditworthy debtors with good payment records with the Group.

Trade receivables that are past due

The Group has trade receivables amounting to RM409,000 (2018: RM302,000) that are past due at the reporting date and are unsecured in nature. The management is confident that these trade receivables are recoverable as these accounts are still active.

Trade receivables that are impaired

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

11. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

Amount due from subsidiary companies

	Company	
	2019	2018
	RM'000	RM'000
Amount due from subsidiary companies		
At 1 January	180,116	169,680
Net advance	**6,211**	10,436
At 31 December	**186,327**	180,116
Accumulated impairment losses		
At 1 January	54,270	51,737
Addition	**6,491**	2,533
At 31 December	**60,761**	54,270
Net carrying amount		
At 31 December	**125,566**	125,846

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

Amount due to subsidiary companies

	Company	
	2019	2018
	RM'000	RM'000
Amount due to subsidiary companies	**10,177**	13,079

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

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Bank and cash balances	**2,710**	2,537	**259**	124
Short-term deposits with				
- Licensed banks	**3,380**	9,093	**-**	-
- Other financial institution	**-**	96	**-**	96
Deposits, bank and cash balances	**6,090**	11,726	**259**	220
Less: Fixed deposits pledged	**(3,303)**	(3,218)	**-**	-
Bank overdraft	**(3,800)**	(3,823)	**-**	-
Cash and cash equivalents	**(1,013)**	4,685	**259**	220

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 2.7% to 3.3% (2018: 2.8% to 3.2%) per annum and have average maturities of 3 months to 12 months (2018: 3 months to 12 months).

Included in deposits is a sum of RM3,303,000 (2018: RM3,218,000) pledged to licensed banks for banking facilities granted to the Group.

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Deposits, bank and cash balances				
- Continuing operations	**6,090**	11,726	**259**	220
- Discontinued operation	**-**	715	**-**	-
Less: Fixed deposits pledged	**(3,303)**	(3,218)	**-**	-
Bank overdraft	**(3,800)**	(3,823)	**-**	-
Cash and cash equivalents	**(1,013)**	5,400	**259**	220

13. ASSETS HELD FOR SALE

	Group	
	2019	2018
	RM'000	RM'000
Freehold building (a)	**-**	280
Freehold land (b)	**9,500**	-
	9,500	280

(a) On 2 July 2018, Hasil Andalas Sdn Bhd, a wholly-owned subsidiary company, entered into a Sale and Purchase Agreement to dispose the freehold building for a cash consideration of RM280,000. This transaction was completed during the current financial year.

(b) On 25 October 2019, Lien Hoe Square Sdn Bhd, a wholly-owned subsidiary company, entered into a Sale and Purchase Agreement to dispose the freehold land for a cash consideration of RM13,000,000. This transaction is pending completion at the end of the current financial year.

14. DISCONTINUED OPERATION

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

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

On 19 July 2019, the court granted an order for the extension of the appointment of the judicial management for Macro pursuant to Section 406 of the Companies Act 2016 whereby the order shall be valid from 23 July 2019 to 22 January 2020.

On 21 January 2020, the court granted an order for the extension of the appointment of the judicial management for Macro pursuant to Section 406 of the Companies Act 2016 whereby the order shall be valid from 22 January 2020 to 21 July 2020.

The results of Macro are presented separately in the statements of profit or loss and other comprehensive income as "Profit/(Loss) from discontinued operation, net of tax" and during the current financial year, Macro and its wholly-owned subsidiary company, Macro Technology Sdn Bhd, were deconsolidated. In the previous financial year, the assets and liabilities related to Macro have been presented in the statements of financial position as "Assets/Liabilities classified as discontinued operation".

(a) Summarised financial information of Macro presented as discontinued operation

The major classes of assets and liabilities classified as discontinued operation in the Group's statements of financial position in the previous financial year are as follows:

	2018 RM'000
Assets	
Property, plant and equipment	2,136
Trade and other receivables	9,934
Contract assets	898
Tax recoverable	432
Bank and cash balances	715
Assets classified as discontinued operation	14,115
Liabilities	
Borrowings	5,132
Trade and other payables	45,562
Contract liabilities	90
Finance lease payable	24
Deferred tax liability	24
Liabilities classified as discontinued operation	50,832

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

	Group	
	2019 RM'000	2018 RM'000
Revenue	**(2,035)**	2,619
Cost of sales	**(3,324)**	(8,688)
Gross loss	**(5,359)**	(6,069)
Other income	**386**	851
Operating and administrative expenses	**(2,201)**	(2,732)
Net loss on impairment of financial instruments	**(3,405)**	(8,268)
Loss from operations	**(10,579)**	(16,218)
Finance costs	**(378)**	(648)
Loss before tax	**(10,957)**	(16,866)
Income tax expense	**-**	23
Loss for the financial year	**(10,957)**	(16,843)
Gain on deconsolidation	**46,767**	-
Less: Provision for corporate guarantee loss	**(5,626)**	-
Net gain on deconsolidation of subsidiary companies [Note 14(b)]	**41,141**	-
Profit/(Loss) from discontinued operation, net of tax	**30,184**	(16,843)

Profit/(Loss) from discontinued operation is stated after charging/(crediting):

	Group	
	2019	2018
	RM'000	RM'000
Auditors' remuneration	**30**	30
Depreciation of property, plant and equipment	**66**	139
Directors' remuneration	**337**	337
Finance costs:		
- Finance lease	**-**	10
- Lease liability	**3**	-
- Term loan	**375**	638
Finance income on:		
- other receivables (cash collaterals)	**-**	(95)
- trade receivables (retention sum on contracts)	**(155)**	(197)
Net gain on deconsolidation of subsidiary companies	**(41,141)**	-
Gain from disposal of property, plant and equipment	**(204)**	(457)
Impairment losses on:		
- other receivables (third parties)	**451**	1,063
- trade receivables (third parties)	**2,954**	7,205
Interest income	**(27)**	(102)
Property, plant and equipment written off	**6**	12
Provision for liquidated ascertained damages	**-**	5,910
Staff costs:		
- wages and salaries	**379**	633
- social security costs	**4**	7
- defined contribution plans	**40**	75
- other staff related expenses	**8**	62
	431	777

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

	Group	
	2019	2018
	RM'000	RM'000
Operating activities	**(116)**	(2,141)
Investing activities	**318**	576
Financing activities	**204**	2,202
Net cash inflows	**406**	637

(b) Deconsolidation of subsidiary companies during the current financial year

The deconsolidation had the following effects on the Group's assets and liabilities:

	2019 RM'000
Net liabilities deconsolidated	
Property, plant and equipment	**1,976**
Tax recoverable	**135**
Bank and cash balances	**1,547**
Term loan	**(4,674)**
Trade and other payables	**(40,101)**
Deferred tax liability	**(24)**
Net liabilities deconsolidated	**(41,141)**
Net gain on deconsolidation of subsidiary companies	**41,141**
Proceeds from deconsolidation	**-**
Less: Cash and cash equivalents	**(1,547)**
Net cash outflow from deconsolidation	**(1,547)**

15. SHARE CAPITAL

	Group/Company			
	Amount		Number of ordinary shares	
	2019 RM'000	2018 RM'000	**2019 '000**	2018 '000
Issued and fully paid				
At 1 January/31 December	**142,188**	142,188	**361,742**	361,742

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are re-issued.

16. TREASURY SHARES

	Group/Company			
	Amount		Number of ordinary shares	
	2019 RM'000	2018 RM'000	**2019 '000**	2018 '000
Issued and fully paid				
At 1 January	7,149	6,083	22,281	19,020
Purchase of treasury shares	**2,028**	1,066	**7,041**	3,261
At 31 December	**9,177**	7,149	**29,322**	22,281

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

The shareholders of the Company, by an ordinary resolution passed at the last Annual General Meeting held on 18 June 2019, renewed the approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the current financial year, the Company repurchased 7,040,900 (2018: 3,260,300) of its issued ordinary shares from the open market at an average price of RM0.29 (2018: RM0.33) per share. The total consideration paid for the repurchased shares (including transaction costs) was RM2,028,000 (2018: RM1,066,000). The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

17. RESERVES

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable				
Asset revaluation reserve (a)	**312,220**	320,594	**-**	-
Distributable				
Capital reserve (b)	**21,455**	21,455	**19,337**	19,337
	333,675	342,049	**19,337**	19,337

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

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

18. DEFERRED TAX LIABILITIES

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	86,280	80,694
Recognised in profit or loss (Note 27)	**(1,774)**	(863)
Recognised in other comprehensive income	**(630)**	6,473
Transfer to discontinued operation (Note 14(a))	**-**	(24)
At 31 December	**83,876**	86,280

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

	Accelerated capital allowances RM'000	Fair value adjustment arising from business combination RM'000	Revaluation of land and buildings RM'000	Total RM'000
Group				
2018				
At 1 January 2018	2,973	1,805	75,916	80,694
Recognised in profit or loss	(674)	-	(189)	(863)
Recognised in other comprehensive income	-	-	6,473	6,473
Transfer to discontinued operation	(24)	-	-	(24)
At 31 December 2018	2,275	1,805	82,200	86,280
2019				
At 1 January 2019	2,275	1,805	82,200	86,280
Recognised in profit or loss	**(1,421)**	**-**	**(353)**	**(1,774)**
Recognised in other comprehensive income	**-**	**-**	**(630)**	**(630)**
At 31 December 2019	**854**	**1,805**	**81,217**	**83,876**

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

	Group		Company	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
Unused tax losses	**46,534**	35,413	**12,373**	9,092
Unabsorbed capital allowances	**1,289**	1,086	**421**	361
	47,823	36,499	**12,794**	9,453

With effect from year of assessment 2019, the unused tax losses can only be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation.

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.

19. BORROWINGS (SECURED)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
Non-current					
Term loans	(i)	**28,034**	30,478	**-**	-
Finance lease payables	(ii)	**-**	1,265	**-**	153
		28,034	31,743	**-**	153
Current					
Term loans	(i)	**5,714**	4,727	**-**	-
Finance lease payables	(ii)	**-**	487	**-**	103
		5,714	5,214	**-**	103
Total borrowings					
Term loans	(i)	**33,748**	35,205	**-**	-
Finance lease payables	(ii)	**-**	1,752	**-**	256
		33,748	36,957	**-**	256

The interest rates per annum at the reporting date for borrowings are as follows:

	Group		Company	
	2019	2018	**2019**	2018
Term loans	**8.0% - 8.3%**	8.3%	**-**	-
Finance lease payables	**-**	2.3% - 4.0%	**-**	2.3% - 4.0%

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

(a) Long leasehold land and buildings of the Group as disclosed in Notes 4(d) and 5(d);

(b) Fixed deposits of the Group as disclosed in Note 12; and

(c) Corporate guarantee by the Company.

(i) Term loans

Maturities of term loans are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Within 1 year	**5,714**	4,727
More than 1 year and less than 2 years	**6,191**	5,133
More than 2 years and less than 5 years	**21,843**	18,204
More than 5 years	**-**	7,141
	33,748	35,205

(ii) Finance lease payables

	Group	Company
	2018	2018
	RM'000	RM'000
Minimum lease payments		
Within 1 year	565	116
More than 1 year and less than 2 years	468	56
More than 2 years and less than 5 years	916	116
	1,949	288
Less: Future finance charges	(197)	(32)
Present value of minimum lease payments	1,752	256
Present value of minimum lease payments		
Within 1 year	487	103
More than 1 year and less than 2 years	410	50
More than 2 years and less than 5 years	855	103
	1,752	256
Analysed as		
Due within 1 year included as current liabilities	487	103
Due after 1 year included as non-current liabilities	1,265	153
	1,752	256

20. LEASE LIABILITIES

	Group 2019 RM'000	Company 2019 RM'000
At 1 January 2019, as previously stated	-	-
Effect on adoption of MFRS 16	1,786	256
At 1 January 2019, as restated	1,786	256
Addition	306	-
Accretion of interest	90	13
Payment	(663)	(116)
At 31 December 2019	1,519	153
Presented as:		
Non-current	1,029	103
Current	490	50
	1,519	153

The maturity analysis of lease liabilities are as follow:

	Group 2019 RM'000	Company 2019 RM'000
Within 1 year	559	56
More than 1 year and less than 2 years	454	56
More than 2 years and less than 5 years	656	60
	1,669	172
Less: Future finance charges	(150)	(19)
Present value of lease liabilities	1,519	153

The lease liabilities of the Group and of the Company bear interest at the reporting date which ranges from 2.3% to 4.0% per annum.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Trade payables	3,163	2,669	-	-
Other payables:				
- Accruals	2,747	2,270	1,379	627
- Provisions	5,530	-	5,530	5,132
- Others	12,345	9,634	640	590
	23,785	14,573	7,549	6,349

Trade and other payables are non-interest bearing and are normally settled on an average term of 60 days (2018: 60 days).

22. BANK OVERDRAFT

The interest rate at the reporting date for bank overdraft is 8.1% (2018: 8.4%) per annum, and is secured by the following:

(a) Long leasehold land and buildings of the Group as disclosed in Notes 4(d) and 5(d); and

(b) Corporate guarantee by the Company.

23. REVENUE

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Revenue from contracts with customers				
Revenue from hotel	**23,637**	24,062	**-**	-
Management fees from subsidiary companies	**-**	-	**1,590**	2,760
	23,637	24,062	**1,590**	2,760
Revenue from other sources				
Rental income	**1,260**	1,098	**-**	-
	24,897	25,160	**1,590**	2,760
Timing of revenue recognition:				
At a point in time	**23,637**	24,062	**-**	-
Overtime	**-**	-	**1,590**	2,760
Total revenue from contracts with customers	**23,637**	24,062	**1,590**	2,760

24. LOSS FROM CONTINUING OPERATIONS

Loss from continuing operations is stated after charging/(crediting):

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Auditors' remuneration:				
- statutory audit	**157**	157	**70**	70
- other services	**5**	5	**5**	5
Depreciation of:				
- property, plant and equipment (Note 4)	**6,095**	12,402	**198**	446
- right-of-use assets (Note 5)	**6,020**	-	**63**	-
Directors' remuneration [Note 25(a)]	**7,844**	5,805	**960**	921
Impairment losses on:				
- amount due from subsidiary companies	**-**	-	**6,491**	2,533
- investment in subsidiary companies	**-**	-	**10,039**	-
- trade receivables (third parties)	**1**	148	**-**	-
Property, plant and equipment written off	**1,395**	-	**-**	-
Provision for corporate guarantee loss	**-**	-	**494**	5,132
Rental of premises	**-**	59	**-**	-
Unrealised foreign exchange loss	**-**	-	**68**	-

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Finance income on other receivables (third parties)	**-**	(300)	**-**	(300)
Gain from disposal of property, plant and equipment	**(60)**	(97)	**(60)**	(97)
Interest income	**(306)**	(1,114)	**(5)**	(13)
Miscellaneous income	**(23)**	(69)	**(1)**	(53)
Reversal of impairment losses on:				
- investment in subsidiary companies	**-**	-	**-**	(1,574)
- trade receivables (third parties)	**-**	(3)	**-**	-
- other receivables (third parties)	**-**	(5)	**-**	-
Unrealised foreign exchange gain	**-**	-	**-**	(82)
Staff costs:				
- wages, salaries and ex-gratia	**11,480**	9,733	**3,698**	1,845
- social security costs	**99**	101	**18**	18
- defined contribution plans	**791**	798	**144**	134
	12,370	10,632	**3,860**	1,997

25. KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Directors

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	**7,526**	5,482	**705**	660
Defined contribution plans	**75**	80	**12**	18
Benefits-in-kind	**15**	15	**15**	15
	7,616	5,577	**732**	693
Non-executive:				
Fees	**243**	243	**243**	243
	7,859	5,820	**975**	936
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	**7,601**	5,562	**717**	678
Total non-executive directors' remuneration	**243**	243	**243**	243
Total directors' remuneration	**7,844**	5,805	**960**	921

(b) Other key management personnel

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Wages and salaries	**857**	848	**212**	212
Social security costs	**3**	3	**1**	1
Defined contribution plans	**102**	101	**25**	25
	962	952	**238**	238

26. FINANCE COSTS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Interest expenses on:				
Bank overdrafts	**258**	322	**-**	-
Finance lease	**-**	122	**-**	42
Lease liabilities	**90**	-	**13**	-
Term loans	**2,773**	3,111	**-**	-
	3,121	3,555	**13**	42

27. INCOME TAX EXPENSE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Continuing operations				
Malaysian income tax:				
Current tax provision	**15**	-	**-**	-
Over provision in prior years	**-**	(3,781)	**-**	-
	15	(3,781)	**-**	-
Deferred tax (Note 18):				
Deferred tax relating to reversal of temporary differences	**(1,421)**	(651)	**-**	-
Deferred tax relating to net surplus on revaluation of land and buildings	**(353)**	(189)	**-**	-
	(1,774)	(840)	**-**	-
Income tax expense from continuing operations	**(1,759)**	(4,621)	**-**	-
Discontinued operation				
Deferred tax (Note 18):				
Deferred tax relating to reversal of temporary differences	**-**	(23)	**-**	-
Income tax expense from discontinued operation	**-**	(23)	**-**	-
Total income tax expense recognised in profit or loss	**(1,759)**	(4,644)	**-**	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year.

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

	2019 RM'000	2018 RM'000
Group		
(Loss)/Profit before tax		
- Continuing operations	**(34,725)**	(23,313)
- Discontinued operation	**30,184**	(16,866)
	(4,541)	(40,179)
At Malaysian statutory tax rate of 24% (2018: 24%)	**(1,090)**	(9,643)
Expenses not deductible for tax purposes	**6,524**	6,836
Income not subject to tax	**(9,911)**	(142)
Over provision of income tax expense in prior years	**-**	(3,781)
Deferred tax assets not recognised	**2,718**	2,086
Total income tax expense recognised in profit or loss	**(1,759)**	(4,644)
Company		
Loss before tax	**(22,541)**	(8,038)
At Malaysian statutory tax rate of 24% (2018: 24%)	**(5,410)**	(1,929)
Expenses not deductible for tax purposes	**4,608**	2,210
Income not subject to tax	**-**	(469)
Deferred tax assets not recognised	**802**	188
Total income tax expense recognised in profit or loss	**-**	-

The Group and the Company have estimated unused tax losses and unabsorbed capital allowances available for offset against future taxable profits as follows:

	Group		**Company**	
	2019 **RM'000**	2018 RM'000	**2019** **RM'000**	2018 RM'000
Unused tax losses	**46,534**	35,413	**12,373**	9,092
Unabsorbed capital allowances	**1,289**	1,086	**421**	361
	47,823	36,499	**12,794**	9,453

28. (LOSS)/EARNINGS PER SHARE

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

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

	2019 RM'000	2018 RM'000
Group		
(Loss)/Profit net of tax, attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share		
- Continuing operations	**(32,966)**	(18,692)
- Discontinued operation	**30,184**	(16,843)
	(2,782)	(35,535)

	2019 '000	2018 '000
Weighted average number of ordinary shares for basic and diluted (loss)/earnings per share computation		
At 1 January	**339,461**	342,722
Effect of movement in treasury shares	**(6,361)**	(1,711)
At 31 December	**333,100**	341,011

	2019 sen	2018 sen
Basic and diluted (loss)/earnings per share		
- Continuing operations	**(9.90)**	(5.48)
- Discontinued operation	**9.06**	(4.94)
	(0.84)	(10.42)

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

29. FINANCIAL GUARANTEES

	Group		Company	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
Secured				
Bank guarantee for project performance bond	**-**	1,280	**-**	1,280
Unsecured				
Corporate guarantees for banking facilities granted to a subsidiary company	**-**	-	**37,548**	39,028
	-	1,280	**37,548**	40,308

30. RELATED PARTY DISCLOSURES

(a) Identifying related parties

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

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Note 11, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Management fees charged to subsidiary companies	**-**	-	**1,590**	2,760
Professional fees paid or payable to companies in which certain directors of the Company have substantial financial interest	**227**	248	**147**	179

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management are disclosed in Notes 14 and 25.

31. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

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

	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
2019				
Group				
Financial assets				
Other investment	**1,000**	**-**	**-**	**1,000**
Trade and other receivables	**-**	**2,604**	**-**	**2,604**
Deposits, bank and cash balances	**-**	**6,090**	**-**	**6,090**
	1,000	**8,694**	**-**	**9,694**
Financial liabilities				
Trade and other payables	**-**	**-**	**23,785**	**23,785**
Borrowings	**-**	**-**	**33,748**	**33,748**
Lease liabilities	**-**	**-**	**1,519**	**1,519**
Bank overdraft	**-**	**-**	**3,800**	**3,800**
	-	**-**	**62,852**	**62,852**
Company				
Financial assets				
Amount due from subsidiary companies	**-**	**125,566**	**-**	**125,566**
Other receivables	**-**	**975**	**-**	**975**
Deposits, bank and cash balances	**-**	**259**	**-**	**259**
	-	**126,800**	**-**	**126,800**
Financial liabilities				
Amount due to subsidiary companies	**-**	**-**	**10,177**	**10,177**
Other payables	**-**	**-**	**7,549**	**7,549**
Lease liabilities	**-**	**-**	**153**	**153**
	-	**-**	**17,879**	**17,879**
2018				
Group				
Financial assets				
Other investment	1,000	-	-	1,000
Trade and other receivables	-	29,677	-	29,677
Deposits, bank and cash balances	-	11,726	-	11,726
	1,000	41,403	-	42,403
Financial assets included in assets classified as discontinued operation	-	10,649	-	10,649
	1,000	52,052	-	53,052

	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
2018				
Group				
Financial liabilities				
Trade and other payables	-	-	14,573	14,573
Borrowings	-	-	36,957	36,957
Bank overdraft	-	-	3,823	3,823
	-	-	55,353	55,353
Financial liabilities included in liabilities classified as discontinued operation	-	-	50,718	50,718
	-	-	106,071	106,071
Company				
Financial assets				
Amount due from subsidiary companies	-	125,846	-	125,846
Other receivables	-	21,305	-	21,305
Deposits, bank and cash balances	-	220	-	220
	-	147,371	-	147,371
Financial liabilities				
Amount due to subsidiary companies	-	-	13,079	13,079
Other payables	-	-	6,349	6,349
Borrowings	-	-	256	256
	-	-	19,684	19,684

(b) Financial risk management objective 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, liquidity, interest rate, foreign currency and market price risks.

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

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

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

(i) Credit risk

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

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

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

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

The carrying amounts of the financial assets recorded in the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees given to banks for credit facilities granted to subsidiary companies.

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

Financial guarantee

The Company provides unsecured financial guarantees to banks for banking facilities granted to subsidiary companies. The Company monitors on an on-going basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The Company's maximum exposure in this respect is RM37,548,000 (2018: RM40,308,000), representing the outstanding banking facilities as at reporting date. There was no indication that any subsidiary companies would default on repayment as at the reporting date.

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

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from its payables, borrowings, lease liabilities and bank overdraft. The Company's exposure to liquidity risk arises primarily from amount due to subsidiary companies, payables, lease liabilities and financial guarantees given to banks for credit facilities granted to subsidiary companies.

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

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

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total contractual cash flows RM'000
Group					
2019					
Non-derivative financial liabilities					
Trade and other payables	**23,785**	**-**	**-**	**-**	**23,785**
Borrowings	**8,217**	**8,217**	**24,648**	**-**	**41,082**
Lease liabilities	**559**	**454**	**656**	**-**	**1,669**
Bank overdraft	**3,800**	**-**	**-**	**-**	**3,800**
	36,361	**8,671**	**25,304**	**-**	**70,336**
2018					
Non-derivative financial liabilities					
Trade and other payables	14,573	-	-	-	14,573
Borrowings	8,030	7,933	23,311	7,465	46,739
Bank overdraft	3,823	-	-	-	3,823
	26,426	7,933	23,311	7,465	65,135
Financial liabilities included in liabilities classified as discontinued operation	50,718	-	-	-	50,718
	77,144	7,933	23,311	7,465	115,853

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total contractual cash flows RM'000
Company				
2019				
Non-derivative financial liabilities				
Amount due to subsidiary companies	**10,177**	**-**	**-**	**10,177**
Trade and other payables	**7,549**	**-**	**-**	**7,549**
Lease liabilities	**56**	**56**	**60**	**172**
Financial guarantee*	**37,548**	**-**	**-**	**37,548**
	55,330	**56**	**60**	**55,446**
2018				
Non-derivative financial liabilities				
Amount due to subsidiary companies	13,079	-	-	13,079
Trade and other payables	6,349	-	-	6,349
Borrowings	116	56	116	288
Financial guarantee*	40,308	-	-	40,308
	59,852	56	116	60,024

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

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

(iii) Market risks

(1) Foreign currency risk

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

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

(2) Interest rate risk

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

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

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

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

	2019	2018
	RM'000	RM'000
Group		
Fixed rate instruments		
Continuing operations		
Financial assets	**3,380**	9,189
Financial liabilities	**1,519**	1,752
Discontinued operation		
Financial liabilities	**-**	24
Floating rate instruments		
Continuing operations		
Financial liabilities	**37,548**	39,028
Discontinued operation		
Financial liabilities	**-**	5,132
Company		
Fixed rate instruments		
Financial assets	**-**	96
Financial liabilities	**153**	256

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

At the reporting date, if interest rates had been 20 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been lower/higher by RM75,000 (2018: RM88,000) as a result of lower/higher interest expense on floating rates borrowings.

(iv) Market price risk

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

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

(c) Fair value of financial instruments

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

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

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

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

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

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

	2019		2018	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial asset				
Other investment	**1,000**	*	1,000	*
Financial liability				
Finance lease payables (Level 2)	-	-	1,265	1,247
Company				
Financial liability				
Finance lease payables (Level 2)	-	-	153	155

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

(i) Policy on transfer between levels

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

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

(ii) **Level 1 fair value**

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

(iii) **Level 2 fair value**

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

Non-derivative financial instruments

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

(iv) **Level 3 fair value**

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

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, deposits, bank and cash balances, borrowings, lease liabilities and bank overdraft.

	Group	
	2019	2018
	RM'000	RM'000
Borrowings (Notes 14 and 19)	**33,748**	42,113
Lease liabilities (Note 20)	**1,519**	-
Bank overdraft	**3,800**	3,823
Total borrowings	**39,067**	45,936
Less: Deposits, bank and cash balances (Notes 12 and 14)	**(6,090)**	(12,441)
Net borrowings	**32,977**	33,495
Total equity	**468,988**	479,469
Gearing ratio	**0.07**	0.07

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

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 – operation of hotel.

(d) Corporate – group-level corporate services and treasury functions.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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

	Continuing operations						Discontinued operation						
	Property		Hotel		Corporate		Construction		Adjustments and eliminations			Per consolidated financial statements	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018		**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**Note**	**RM'000**	RM'000
Revenue													
External customers	**1,260**	1,098	**23,637**	24,062	**-**	-	**(2,035)**	2,619	**-**	-		**22,862**	27,779
Inter-segment	**-**	-	**-**	-	**1,590**	2,760	**-**	-	**(1,590)**	(2,760)	(i)	**-**	-
Total revenue	**1,260**	1,098	**23,637**	24,062	**1,590**	2,760	**(2,035)**	2,619	**(1,590)**	(2,760)		**22,862**	27,779
Results													
Depreciation of:													
- property, plant and equipment	**(1,760)**	(3,908)	**(4,077)**	(8,040)	**(258)**	(454)	**(66)**	(139)	**-**	-		**(6,161)**	(12,541)
- right-of-use assets	**(2,285)**	-	**(3,672)**	-	**(63)**	-	**-**	-	**-**	-		**(6,020)**	-
Other non-cash (expense)/income	**-**	(143)	**(826)**	3	**(510)**	397	**38,089**	(13,441)	**-**	-	(ii)	**36,753**	(13,184)
Segment (loss)/profit	**(20,698)**	(13,455)	**(3,413)**	(2,487)	**(7,799)**	(4,930)	**30,535**	(16,320)	**(3,166)**	(2,987)	(iii)	**(4,541)**	(40,179)
Assets													
Additions to:													
- property, plant and equipment	**2,484**	2,230	**3,904**	264	**-**	272	**-**	2,041	**-**	-		**6,388**	4,807
- right-of-use assets	**346**	-	**106**	-	**-**	-	**-**	-	**-**	-		**452**	-
Segment assets	**475,969**	496,616	**136,698**	140,538	**13,990**	35,062	**-**	14,115	**-**	-		**626,657**	686,331
Segment liabilities	**99,183**	99,740	**37,117**	36,681	**21,369**	19,609	**-**	50,832	**-**	-		**157,669**	206,862

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

(i) Inter-segment revenue are eliminated on consolidation.

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

	2019 RM'000	2018 RM'000
Finance income on:		
- other receivables (cash collaterals)	**-**	95
- other receivables (third parties)	**-**	300
- trade receivables (retention sum on contracts)	**155**	197
Net gain on deconsolidation of subsidiary companies	**41,141**	-
Gain from disposal of property, plant and equipment	**264**	554
Impairment losses on:		
- other receivables (third parties)	**(451)**	(1,063)
- trade receivables (third parties)	**(2,955)**	(7,353)
Property, plant and equipment written off	**(1,401)**	(12)
Provision for liquidated ascertained damages	**-**	(5,910)
Reversal of impairment losses on:		
- trade receivables (third parties)	**-**	3
- other receivables (third parties)	**-**	5
	36,753	(13,184)

(iii) Reconciliation of segment (loss)/profit:

	Continuing operations RM'000	**Discontinued operation RM'000**	**Per consolidated financial statements RM'000**
2019			
Segment (loss)/profit	**(31,910)**	**30,535**	**(1,375)**
Finance costs	**(3,121)**	**(378)**	**(3,499)**
Interest income	**306**	**27**	**333**
(Loss)/Profit before tax	**(34,725)**	**30,184**	**(4,541)**
2018			
Segment loss	(20,872)	(16,320)	(37,192)
Finance costs	(3,555)	(648)	(4,203)
Interest income	1,114	102	1,216
Loss before tax	(23,313)	(16,866)	(40,179)

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	At 1 January RM'000	Adjustment on adoption of MFRS 16 RM'000	*Net financing cash flows RM'000	New lease RM'000	[Note 14(b)] Deconsolidation of subsidiary companies RM'000	At 31 December RM'000
2019						
Group						
Borrowings (Notes 14 and 19)	40,337	**-**	**(1,915)**	**-**	**(4,674)**	**33,748**
Finance lease payables (Notes 14 and 19)	1,776	**(1,776)**	**-**	**-**	**-**	**-**
Lease liabilities (Note 20)	-	**1,786**	**(573)**	**306**	**-**	**1,519**
	42,113	**10**	**(2,488)**	**306**	**(4,674)**	**35,267**
Company						
Finance lease payables (Note19)	256	**(256)**	**-**	**-**	**-**	**-**
Lease liabilities (Note 20)	-	**256**	**(103)**	**-**	**-**	**153**
	256	**-**	**(103)**	**-**	**-**	**153**
2018						
Group						
Borrowings (excluding finance lease payables) (Notes 14 and 19)	50,663	-	(10,326)	-	-	40,337
Finance lease payables (Notes 14 and 19)	1,816	-	(1,186)	1,146	-	1,776
	52,479	-	(11,512)	1,146	-	42,113
Company						
Finance lease payables (Note19)	388	-	(380)	248	-	256

* The net financing cash flows comprise net amount of proceeds from or repayment of borrowings, lease liabilities and finance lease payables in the statements of cash flows.

35. EFFECT ON ADOPTION OF MFRS 16

As disclosed in Note 2(a), the Group and the Company have adopted MFRS 16 which resulted in changes in the Group's and the Company's accounting policies. The effect arising from these changes in the statements of financial position of the Group and of the Company are as follows:

	As at 31.12.2018 RM'000	Impact of MFRS 16 RM'000	As at 1.1.2019 RM'000
Group			
Non-current assets			
Property, plant and equipment	554,844	(188,475)	366,369
Right-of-use assets	-	188,484	188,484
Equity			
Retained earnings	2,381	(1)	2,380
Non-current liabilities			
Finance lease payables	1,265	(1,265)	-
Lease liabilities	-	1,265	1,265
Current liabilities			
Finance lease payables	511	(511)	-
Lease liabilities	-	521	521
Company			
Non-current assets			
Property, plant and equipment	751	(226)	525
Right-of-use assets	-	226	226
Non-current liabilities			
Finance lease payables	153	(153)	-
Lease liabilities	-	153	153
Current liabilities			
Finance lease payables	103	(103)	-
Lease liabilities	-	103	103

36. SIGNIFICANT EVENTS

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

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

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

On 19 July 2019, the court granted an order for the extension of the appointment of the judicial management of Macro pursuant to Section 406 of the Companies Act 2016 whereby the order shall be valid from 23 July 2019 to 22 January 2020.

On 21 January 2020, the court granted an order for the extension of the appointment of the judicial management of Macro pursuant to Section 406 of the Companies Act 2016 whereby the order shall be valid from 22 January 2020 to 21 July 2020.

37. SUBSEQUENT EVENT

Outbreak effect of coronavirus pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group and the Company business operations. As at the date of this report, the financial impact of the COVID-19 outbreak to the Group and to the Company cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the on-going precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

38. 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 profit or loss and other comprehensive income			
Group			
Other income	1,588	(8)	1,580
Net loss on impairment of financial instruments	-	(140)	(140)
Other expenses	(148)	148	-
Company			
Other income	2,119	(1,574)	545
Operating and administrative expenses	(5,210)	(5,132)	(10,342)
Net loss on impairment of financial instruments	-	(959)	(959)
Other expenses	(7,665)	7,665	-
Discontinued operation			
Operating and administrative expenses	(2,720)	(12)	(2,732)
Net loss on impairment of financial instruments	-	(8,268)	(8,268)
Other expenses	(8,280)	8,280	-

Schedule of Properties

Held by the Company and its Subsidiary Companies
As at 31 December 2019

Location of Properties	Description	Date of Revaluation/ Acquisition*	Expiration of Lease	Land Area (Acres)	Lettable Area (Sq. Ft.)	Approximate Age of Building (Years)	Net Carrying Amount (RM'000)
Lot 51, Section 27, Town of Petaling Jaya, Selangor	21 storey hotel tower with 257 rooms on top of a 4 storey podium with basement car park *known as* *Hotel Armada Petaling Jaya*	April 2016	6 February 2071	2.44	95,916	23	165,360
Lots PTD 239918, PTD 239921-239925 PTD 239933-239934 Mukim of Plentong, Johor	Vacant land	May 2016	Freehold	145.60	N/A	N/A	313,248
Lots PTD 61083-61084, PTD 61092-61131, PTD 61133-61283, PTD 61293-61294 PTD 61304-61344 PTD 76869-76870 Mukim of Senai-Kulai, Johor	Vacant land	January 1992*	Freehold	33.38	N/A	N/A	12,163
Lot 290, Mukim of Tebrau, Johor	Vacant land	May 2016	Freehold	3.98	N/A	N/A	9,500
Lots 1589 and 1592, Mukim of Tebrau, Johor	Vacant land	May 2016	Freehold	4.14	N/A	N/A	15,300
Lot PT 78700, Mukim of Petaling, District of Petaling, Selangor	Vacant land	March 2016	27 May 2097	0.72	N/A	N/A	4,497
Lot PT 78701, Mukim of Petaling, District of Petaling, Selangor	Vacant land	March 2016	27 May 2097	1.65	N/A	N/A	11,003
Unit 3-9-A No. 2 Jalan Pelita, Wadihana, 80300 Johor Bahru, Johor	1 unit apartment *known as* *Pelita Indah Condominium*	May 1995*	Freehold	Strata title	1,685	25	104
073-2, 073-3, 074-1 and 074-2, Block G, Persiaran Palm Spring Resort, 71250 Pasir Panjang, Port Dickson, Negeri Sembilan	4 units apartments *known as* *Palm Springs Apartments*	June 2016	Freehold	Strata title	6,372	18	53

SHARE CAPITAL

Total number of issued shares	361,742,241
Adjusted total number of issued shares	332,420,541*
Class of shares	Ordinary share
Voting rights	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	808	9.03	35,552	0.01
100 - 1,000	2,877	32.15	2,000,284	0.60
1,001 - 10,000	4,307	48.14	15,282,885	4.60
10,001 - 100,000	817	9.13	25,467,455	7.66
100,001 - 16,621,026 (i)	138	1.54	92,714,168	27.89
16,621,027 and above (ii)	1	0.01	196,920,197	59.24
Total	8,948	100.00	332,420,541	100.00

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

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 20 MAY 2020
(as shown in the Register of Substantial Shareholders)

		Direct Interest		Indirect Interest	
	Name	No. of Shares	%*	No. of Shares	%*
1.	CHRISTINE HOLDING SDN BHD	196,920,197	59.24	-	-
2.	DATO' YAP SING HOCK	-	-	196,920,197#	59.24

DIRECTORS' SHAREHOLDINGS AS AT 20 MAY 2020
(as shown in the Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name	No. of Shares	%*	No. of Shares	%*
YEOH CHONG KEAT	-	-	-	-
DATO' YAP SING HOCK	-	-	196,920,197#	59.24
YAP TSE YEENG CHRISTINE	-	-	-	-
CHEONG MARN SENG	720,500	0.22	-	-
DR. TEOH KIM LOON	-	-	-	-
DATO' TEA CHOO KENG	-	-	-	-

* Excluding 29,321,700 ordinary shares purchased by the Company and retained as treasury shares.
# Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016.

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 20 MAY 2020

	Name	No. of Shares	%
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Christine Holding Sdn Bhd	196,920,197	59.24
2.	LIANG TEH HAI	9,298,000	2.80
3.	CHIN KHEE KONG & SONS SENDIRIAN BERHAD	5,458,600	1.64
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Yong Loy Huat (7000875)	4,610,100	1.39
5.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Imran Ho bin Abdullah	4,000,000	1.20
6.	LIM PEI TIAM @ LIAM AHAT KIAT	3,830,000	1.15
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Carol Vun On Nei (8078831)	3,016,800	0.91
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lim Ang Lay (MY2496)	3,002,250	0.90
9.	POLYWELL ENTERPRISE SENDIRIAN BERHAD	3,000,000	0.90
10.	LEE YEW CHEN	2,429,300	0.73
11.	ONG BEE LIAN	2,360,500	0.71
12.	TEO KWEE HOCK	2,109,100	0.63
13.	LIM PAY KAON	2,000,000	0.60
14.	GAN TECHIONG	1,960,000	0.59
15.	TA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lim Yew Keng	1,800,000	0.54
16.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Suharti binti MD Sapidi	1,700,000	0.51
17.	CHIN KIAN FONG	1,590,400	0.48
18.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lim Yew Keng (MY2143)	1,372,100	0.41

	Name	No. of Shares	%
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Chin Kiam Hsung	1,076,800	0.32
20.	CITIGROUP NOMINEES (ASING) SDN BHD Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,074,437	0.32
21.	YU LIAN HAI	1,050,000	0.32
22.	ONG NGOH ING @ ONG CHONG OON	1,000,000	0.30
23.	TSEN KENG YAM	1,000,000	0.30
24.	UOB KAY HIAN NOMINEES (ASING) SDN BHD Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	954,231	0.29
25.	TAN YEE MING	944,400	0.29
26.	KONG TIAM MING	920,000	0.28
27	TAN AH MOI	850,400	0.26
28.	RHB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Chin Kiam Hsung	773,700	0.23
29.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Teo Kwee Hock	770,900	0.23
30.	CHEONG MARN SENG	720,500	0.22
	Total	**261,592,715**	**78.69**

Proposed amendments to the Company's Constitution

Clause	Existing Provisions	Proposed Amendments
58.	The Company may by special resolution passed at a general meeting, convert any paid up shares into stock and may with the like sanction reconvert any such stock into paid up shares of any number.	The Company may by ~~special~~ resolution passed at a general meeting, convert any paid up shares into stock and may with the like sanction reconvert any such stock into paid up shares of any number.
66.	The Company may from time to time alter its share capital by passing a special resolution to:- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; (b) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; (c) convert all or any of its paid up shares into stock and may reconvert that stock into paid up shares; or (d) reduce its share capital in accordance with the Act.	The Company may from time to time alter its share capital by passing a ~~special~~ resolution to:- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; (b) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; (c) convert all or any of its paid up shares into stock and may reconvert that stock into paid up shares; or (d) reduce its share capital in accordance with the Act.

* deletions as struck through

LIEN HOE CORPORATION BERHAD
(Registration No: 196901000161 (8507-X))
(Incorporated in Malaysia)

No. of shares held:	
CDS account no.:	

FORM OF PROXY

I/We..
[Full name and NRIC/Company No.]
of ....
....
[Address]
being a member of LIEN HOE CORPORATION BERHAD hereby appoint *the Chairman of the meeting, or ....
....
[Full name and NRIC No.]
of...
....
[Address]
and/or failing him/her, ...
[Full name and NRIC No.]
of...
....
[Address]

as my/our Proxy to vote for me/us on my/our behalf at the 50th Annual General Meeting of the Company to be held at Iskandar II, Level 3A, Block 1, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim on Tuesday, 18 August 2020 at 10.30 a.m.

My/our proxy is to vote as indicated below :

RESOLUTION NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve Directors' fees and benefits of up to RM303,000 in respect of the period from 19 August 2020 until the conclusion of the next Annual General Meeting of the Company.		
2.	To re-elect Yeoh Chong Keat as Director of the Company.		
3.	To re-elect Dato' Tea Choo Keng 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 Yeoh Chong Keat as Independent Non-executive Director of the Company.		
8.	To approve the retention of Dr. Teoh Kim Loon as Independent Non-executive Director of the Company.		
9.	To approve the retention of Dato' Tea Choo Keng as Independent Non-executive Director of the Company.		
10.	To approve the proposed amendments to the Company's Constitution.		

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

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

Proxy 1	%		Proxy 2	%

Dated:

____
Signature /Common Seal of Shareholder(s)

*** STRIKE OUT IF INAPPLICABLE**

NOTES:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting. Where a member appoints more than one proxy, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

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

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

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

4. Pursuant to paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice of Annual General Meeting will be conducted by poll.

5. The form of proxy must be deposited at the Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not later than 48 hours before the time stipulated for holding of this meeting or any adjournment thereof.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 11 August 2020 ("Record of Depositors") and only a depositor whose name appears on the Record of Depositors shall be entitled to attend this meeting.

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

Lien Hoe Corporation Berhad
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Tel : 03-7955 8808 Fax: 03-7955 5808

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